粵豐環保電力有限公司

Canvest Environmental Protection Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1381

ANNUAL REPORT 2014

Corporate Profile

Canvest Environmental Protection Group Company Limited is a leading pure play waste-to-energy provider focused solely on the development, management and operation of WTE plants. The Company's WTE plants had a total daily MSW processing capacity of 3,600 tonnes in December 2014. According to the Euromonitor Report, in terms of daily municipal processing capacity for commercial operating WTE plants in 2013: (i) the Company was the second largest WTE provider in Guangdong Province and the 11th largest WTE provider in the PRC respectively; and (ii) among all non-State-owned background enterprises, the Company was the largest WTE provider in Guangdong Province and the fourth largest WTE provider in the PRC.

In December 2014, Canvest was listed on the Main Board of Hong Kong Stock Exchange. We will use the majority of the net proceeds from our initial public offering to expand our capacity through either developing our own greenfield projects or acquire WTE plants and upgrade it afterwards, with an aim to bring fruitful returns to our shareholders.

In January 2015, Canvest has been selected as a constituent of Hang Seng Infrastructure Index, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Index — Utilities and Hang Seng Composite SmallCap Index.

Contents

Financial Highlights

Consolidated Income Statement Highlights

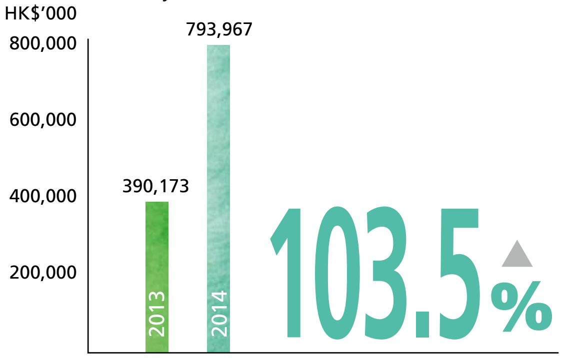
	For the year ended 31 December		
	2014	2013	Change
Revenue (HK$'000)	**793,967**	390,173	+103.5%
Gross profit (HK$'000)	**342,321**	202,636	+68.9%
Gross profit margin	**43.1%**	51.9%	-8.8 pts
Profit for the year (HK$'000)	**208,359**	130,969	+59.1%
Profit attributable to equity holders of the Company (HK$'000)	**191,038**	130,969	+45.9%
Net profit margin	**26.2%**	33.6%	-7.4 pts
Basic earning per share (HK cents)	**12.7**	8.7	+46.0%

Consolidated Balance Sheet Highlights

	As at 31 December		
	2014	2013	Change
Total assets (HK$'000)	**3,767,416**	1,240,598	+203.7%
– Cash and cash equivalents (HK$'000)	**1,328,172**	49,803	+2,566.9%
Total liabilities (HK$'000)	**1,349,452**	478,798	+181.8%
– Total borrowings (HK$'000)	**1,028,686**	381,567	+169.6%
Equity attributable to equity holders of the Company (HK$'000)	**2,314,992**	675,947	+242.5%
Total debt/total equity	**42.5%**	50.1%	-7.6 pts
Net debt/total equity	**N/A**	43.6%	N/A

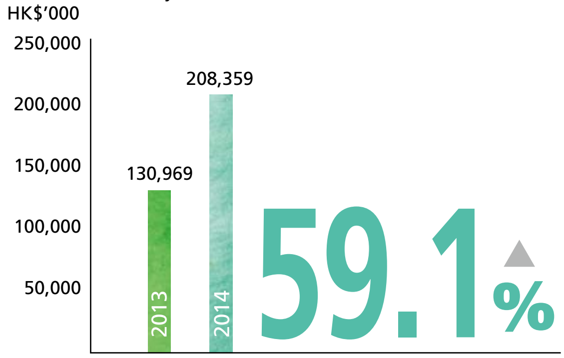
Revenue

(for the year ended 31 December)



Profit for the year

(for the year ended 31 December)



Corporate Milestones

2003
- Eco-Tech was established

2004
- Construction of Eco-Tech WTE Plant commenced with the approval by Guangdong Provincial Development and Reform Commission

2007
- Eco-Tech WTE Plant commenced commercial operation

2009
- Kewei was established

2010
- Construction of Kewei WTE Plant commenced with the approval by Guangdong Provincial Development and Reform Commission
- Kewei was accredited by the Dongguan Municipal People's Government a Commendation of Key Construction

2012
- Kewei WTE Plant commenced commercial operation

2013
- Awarded the bid for Zhanjiang Project together with High Point
- Zhanjiang Yuefeng was established
- Kewei obtained the ISO14001 Environment Management System Certificate and OHSAS18001 Safety Management System Certificate

2014
- Completed the acquisition of China Scivest
- Commencement of the technological upgrade of Eco-Tech
- China Scivest obtained the ISO14001 Environmental Management System Certificate and OHSAS18001 Safety Management System Certificate
- Introduced 3 pre-IPO strategic investors to the Group
- Successfully listed on the Main Board of the Hong Kong Stock Exchange

Chairlady's Statement

"Revenue and profit for the year were HK$794.0 million and HK$208.4 million, representing an increase of 103.5% and 59.1%, respectively, from last year"

To all Shareholders,

I am pleased to report the audited consolidated results of the Group for the year ended 31 December 2014 as follows:

Results

During the year, with determination, enthusiasm and endeavour of the management and operational teams, the Group was able to achieve good results. The Group's revenue and gross profit were HK$794.0 million and HK$342.3 million, representing an increase of 103.5% and 68.9%, respectively, from last year. Profit attributable to equity holders of the Company was HK$191.0 million, representing an increase of 45.9% from last year. Overall gross profit margin and net profit margin were 43.1% and 26.2% respectively.

After taking into account factors including the requirements of business development of the Group and the listing of shares of the Company on the Hong Kong Stock Exchange in December 2014, the Board does not recommend the payment of any dividend for the year ended 31 December 2014 to Shareholders.

Business Review

The economy of the PRC maintained a steady growth during the year. The persistent focus on and support to the development of renewable energy from the PRC government, including the adoption of the Environmental Protection Law of the People's Republic of China (2014 Amendment) by the Standing Committee of the National People's Congress on 24 April 2014 and the favourable policies on renewable energy on, amongst others, WTE projects, all contributed to the shaping of a positive business environment for the Group.

In respect of business development, the Group completed the acquisition of China Scivest in January 2014, which further enhanced our waste processing capacity. In addition, the Group commenced the technological upgrade of the WTE plant owned by Eco-Tech, which involved, among others, the replacement of fluidised bed technology with moving grate technology. As a result, the daily MSW processing capacity of the Eco-Tech WTE plant will increase from 1,200 tonnes to 1,800 tonnes, and Eco-Tech WTE plant will be able to enhance its operational efficiency and profitability and fulfill new and more stringent environmental standards that might be imposed on WTE plants in the future. Moreover, the construction work of the Group's WTE plant in Zhanjiang is in progress.

In January 2015, the Group received a notice from Dongguan Municipal Administration that on top of the existing 1,800 tonnes daily MSW processing capacity, Eco-Tech might expand its WTE plant by an additional 1,500 tonnes upon the completion of the technological upgrade currently in progress.

Furthermore, two wholly-owned subsidiaries of the Group, namely Kewei and China Scivest, were listed as "Recommended enterprise for construction and operation of daily waste incineration treatment projects of Guangdong Province (1st batch)" (廣東省生活垃圾焚燒處理項目建設和運營企業推薦名錄(第一批)) by the Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳), which demonstrates that the operation management, technologies and processes level as well as the comprehensive evaluation of the Group were well recognised.

In respect of financing arrangement, three pre-IPO strategic investors, namely AEP Green Power Limited, Chatsworth Asset Holding Ltd. and Wise Power Investment Limited, had been successfully introduced to the Group in May 2014. In addition, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange in December 2014, raising net proceeds of HK$1,068.5 million. As part of the Company's initial public offering, three cornerstone investors, namely Thrive Bloom Limited, Guangxi Beibu Gulf Industrial Investment Fund (Limited Partnership) and North Industries Group Investment Management Company Limited were introduced to the Group. All these are expected to boost the brand and corporate image of the Group, broaden its shareholder base and provide greater flexibility for financing. The Group believes the introduction of the abovementioned investors and the listing on the Main Board of the Hong Kong Stock Exchange will lay a solid foundation for the business development of the Group in the future.

Good Corporate Governance

The Group believes that good corporate governance can improve corporate transparency, enable stakeholders to be fully informed of the management and development of the Group, and to enhance shareholders' value. Accordingly, in compliance with the requirements of the Listing Rules and the regulations, the Group maintains effective two-way communication with commercial banks, investment banks, investors, analysts and media for cementing good and stable long-term relationships with these parties.

A Responsible Corporate Citizen

The Group actively takes up its responsibility as a corporate citizen, as social responsibility and operational efficiency have long been the key elements of our business philosophy. Through comprehensive utilisation of resources by turning waste into energy, we aim to achieve reduction in quantity, elimination of hazards and recycling of MSW, so that waste could be used as green energy for the community. Not only could it be applied as an effective means to enhance the competitiveness of local economies, it could also make an important contribution to energy saving and emission reduction and bring social and environmental benefits.

During the year, the Group fulfilled its social responsibility and made contribution to national environmental protection by implementing innocuous treatment of waste volume amounting to 1,320,189 tonnes, generating power from green energy amounting to 598,672,000 kWh, saving the use of standard coal by approximately 239,468.8 tonnes and achieving emission reduction of carbon dioxide by approximately 646,565.8 tonnes.

In addition, the Group encourages our personnel to practice low carbon living and actively promotes environmental education. Apart from welcoming local and business delegations for visits and exchange of ideas, our plants also welcome the public and students to visit regularly in order to help them grasp a better understanding of the business of the Group and raise public awareness on WTE. Through these promotional activities, the public will learn about innocuous treatment of waste and conservation of resources for power generation.

Outlook and Strategies

With sustained and steady growth expected from the PRC's economy in 2015, continued rising of household income and the implementation of urbanisation policy, it is expected that regional demand for innocuous treatment of waste will continue to grow. Overtime the PRC government has become increasingly stringent on the regulations of environmental protection. In particular, the Ministry of Environmental Protection (環境保護部) and General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) of the PRC had issued the new "Standard for Pollution Control on the Municipal Solid Waste Incineration" (生活垃圾焚燒污染控制標準) and required strict compliance of this standard by new WTE plants and existing WTE plants starting from 1 January 2016. The Group is of the view that the WTE industry is striding towards a healthy and steady development.

In response to the abovementioned development opportunities within the market, the Group will expand its WTE business through developing new projects or by way of seeking acquisition opportunities.

In respect of acquisition, the Group plans to acquire WTE plants adopting fluidised bed incineration technology, or those WTE plants which are poorly managed, fall short of technical expertise and/or of lower operational efficiency. Following the acquisition of these WTE plants, we would seek to make improvement by leveraging on our technical expertise and management experience, and we intend to operate them with the same high standard as that of our existing WTE plants.

In addition to expanding our WTE business, the Group intends to enrich its business portfolio by providing consultation services to other WTE enterprises. With regard to internal development, the Group will seek all appropriate measures to enhance our operational efficiency and financial performance, and to improve our recruitment and training programs, in order to lay a solid foundation for rapid development in the future.

The Group commits that while expanding our business, we will continue to dedicate to charity work, so as to fulfill our responsibility as a corporate citizen and contribute to our society.

Appreciation

On behalf of the Board, I would like to express our deepest gratitude to all of our shareholders and all parties for their continued support, and to our staff for their devotion to Canvest's development.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 23 March 2015

Project Overview

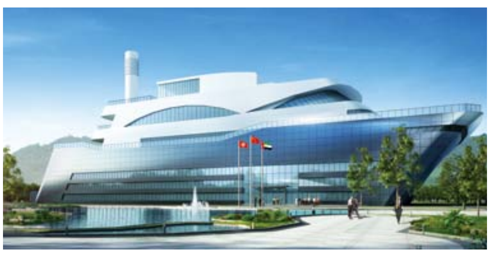
China Scivest WTE plant (Commercial operation)

Eco-Tech WTE plant (Phase 1)
(Undergoing technological upgrade)

Kewei WTE plant (Commercial operation)

Eco-Tech WTE plant (Phase 2) (Planning)

Zhanjiang WTE plant (Under development)



Total Secured and Installed Daily MSW Processing Capacity

8,400 Tonnes

	Eco-Tech WTE plant (Phase 1)	Eco-Tech WTE plant (Phase 2)	Kewei WTE plant	China Scivest WTE plant	Zhanjiang WTE plant
Location	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Zhanjiang, Guangdong Province
Installed daily MSW processing capacity	1,800 tonnes (after the technological upgrade)	Designed to be 1,500 tonnes	1,800 tonnes	1,800 tonnes	1,500 tonnes (designed capacity)
Installed power generation capacity	36MW	Planning	30MW	42MW	30MW (designed capacity)
Incineration technology	Moving grate incineration technology	Moving grate incineration technology	Moving grate incineration technology	Moving grate incineration technology	Moving grate incineration technology
Ownership	100%	100%	100%	100%	55%
Business model	BOO	BOO	BOO	BOT	BOT
Concession period	N/A	N/A	N/A	Concession period of 24 years from 10 December 2004 to 30 November 2028	Concession period of 28 years from 18 April 2013 to 17 April 2041
Status	Undergoing technological upgrade and expect to re-commence trial operation in the third quarter of 2015	Planning	Commercial operation	Commercial operation	Under development and expect to commence trial operation in the second half of 2015[1]

1. Reference is made to the Company's announcement made on 14 April 2015. There will no longer be any phase arrangement regarding the construction of Zhanjiang WTE Plant. The Company expects Zhanjiang WTE Plant to commence trial operation with daily MSW processing capacity of 1,500 tonnes in the second half of 2015.

Management Discussion and Analysis

Implemented innocuous treatment of waste volume amounted to

1,320,189

tonnes

Generated

598,672,000

kWh

from green energy

Reduced emission of carbon dioxide by

646,565.8

tonnes

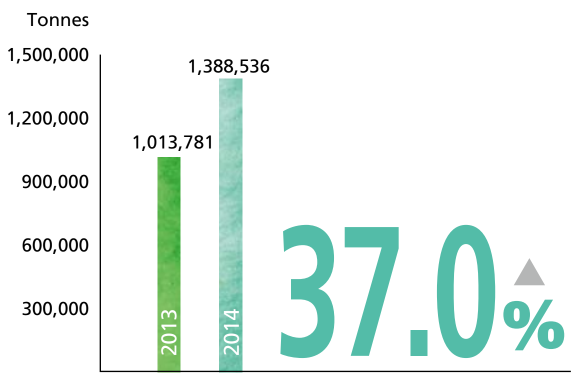
Overall performance

For the year ended 31 December 2014, the Group's revenue was HK$794.0 million (2013: HK$390.2 million), representing an increase of 103.5% over 2013. The operating profit and profit attributable to equity holders of the Company were HK$297.4 million (2013: HK$174.2 million) and HK$191.0 million (2013: HK$131.0 million), representing an increase of 70.7% and 45.9% respectively. Profit for the year excluding one-off listing expenses amounted to HK$241.4 million (2013: HK$134.1 million), representing an increase of 80.0% over the last year. Basic earnings per share was HK12.7 cents (2013: HK8.7 cents), representing an increase of 46.0% over the last year.

During the year, the Group implemented innocuous treatment of waste volume amounted to 1,320,189 tonnes. The Group generated 598,672,000 kWh from green energy, saving 239,468.8 tonnes of standard coal and emission reduction of carbon dioxide amounted to 646,565.8 tonnes.

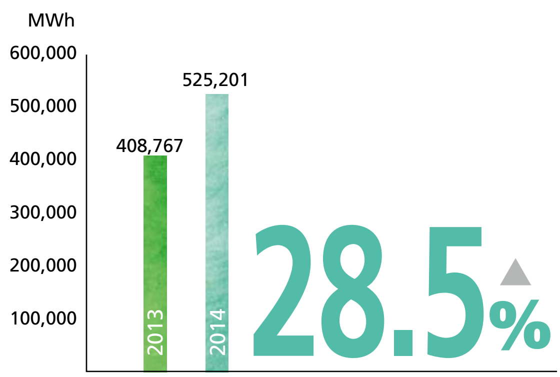
Received MSW

(for the year ended 31 December)



Power sold

(for the year ended 31 December)



Projects

In 2014, Eco-Tech WTE plant commenced technological upgrade since April 2014 and expects to re-commence trial operation in the third quarter of year 2015. Kewei WTE plant and China Scivest WTE plant provided significant contributions to the Group in year 2014. Zhanjiang WTE plant was under development and expects to commence trial operation in the second half of year 2015[1].

1. Reference is made to the Company's announcement made on 14 April 2015. There will no longer be any phase arrangement regarding the construction of Zhanjiang WTE Plant. The Company expects Zhanjiang WTE Plant to commence trial operation with daily MSW processing capacity of 1,500 tonnes in the second half of 2015.

The following table sets forth the operating figures of the Group's WTE plants:

	Year ended 31 December	
	2014	2013
Eco-Tech WTE plant (Note 3)		
Waste treatment		
Received MSW (tonnes)	**104,423**	399,068
Processed MSW (tonnes) (Note 1)	**107,950**	394,480
Power generation		
Power generated (MWh)	**69,634**	239,204
Power sold (MWh)	**58,638**	198,074
Sales to generation ratio (Note 2)	**84.2%**	82.8%
Kewei WTE plant		
Waste treatment		
Received MSW (tonnes)	**563,441**	614,713
Processed MSW (tonnes) (Note 1)	**540,900**	586,641
Power generation		
Power generated (MWh)	**239,903**	238,740
Power sold (MWh)	**208,374**	210,693
Sales to generation ratio (Note 2)	**86.9%**	88.3%
China Scivest WTE plant (Note 4)		
Waste treatment		
Received MSW (tonnes)	**720,672**	N/A
Processed MSW (tonnes) (Note 1)	**671,339**	N/A
Power generation		
Power generated (MWh)	**289,135**	N/A
Power sold (MWh)	**258,189**	N/A
Sales to generation ratio (Note 2)	**89.3%**	N/A

Notes:

(1) Processed waste excludes leachate generated from the MSW that the Group collects.

(2) The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

(3) The operations of Eco-Tech WTE Plant have been suspended for its technological upgrade since April 2014.

(4) China Scivest was acquired in January 2014 and its results were accounted for as part of the Group's results since 1 January 2014. Therefore the business operations of China Scivest WTE plant prior to 1 January 2014 was not presented as part of the Group's operations.

Revenue

In year 2014, the Group's revenue reached HK$794.0 million, representing an increase of 103.5% when compared with HK$390.2 million in year 2013. It was mainly attributable to the acquisition of China Scivest WTE plant in January 2014, construction revenue relating to BOT projects of Zhanjiang WTE plant and was partially offset by a reduction of power sales and waste treatment by the Eco-Tech WTE plant following its suspension for technological upgrade in April 2014.

Revenue was mainly generated from the power sales generated from the WTE plants, waste treatment fees collected from the MSW providers and the construction revenue and finance income relating to service concession arrangement from the Zhanjiang WTE plant.

The following table sets forth the breakdown of the revenue for the year ended 31 December 2014 and 2013:

	Year ended 31 December			
	2014		2013	
	HK$'000	**%**	HK$'000	%
Revenue from power sales	**349,149**	**44.0%**	261,737	67.1%
Revenue from waste treatment fees	**192,797**	**24.3%**	128,436	32.9%
Construction revenue arising from BOT arrangement	**247,763**	**31.2%**	–	–
Finance income arising from BOT arrangement	**4,258**	**0.5%**	–	–
Total	**793,967**	**100.0%**	390,173	100.0%

The following table sets forth the revenue generated for each of the WTE plants for the year ended 31 December 2014 and 2013:

	Year ended 31 December			
	2014		2013	
	HK$'000	**%**	HK$'000	%
Eco-Tech WTE plant	**50,761**	**6.4%**	171,787	44.0%
Kewei WTE plant	**219,976**	**27.7%**	218,386	56.0%
China Scivest WTE plant	**271,209**	**34.2%**	N/A	N/A
Zhanjiang WTE plant	**252,021**	**31.7%**	–	–
Total	**793,967**	**100.0%**	390,173	100.0%

Cost of sales

Cost of sales primarily consists of cost of coal and other fuels, maintenance cost, depreciation and amortisation, employee benefit expenses, environmental protection expenses and construction cost.

During the year, cost of sales increased by 140.8% to HK$451.6 million in 2014 from HK$187.5 million in 2013. It is mainly attributable to the increase in production volume as well as related cost of sales as a result of the acquisition of the China Scivest WTE plant in January 2014 and construction cost incurred on BOT project. Construction cost is amounted to HK$206.5 million, representing 45.7% of the total cost of sales.

Gross profit and gross profit margin

In 2014, gross profit of the Group amounted to HK$342.3 million, representing an increase of 68.9% as compared to HK$202.6 million in 2013. The increase is mainly attributable to the contribution from the operation of China Scivest WTE plant in January 2014.

Gross profit margin decreased from 51.9% in 2013 to 43.1% in 2014. The decrease was due to the profit margin of the construction income from Zhanjiang WTE plant is generally lower, when compared with the gross profit margin from the power sales and waste treatment by waste incineration which is generally higher.

The following table sets forth the breakdown of the gross profit by nature for the year ended 31 December 2014 and 2013:

	Year ended 31 December			
	2014		2013	
	HK$'000	%	HK$'000	%
Power sales and waste treatment operations	296,769	86.7%	202,636	100.0%
Construction service arising from BOT arrangement	41,294	12.1%	–	–
Finance income arising from BOT arrangement	4,258	1.2%	–	–
Total	342,321	100.0%	202,636	100.0%

The following table sets forth the gross profit margin by nature for the year ended 31 December 2014 and 2013:

	Year ended 31 December	
	2014	2013
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	54.8%	51.9%
Construction service arising from BOT arrangement	16.7%	–
Finance income arising from BOT arrangement	100.0%	–
Gross profit margin of the Group	43.1%	51.9%

General and administrative expenses

General and administrative expenses mainly comprise employee benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation, rental expenses for offices, listing expenses, security expenses, office expenses and others.

During the year, general and administrative expenses increased by 131.7% from HK$41.7 million in year 2013 to HK$96.7 million in year 2014. It is mainly due to the listing expenses amounted to HK$33.1 million incurred during year 2014.

Other income

Other income mainly consisted of VAT refund, government grants and others. During the year, other income increased by 266.6% from HK$14.0 million in year 2013 to HK$51.5 million in year 2014. According to the relevant VAT preferential policies, tax payers could enjoy VAT refund after obtaining the Accreditation Certificate of Comprehensive Utilisation of Resources after commencement of commercial operation. Eco-Tech had such certificate throughout the year 2014 and 2013, while Kewei obtained such certificate in 2013 as it only commenced commercial operation in November 2012 and the relevant refund was received in 2014. We recognised VAT refund when there is reasonable assurance that the VAT refund will be received from the government. As we claimed and received the full amount of the VAT refund for 2013 for Kewei during year 2014, we recorded a substantial increase in VAT refund in year 2014.

Other gain/(loss), net

Other net gain/(loss) represented the net exchange gain/(loss) and others. Other net loss was HK$0.7 million in 2013 while it recorded net gain of HK$0.4 million in 2014. It is mainly attributable to the one-off loss on disposal of property, plant and equipment due to technological upgrade and reversal of provision of payment in relation to the delay in obtaining land and construction-related certificates and permits for the Eco-Tech WTE plant, in which the actual payment was less than the original provision made in prior year.

Interest expenses, net

Net interest expense mainly consisted of interest expenses on borrowings from banks, net of interest income from bank deposits. During the year, the net interest expenses increased by 139.0% from HK$25.9 million in year 2013 to HK$61.8 million in year 2014. It is due to the increase in the average bank borrowing balance arising from the consolidation of China Scivest WTE plant.

Income tax expenses

During the year, income tax expenses increased by 56.9% from HK$17.4 million in year 2013 to HK$27.3 million in year 2014. It is mainly attributable to the change of applicable tax rate of Kewei WTE plant from 0% to 12.5% and the increase in deferred tax of Zhanjiang WTE plant.

Profit attributable to the equity holders of the Company

During the year, profit attributable to the equity holders of the Company increased by 45.9% from HK$131.0 million in year 2013 to HK$191.0 million in year 2014.

Liquidity, financial and capital resources

Financial resources

The Group generated operating cashflow from operating projects amounted to HK$308.0 million in year 2014 (2013: HK$233.3 million)(i.e. net cash generated from operating activities of HK$201.6 million in 2014 (2013: HK$220.7 million) excluding the net operating cash used for the construction of Zhanjiang WTE plant of HK$106.4 million in year 2014 (2013: HK$12.6 million)). The Group generated cash flow by the operating activities and loan facilities from banks. As at 31 December 2014, the total cash and cash equivalents of the Group were HK$1,328.2 million (31 December 2013: HK$49.8 million).

The Group pursues a prudent approach to balance the risk level and costs of capital. With the adequate financial resources, the Group can meet the future funding requirements for the project development.

Use of the net proceeds from the initial public offering

The Company raised a total of HK$1,165.0 million of gross proceeds after the completion of the initial public offering in December 2014, and net proceeds amounted to HK$1,068.5 million after deducting various professional expenses incurred in connection with the initial public offering. The use of proceeds has been consistent with the disclosure in the prospectus of the Company dated 15 December 2014, and the respective use of the net proceeds until 31 December 2014 is as follows:

	Available HK$'000	**Used** HK$'000	**Unused** HK$'000
Expansion of WTE business by developing greenfield projects or acquiring existing WTE plants	812,095	–	812,095
Development of Zhanjiang WTE Plant	149,596	–	149,596
Working capital and other general corporate purposes	106,855	–	106,855
Total	1,068,546	–	1,068,546

Borrowings

The Group is striving to diversify its funding sources to optimise the debt portfolio and lower the financing cost.

As at 31 December 2014, the Group's bank borrowings was HK$1,028.7 million (31 December 2013: HK$381.6 million). The Group's bank borrowings were secured by collection of revenue from power sales, land use rights, property, plant and equipment, concession right, and corporate guarantee. The borrowings are denominated in RMB and are at floating rates. Net asset of the Group was HK$2,418.0 million (31 December 2013: HK$761.8 million).

The following table sets forth the analysis of the borrowings as at 31 December 2014 and 2013, respectively:

	As at 31 December	
	2014	2013
	HK$'000	HK$'000
Portion of term loans due for repayment after one year — secured	**776,110**	293,807
Portion of term loans due for repayment within one year — secured	**252,576**	87,760
Total bank borrowings	**1,028,686**	381,567

The following table sets forth the analysis of the long-term borrowings as at 31 December 2014 and 2013:

	As at 31 December	
	2014	2013
	HK$'000	HK$'000
Wholly repayable within five years	**432,888**	381,567
Not wholly repayable within five years	**595,798**	–
Total bank borrowings	**1,028,686**	381,567

The gearing ratio is the ratio of total liabilities divided by total assets. As at 31 December 2014, the gearing ratio was 35.8% (31 December 2013: 38.6%). Having considered the total cash and cash equivalents, the Group was at a net cash position as at 31 December 2014.

As of 31 December 2014, the Group had banking facilities in the amount of HK$1,338.0 million, of which HK$309.3 million has not been utilised.

Cost of borrowings

For the year ended 31 December 2014, the total cost of borrowings of the Group was HK$67.3 million (2013: HK$26.8 million), representing an increase of HK$40.6 million. The increase was mainly attributable to the consolidation of China Scivest. The effective interest rate increased from the range of 6.08% to 6.70% in 2013 to the range of 6.08% to 7.36% in 2014.

Foreign exchange risk

The subsidiaries of the Group are mainly operating in the PRC with transactions mainly settled in RMB, being the functional currency of the subsidiaries of the Group. Moreover, certain bank deposits and bank loans were denominated in Hong Kong dollars, RMB and United States dollars. Other than the above mentioned disclosed, the Group does not have any material exposures to foreign exchange risk. Other than otherwise disclosed in this annual report, the Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the year ended 31 December 2014, and the Group has not used any financial instruments for hedging purpose as the risk of exposure to fluctuations in exchange rates is comparatively low.

Commitments

As at 31 December 2014, the Group had capital commitments contracted for but not provided in the consolidated financial statements amounted to HK$942.1 million. (2013: HK$1,042.9 million)

As at 31 December 2014, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises and other equipment amounted to HK$2.2 million. (2013: HK$5.4 million)

Material acquisitions and disposal

For the year ended 31 December 2014, the Group completed the acquisition of the entire issued share capital of Swift Ample Holdings Limited at a consideration of RMB100 million on 1 January 2014.

Capital expenditures

For the year ended 31 December 2014, capital expenditure of the Group, mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements amounted to HK$315.9 million (2013: HK$9.3 million). It was mainly funded by bank borrowings, fund generated from operating activities and capital contributions from the shareholders.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014.

Pledge of assets

As at 31 December 2014, the Group pledged certain of its collection of revenue from power sales, land use rights, property, plant and machinery, concession rights and bank deposits with an aggregate carrying amount of HK$1,349.4 million (2013: HK$275.9 million) to certain banks to secure certain credit facilities granted to the Group.

Valuation of properties

For the purpose of listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange in December 2014, a valuation was conducted on the property interests held by the Group. However, certain property interests were carried at historical costs less accumulated depreciation and impairment, if any, on the Group's consolidated financial statements. By reference to the property valuation set out in Appendix III of the prospectus dated 15 December 2014, a revaluation surplus of approximately HK$116.4 million was arisen in respect of the property interests of the Group as at 30 September 2014. Were the property stated at that valuation, the depreciation charge per year would have increased by approximately HK$7.3 million.

Human resources

As at 31 December 2014, the Group had a total of 332 employees, among which 11 were management. By geographical locations, there were 320 employees in the PRC and 12 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to the market conditions. The Group also provides medical insurance and provident fund scheme to employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014 which became effective on 29 December 2014, the listing date. Under the share option scheme and at the discretion of the Board, share options may be granted as performance incentives to any employee (including the directors). No share option was granted for the year ended 31 December 2014. For the year ended 31 December 2014, the total remuneration costs, including director's remuneration, were HK$68.0 million (2013: HK$45.3 million).

Sustainability Report

General

The Group is fully committed to the environmental protection issue and therefore implemented various quality control standards and procedures for the equipment, work force and emissions in the operation of our WTE plants.

Followings are the awards and recognitions obtained by our WTE plants:

Year	Award/recognition	Issuing institution	Receiver
2015	Recommended enterprise for construction and operation of daily waste incineration treatment projects of Guangdong Province (1st batch) (廣東省生活垃圾焚燒處理項目建設和運營企業推薦名錄(第一批))	Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳)	China Scivest Kewei
2014	ISO 14001 Environmental Management System Certificate (valid until 4 November 2017) (環境管理體系認證 ISO 14001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	China Scivest
2014	ISO 9001 Quality Management System Certificate (valid until 4 November 2017) (質量管理體系認證 ISO 9001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	China Scivest
2014	OHSAS 18001 Safety Management System Certificate (valid until 4 November 2017) (職業健康安全管理體系認證 OHSAS 18001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	China Scivest
2013	Excellent MSW Treatment Project in Guangdong Province (廣東省城市生活垃圾處理優秀項目)	Guangdong Province Environment and Sanitation Association (廣東省環境衛生協會)	Kewei
2013	ISO 14001 Environmental Management System Certificate (valid until 31 October 2016) (環境管理體系認證 ISO 14001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	Kewei
2013	ISO 9001 Quality Management System Certificate (valid until 31 October 2016) (質量管理體系認證 ISO 9001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	Kewei

Year	Award/recognition	Issuing institution	Receiver
2013	OHSAS 18001 Safety Management System Certificate (valid until 31 October 2016) (職業健康安全管理體系認證 OHSAS 18001)	Universal Certification Service Co. Ltd. (環通認證中心有限公司)	Kewei
2012	Grade AA Innocuous Waste Incineration Plant (AA級無害化焚燒廠)	Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳)	Kewei
2011	Advanced Unit Award in Energy Saving for 2011 (節能先進單位)	Dongguan Municipal People's Government (東莞市人民政府)	Eco-Tech
2010	Commendation of Key Construction (重點建設項目獎狀)	Dongguan Municipal People's Government (東莞市人民政府)	Kewei

Quality Control

The Group implemented quality control procedures for third-party contractors and suppliers, such as:

— Major contracts with third parties are executed after tender processes;

— Contractors and suppliers are contractually required to adhere to our quality control measures and standards; and

— Our on-site management team monitor the materials supplied to the Group and the work carried out by the contractors and their subcontractors.

Environmental and social matters

The Group implemented stringent emissions control measures to the operating plant which summaries as follows:

Flue gas control system

The Group's WTE Plants utilise the selective non-catalytic reduction ("SNCR") system to treat the flue gas produced from the incineration of MSW. The SNCR process can convert harmful nitrogen oxides to harmless atmospheric gases. The Group also employs techniques such as semi dry desulfurisation, rotary atomisers and granular activated carbon bag filters to remove harmful pollutants such as dioxins, smog, dust, sulphur dioxide, hydrochloric acid, hydrofluoric acid and heavy metals. In particular, the designed requirement for the flue gas treatment system of our Eco-Tech WTE Plant after its technological upgrade (including but not limited to the heavy metal emission factor) will satisfy the Environmental Impact Assessment and PRC national standards, based on a supplemental agreement entered into with our flue gas treatment supplier in September 2014. The designed requirement in the original supply agreement signed in February 2014 had complied with the standards applicable at the time. However, the standards were subsequently revised in May 2014, which made the requirement for the heavy metal emission factor to be more stringent and caused us to enter into the supplemental agreement in September 2014.

Wastewater treatment measures

Leachate generated from MSW is piped to a leachate treatment station and then treated through an up-flow anaerobic sludge bed, a membrane bio-reactor and nano-filtration. Wastewater may be further treated by reverse osmosis and hydrolytic acidification. The treated wastewater may be reused as circulatory cooling water inside the plant or discharged off site.

Solid waste treatment measures

The bottom ash produced after MSW incineration is collected by a contractor for further treatment as normal industrial solid waste. Sludge generated in the wastewater treatment process is dewatered by a sludge dewatering facility. Concentrated wastewater and the sludge cake may be further incinerated onsite. Scrap metal mixed in bottom ash are collected for recycling.

Fly ash treatment measures

Fly ash produced during incineration is classified as hazardous waste. We engaged contractors to collect, transport and treat the fly ash. The treatment method involves the stabilisation/solidification of the fly ash and then disposal in a local landfill site for hazardous waste. The collection and transportation of fly ash should be done using sealed container and customised vehicle, and the procedure and data should be properly documented as required by the Environmental Protection Bureau. The treatment method is strictly managed by the local environment authority.

Noise control measures

Each of our WTE plants has a list of ambient noise control measures, including:

— designing and constructing the main facilities to be as far away from office areas as possible in order to minimise noise influence;

— installing sound absorption devices in the staff centralised control room; and

— installing low noise equipment and a muffler for boiler exhaust steam and first and secondary air inlets.

Community

As a responsible corporate citizen, the Group commits to provide contribution to the community. The Group's WTE plant, China Scivest, invited the public to visit the plant on a monthly basis and share the experience in environmental protection issues to raise the environmental awareness of the public in the community.

Health and work safety

Pursuant to national and local health and safety laws and regulations in the PRC, we are required to provide a safe working environment to our employees. To this end, the Group has provided our employees with adequate protective clothing, masks and gear, work safety training, and have designated specific safety management personnel. The Group has issued and implemented various guidelines for managing possible accidents and disasters which may occur in our WTE plants, including but not limited to fire hazards, personal injuries, earthquakes and power outages. The aim of these guidelines is to minimise the occurrence of accidents and improve the efficiency of our responsive actions when accidents and disasters do occur.

The Group has implemented various measures to ensure the work safety of our employees, such as the automatic shutdown of machinery when they reach a certain pressure point, having a system in place to record accidents, and conducting regular inspection and maintenance checks on our facilities and equipment to ensure that they comply with the applicable national or industrial standards. The Group has placed various signs in our WTE plants to give our employees sufficient warnings and information about the hazards and dangers that exist in our working environment. The Group also issues guidance materials to our employees from time to time regarding work safety practices.

With the abovementioned measures, the Group can fulfill the health and safety control responsibility and comply with applicable national and local health and safety laws and regulations in the PRC. There was no work-related fatality in 2014.

Moreover, the Group provided a comfortable workplace to the employees, including but not limited to Wi-Fi service at different offices, snacks and fruits and gatherings.

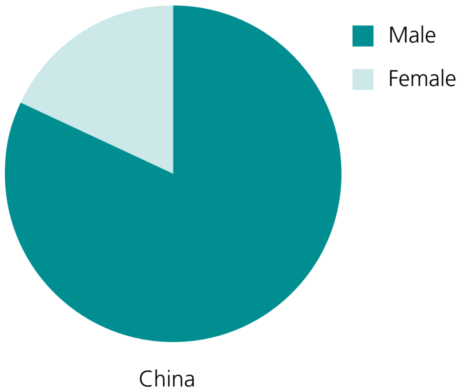
Workforce

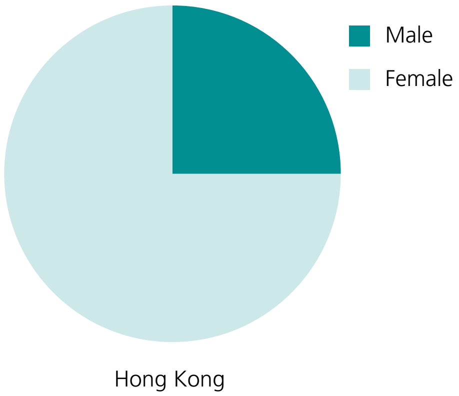
Employees are the important assets to the Group. To maintain corporate sustainable development, the Group has provided comprehensive benefits, training and promotion opportunities to bring our staff an ideal working environment.

Staff breakdown by function in 2014

	China	Hong Kong	Total
Management	9	2	11
Financial	12	4	16
Technician	80	0	80
Business Development	7	0	7
Procurement	9	0	9
Production	144	0	144
Others	59	6	65
	320	12	332

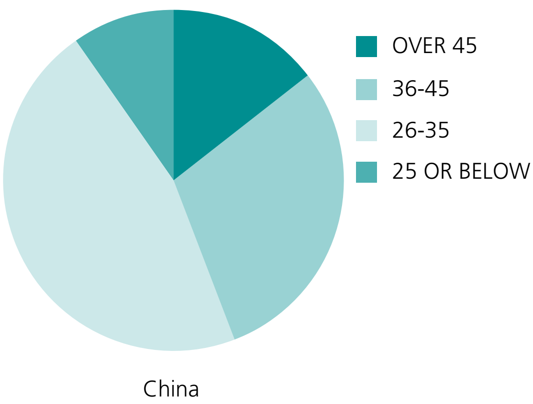
Staff breakdown by gender in 2014

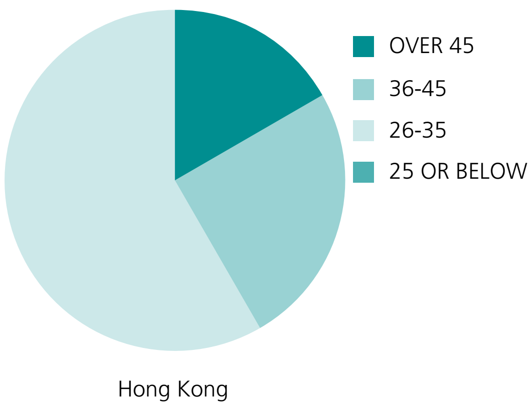




	China	Hong Kong	Total
Male	263	3	266
Female	57	9	66
	320	12	332

Staff breakdown by age in 2014





	China	Hong Kong	Total
OVER 45	47	2	49
36-45	95	3	98
26-35	147	7	154
25 OR BELOW	31	0	31
	320	12	332

Emphasis on equal opportunities

The Group placed great emphasis on equality of opportunity and strictly complied with relevant laws of the PRC and Hong Kong, so as to protect any staff from discrimination in all aspects of employment due to factors such as gender, marital status, pregnancy, disability, family status and ethnicity.

Corporate Governance Report

The Company pursues good corporate governance practices and procedures, and considers them crucial in maintaining and building of our brand, maximizing the profit of the Group and enhancing the long-term benefits of the Group as well as its Shareholders. As such, the Company has adopted the CG Code.

Maintaining a high level of corporate governance can uplift a high standard of the Group's credibility and transparency. It can strengthen the confidence of the Shareholders and the public.

From 29 December 2014 to 31 December 2014, the Company has complied with most of the code provisions as set out in the CG Code, save and except for code provision A.1.1 which states that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

The Company's shares were only listed on the Main Board of the Hong Kong Stock Exchange on 29 December 2014, no meeting was held by the Board from 29 December 2014 up to 31 December 2014.

The Board

Board composition

During the year ended 31 December 2014 and up to the date of this annual report, the Board comprises the following directors:

Ms. Lee Wing Yee Loretta	Executive Director and Chairlady (appointed with effect from 28 January 2014)
Mr. Lai Kin Man	Executive Director and Deputy Chairman (appointed with effect from 10 February 2014)
Mr. Yuan Guozhen	Executive Director and Chief Executive Officer (appointed with effect from 24 September 2014)
Mr. Lai Chun Tung	Executive Director (appointed with effect from 24 September 2014)
Mr. Lui Ting Cheong Alexander	Non-executive Director (appointed with effect from 24 September 2014)
Mr. Lai Yui	Non-executive Director (appointed with effect from 24 September 2014)
Professor Sha Zhenquan	Independent Non-executive Director (appointed with effect from 7 December 2014)
Mr. Chan Kam Kwan Jason	Independent Non-executive Director (appointed with effect from 7 December 2014)
Mr. Chung Wing Yin	Independent Non-executive Director (appointed with effect from 7 December 2014)

Relevant list of members of the Board has been published on the Company's website, Hong Kong Stock Exchange and all corporate communications issued by the Company.

Ms. Loretta Lee is the wife of Mr. CT Lai. Mr. KM Lai is a cousin of Mr. CT Lai and cousin-in-law of Ms. Loretta Lee. For further information on the relations and biographical details of each Director, please refer to pages 33 to 35 of this annual report.

With a view to achieving a sustainable and balanced development, the Directors recognise the diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services as essential elements in supporting the attainment of its strategic objectives and its sustainable development. The Board is responsible for formulating the Group's overall strategies, making major corporate and operational decisions of the Group and presenting a clear guidance to the senior management. The senior management are responsible for supervising and executing the Board policies and strategies, as well as the provision of updates of the Group's performance to the Board to enable the Board to deliver and discharge its duties.

Chairlady, Deputy Chairman and Chief Executive Officer

The role and vision of responsibilities between the Chairlady, Deputy Chairman and Chief Executive Officer were clearly defined. Ms. Loretta Lee is the Chairlady, Mr. KM Lai is the Deputy Chairman and Mr. Yuan Guozhen is the Chief Executive Officer, respectively.

The Chairlady is responsible for formulating the Group's overall strategies and making major corporate and operational decisions of the Group. She also organises the works of the Board, ensures its effectiveness and instructs the company secretary from time to time to update the Directors with the Group's development situation and the latest information or provisions relating to the corporate governance so that the Directors can perform their duties. Meanwhile, the Chairlady will invite the Directors to jointly attend the corporate activities from time to time to promote a favourable and constructive relationship between the Directors.

The Chief Executive Officer is authorised by the Board to lead the senior management to execute the overall strategies and manage the daily operation of the Group according to the objectives and directions determined by the Board.

Independence of the Independent Non-executive Directors

From the Listing Date to 31 December 2014, the Board has complied with Rule 3.10(1) and (2) and 3.10A of the Listing Rules, with at least one-third of members of the Board being independent non-executive Directors, and at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each independent non-executive director has undertaken to the Company his confirmation of independence under the standard set out in rules 3.13 of the Listing Rules, and the Company also considered their independence. By 31 December 2014, no independent non-executive director has served the Company for more than 9 years.

Independent non-executive directors are responsible for supervising and providing independent judgment to the Board with a view to protect the interests of shareholders of the Company as a whole. Independent non-executive directors can also vote independently on matters where executive directors shall abstain from voting when there are potential conflict of interests between executive directors and the matter under consideration.

Appointment and re-election

Each of the Directors has entered into a service agreement with the Company for a maximum period of three years and subject to re-election.

With the adoption of the amended and restated memorandum and articles of association, Directors newly appointed by the Board are subject to re-election at the first general meeting after the appointment.

Each Director has disclosed to the Company about the names, titles and nature of the his/her positions held in public companies or organisations, prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company also requires Directors to submit written confirmation or update on their biographical details, if any, every year, and set out the updated biographical details of Directors, if any, in this annual report.

Pursuant to requirements of the amended and restated articles of association of the Company, not less than one third of the Board members shall retire by rotation in annual general meeting and each Director shall retire by rotation once every 3 years and being entitled to re-election. Both names and biographical details of Directors eligible for re-election are set out in circular of the Company for Shareholders to make informed decisions with grounds in the election of Directors. All Directors appointed to fill a casual vacancy or additional appointment will be subject to election by Shareholders at the forthcoming general meeting after their appointments and being entitled to re-election. Appointment of Directors of the Company shall be subject to a separate resolution to be approved by Shareholders.

Training and support for Directors

The Company recognises the importance of keeping the Directors updated with latest information relating to the discharge of his or her duties as director. As such, each newly appointed Director would receive an introductory training pack. The company secretary will also provide Directors with the latest information on Listing Rules and other applicable regulatory requirements from time to time, so as to update and strengthen the Directors' awareness of the development of corporate governance, and maintain records of the trainings attended by the Directors.

Shortly before the listing of the Company, the Company's legal advisers had conducted training to the Directors regarding the role and responsibility as a director and relevant Listing Rules requirements related to the position as a director. All of the Directors have attended the training.

Board and board committee meetings

No board meeting was held from the Listing Date to 31 December 2014, since the Company only became listed on the Hong Kong Stock Exchange on 29 December 2014. The Chairlady did not hold separate meetings with independent non-executive Directors without the presence of the executive Directors from the Listing Date to 31 December 2014.

Generally, the Board will determine the date of the following year's regular meetings on the last regular physical meeting during the year so as to ensure that all the Directors can schedule their respective timetable with an aim to allocate the time to attend the meetings. The Company will also provide all the Directors with at least 14 working days' notice in respect of holding regular Board meetings. The company secretary will follow the instruction from the Chairlady to circulate the draft Board meeting agenda to all Directors for their perusal and comment 21 days before meeting date. The Board meeting agenda will be signed and issued by the company secretary only after incorporating all the comments of Directors (if any). Meeting documents will normally be delivered to all Directors 3 working days before meeting date, so as to ensure they are fully informed before the meeting.

Any matter involving material conflict of interest of substantial Shareholders or Directors shall be subject to the consideration and approval by the Board attending personally at a Board meeting, or to be implemented and dealt with by designated Board committee. Directors who have interest may attend meeting but shall not be counted towards quorum and Directors who have interest shall abstain from voting on the relevant matter. All Directors can require the company secretary to provide advice and service on relevant aspects, including the follow-up of or the provision of support to any matter; ensuring the Board procedures and all applicable rules and regulations are complied with.

The management will submit relevant reports and report the content to the Directors on every quarterly Board meeting, and will also submit last month's report on relevant financial and operational data of the Group at the beginning of every month, and other reports required by the Board from time to time to the Directors for their perusal and comment. The management will also give detailed explanation to any enquiry made by the Directors. Therefore, the Board may make informed assessment in respect of the financial and other information submitted to them for their approval.

The meeting minutes of the Board and its committees are drafted and kept by the company secretary. All meeting minutes will set out in detail the matters considered and decisions made at the meetings, including, among others, any queries made or views expressed by the Directors. Generally, the company secretary will distribute the first draft of the meeting minutes to all the relevant attending Directors for their comment within 14 working days after the end of the meetings of the Board and its committees. Having incorporated the comments of the Directors (if any), the finalised version of the meeting minutes as signed on by the chairperson of such meetings will be distributed by the company secretary to all relevant attending Directors for record-keeping purpose.

All the executive directors and the independent non-executive directors have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year.

Liability insurance of Directors and senior management

Since the Listing Date and to date, the Company has purchased the Directors and Officers Liability Insurance for its Directors and senior management, in order to safeguard them from any legal and compensation liabilities arising in the course of discharging their duties.

Model code for securities transactions by Directors

The Company has complied with the Model Code. After making specific enquiry, each of the Directors has confirmed to the Company that he or she had complied with the Model Code from 29 December 2014 to 31 December 2014.

The committees of the Board

The Board of the Company has established 4 committees namely the audit committee, the corporate governance committee, the nomination committee and the remuneration committee. The respective chairperson and majority of the members of each of the committees are Independent Non-executive Directors. Terms of reference of each of the committees have posted on corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk), and will be amended by the Board from time to time as appropriate.

Audit committee

The Company has set up an audit committee in compliance with rule 3.21 of the Listing Rules. The members of the audit committee comprise Mr. Chan Kam Kwan Jason, Professor Sha Zhenquan and Mr. Chung Wing Yin, and are chaired by Mr. Chan Kam Kwan Jason.

Main duties of the audit committee include (but without limitation): (i) assisting our Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, (ii) overseeing the audit process; (iii) performing other duties and responsibilities as assigned by our Board and (iv) considering and reviewing the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial function, and report to the Board. The audit committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

The audit committee has reviewed the Group's consolidated financial information for the year ended 31 December 2014.

No audit committee meeting was held from the Listing Date to 31 December 2014.

Audit committee and the Board have no disagreement in relation to the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditors of the Company.

External auditor

PricewaterhouseCoopers has been appointed as the auditor of the Group. For the year ended 31 December 2014, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services are detailed as below:

	2014 HK$'000
Fee for audit services	
Initial public offering	**7,475**
Annual audit for the year ended 31 December 2014	**1,500**
Fee for non-audit services	**98**

Directors' responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Group, has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty or conditions of a material nature that would affect the Company's ability as to continue as a going concern.

Remuneration committee

The Company has set up a remuneration committee in compliance with rule 3.25 of the Listing Rules. The members of the remuneration committee comprise Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Chung Wing Yin, and are chaired by Professor Sha Zhenquan.

Main duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

No remuneration committee meeting was held from the Listing Date to 31 December 2014.

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2014 is set out below:

Remuneration	Number of person
Nil to HK$1,000,000	7
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	1

Nomination committee

The members of audit committee comprise Mr. Chung Wing Yin, Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason and are chaired by Mr. Chung Wing Yin.

Main duties of nomination committee include, without limitation: (i) reviewing the structure, size and composition of the Board, (ii) assessing the independence of independent non-executive directors and (iii) making recommendations to the Board on matters relating to the appointment of Directors.

Nomination committee has adopted a policy of diversity for memberships of the Board. It has considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

No nomination committee meeting was held from the Listing Date to 31 December 2014.

Corporate governance committee

The members of corporate governance committee comprise Mr. Chan Kam Kwan Jason, Ms. Loretta Lee, Professor Sha Zhenquan and Mr. Chung Wing Yin, and are chaired by Mr. Chan Kam Kwan Jason.

Main duties of corporate governance committee include (but without limitation): (i) reviewing and assessing compliance with internal policies of our Group; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and developing our Company's policies and practices on corporate governance; and (iv) reviewing our Company's compliance with Appendix 14 to the Listing Rules.

No corporate governance committee meeting was held from the Listing Date to 31 December 2014.

Internal control

The Board is responsible for formulating proper internal control and risk management system for the Group, and reviewing its effectiveness regularly through the audit committee.

The system of internal controls covers the areas of financial, accounting, operational, compliance and risk management of the Group's business.

In preparation for its listing, the Company had engaged an external professional firm to conduct a review on the effectiveness of the system of internal control of the Company and its major subsidiaries and considered that the internal control system are effective. The Company also engaged the external professional firm to follow up the review on the effectiveness of the internal control system.

For historical non-compliance incidents, please refer to the paragraph of historical non-compliance incidents mentioned in the prospectus of the Company dated 15 December 2014 for further details.

For risk management, the Board will review the Group's finance, operation and compliance, and risk management corresponding to the changes in its business and to cope with the same by discussing and formulating strategies or measures in each of quarterly meeting.

Company secretary

The company secretary is a full time employee of the Company and familiar with the day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairlady and is responsible for advising the Board on governance matters. During the year, the company secretary has confirmed that she has completed no less than 15 hours of relevant professional training. The biographical details of the company secretary is set out on page 36 of this annual report.

Shareholders' rights

Pursuant to article 12.3 of the amended and restated articles of association, general meetings of the Company shall be convened on the written requisition of any two or more Shareholders of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a director of the Company at the general meeting shall lodge a written notice at the Company's Hong Kong office at Unit 1701B, 17/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for the attention of the company secretary of the Company.

The written notice must state (i) his/her intention to propose such person for election as a Director, and (ii) the contact details and biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules (including other directorships held in listed public companies in the last three (3) years and other major appointments and professional qualifications) and be signed by the shareholder concerned and the person be proposed to indicate his/her willingness to be elected and consent to the publication of his/her personal data.

The minimum length of the period for lodgement of the above notice shall be at least seven (7) days and the period for lodgement of the above notice shall commence no earlier than the despatch of the notice of the general meeting appointed for such election of Director and end no later than seven (7) days prior to the date of such general meeting. The relevant detailed procedures have been published on the Company's corporate website (www.canvestenvironment.com).

Communication with Shareholders

The Company considers that good communications with the Shareholders is important in order to enable Shareholders and investors to have a better understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

— Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk), the Company had also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, such that Shareholders can obtain more corporate information from the website of the Company;

— The Company is committed to improve its investor relations. From the Listing Date till now, the senior management of the Company had conducted various meetings with institutional investors, fund managers, and financial analysts;

— The Company also provides the investor relations contact information to the Shareholders for them to express their opinions and make enquiries. The details are set out on page 117 in the corporate information of this annual report; and

— The Company's notice of 2015 annual general meeting had been despatched to Shareholders no less than 20 business days before the proposed date of the meeting. The company secretary is responsible for specifying the relevant procedures to the attending Shareholders to ensure that the Shareholders are familiar with the details of the procedures of voting by poll.

Constitutional documents

Pursuant to a special resolution of the sole shareholder of the Company passed on 7 December 2014, the amended and restated memorandum and articles of association of the Company were adopted with effect from the Listing Date. There was no change to the memorandum and articles of association of the Company from the Listing Date to 31 December 2014.

The amended and restated memorandum and articles of association of the Company are available on the Company's corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

Directors' and Senior Management's Profile

Directors' Profile

Executive Directors

Ms. Lee Wing Yee Loretta (李詠怡), aged 40, was appointed as a Director on 28 January 2014 and re-designated as an executive Director and the chairlady of our Company on 24 September 2014. She joined our Group in November 2011 and is currently responsible for formulating our Group's overall strategies, and making major corporate and operational decisions of our Group. Ms. Loretta Lee served as an officer of the finance and human resource department of Dongguan Sanyang Industrial Development Co., Ltd (東莞市三陽實業發展有限公司) (formerly known as Dongguan Sanyang Industrial Development Corporation (東莞市三陽實業發展公司)) from September 1997 to September 2012 and the last position she held was manager of the finance and human resource department. The principal business of Dongguan Sanyang Industrial Development Co., Ltd included the trading of heavy oil. Ms. Lee obtained a higher diploma in Public Administration and Management from City University of Hong Kong in November 1997. Ms. Lee is the wife of Mr. CT Lai, and a cousin-in-law of Mr. KM Lai and Ms. Guo Huilian.

Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), aged 35, was appointed as a Director on 10 February 2014 and re-designated as an executive Director and the deputy chairman of our Company on 24 September 2014. He has been a director of Eco-Tech since June 2003 and a director of Kewei since October 2011. He is, alongside with the chairlady, responsible for formulating our Group's overall strategies and making major corporate and operational decisions of our Group. Before founding our Group, Mr. KM Lai worked at Dongguan Sanyang Industrial Development Co., Ltd (東莞市三陽實業發展有限公司) (formerly known as Dongguan Sanyang Industrial Development Corporation (東莞市三陽實業發展公司)) from September 1998 to October 2002 and was responsible for business development. He served as the legal representative, chairman and general manager of Guangdong Canvest Investments Company Limited (廣東粵豐投資有限公司) (formerly known as Dongguan Canvest Industrial Investments Limited (東莞市粵豐實業投資有限公司)) from November 2002 to September 2011. Mr. KM Lai obtained an EMBA degree from South China University of Technology (華南理工大學) in December 2008. Mr. KM Lai is a cousin of Mr. CT Lai and Ms. Guo Huilian, and a cousin-in-law of Ms. Loretta Lee.

Mr. Yuan Guozhen (袁國楨), aged 49, was appointed as an executive Director on 24 September 2014. Mr. Yuan is the Chief Executive Officer of our Group. He is responsible for executing the overall strategies and managing the daily operation of our Group. Mr. Yuan is a director of Eco-Tech since June 2003 and a director and general manager of Kewei since October 2011. He is also the legal representative and director of Zhanjiang Yuefeng and Canvest Consultancy since their respective establishment. He served as the executive deputy general manager of Dongguan Sanyang Industrial Development Co., Ltd (東莞市三陽實業發展有限公司) (formerly known as Dongguan Sanyang Industrial Development Corporation (東莞市三陽實業發展公司)) from September 1995 to July 2004 and was mainly responsible for assisting the general manager in the operation and management of the company. Mr. Yuan served as general manager of Dongguan Dongcheng Dongxing Thermal Power Company Limited (東莞東城東興熱電有限公司) (now known as Dongguan China Power New Energy Heat and Power Company Limited (東莞中電新能源熱電有限公司)) from July 2004 to September 2008. He served as the general manager of Yunnan Shuang Xing Green Energy Company Limited (雲南雙星綠色能源有限公司) (now known as Kunming China Energy Environmental Power Company Limited (昆明中電環保電力有限公司)) from November 2007 to December 2008. The principal business of Dongguan China Power New Energy Heat and Power Company Limited, a subsidiary of CPNE, includes natural gas power generation. Yunnan Shuang Xing Green Power Company Limited is also a subsidiary of CPNE and its principal business includes generation and sale of electricity. Mr. Yuan obtained an EMBA degree from South China University of Technology (華南理工大學) in June 2009.

Mr. Lai Chun Tung (黎俊東), aged 40, was appointed as an executive Director on 24 September 2014. Mr. CT Lai is the legal representative, general manager and a director of Eco-Tech since August 2007, a director of Kewei since February 2009, and a director of Zhanjiang Yuefeng since its establishment in April 2013. He is responsible for overseeing the overall strategies of our Group, and making major corporate and operational decisions of our Group. Mr. CT Lai is a member of the 10th and the 11th Guangdong Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省委員會), and a standing member of the 12th Dongguan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省東莞市委員會). Mr. CT Lai has worked at Dongguan Sanyang Industrial Development Co., Ltd (東莞市三陽實業發展有限公司) (formerly known as Dongguan Sanyang Industrial Development Corporation (東莞市三陽實業發展公司)) since September 1997 and is currently its general manager. He has been a director of Dongguan Rural Commercial Bank Co., Ltd (東莞農村商業銀行股份有限公司) since December 2009. Mr. CT Lai obtained a higher diploma in Public Administration and Management from City University of Hong Kong in November 1997. Mr. CT Lai obtained an EMBA degree from South China University of Technology (華南理工大學) in December 2007. Mr. CT Lai is the husband of Ms. Loretta Lee, and a cousin of Mr. KM Lai and Ms. Guo Huilian.

Non-executive Directors

Mr. Lui Ting Cheong Alexander (呂定昌), aged 35, was appointed as a non-executive Director on 24 September 2014. He is a managing director of Olympus Capital Holdings Asia co-leading the environmental investment in Asia. He has been with Olympus Capital Holdings Asia since October 2008. From July 2009 to March 2010, Mr. Lui served as the interim chief financial officer of Zhaoheng Hydropower Holdings Limited (兆恒水電股份有限公司), a current Olympus Capital Holdings Asia portfolio company. Prior to joining Olympus Capital Holdings Asia, Mr. Lui worked at Merrill Lynch (Asia Pacific) Limited till August 2008. Mr. Lui graduated from Cornell University with a bachelor of science degree (magna cum laude) and a bachelor of arts degree in May 2001.

Mr. Lai Yui (黎叡), aged 40, was appointed as a non-executive Director on 24 September 2014. He has been employed by various subsidiaries of BOC International Holdings Limited as managing director since January 2013 and currently is a managing director of CITP Advisor (Hong Kong) Ltd. Before joining BOC International Holdings Limited, he served as a director of Temasek Holdings (Private) Limited since June 2007. Mr. Lai graduated from University of Pennsylvania with a bachelor of science degree (magna cum laude) and a bachelor of arts degree (magna cum laude) in May 1997.

Independent Non-executive Directors

Professor Sha Zhenquan (沙振權), aged 55, was appointed as an independent non-executive Director on 7 December 2014. He has been a professor of the School of Business Administration of South China University of Technology (華南理工大學) since April 2003. Professor Sha is a member of the 12th National Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會). He is an independent director of Shenzhen Noposion Pesticide Co., Ltd (深圳諾普信農化股份有限公司) (stock code: 002215), Dongling Grain and Oil Co., Ltd. (廣州東淩糧油股份有限公司) (stock code: 000893) and Letong Chemical Co., Ltd. (珠海樂通化工股份有限公司) (stock code: 002319), which are companies listed on the Shenzhen Stock Exchange. He was an independent director of Sincap Group Limited (stock code: 5UN), a company listed on Singapore Exchange from May 2012 to September 2014. Professor Sha obtained a bachelor of science degree in mathematics from East China Normal University (華東師範大學) in December 1982, a master's degree in engineering from South China University of Technology (華南理工大學) in July 1991 and a doctor's degree in philosophy from City University of Hong Kong in November 2001.

Mr. Chan Kam Kwan Jason (陳錦坤), aged 41, was appointed as an independent non-executive Director on 7 December 2014. Mr. Chan was awarded certified public accountant by the Washington State Board of Accountancy on 26 March 1999. Mr. Chan is the executive director and secretary of Brockman Mining Limited (Stock Code: 0159) and an independent non-executive director of AMCO United Holding Limited (Stock Code: 0630) (formerly known as Guojin Resources Holdings Limited and Jackin International Holdings Limited). He is the company secretary of Frontier Services Group Limited (formerly known as DVN (Holdings) Limited) (Stock Code: 0500). He is also the company secretary of Concord New Energy Group Limited (formerly known as China WindPower Group Limited) (Stock Code: 0182) and was the executive director of the same company from December 2006 to January 2014. Each of Brockman Mining Limited, AMCO United Holding Limited, Frontier Services Group Limited and China WindPower Group Limited is a company listed on the Stock Exchange. Mr. Chan obtained a bachelor's degree in commerce from University of British Columbia in May 1995.

Mr. Chung Wing Yin (鍾永賢), aged 37, was appointed as an independent non-executive Director on 7 December 2014. Mr. Chung was admitted as a solicitor of the High Court of Hong Kong in August 2002 and a solicitor of the Supreme Court of England and Wales in October 2003, respectively. He is a partner of Li & Partners and has over ten years' experience in legal professional industry. Mr. Chung's practice areas include general commercial and corporate matters, IPOs, mergers and acquisitions, and compliance matters of listed companies. Before joining Li & Partners, Mr. Chung worked at several Hong Kong law firms and was mainly involved in cross border commercial projects. Mr. Chung obtained a bachelor of laws degree and a master's degree in Chinese law from The University of Hong Kong in December 1999 and December 2004, respectively.

Save as disclosed above, there is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Senior Management's Profile

Mr. Song Lanqun (宋蘭群), aged 47, joined our Group in February 2004 and was appointed as vice president and chief engineer of our Group on 24 September 2014 and is responsible for production operation and technology management of our Group. He serves as an executive deputy general manager of Eco-Tech and Kewei and the general manager of Zhanjiang Yuefeng. Mr. Song was awarded mechanical engineer by Office of Title Reform Leading Group of Huizhou City (惠州市職稱改革工作領導小組辦公室) in August 1995. Mr. Song worked at Guangdong Guohong Electric Power Co., Ltd. (廣東國宏電力有限公司) as deputy general manager and chief engineer from February 1997 to February 2004. The principal business of Guangdong Guohong Electric Power Co., Ltd. included electricity generation. Mr. Song graduated from Hebei College of Technology (河北工學院) (now known as Hebei University of Technology (河北工業大學)) in July 1989 with a bachelor of engineering in thermal power engineering. He obtained a master's degree in internal combustion engine from Inner Mongolia College of Technology (內蒙古工學院) (now known as Inner Mongolia University of Technology (內蒙古工業大學)) in July 1992. Mr. Song completed the MBA programme of Huazhong University of Science and Technology (華中科技大學) in December 2004.

Mr. Chen Bo (陳波), aged 38, joined Kewei in March 2009 and was appointed as vice president and chief engineer of our Group on 24 September 2014. He joined China Scivest from Kewei in June 2011 as executive deputy general manager and chief engineer. He became a director of China Scivest in December 2012. He is responsible for production operation and technology management of our Group. Mr. Chen first joined Eco-Tech as a chief engineer in March 2003. Mr. Chen served as a deputy general manager and chief engineer of Yunnan Shuang Xing Green Energy Company Limited (雲南雙星綠色能源有限公司) (now known as Kunming China Power Environmental Power Company Limited (昆明中電環保電力有限公司)) from November 2007 to December 2008. Yunnan Shuang Xing Green Energy Company Limited is a subsidiary of CPNE and its principal business includes generation and sale of electricity. Mr. Chen worked at Kewei as the deputy general manager and the chief engineer from March 2009 to May 2011 and then joined China Scivest in June 2011 to lead the Technological Upgrade of China Scivest WTE Plant. Mr. Chen graduated from Northeast Dianli College (東北電力學院) (now known as Northeast Dianli University (東北電力大學)) in July 2000 with a bachelor of engineering degree in thermal power engineering.

Ms. Wong Ling Fong Lisa (王玲芳), aged 41, joined our Group in June 2013 as the chief financial officer. She has also been our company secretary since 24 September 2014. Ms. Wong is primarily responsible for the financial management of our Group. She is a member of the Hong Kong Institute of Certified Public Accountants. She was in charge of the investment department of Ng's International Investment Co. Ltd. from March 2009 to January 2012 and left Ng's International Investment Co. Ltd. as chief operation officer in the investment department. Ms. Wong was the financial controller responsible for financial planning and daily management of accounting department of Wah Yuet (Ng's) Group Holdings Limited from February 2005 to March 2009. She worked at KPMG from September 1998 to January 2004 and her last position held was manager. Ms. Wong graduated from The Hong Kong Polytechnic University in November 1998 with a degree of bachelor of arts in accountancy.

Ms. Guo Huilian (郭惠蓮), aged 45, joined our China Scivest in August 2011 and was appointed as vice president of our Group on 24 September 2014. She is responsible for the administration and procurement of our Group. Ms. Guo currently serves as a director and general manager of China Scivest since August 2011 and January 2013, respectively. She has also been a director of Canvest Consultancy since its establishment in April 2014. She served as a deputy general manager of Dongguan Dongqiang Industrial Development Co., Ltd (東莞市東強實業發展有限公司) from June 1998 to August 2008 and was mainly involved in the management of construction business. Before joining China Scivest, Ms. Guo also served as a deputy general manager of Dongguan Dongcheng Dongxing Thermal Power Company Limited (東莞東城東興熱電有限公司) (now known as Dongguan China Power New Energy Heat and Power Company Limited (東莞中電新能源熱電有限公司)), a subsidiary of CPNE, from November 2008 and was mainly involved in managerial function and financial management of natural gas power generation business. The principal business of Dongguan China Power New Energy Heat and Power Company Limited includes natural gas power generation. Ms. Guo obtained an associate degree (大專學歷) in chemistry from South China Normal University (華南師範大學) in July 1989. Ms. Guo is a cousin of Mr. CT Lai and Mr. KM Lai, and a cousin-in-law of Ms. Loretta Lee.

Ms. Zhang Xunmei (張洵梅), aged 46, joined Kewei in March 2009 and was appointed as vice president of our Group on 25 August 2014. She is a director of China Scivest. She joined China Scivest from Kewei in June 2011 and serves as deputy general manager of China Scivest since June 2012. She is responsible for the financial management of China Scivest and Zhanjiang Yuefeng. Ms. Zhang was recognised as assistant engineer by the Department of Personnel of Yunnan Province (雲南省人事廳) in December 1994 and intermediate accountant by Ministry of Personnel (中華人民共和國人事部) (now known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) and the Ministry of Finance of the PRC in May 2005. Ms. Zhang was recognised as intermediate level business administration specialty by the Ministry of Personnel of the PRC in November 2000. She worked at Dongguan Wufang Electrical Engineering Company Limited (東莞市五方電力工程有限公司) in various roles in relation to accounting from November 1996 to October 2005. Before joining our Group in March 2009, Ms. Zhang served as financial manager and the assistant to the general manager of Yunnan Shuang Xing Green Energy Company Limited (雲南雙星綠色能源有限公司) (now known as Kunming China Energy Environmental Power Company Limited (昆明中電環保電力有限公司)) from November 2007 to February 2009. Yunnan Shuang Xing Green Energy Company Limited is a subsidiary of CPNE and its principal business includes the generation and sale of electricity. Ms. Zhang graduated from Yunnan College of Technology (雲南工學院) (now merged with Kunming University of Science and Technology (昆明理工大學)) in July 1989 with an associate degree (大專學歷) in industrial moulding design.

Mr. Li Yuan (李園), aged 48, joined China Scivest in January 2013 and was appointed as vice president of our Group on 24 September 2014. He serves as the vice president of our Group and is responsible for business and project development of our Group. Mr. Li was awarded qualification of junior safety officer of Guangdong Province by Dongguan Administration of Work Safety (東莞市安全生產監督管理局) in July 2007. He joined Dongguan Zhang Mu Tou Central Harbour Power Company Limited (東莞樟木頭港中電力有限公司) in February 1996. He worked at Dongguan Dongcheng Dongxing Thermal Power Company Limited (東莞東城東興熱電有限公司) (now known as Dongguan China Power New Energy Heat and Power Company Limited (東莞中電新能源熱電有限公司)), a subsidiary of CPNE, from November 2006 to January 2013 and served administration functions. The principal business of Dongguan China Power New Energy Heat and Power Company Limited includes natural gas power generation. Mr. Li obtained an associate degree (大專學歷) in industrial enterprise management from School of Continuing Education of Beijing Normal University (北京師範大學繼續教育學院) in July 1998 through distance learning.

Mr. Xie Yubin (謝宇斌), aged 47, joined our Group in April 2005. He is the executive deputy general manager of Eco-Tech and Kewei and responsible for daily management of such companies. Mr. Xie was recognised as junior level finance and economics specialty by the Ministry of Personnel of the PRC (中華人民共和國人事部) (now known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in November 1999. Mr. Xie worked at Dongguan Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司東莞分行) from March 1993 to April 2005. Mr. Xie graduated from Guangdong University of Technology (廣東工業大學) in July 2003 with an associate degree (大專學歷) in accountancy. He graduated from Central Broadcasting and Television College (中央廣播電視大學) (now known as The Open University of China (國家開放大學)) in January 2009 with a bachelor's graduation certificate in administrative management through distance learning.

Mr. Deng Fenghua (鄧風華), aged 46, joined Kewei in March 2009 and then joined Eco-Tech in November 2009. He joined China Scivest from Eco-Tech in September 2011. He serves as deputy general manager of China Scivest since October 2012 and is responsible for assisting the chief engineers in daily production of China Scivest. He served as turbine engineer of Eco-Tech from December 2003 to February 2008 and manager of engineering of Kewei from March 2009 to June 2011. Mr. Deng was recognised as assistant engineer in utility engineering by the Bureau of Personnel of Shaoyang City (邵陽市人事局) in September 2003. He worked at Yunnan Shuang Xing Green Energy Company Limited (雲南雙星綠色能源有限公司) (now known as Kunming China Power Environmental Power Company Limited (昆明中電環保電力有限公司)) as deputy chief engineer from March 2008 to January 2009. Yunnan Shuang Xing Green Energy Company Limited is a subsidiary of CPNE and its principal business includes generation and sale of electricity. Mr. Deng graduated from Changsha College of Electric Power (長沙電力學院) (now known as Changsha University of Science & Technology (長沙理工大學)) in December 1995 with an associate degree (大專學歷) in power plant thermal power engineering through distance learning.

Mr. Chen Wenjie (陳文捷), aged 47, joined our Group in July 2006. He serves as deputy general manager of production of Eco-Tech and Kewei and deputy chief engineer of Eco-tech and is responsible for assisting the chief engineers in daily production of Eco-Tech and Kewei. Mr. Chen was recognised as engineer by the Bureau of Personnel of Dongguan City (東莞市人事局) in November 1995. He was recognised as intermediate level business administration specialty by the Ministry of Personnel of the PRC (中華人民共和國人事部) (now known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in November 2005. He was awarded the qualification of computer software programmer by the State Council Office of Promotion and Application of Electronics and Information System in October 1994. He served as deputy manager of the production department of Guangdong Guohong Electric Power Co., Ltd. (廣東國宏電力有限公司) from June 1996 to July 2006. The principal business of Guangdong Guohong Electric Power Co., Ltd. included electricity generation. Mr. Chen graduated from Tsinghua University (清華大學) in July 1990 with a bachelor's degree in utilisation of nuclear and heat energy.

Mr. Chen Jinxi (陳進喜), aged 42, joined our Group in May 2006. He serves as the supervisor of Zhanjiang Yuefeng and Canvest Consultancy and deputy general manager of finance of Eco-Tech and Kewei. He is responsible for financial management of Eco-Tech and Kewei. Mr. Chen was recognised as accountant by the Ministry of Personnel (now known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) and the Ministry of Finance of the PRC in May 1997. Mr. Chen worked at Guangdong Guohong Electric Power Co., Ltd. (廣東國宏電力有限公司) as deputy manager of the finance department from November 2000 to May 2006. The principal business of Guangdong Guohong Electric Power Co., Ltd. included electricity generation. Mr. Chen graduated from Hunan University of Technology (湖南工業大學) in July 2013 with a bachelor graduation certificate in financial management through distance learning.

Mr. Li Deming (李德明), aged 50, joined our Group in April 2010. He serves as chief engineer of Eco-Tech and Kewei and is responsible for assisting the chief engineers of our Group in the daily production of Eco-Tech and Kewei. Mr. Li was recognised as thermal mechanical engineer by the Bureau of Personnel of Foshan City (佛山市人事局) in December 1996. Mr. Li served as steam turbine engineer of Guangdong Guohong Electric Power Co., Ltd. (廣東國宏電力有限公司) from May 1998 to May 2005. He served as officer-in-charge of and engineer in machinery maintenance of Guangzhou Veolia ES Likeng Co. Ltd (廣州威立雅固廢能源技術有限公司) from May 2005 to April 2007 and was responsible for the thermal mechanical related technology and production management of Guangzhou Waste-to-energy Plant No. 1 (廣州市第一資源熱力電廠). He served as the thermal mechanical engineer of Guangzhou Environment Protection Investment Group Co., Ltd (廣州環保投資集團有限公司) and was responsible for the thermal mechanical related technology and production management of the branch plant No. 2 of Guangzhou Waste-to-energy Plant No. 1 (廣州市第一資源熱力電廠). The principal business of Guangdong Guohong Electric Power Co., Ltd. included electricity generation. Mr. Li graduated from Changsha Normal College of Water Conservancy and Electric Power (長沙水利電力師範學院) (now known as Changsha University of Science & Technology (長沙理工大學)) in July 1988 with a bachelor's degree in thermal power engineering.

Report of the Directors

The Board is pleased to present this report for the year ended 31 December 2014.

Principal activities

The Company is principally engaged in investment holdings. Its operating subsidiaries are principally engaged in the development, management and operation of WTE plants.

An analysis of the Group's revenue during the year by principal business segments is set out in note 5 to the consolidated financial statements.

Subsidiaries

Particulars of the Company's subsidiaries as at 31 December 2014 are set out in note 14 to the consolidated financial statements.

Results and overall performance

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 51 of this annual report.

Business review of the Group during the year ended 31 December 2014 are set out in the Chairlady's statement on pages 4 to 7 of this annual report. Management discussion and analysis are set out on pages 10 to 19 of this annual report.

Dividends

The Board did not recommend the payment of any dividend for the year ended 31 December 2014.

Share capital

Details of movements in the share capital of the Company during the year ended 31 December 2014 are set out in note 26 to the consolidated financial statements.

As at 31 December 2014, the Company had 2,000,000,000 shares in issue.

Reserves

Details of movements in reserves of the Group during the year ended 31 December 2014 are set out on page 57 of this annual report.

As at 31 December 2014, the reserves of the Company available for distribution to shareholders amounted to HK$1,056.1 million (2013: N/A).

Use of Proceeds from the initial public offering

The shares in the Company first became listed on the Hong Kong Stock Exchange on 29 December 2014.

Gross Proceeds raised from the initial public offering amounted to about HK$1,165.0 million, and net proceeds (after deduction of listing expenses and underwriting commissions) amounted to about HK$1,068.5 million. As at 31 December 2014, nil of such net proceeds was used. The balance was kept in banks in Hong Kong.

Property, plant and equipment

As at 31 December 2014, the property, plant and equipment of the Group amounted to approximately HK$530.3 million. Details of movements in property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 16 to the consolidated financial statements.

Borrowings and interest capitalised

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings of the Group as at 31 December 2014 are set out in note 27 to the consolidated financial statements. Interest and other borrowing costs capitalised by the Group during the year ended 31 December 2014 are set out in note 11 to the consolidated financial statements.

Retirement benefit scheme

Details of retirement benefit scheme of the Group are set out in note 2.22 to the consolidated financial statements.

Financial summary

The financial summary of the Group for the year ended 31 December 2014 and the 3 preceding financial years is set out on pages 114 to 115 of this annual report.

Directors

The list of Directors of the Board is set out on page 25 of this annual report and their biographical details are set out on pages 33 to 35 of this annual report.

In accordance with Article 16.2 of the Company's amended and restated memorandum and articles of association, Mr. Lai Kin Man, Mr. Yuan Guozhen, Mr. Lai Chun Tung, Mr. Lui Ting Cheong Alexander, Mr. Lai Yui, Professor Sha Zhenquan and Mr. Chung Wing Yin will only hold office until the next following general meeting of the Company. Accordingly, all of them will retire at the 2015 Annual General Meeting ("2015 AGM") and being eligible, will offer themselves for re-election. None of them has a service agreement or appointment letter with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

The Company has received from each independent non-executive director a confirmation of his independence pursuant to the independence guidelines under the Listing Rules. The Company considered all the independent non-executive directors were independent.

Senior management

Biographical details of the senior management of the Group are set out on pages 36 to 39 of this annual report.

Share option scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 7 December 2014. So far no option has been granted by the Company under the Share Option Scheme since its adoption.

A summary of the Share Option Scheme is as follows:

Purpose of the Share Option Scheme	To recognise, motivate and provide incentives to eligible participants who make contributions to the Group: 1. To motivate the eligible participants to optimise their performance and efficiency; and 2. To attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group.
Participants of the Share Option Scheme	Eligible participants can be any of the following class of persons: 1. Any full-time or part-time employees of any member of the Group; 2. Any consultant or advisor of any member of the Group; 3. Any directors (including executive, non-executive or independent non-executive directors) of any member of the Group; 4. Any substantial shareholder of any member of the Group; and 5. Any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.
Total number of shares available for issue under the Share Option Scheme and percentage to the issued share capital as at 31 December 2014	The number of shares available for issue under the Share Option Scheme is 200,000,000 Shares, representing 10% of the issued share capital as at 31 December 2014.
Maximum entitlement of each participant	The maximum entitlement for each participant is that the total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.
The period within which the share options must be exercised	Commencing on the date which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The minimum period for which an option must be held before it can be exercised	A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any option granted under the Share Option Scheme can be exercised. Subject to such terms and conditions as the Board may determine as aforesaid, there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.
The amount payable on application or acceptance of the option, and the period within which payments or calls must or may be made, or loans for such purposed must be paid	Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.
The basis of determining the exercise price	The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined solely by the Board and notified to a grantee and shall be at least the higher of: 1. The closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; 2. The average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and 3. The nominal value of a Share on the date of grant of the option.
Validity of the Share Option Scheme	10 years, from 7 December 2014 to 6 December 2024.

Directors' and chief executive's interests in shares, underlying shares and short positions

As at 31 December 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Long positions in shares of the Company

Shares held in the Company				
Name of Director	**Nature of Interest**	**Number of Shares Held**	**Note**	**Approximate percentage of shareholding**
Ms. Loretta Lee	Founder of a discretionary trust	1,301,652,837	1	65.1%
Mr. KM Lai	Founder of a discretionary trust	1,301,652,837	1	65.1%

Note:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital held by HSBC International Trustee Limited as trustee of the Harvest Vista Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

(2) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Approximate percentage of interest
Ms. Loretta Lee (Note 1)	Best Approach	100.0%
Mr. KM Lai (Note 1)	Best Approach	100.0%

Note:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest Vista Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

Substantial shareholders' interests in shares, underlying shares and short positions

So far as is known to the Directors or chief executives of the Company, as at 31 December 2014, the interests or short positions of substantial shareholders (other than Directors or the chief executives of the Company) in the shares or underlying shares of the Company which (i) would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO or, who are directly or indirectly, increased in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(1) Our Company

	Shares held in the Company			
Name of Shareholder	**Nature of Interest**	**Number of Shares Held**	**Note**	**Approximate percentage of shareholding**
CT Lai	Interest of spouse	1,301,652,837	1	65.1%
HSBC International Trustee Limited	Trustee	1,301,652,837	2	65.1%
VISTA Co	Interest of controlled corporation	1,301,652,837	3	65.1%
Century Rise	Interest of controlled corporation	1,301,652,837	4	65.1%
Best Approach	Beneficial owner	1,301,652,837		65.1%
AEP Green Power, Limited	Beneficial owner	103,305,678		5.2%

Notes:

1. Both Ms. Loretta Lee and Mr. CT Lai are Directors. Under the SFO, if a director's spouse is himself a director or chief executive of the listed corporation concerned, the director need not aggregate his interest. As such, in his capacity as a Director, Mr. CT Lai is not required to aggregate the interests of Ms. Loretta Lee. However, Mr. CT Lai is still required to aggregate the interest of Ms. Loretta Lee in determining whether he falls under the definition of "substantial shareholders" under the SFO.
2. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
3. VISTA Co holds 55% of the issued share capital of Best Approach and the entire issued share capital of Century Rise. Therefore, VISTA Co is deemed or taken to be interested in all our Shares held by Century Rise and Best Approach for the purposes of the SFO.
4. Century Rise holds 45% of the issued share capital of Best Approach. Therefore, Century Rise is deemed or taken to be interested in all our Shares held by Best Approach for the purposes of the SFO.

(2) Zhanjiang Yuefeng

Name	**Nature of Interest**	**Registered capital held**	**Approximate percentage of shareholding**
High Point	Beneficial owner	RMB67,500,000	45%

Interests of any other persons

Save as disclosed in the foregoing, as at 31 December 2014, none of any other persons had informed to the Company that they had any interests or short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

Employees and remuneration policies of the Group

As at 31 December 2014, the Group had a total of 332 employees. The related employees' costs for the year ended 31 December 2014 amounted to HK$68.0 million. The compensation of the Group is determined with reference to the market, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Directors' remuneration and five highest paid individuals

Apart from benchmarking against the market, the Company also looks at individual competency, contributions and the affordability to the Company in determining the level of remuneration for each Director. Benefit schemes of the Company are also in place for the Directors. The Group regularly reviews and determines the remuneration packages of the Directors and senior management.

Details of Directors' remuneration and the five highest paid individuals of the Group during the year 2014 are set out in note 10 to the consolidated financial statements.

Directors' interest in competing business

The Directors do not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business.

As disclosed in the prospectus of the Company dated 15 December 2014, Mr. KM Lai, Ms. Loretta Lee, VISTA Co, Century Rise and Best Approach (the "Controlling Shareholders"), have undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

The independent non-executive Directors have reviewed the compliance of the Controlling Shareholders with the deed of non-competition dated 10 December 2014 (the "Non-Competition Deed"). The Controlling Shareholders of the Company have confirmed to the Company that they have complied with the non-competition undertaking under the Non-competition Deed.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its fellow subsidiaries was a party, and in which a Controlling Shareholders or a Director had a material interest whether directly or indirectly, subsisted at any time during the year and at the end of the year.

Major customers and suppliers

During the year ended 31 December 2014, the five largest customers of the Group accounted for less than 85% of revenue of the Group for the year, and the top largest and five largest suppliers (including contractors for construction of BOT projects) of the Group accounted for less than 21% and 48% of purchases of the Group for the year, respectively.

None of the Directors, their respective associates or any Shareholders (who are interested in more than 5% of the issued share capital of the Company to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Pre-emptive rights

No provision has been made in the memorandum of association or articles of association of the Company or under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Purchase, sale or redemption of listed securities

The Shares of the Company were listed on the Hong Kong Stock Exchange on 29 December 2014. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 29 December 2014 up to 31 December 2014.

Corporate governance

The principal corporate governance practices adopted by the Company are set out in corporate governance report on pages 25 to 32 of this annual report.

Sustainable development

Sustainability report of the Company are set out on pages 20 to 24 of this annual report.

Public float

Based on the information that is publicly available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital is held by the public from 29 December 2014 to 31 December 2014 and as at the date of this report.

Audit committee

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Related party transactions

Details of the major related party transactions undertaken in the normal course of business are provided under Note 35 to the consolidated financial statements of this annual report, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by PricewaterhouseCoopers (the "Auditors"), the auditors of the Company. The tenure of the Auditors will expire at 2015 AGM and they are willing to continue to offer themselves for re-appointment. A resolution for the reappointment of the Auditors and authorisation to the Board to determine their remuneration will be proposed at 2015 AGM.

Post balance sheet events

On 20 January 2015, Eco-Tech received a notice (《關於做好橫瀝環保熱電廠再增容項目建設工作的通知》) from the Dongguan Municipal Administration (東莞市城市綜合管理局) (the "Notice") that Eco-Tech may expand the MSW processing capacity of the Eco-Tech WTE Plant by additional 1,500 tonnes (the "Expansion") after completion of the technological upgrade which is currently in progress.

Pursuant to the Notice, the planning and design of the Expansion and the technological upgrade shall be coordinated in a systematic manner. The Expansion is subject to Eco-Tech having completed the appraisals on environmental impact in accordance with PRC regulations, and preparations on the construction work shall be conducted to ensure that environmental impact from the additional MSW processing capacity is kept to low levels. Eco-Tech will conduct feasibility studies on the proposal.

On behalf of the Board

Lee Wing Yee Loretta
Chairlady

Hong Kong, 23 March 2015

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF
CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 113, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	**2014 HK$'000**	2013 HK$'000
Revenue	5	**793,967**	390,173
Cost of sales	6	**(451,646)**	(187,537)
Gross profit		**342,321**	202,636
General and administrative expenses	6	**(96,723)**	(41,739)
Other income	7	**51,467**	14,039
Other gain/(loss), net	8	**381**	(725)
Operating profit		**297,446**	174,211
Interest income	11	**5,525**	908
Interest expense	11	**(67,334)**	(26,769)
Interest expense, net		**(61,809)**	(25,861)
Profit before income tax		**235,637**	148,350
Income tax expense	12	**(27,278)**	(17,381)
Profit for the year		**208,359**	130,969
Attributable to:			
Equity holders of the Company		**191,038**	130,969
Non-controlling interests		**17,321**	–
		208,359	130,969
Earnings per share			
— basic (expressed in HK cents per share)	13	**12.7**	8.7
— diluted (expressed in HK cents per share)	13	**12.7**	N/A

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**208,359**	130,969
Other comprehensive (loss)/income:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(1,253)**	19,804
Fair value gain on revaluation of available-for-sale financial assets	**–**	203
Realisation of revaluation reserve upon disposal of available-for-sale financial assets	**(203)**	–
Other comprehensive (loss)/income for the year, net of tax	**(1,456)**	20,007
Total comprehensive income for the year	**206,903**	150,976
Attributable to:		
Equity holders of the Company	**189,784**	149,672
Non-controlling interests	**17,119**	1,304
Total comprehensive income for the year	**206,903**	150,976

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Land use rights	15	**167,087**	170,696
Property, plant and equipment	16	**530,272**	472,428
Intangible assets	17	**1,270,663**	180,886
Long-term deposits and prepayments	21	**113,126**	27,312
Gross amount due from a customer for contract work	18	**119,914**	–
		2,201,062	851,322
Current assets			
Inventories	20	**507**	1,579
Trade receivables	21	**70,967**	68,273
Deposits, prepayments and other receivables	21	**32,391**	90,081
Available-for-sale financial assets	22	**–**	45,991
Income tax recoverable		**1,215**	–
Restricted deposits	23	**6,338**	6,360
Short-term bank deposits	24	**126,764**	127,189
Cash and cash equivalents	25	**1,328,172**	49,803
		1,566,354	389,276
Total assets		**3,767,416**	1,240,598
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	26	**20,000**	–
Share premium	26	**1,084,780**	–
Other reserves	26	**781,809**	425,896
Retained earnings	26	**428,403**	250,051
		2,314,992	675,947
Non-controlling interests		**102,972**	85,853
Total equity		**2,417,964**	761,800

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	27	**776,110**	293,807
Deferred government grants		**71**	84
Deferred income tax liabilities	19	**104,442**	30,573
Other non-current liabilities		**1,316**	–
		881,939	324,464
Current liabilities			
Trade and other payables	28	**212,663**	63,562
Borrowings	27	**252,576**	87,760
Current income tax liabilities		**2,274**	3,012
		467,513	154,334
Total liabilities		**1,349,452**	478,798
Total equity and liabilities		**3,767,416**	1,240,598
Net current assets		**1,098,841**	234,942
Total assets less current liabilities		**3,299,903**	1,086,264

The consolidated financial statements on pages 51 to 113 were approved by the Board of Directors on 23 March 2015 and were signed on its behalf.

Lee Wing Yee Loretta
Director

Lai Chun Tung
Director

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2014

	Note	2014 HK$'000
ASSETS		
Non-current asset		
Investments in subsidiaries	14	**1,055,526**
Current assets		
Other receivables	21	**9,053**
Cash and cash equivalents	25	**1,101,618**
		1,110,671
Total assets		**2,166,197**
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	26	**20,000**
Share premium	26	**1,084,780**
Capital reserve	26	**1,055,525**
Accumulated losses	26	**(28,672)**
Total equity		**2,131,633**
LIABILITIES		
Current liabilities		
Other payables	28	**4,796**
Amounts due to subsidiaries	28	**29,768**
Total liabilities		**34,564**
Total equity and liabilities		**2,166,197**
Net current assets		**1,076,107**

The consolidated financial statements on pages 51 to 113 were approved by the Board of Directors on 23 March 2015 and were signed on its behalf.

Lee Wing Yee Loretta
Director

Lai Chun Tung
Director

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Attributable to equity holders of the Company										
		Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Available-for-sale financial assets revaluation reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
		HK$'000 (Note 26)	HK$'000 (Note 26)	HK$'000 (Note 26)	HK$'000 (Note 26)	HK$'000 (Note 26)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2013		–	–	63,041	22,851	8,097	–	2,024	132,840	228,853	–	228,853
Comprehensive income												
Profit for the year		–	–	–	–	–	–	–	130,969	130,969	–	130,969
Other comprehensive income												
Currency translation differences		–	–	–	–	–	–	18,500	–	18,500	1,304	19,804
Fair value gain on revaluation of available-for-sale financial assets	22	–	–	–	–	–	203	–	–	203	–	203
Total comprehensive income for the year		–	–	–	–	–	203	18,500	130,969	149,672	1,304	150,976
Appropriation of statutory reserve		–	–	–	13,758	–	–	–	(13,758)	–	–	–
Capital injection from non-controlling interests	32	–	–	–	–	–	–	–	–	–	84,549	84,549
Deemed contribution from a shareholder	26	–	–	297,422	–	–	–	–	–	297,422	–	297,422
Balance at 31 December 2013		–	–	360,463	36,609	8,097	203	20,524	250,051	675,947	85,853	761,800

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

		Attributable to equity holders of the Company										
	Note	Share capital HK$'000 (Note 26)	Share premium HK$'000 (Note 26)	Capital reserve HK$'000 (Note 26)	Statutory reserve HK$'000 (Note 26)	Other reserves HK$'000 (Note 26)	Available-for-sale financial assets revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014		-	-	360,463	36,609	8,097	203	20,524	250,051	675,947	85,853	761,800
Comprehensive income												
Profit for the year		-	-	-	-	-	-	-	191,038	191,038	17,321	208,359
Other comprehensive income												
Currency translation differences		-	-	-	-	-	-	(1,051)	-	(1,051)	(202)	(1,253)
Realisation of revaluation reserve upon disposal of available-for-sale financial assets		-	-	-	-	-	(203)	-	-	(203)	-	(203)
Total comprehensive income for the year		-	-	-	-	-	(203)	(1,051)	191,038	189,784	17,119	206,903
Issuance of ordinary shares	26	5,012	1,160,000	-	-	-	-	-	-	1,165,012	-	1,165,012
Share capitalisation issue	26	14,988	(14,988)	-	-	-	-	-	-	-	-	-
Professional expenses incurred in connection with the Company's listing	26	-	(60,232)	-	-	-	-	-	-	(60,232)	-	(60,232)
Appropriation of statutory reserve		-	-	-	12,686	-	-	-	(12,686)	-	-	-
Deemed contribution from the immediate holding company	26	-	-	344,481	-	-	-	-	-	344,481	-	344,481
Balance at 31 December 2014		20,000	1,084,780	704,944	49,295	8,097	-	19,473	428,403	2,314,992	102,972	2,417,964

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	**2014 HK$'000**	2013 HK$'000
Cash flows from operating activities			
Profit before income tax		**235,637**	148,350
Adjustment for:			
Construction revenue arising from build, own and transfer ("BOT") arrangement		**(247,763)**	–
Finance income arising from BOT arrangement		**(4,258)**	–
Depreciation of property, plant and equipment		**35,843**	42,060
Amortisation of land use rights		**3,966**	3,866
Amortisation of intangible assets		**65,205**	–
Interest income		**(5,525)**	(908)
Interest expense		**67,334**	26,769
Exchange differences		**(3,126)**	707
Write-off/loss on disposals of property, plant and equipment		**9,949**	18
Reversal of provision for impairment of trade receivables		**(4,164)**	–
Professional expenses incurred in connection with the Company's listing		**33,067**	–
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)			
— Non-current prepayments		**8,169**	–
— Inventories		**(232)**	(830)
— Trade and other receivables		**30,535**	21,640
— Trade and other payables		**(2,952)**	8,168
Net cash generated from operations		**221,685**	249,840
Withholding tax paid		**–**	(21,859)
Income tax paid		**(20,115)**	(7,255)
Net cash generated from operating activities		**201,570**	220,726
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	31	**(113,190)**	–
Payments for purchase of property, plant and equipment		**(207,231)**	(33,487)
Proceeds from disposals of property, plant and equipment		**6,875**	–
Payments for land use rights		**(3,876)**	–
Purchase of available-for-sale financial assets		**–**	(45,093)
Proceeds from disposal of available-for-sale financial assets		**44,461**	–
Increase in restricted deposits		**–**	(6,166)
Increase in short-term bank deposits		**–**	(125,259)
Interest received		**5,525**	908
Net cash used in investing activities		**(267,436)**	(209,097)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from financing activities			
Proceeds from borrowings		**70,688**	–
Repayments of borrowings		**(176,070)**	(103,340)
Interest paid		**(68,682)**	(26,769)
Advance from related parties	35(b)	**–**	125,284
Repayments from/(to) related parties	35(b)	**86,115**	(87,682)
Issuance of ordinary shares		**1,165,012**	–
Professional expenses paid in connection with the Company's listing		**(77,012)**	–
Capital injection from the immediate holding company	35(b)	**344,481**	–
Capital injection from non-controlling interests		**–**	84,549
Net cash generated from/(used in) financing activities		**1,344,532**	(7,958)
Net increase in cash and cash equivalents		**1,278,666**	3,671
Cash and cash equivalents at beginning of year		**49,803**	44,680
Currency translation differences		**(297)**	1,452
Cash and cash equivalents at end of year		**1,328,172**	49,803

The notes on pages 60 to 113 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1 General information, group reorganisation and basis of presentation

1.1 General information

The Company was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or modified from time to time. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of municipal solid waste handling services and operation and management of waste-to-energy plants (the "Business"). Prior to the completion of the reorganisation as described in Note 1.2 below (the "Reorganisation"), the Business was principally operated through Dongguan Eco-Tech Environmental Power Company Limited ("Eco-Tech") and Dongguan Kewei Environmental Power Company Limited ("Kewei") and the Business was ultimately controlled by Mr. Lai Kin Man ("Mr. KM Lai" or the "Controlling Shareholder").

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 December 2014 (the "Listing").

The consolidated financial statements is presented in unit of Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 23 March 2015.

1.2 Group reorganisation

The Group underwent the following Reorganisation steps in preparation for the Listing during the year.

The Group underwent a series of transactions to transfer the companies engaged in the provision of municipal solid waste handling services and operation and management of waste-to-energy plants which were controlled by Mr. KM Lai, to the Company. Detailed procedures of the Reorganisation are as follows:

(i) The Company was incorporated on 28 January 2014 which was ultimately owned as to 55% by Mr. KM Lai and 45% by Ms. Lee Wing Yee, Loretta ("Loretta Lee").

(ii) On 10 February 2014, Yi Feng Development Limited ("Yi Feng") repurchased all of its shares from Mr. KM Lai and Ms. Loretta Lee at a nominal consideration of United States dollars ("US$") 55 and US$45, respectively. On the same date, Yi Feng issued and allotted 100 fully paid shares to the Company at a consideration of US$100. Upon completion of these transfers, Yi Feng became a wholly owned subsidiary of the Company.

(iii) Eco-Tech (Cayman) Holdings Limited ("Eco-Tech Cayman"), Kewei (Cayman) Holdings Limited ("Kewei Cayman") and China Scivest (Cayman) Holdings Limited ("China Scivest Cayman") were all incorporated on 15 May 2014 and were wholly owned by Yi Feng.

(iv) On 19 May 2014, 101 shares of World Honour International Limited ("World Honour") were issued and allotted to Eco-Tech Cayman. On the same date, World Honour repurchased its shares from the then shareholder, Noble Value Investments Limited, at a cash consideration of HK$101. Since then, World Honour became a wholly owned subsidiary of Eco-Tech Cayman.

1 General information, group reorganization and basis of presentation

(Continued)

1.2 Group reorganisation *(Continued)*

(v) On 19 May 2014, one share of World Prosperous Investments Limited ("Would Prosperous") was issued and allotted to Kewei Cayman. On the same date, World Prosperous repurchased its share from the then shareholder, Ample Forest Limited, at a cash consideration of HK$1. Since then, World Prosperous became a wholly owned subsidiary of Kewei Cayman.

(vi) On 19 May 2014, one share of China Green Power Holdings Limited ("China Green Power") was issued and allotted to China Scivest Cayman. On the same date, China Green Power repurchased its share from the then shareholder, Swift Ample Holdings Limited ("Swift Ample"), at a cash consideration of HK$1. Since then, China Green Power became a wholly owned subsidiary of China Scivest Cayman.

(vii) On 29 December 2014, the shares of the Company became listed on the Stock Exchange, where 500,000,000 new shares of HK$2.33 each were issued by the Company and placed by the underwriters on behalf of the Company for cash.

(viii) On 29 December 2014, the Company capitalised HK$14,988,000 by debiting the share premium account of the Company and applied such sum to pay up in full at par a total of 1,498,847,619 shares for allotment and issue to the then shareholders in proportion to their respectively shareholdings.

After the completion of the Reorganisation steps (i) to (vi) as described above, the Company became the holding company of the subsidiaries now comprising the Group.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Business is controlled by Mr. KM Lai. The Business is conducted through Eco-Tech and Kewei which are ultimately controlled by Mr. KM Lai. Pursuant to the Reorganisation, the Business is transferred to and held by the Company. The Company and intermediate holding companies have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The transactions as described in Note 1.2 above are merely a reorganisation of the Business with no change in management and the controlling shareholder of the Business remains the same. Accordingly, the consolidated financial statements is prepared in accordance with HKFRS 10, Consolidated Financial Statements, issued by the HKICPA, using the carrying values of the Business under Mr. KM Lai for all the years presented, or since the respective dates of incorporation/establishment of the subsidiaries within the Group, or since the date when the subsidiaries within the Group first came under the control of the Mr. KM Lai, whichever is later.

For companies acquired from third parties during the year ended 31 December 2014, they are included in the financial statements of the Group from the date of the acquisition.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

The Group is yet to assess HKFRS 9 and HKFRS 15's full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 and HKFRS 15 when completed by the Board.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are not consolidated from the date that control ceases.

(a) Business combinations

Except for the Reorganisation and business combination under common control, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combinations *(Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for by the Company at cost less impairment losses. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies *(Continued)*

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies *(Continued)*

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20-25 years
Plant and machinery	10-15 years
Motor vehicles	3-5 years
Office and other equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

Construction in progress ("CIP") represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises all direct costs of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.6 Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents up-front prepayments made for the rights to use the land.

Amortisation of land use rights is expensed in the consolidated income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred and the fair value of the non-controlling interest in the acquiree over the Group's interest in the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. An impairment loss is recognised for the amount by which the carrying value of goodwill exceeds its recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Concession right to build, own and transfer a waste-to-energy plant

Concession right to build, own and transfer ("BOT" arrangement) a waste-to-energy plant has a finite useful life and is carried at cost less accumulated amortisation. Concession right acquired in a business combination is recognised at fair value at the acquisition date. Costs mainly comprise construction related costs and borrowing costs that are eligible for capitalisation and incurred before the waste-to-energy plant is ready for its intended use. When the concession right is ready for its intended use, amortisation is calculated using the straight-line method to allocate the cost of service concession right over the concession period.

2 Summary of significant accounting policies *(Continued)*

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets as loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "gross amounts due from a customer for contract work", "trade receivables", "deposits and other receivables", "restricted deposits", "short-term bank deposits" and "cash and cash equivalents" in the consolidated balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

2 Summary of significant accounting policies *(Continued)*

2.9 Financial assets *(Continued)*

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies *(Continued)*

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Receivables

(a) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(b) Gross amount due from a customer for contract work

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional right to receive cash or other financial asset for the construction services provided. Such financial assets are measured at fair value on initial recognition and classified as gross amount due from a customer for contract work. Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in interest expense in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies *(Continued)*

2.19 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liability is provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

2 Summary of significant accounting policies *(Continued)*

2.20 Construction contracts *(Continued)*

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at its relative fair value.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for electricity supplied, provision of municipal solid waste treatment services and construction service for service concession arrangement, stated net of value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Revenue from power sales

Revenue arising from sales of electricity is recognised in the accounting period when electricity is generated and transmitted.

(ii) Waste treatment fee

Waste treatment fee is recognised in the accounting period in which the related services are rendered.

(iii) Construction revenue from service concession arrangement

The Group recognised construction revenue relating to service concession arrangement based on the percentage of completion method during the construction period. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred as a percentage of the total estimated construction costs.

(iv) Interest income

Interest income is recognised using the effective interest method.

(v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2 Summary of significant accounting policies *(Continued)*

2.22 Employee benefits

(i) Pension obligations

Subsidiaries incorporated in the PRC participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities.

The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

Subsidiaries incorporated in Hong Kong participate in a mandatory provident fund scheme ("MPF Scheme") for its employees in Hong Kong. MPF Scheme is a defined contribution scheme in accordance with the Mandatory Provident Fund Scheme Ordinance. Under the rules of MPF Scheme, the employer and its employees are required to contribute 5% of the employees' salaries, up to a maximum of HK$1,500 per employee per month starting from 1 June 2014. The assets of MPF Scheme are held separately from those of the subsidiaries incorporated in Hong Kong in an independently administered fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of this asset, until such time as the asset is substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial risk management and fair value measurements

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

(i) Foreign exchange risk

Since the operating subsidiaries of the Group mainly operates in the PRC with transactions mainly settled in RMB, being the functional currency of these subsidiaries, the Group is not exposed to significant foreign exchange risk.

(ii) Credit risk

The credit risk of the Group mainly arises from bank deposits, trade receivables, other receivables and amount due from a customer of contract work. Bank deposits are placed with reputable banks and financial institutions.

For trade receivables, other receivables and amount due from a customer of contract work, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is not significant.

The Group has concentration of credit risk. As at 31 December 2014, 7% (2013: 45%) of the total trade receivables and amount due from a customer of contract work was due from the Group's largest customer, 77% (2013: 70%) of the total trade receivables and amount due from a customer of contract work were due from the five largest customers.

The carrying values of these balances represent the Group's maximum exposure to credit risk in relation to the financial statements.

(iii) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. Total net operating cash inflow for the year is approximately HK$201,570,000 (2013: HK$220,726,000), including net operating cash used in relation to the BOT arrangement under Zhanjiang Yuefeng Environmental Power Company Limited ("Zhanjiang Yuefeng") of approximately HK$106,350,000 (2013: HK$12,612,000). Excluding the operating cash outflow in relation to the BOT arrangement under Zhanjiang Yuefeng, the Group generated operating cash of approximately HK$307,920,000 (2013: HK$233,338,000). The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecasting cash inflows and outflows due in day to day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Analysed below is the Group's and Company's contractual maturities for its non-derivative financial liabilities as at 31 December 2014 and 2013. The amounts disclosed in the table are the contractual undiscounted cashflows.

3 Financial risk management and fair value measurements *(Continued)*

3.1 Market risk *(Continued)*

(iii) Liquidity risk *(Continued)*

Group

	Within 1 year or on demand HK$'000	More than 1 year but within 2 years HK$'000	More than 2 years but within 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
At 31 December 2014					
Borrowings	**312,886**	**209,297**	**579,911**	**114,752**	**1,216,846**
Trade and other payables	**212,644**	**–**	**–**	**–**	**212,644**
	525,530	**209,297**	**579,911**	**114,752**	**1,429,490**
At 31 December 2013					
Borrowings	107,095	139,848	182,542	–	429,485
Trade and other payables	56,082	–	–	–	56,082
	163,177	139,848	182,542	–	485,567

Company

	Within 1 year or on demand HK$'000	More than 1 year but within 2 years HK$'000	More than 2 years but within 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
At 31 December 2014					
Other payables	**34,564**	**–**	**–**	**–**	**34,564**

(iv) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk.

The Group does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider hedging significant exposure should the need arise.

During the year ended 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates of net variable rate instruments, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained earnings by approximately HK$5,938,000 (2013: decreased/increased by HK$4,005,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the balance sheet date and had been applied to the exposure to cash flow interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

3 Financial risk management and fair value measurements *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the net debt to total capital ratio. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt. The net debt to total capital ratios at 31 December 2014 and 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Total borrowings (Note 27)	**1,028,686**	381,567
Less: cash and cash equivalents (Note 25)	**(1,328,172)**	(49,803)
Net debt	**(299,486)**	331,764
Total equity	**2,418,054**	761,800
Total capital	**2,118,568**	1,093,564
Net debt to total capital ratio	**N/A**	30%

3.3 Fair value

The management considered the carrying amounts of financial assets and liabilities approximated their fair values as at 31 December 2014 and 2013. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques.

The method by which the fair values of financial instruments are established are categorised as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data.

3 Financial risk management and fair value measurements *(Continued)*

3.3 Fair value *(Continued)*

The Group's assets and liabilities that are measured at fair values at 31 December 2013:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
— unlisted investment securities	–	45,991	–	45,991

The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

As at 31 December 2014, the Group does not have any financial assets which are measured at fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Service concession arrangements

The Group entered into BOT arrangements in respect of its waste-to-energy projects. Upon expiry of the concession right agreement, the infrastructure has to be transferred to the local government at nil consideration. As disclosed in Note 2.21, revenue relating to construction services under such arrangement is recognised based on percentage of completion. The revenue and profit recognition on an incomplete project is dependent on estimating the final outcome of the construction contract as well as the work incurred at each balance sheet dates. Should the actual results be different from those estimated, this would affect the revenue and profit to be recognised in future periods.

4.2 Impairment of non-financial assets

The Group reviews for impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections. Changing the assumptions selected by management in assessing impairment, including the discount rates, electricity tariff, waste treatment fees in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

4.3 Estimated useful life of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

4 Critical accounting estimates and judgements *(Continued)*

4.4 Current and deferred income tax

The Group is subject to taxation in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and tax expense in the periods in which such estimate is changed.

4.5 Purchase accounting

Accounting for acquisitions require the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. In connection with the acquisition of Swift Ample (Note 31), the Group has undertaken a process to identify all assets and liabilities acquired, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill and depreciation and amortisation charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

5 Revenue and segment information

The CODM has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the year ended 31 December 2014, the Executive Directors consider that the Group's operations are operated and managed as a single segment — waste-to-energy project construction and operation (2013: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the PRC. All of the Group's revenue are generated in the PRC and most of its non-current assets are located in the PRC during the year ended 31 December 2014 (2013: same).

5 Revenue and segment information *(Continued)*

An analysis of the Group's revenue is as follows:

	2014 HK$'000	2013 HK$'000
Revenue from power sales	**349,149**	261,737
Waste treatment fee	**192,797**	128,436
Construction revenue arising from BOT arrangement	**247,763**	–
Finance income arising from BOT arrangement	**4,258**	–
	793,967	390,173

Revenue of approximately HK$349,149,000 is derived from the largest single customer for the year ended 31 December 2014, representing 44% of the Group's total revenue, and is attributable to revenue from power sales; HK$252,021,000 is derived from the second largest customer for the year ended 31 December 2014, representing 32% of the Group's total revenue, for which approximately HK$247,763,000 is attributable to construction revenue and approximately HK$4,258,000 is attributable to finance income. Revenue of approximately HK$261,737,000 is derived from the largest customer for the year ended 31 December 2013, representing 67% of the Group's total revenue and is attributable to revenue from power sales.

6 Expenses by nature

Expenses included in cost of sales and general and administrative expenses are analysed as follows:

	2014 HK$'000	2013 HK$'000
Coal	**19,421**	56,209
Fuel	**905**	957
Maintenance cost	**26,583**	13,804
Environmental protection expenses	**48,458**	33,000
Auditor's remuneration	**1,596**	108
Employee benefit expense (Note 9)	**67,958**	45,324
Depreciation and amortisation		
— Land use rights (Note 15)	**3,966**	3,866
— Property, plant and equipment (Note 16)	**35,843**	42,060
— Intangible assets (Note 17)	**65,205**	–
Operating lease rentals	**3,505**	3,476
Reversal of provision for impairment of trade receivables (Note 21)	**(4,164)**	–
Construction cost recognised for construction of BOT projects (included in cost of sales)	**206,469**	–
Professional expense incurred in connection with the Company's listing	**33,067**	3,155

7 Other income

	2014 HK$'000	2013 HK$'000
Value-added tax refund (Note)	**48,138**	9,041
Government grants	**137**	733
Others	**3,192**	4,265
	51,467	14,039

Note: The amount represents the Group's entitlement to value-added tax refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the Value-Added Tax on Comprehensive Utilisation of Resources and Other Products.

8 Other gain/(loss), net

	2014 HK$'000	2013 HK$'000
Exchange gain/(loss), net	**3,126**	(707)
Write-off/loss on disposals of property, plant and equipment	**(9,949)**	(18)
Reversal of provision (Note)	**7,204**	–
	381	(725)

Note: The amount represents reversal of provision for expenses to be incurred as a result of delay in obtaining certain land and construction-related certificates and permits in prior years.

9 Employee benefit expenses

	2014 HK$'000	2013 HK$'000
Wages and salaries	**57,424**	36,288
Pension costs — defined contribution plans	**2,051**	1,263
Welfare and other expenses	**8,483**	7,773
	67,958	45,324

10 Emoluments for directors and senior management

(a) Directors' emoluments

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2014					
Executive directors:					
Ms. Loretta Lee (Note i)	**–**	**630**	**210**	**17**	**857**
Mr. KM Lai (Note ii)	**4**	**165**	**–**	**5**	**174**
Mr. Yuan Guozhen (Chief executive officer) (Note iii)	**7**	**1,020**	**241**	**25**	**1,293**
Mr. Lai Chun Tung (Note iii)	**4**	**1,641**	**401**	**17**	**2,063**
Non-executive directors:					
Mr. Lui Ting Cheong Alexander (Note iii)	**60**	**–**	**–**	**–**	**60**
Mr. Lai Yui (Note iii)	**60**	**–**	**–**	**–**	**60**
Independent non-executive directors:					
Professor Sha Zhenquan (Note iv)	**12**	**–**	**–**	**–**	**12**
Mr. Chan Kam Kwan Jason (Note iv)	**16**	**–**	**–**	**–**	**16**
Mr. Chung Wing Yin (Note iv)	**12**	**–**	**–**	**–**	**12**
	175	**3,456**	**852**	**64**	**4,547**
Year ended 31 December 2013					
Executive directors:					
Ms. Loretta Lee	–	615	33	15	663
Mr. KM Lai	4	–	–	–	4
Mr. Yuan Guozhen (Chief executive officer)	7	882	186	29	1,104
Mr. Lai Chun Tung	4	1,429	226	44	1,703
	15	2,926	445	88	3,474

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the Company. No directors waived or agreed to waive any emoluments during the year ended 31 December 2014 (2013: same).

10 Emoluments for directors and senior management *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) Ms. Loretta Lee was appointed as the Company's director on 28 January 2014.

(ii) Mr. KM Lai was appointed as the Company's director on 10 February 2014.

(iii) Mr. Yuan Guozhen, Mr. Lai Chun Tung, Mr. Lui Ting Cheong Alexander and Mr. Lai Yui were appointed as the Company's directors on 24 September 2014.

(iv) Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Chung Wing Yin were appointed as the Company's directors on 7 December 2014.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 2 directors for the year ended 31 December 2014 (2013: 2), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals for the year ended 31 December 2014 (2013: 3) are as follows:

	2014 HK$'000	2013 HK$'000
Wages and salaries	**3,573**	2,120
Pension costs — defined contribution plans	**17**	87
Welfare and other expenses	**40**	218
	3,630	2,425

The emoluments fell within the following bands:

	2014	2013
HK$1,000,000 — HK$1,500,000	**2**	3
HK$2,000,000 — HK$2,500,000	**1**	–

During the year ended 31 December 2014, neither directors nor other members of the five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, to leave the Group or as compensation for loss of office (2013: same).

11 Interest income and expense

	2014 HK$'000	2013 HK$'000
Interest expense on borrowings:		
— wholly repayable within five years	(29,844)	(26,769)
— wholly repayable over five years	(38,838)	–
	(68,682)	(26,769)
Less: amount capitalised on qualifying assets	1,348	–
	(67,334)	(26,769)
Interest income from bank deposits	5,525	908
Interest expense, net	(61,809)	(25,861)

12 Income tax expense

	2014 HK$'000	2013 HK$'000
Current income tax		
PRC enterprise income tax ("EIT")	18,134	8,658
Hong Kong profits tax	–	–
Total current income tax	18,134	8,658
Deferred income tax (Note 19)	9,144	(13,136)
Withholding tax	–	21,859
Income tax expense	27,278	17,381

Dividends declared by PRC subsidiaries to parent companies incorporated outside PRC are subject to withholding tax of 10%.

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2014 and 2013. No Hong Kong profits tax have been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the year (2013: same).

12 Income tax expense *(Continued)*

Subsidiaries incorporated in the PRC are subjected to a tax rate of 25% for each of the year ended 31 December 2014 and 2013 on the assessable profits arising in or derived from the PRC except the followings:

(i) Kewei has obtained an approval for an EIT incentive that it was fully exempted from the PRC EIT tax for three years starting from 2011 to 2013 followed by a 50% tax reduction for the ensuing three years from 2014 to 2016. Accordingly, the applicable tax rate for Kewei was 12.5% for the year ended 31 December 2014 (2013: 0%).

(ii) Dongguan China Scivest Environmental Power Company Limited ("China Scivest") has obtained an approval for an EIT incentive that its project will be fully exempted from the PRC EIT for three years starting from 2013 to 2015, followed by a 50% tax exemption for the ensuing three years from 2016 to 2018. Accordingly, the applicable tax rate of China Scivest was 0% for the year ended 31 December 2014.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise by weighted average tax rate applicable to profit of the subsidiaries of the Group are as follows:

	2014 HK$'000	2013 HK$'000
Profit before income tax	**235,637**	148,350
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**43,444**	37,939
Tax effect of:		
Expenses not deductible for tax purpose	**7,605**	10,357
Preferential tax concession	**(23,771)**	(30,939)
Recognition of deferred taxation arising from withholding tax on unremitted earnings of subsidiaries in the PRC	**–**	24
Income tax expense	**27,278**	17,381

The weighted average applicable tax rate was 18% for the year ended 31 December 2014 (2013: 26%). The decrease is caused by the increase in losses of certain subsidiaries incorporated in Hong Kong which is subject to Hong Kong profits tax rate of 16.5% in 2014.

13 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2014 and 2013 have been retrospectively adjusted to reflect 1,152,381 shares and 1,498,847,619 shares issued upon the Reorganisation and capitalisation (Note 26), respectively, in 2014.

	2014	2013
Profit attributable to equity holders of the Company (HK$,000)	**191,038**	130,969
Weighted average number of ordinary shares in issue (thousand shares)	**1,501,110**	1,500,000
Basic earnings per share (HK cents)	**12.7**	8.7

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share, the Over-allotment Option ("Over-allotment Option"). For the Over-allotment Option, management has performed a calculation to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period from the Listing date (29 December 2014) to 31 December 2014) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Over-allotment Option.

Diluted earnings per share for the year ended 31 December 2014 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding Over-allotment Option would have an anti-dilutive effect to the basic earnings per share.

14 Investments in subsidiaries

(a) Investments in subsidiaries

Company

	2014 **HK$'000**
Investments at cost, unlisted shares (Note 1.2)	**1,055,526**

Investment in a subsidiary is stated at the carrying amount of the Company's interest in the net assets value of the subsidiaries at the date of the Reorganisation (Note 1.2).

14 Investments in subsidiaries *(Continued)*

(a) Investments in subsidiaries *(Continued)*

Details of the principal subsidiaries as at 31 December 2014 are set out below:

Company name	Country/place of incorporation/ establishment and kind of legal entity	Registered/ issued and paid-up capital	Percentage of equity interest attributable to the Company	Principal activities/ place of operation
Directly owned:				
Yi Feng Development Limited 億豐發展有限公司	British Virgin Islands ("BVI"), limited liability company	100 ordinary shares of US$1 each	100%	Investment holding/ Hong Kong
Indirectly owned:				
Noble Value Investments Limited 珍豐投資有限公司	BVI, limited liability company	1 ordinary shares of US$1 each	100%	Investment holding/ Hong Kong
World Honour International Limited 世興國際有限公司	Hong Kong, limited liability company	101 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Ample Forest Limited 豐森有限公司	BVI, limited liability company	1 ordinary shares of US$1 each	100%	Investment holding/ Hong Kong
Swift Ample Holding Limited 沛豐控股有限公司	BVI, limited liability company	1 ordinary shares of US$1 each	100%	Investment holding/ Hong Kong
World Prosperous Investments Limited 世豐國際投資有限公司	Hong Kong, limited liability company	1 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Canvest Group Investments Limited 粵豐集團投資有限公司	Hong Kong, limited liability company	1 ordinary shares of HK$1 each	100%	Provision of human resources and administrative services/Hong Kong
China Green Power Holdings Limited 中國綠色能源控股有限公司	Hong Kong, limited liability company	1 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong

14 Investments in subsidiaries *(Continued)*

(a) Investments in subsidiaries *(Continued)*

Details of the principal subsidiaries as at 31 December 2014 are set out below: *(Continued)*

Company name	Country/place of incorporation/ establishment and kind of legal entity	Registered/ issued and paid-up capital	Percentage of equity interest attributable to the Company	Principal activities/ place of operation
Indirectly owned: (Continued)				
Anabell Hong Kong Limited 安貝爾香港有限公司	Hong Kong, limited liability company	1 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Hong Tong Hai Investments Limited 泓通海投資有限公司	Hong Kong, limited liability company	2 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
China Scivest (Cayman) Holdings Limited	Cayman Islands, limited liability company	1 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Eco-Tech (Cayman) Holdings Limited	Cayman Islands, limited liability company	101 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Kewei (Cayman) Holdings Limited	Cayman Islands, limited liability company	1 ordinary shares of HK$1 each	100%	Investment holding/ Hong Kong
Dongguan Eco-Tech Environmental Power Company Limited 東莞市科偉環保電力有限公司*	The People's Republic of China (the "PRC"), limited liability company	RMB120,000,000	100%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants/the PRC

14 Investments in subsidiaries *(Continued)*

(a) Investments in subsidiaries *(Continued)*

Details of the principal subsidiaries as at 31 December 2014 are set out below: *(Continued)*

Company name	Country/place of incorporation/ establishment and kind of legal entity	Registered/ issued and paid-up capital	Percentage of equity interest attributable to the Company	Principal activities/ place of operation
Indirectly owned: (Continued)				
Dongguan Kewei Environmental Power Company Limited 東莞市科維環保電力有限公司*	The PRC, limited liability company	RMB260,000,000/ RMB160,000,000 (Note 1)	100%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants/the PRC
Dongguan China Scivest Environmental Power Company Limited 東莞粵豐環保電力有限公司* (formerly known as "東莞中科環保電力有限公司")	The PRC, limited liability company	RMB110,000,000	100%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants/the PRC
Zhanjiang Yuefeng Environmental Power Company Limited (Note (b)) 湛江市粵豐環保電力有限公司*	The PRC, limited liability company	RMB150,000,000	55%	Provision of municipal solid waste handling services and operation and management of waste-to-energy plants/the PRC
Dongguan Yuefeng Corporate Consultancy Management Company Limited 東莞粵豐企業諮詢管理有限公司*	The PRC, limited liability company	RMB2,000,000	100%	Inactive/the PRC

* The English name of the subsidiaries referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

Note 1: The registered share capital of Kewei was increased from RMB160,000,00 to RMB260,000,000 on 5 December 2014. The newly increased share capital had been paid up in cash by World Prosperous on 21 January 2015.

14 Investments in subsidiaries *(Continued)*

(b) Material non-controlling interests

Summarised financial information on a subsidiary with material non-controlling interests

Set out below are the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet	Zhanjiang Yuefeng 2014 HK$'000	2013 HK$'000
Current		
Assets	135,592	176,725
Liabilities	(152,346)	–
Total current net (liabilities)/assets	(16,754)	176,725
Non-current		
Assets	255,263	14,061
Liabilities	(9,681)	–
Total non-current net assets	245,582	14,061
Net assets	228,828	190,786

Summarised income statement	Zhanjiang Yuefeng 2014 HK$'000	2013 HK$'000
Revenue	252,021	–
Profit before income tax	48,123	–
Income tax expense	(9,633)	–
Post-tax profit	38,490	–
Other comprehensive (loss)/income	(448)	2,898
Total comprehensive income	38,042	2,898
Total comprehensive income allocated to non-controlling interests@45%	17,119	1,304

14 Investments in subsidiaries *(Continued)*

(b) Material non-controlling interests *(Continued)*

Summarised cash flows	Zhanjiang Yuefeng 2014 HK$'000	2013 HK$'000
Net cash used in operating activities	**(106,350)**	(12,612)
Net cash generated from/(used in) investing activities	**48,603**	(172,106)
Net cash generated from in financing activities	**56,763**	187,890
Net (decrease)/increase in cash and cash equivalents	**(984)**	3,172
Cash and cash equivalents at beginning of year	**3,221**	–
Currency translation differences	**(8)**	49
Cash and cash equivalents at end of year	**2,229**	3,221

The information above is the amount before inter-company eliminations.

15 Land use rights

	HK$'000
At 1 January 2013	169,320
Amortisation	(3,866)
Currency translation differences	5,242
At 31 December 2013	170,696
At 1 January 2014	**170,696**
Additions	**953**
Amortisation	**(3,966)**
Currency translation differences	**(596)**
At 31 December 2014	**167,087**

15 Land use rights *(Continued)*

The Group's land use rights represent prepaid operating lease payments which are analysed as follows:

	2014 HK$'000	2013 HK$'000
Leases of between 10 to 50 years	**51,908**	53,308

Remaining balances represent values of the right to operate Eco-Tech under build-own-operate basis.

The Group had not yet obtained one of the land use certificate as at 31 December 2013. The land use certificate was obtained on 13 March 2014.

Amortisation expense was charged in "cost of sales" in the consolidated income statement.

As at 31 December 2014, certain of the Group's borrowings were secured by land use rights (Note 27).

16 Property, plant and equipment

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Office and other equipment HK$'000	CIP HK$'000	Total HK$'000
As at 1 January 2013						
Cost	194,383	361,593	3,157	2,207	–	561,340
Accumulated depreciation	(17,958)	(50,367)	(2,242)	(393)	–	(70,960)
Net book amount	176,425	311,226	915	1,814	–	490,380
Year ended 31 December 2013						
Opening net book amount	176,425	311,226	915	1,814	–	490,380
Additions	1,669	3,947	3,395	294	–	9,305
Disposals	–	(3)	(9)	(6)	–	(18)
Depreciation	(11,610)	(29,126)	(857)	(467)	–	(42,060)
Currency translation differences	5,372	9,359	52	38	–	14,821
Closing net book amount	171,856	295,403	3,496	1,673	–	472,428
As at 31 December 2013						
Cost	202,165	376,917	6,603	2,537	–	588,222
Accumulated depreciation	(30,309)	(81,514)	(3,107)	(864)	–	(115,794)
Net book amount	171,856	295,403	3,496	1,673	–	472,428

16 Property, plant and equipment *(Continued)*

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Office and other equipment HK$'000	CIP HK$'000	Total HK$'000
Year ended 31 December 2014						
Opening net book amount	171,856	295,403	3,496	1,673	–	472,428
Additions	1,430	422	3,710	3,176	100,176	108,914
Acquisition of subsidiaries (Note 31)	–	–	1,765	1,166	–	2,931
Disposals	(13,644)	(3,105)	(70)	(5)	–	(16,824)
Depreciation	(9,447)	(23,547)	(1,853)	(996)	–	(35,843)
Currency translation differences	(681)	(1,132)	(15)	(5)	499	(1,334)
Closing net book amount	149,514	268,041	7,033	5,009	100,675	530,272
As at 31 December 2014						
Cost	183,900	358,441	12,370	7,080	100,675	662,466
Accumulated depreciation	(34,386)	(90,400)	(5,337)	(2,071)	–	(132,194)
Net book amount	149,514	268,041	7,033	5,009	100,675	530,272

Depreciation expense was charged in the consolidated income statement as follows:

	2014 HK$'000	2013 HK$'000
Cost of sales	29,730	40,921
General and administrative expenses	6,113	1,139
	35,843	42,060

As at 31 December 2014, certain of the Group's borrowings were secured by certain property, plant and equipment of the Group with an aggregate net book value of HK$334,101,000 (2013: HK$269,547,000) (Note 27).

17 Intangible assets

	Goodwill HK$'000	Concession rights HK$'000	Total HK$'000
As at 1 January 2013			
Cost	175,394	–	175,394
Accumulated amortisation	–	–	–
Net book amount	175,394	–	175,394
Year ended 31 December 2013			
Opening net book amount	175,394	–	175,394
Currency translation differences	5,492	–	5,492
Closing net amount	180,886	–	180,886
As at 31 December 2013			
Cost	180,886	–	180,886
Accumulated amortisation	–	–	–
Net book amount	180,886	–	180,886
Year ended 31 December 2014			
Opening net book amount	**180,886**	**–**	**180,886**
Acquisition of subsidiaries (Note 31)	**–**	**1,025,998**	**1,025,998**
Additions from BOT arrangement (Note 18)	**–**	**132,688**	**132,688**
Amortisation	**–**	**(65,205)**	**(65,205)**
Currency translation differences	**(605)**	**(3,099)**	**(3,704)**
Closing net amount	**180,281**	**1,090,382**	**1,270,663**
As at 31 December 2014			
Cost	**180,281**	**1,155,912**	**1,336,193**
Accumulated amortisation	**–**	**(65,530)**	**(65,530)**
Net book amount	**180,281**	**1,090,382**	**1,270,663**

Goodwill is mainly attributable to the acquisition of Eco-Tech in 2011.

17 Intangible assets *(Continued)*

For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on the higher of fair value less costs to sell and value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a 5-year period from the date of acquisition. Cash flows beyond the 5-year period are expected to be similar to that of the 5th year based on the then existing production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The pre-tax discount rate used is 9.5% for the year ended 31 December 2014 (2013: 9.5%). Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating units.

Concession rights are mainly attributable to the acquisition of China Scivest (Note 31) and amortisation expenses were charged to "cost of sales" in the consolidation income statement.

As at 31 December 2014, certain of the Group's borrowings were secured by the BOT arrangement entered by China Scivest with the local government.

18 Gross amount due from a customer for contract work

A subsidiary of the Group entered into a service concession arrangement with the local government authority in the PRC (the "grantor"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage waste-to-energy projects in the PRC for a period of 28 years. The grantor guarantees that the Group will receive minimum annual payments under the service concession arrangement. Upon expiry of the concession periods, the waste-to-energy power plants and the related facilities will be transferred to the local government authority. Revenue relating to the construction service provided under service concession arrangements is recognised on gross amount due from a customer for contract work and intangible assets according to the accounting policies as set out in Note 2.20.

19 Deferred income tax

Deferred income tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The analysis of deferred tax liabilities is as follows:

	2014 **HK$'000**	2013 HK$'000
Deferred income tax liabilities		
— to be settled within 12 months	**9,190**	267
— to be settled after more than 12 months	**95,252**	30,306
	104,442	30,573

19 Deferred income tax *(Continued)*

The movements on the deferred income tax liabilities are as follows:

	2014 **HK$'000**	2013 HK$'000
At beginning of year	**30,573**	42,578
Acquisition of subsidiaries (Note 31)	**64,999**	–
Charged/(credited) to the consolidated income statement (Note 12)	**9,144**	(13,136)
Currency translation differences	**(274)**	1,131
At end of year	**104,442**	30,573

Deferred income tax liabilities

	Unremitted earnings of subsidiaries in the PRC HK$'000	**Revaluation of assets** HK$'000	**Total** HK$'000
At 1 January 2013	21,498	21,080	42,578
(Credited)/charged to the consolidated income statement	(21,835)	8,699	(13,136)
Currency translation differences	337	794	1,131
At 31 December 2013	–	30,573	30,573
At 1 January 2014	**–**	**30,573**	**30,573**
Acquisition of subsidiaries (Note 31)	**–**	**64,999**	**64,999**
Charged to the consolidated income statement	**–**	**9,144**	**9,144**
Currency translation differences	**–**	**(274)**	**(274)**
At 31 December 2014	**–**	**104,442**	**104,442**

Pursuant to the relevant PRC enterprise income tax rules and regulations, withholding tax is imposed on dividends declared to parent companies incorporated outside the PRC in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately HK$25,012,000 as at 31 December 2014 (2013: HK$17,095,000), have not been provided for in the consolidated balance sheet in respect of temporary differences attributable to accumulated profits of certain PRC subsidiaries of the Group as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

20 Inventories

	2014 **HK$'000**	2013 HK$'000
Coal, fuel and other materials for waste treatment	**507**	1,579

The cost of inventories was recognised as expense and included in "cost of sales" amounted to HK$40,869,000 for the year ended 31 December 2014 (2013: HK$74,831,000).

21 Trade receivables, other receivables, deposits and prepayments

Group

	2014 **HK$'000**	2013 HK$'000
Non-current assets		
Prepayments for property, plant and equipment	**111,196**	25,382
Rental deposits	**1,930**	1,930
	113,126	27,312
Current assets		
Trade receivables	**70,967**	72,472
Less: Allowance for impairment of trade receivables	**–**	(4,199)
Trade receivables — net	**70,967**	68,273
Deposits and prepayments	**1,695**	6,224
Other receivables	**15,423**	873
Value-added tax recoverable	**15,273**	–
Amount due from a related party (Note 35)	**–**	82,984
	32,391	90,081
	216,484	185,666

21 Trade receivables, other receivables, deposits and prepayments *(Continued)*

The credit period granted by the Group is generally 30 days. The ageing analysis of trade receivables based on invoice date was as follows:

	2014 HK$'000	2013 HK$'000
Up to 1 month	**25,013**	37,808
1 to 3 months	**23,769**	17,330
3 to 6 months	**12,152**	9,216
Over 6 months	**10,033**	3,919
	70,967	68,273

As at 31 December 2014, trade receivables of HK$45,954,000 (2013: HK$30,465,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 HK$'000	2013 HK$'000
1 to 3 months	**23,769**	17,330
3 to 6 months	**12,152**	9,216
Over 6 months	**10,033**	3,919
	45,954	30,465

The carrying amounts of the Group's trade receivables, other receivables, deposits and prepayments are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
RMB	**205,230**	182,912
HK$	**11,254**	2,754
	216,484	185,666

21 Trade receivables, other receivables, deposits and prepayments *(Continued)*

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2014 HK$'000	2013 HK$'000
At beginning of year	**4,199**	4,071
Reversal of provision for impairment of trade receivables	**(4,164)**	–
Currency translation differences	**(35)**	128
At end of year	**–**	4,199

The creation and release of provision for impaired receivables have been included in "general and administrative expenses" in the consolidated income statement (Note 6). Amounts charged to the allowance account are written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Company

	2014 HK$'000	2013 HK$'000
Other receivables	**9,053**	–

The carrying amounts of the Company's other receivables are denominated in HK$.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group and the Company does not hold any collateral as security.

22 Available-for-sale financial assets

	2014 HK$'000	2013 HK$'000
At beginning of year	**45,991**	–
Additions	**–**	45,093
Fair value gain on revaluation of available-for-sale financial assets recognised in equity	**–**	203
Disposal	**(44,664)**	–
Currency translation difference	**(1,327)**	695
At end of year	**–**	45,991

22 Available-for-sale financial assets *(Continued)*

Available-for-sale financial assets include the following:

	2014 HK$'000	2013 HK$'000
Unlisted investment securities, denominated in RMB	**–**	45,991

The Group realised revaluation gain of HK$203,000 from equity to the consolidated income statement upon its disposal during the year ended 31 December 2014.

The fair value of available-for-sale financial assets was based on current bid prices from banks as at 31 December 2013.

The maximum exposure to credit risk at the balance sheet date was the carrying value of the securities classified as available-for-sale.

None of these financial assets were either past due or impaired.

23 Restricted deposit

	2014 HK$'000	2013 HK$'000
Restricted deposit, denominated in RMB	**6,338**	6,360

The restricted deposit of the Group represents deposit pledged for a BOT service concession arrangement in relation to a waste-to-energy plant in Zhanjiang, the PRC. The restricted deposit is deposited at 0.35% per annum (2013: 0.35% per annum) with a bank in the PRC, where the remittance of funds is subject to foreign exchange control. As at 31 December 2014, such restricted deposit would be matured on 23 January 2015 (2013: matured on 31 January 2014).

24 Short-term bank deposits

	2014 HK$'000	2013 HK$'000
Time deposits, denominated in RMB	**126,764**	127,189

As at 31 December 2014, the weighted average effective interest rate on short-term bank deposits of the Group is 3.2% per annum (2013: 3.2% per annum), and these deposits have original maturity dates ranging from 185 to 365 days. These short-term bank deposits are deposited with banks in the PRC, where the remittance of funds is subject to foreign exchange control.

25 Cash and cash equivalents

Group

	2014 HK$'000	2013 HK$'000
Cash at bank and on hand	**1,201,408**	49,803
Bank deposits	**126,764**	–
	1,328,172	49,803

The weighted average effective interest rate on bank deposits of the Group was 3.7% (2013: N/A) and these bank deposits had original maturity dates of three months or less.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
RMB	**183,465**	49,529
HK$	**981,551**	274
US$	**163,156**	–
	1,328,172	49,803

As at 31 December 2014, the Group's cash and bank balances of approximately HK$56,675,000 (2013: HK$49,477,000), are deposited with banks in the PRC, where the remittance of funds is subject to foreign exchange control.

Company

	2014 HK$'000
Cash at bank and on hand	**974,854**
Bank deposits	**126,764**
	1,101,618

The weighted average effective interest rate on bank deposits of the Company was 3.7% and these bank deposits had original maturity dates of three months or less.

The carrying amounts of the Company's cash and cash equivalents are denominated in the following currencies:

	2014 HK$'000
RMB	**126,764**
HK$	**974,854**
	1,101,618

26 Share capital, share premium and other reserves

(a) Share capital and share premium

	2014
Authorised:	
Number of ordinary shares	
Initial authorised share capital (ordinary shares of HK$0.01 each) as at 28 January 2014 (date of incorporation)	**38,000,000**
Increase in authorised share capital (ordinary shares of HK$0.01 each) pursuant to the written resolution passed by the sole shareholder of the Company on 7 December 2014	**4,962,000,000**
	5,000,000,000
Equivalent nominal value of ordinary shares (HK$'000)	**50,000**
Issued and fully paid:	
Number of ordinary shares	
Ordinary shares of HK$0.01 each as at 28 January 2014 (date of incorporation)	**1**
Issue of new shares on 25 April 2014 (Note i)	**1,152,380**
Issue of new shares pursuant to the global offering (Note ii)	**500,000,000**
Capitalisation of shares (Note iii)	**1,498,847,619**
	2,000,000,000
Equivalent nominal value of ordinary shares (HK$'000)	**20,000**

Notes:

(i) On 25 April 2014, the Company issued 1,152,380 with nominal value of HK$0.01 each.

(ii) On 29 December 2014, the Company issued 500,000,000 new shares with nominal value of HK$0.01 each for the placing at the offer price of HK$2.33 each (the "Global Offering"). The share issuance cost relating to the new shares amounted to HK$96,454,000, of which HK$33,067,000 is recognised in profit and loss (2013: HK$3,155,000) and HK$60,232,000 is debited to share premium account of the Company.

(iii) On 29 December 2014, the Company capitalised HK$14,988,000 by debiting the share premium account of the Company and applied such sum to pay up in full at par a total of 1,498,847,619 shares for allotment and issue to the then shareholders in proportion to their respectively shareholdings.

(iv) In connection with the Global Offering, the Company granted the Over-allotment Option to the international underwriters of the Global Offering ("International Underwriters"), exercisable by the global coordinator of the Global Offering or their agent on behalf of the International Underwriters at any time from the Listing date of the Company up to (and including) the date which is the 30th day after the last date for the lodging of application forms under the public offer and preferential offer. Pursuant to the Over-allotment Option, the global coordinator or their agent had the right to require the Company to allot and issue up to an aggregate of 75,000,000 additional new shares of the Company, representing in aggregate 15% of the offer shares initially available under the Global Offering and that these shares were issued at the offer price of HK$2.33 each.

26 Share capital, share premium and other reserves *(Continued)*

(a) Share capital and share premium *(Continued)*

Notes: *(Continued)*

(v) On 7 December 2014, the board of Directors of the Company approved a share option scheme (the "Share Option Scheme") for the issuance of in aggregate no more than 10% in nominal amount of the aggregate of shares in issue on the Listing date of the Company, representing 200,000,000 shares (subject to the terms of the scheme and the relevant provisions under the Rules Governing the Listing of Securities on the Stock Exchange). Share options to be granted under the Share Option Scheme will be effective for ten years from the date of grant. Upon to the date of the approval of these consolidated financial statements, no share option was granted under the Share Option Scheme.

(b) Group

(i) Capital reserve

Mr. KM Lai transferred 15% beneficial interest in Eco-Tech to the Group in October 2011 as a deemed capital contribution of HK$63,041,000, being the difference between its fair value and consideration, was recognised.

On 30 June 2013, Mr. KM Lai waived a payable balance of HK$297,422,000 due from the Group. This was recognised as a deemed capital contribution during the same period.

On 30 June 2014, Best Approach Developments Limited, the immediate holding company, waived a payable balance of HK$344,481,000 due from the Group. This was recognised as a deemed contribution during the same period.

(ii) Statutory reserve

Pursuant to the Articles of Association of Group's subsidiaries incorporated in the PRC, these subsidiaries transfer 10% of their net profit as determined in accordance with the Accounting Rules and Regulations of the PRC to their statutory reserve funds unless the statutory reserve balances of respective subsidiaries have reached 50% or more of their registered capital.

(iii) Other reserve

Other reserve represent the difference between the fair value of consideration paid and the carrying amount of net assets attributable to the additional interest in subsidiaries being acquired from non-controlling interest holders in prior year.

26 Share capital, share premium and other reserves *(Continued)*

(c) Company

	Share premium HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2014	–	–	–	–
Issuance of ordinary shares (Note (a)(ii))	1,160,000	–	–	1,160,000
Share capitalisation issue (Note (a)(iii))	(14,988)	–	–	(14,988)
Professional expenses incurred in connection with the Company's Listing (Note (a)(ii))	(60,232)	–	–	(60,232)
Deemed contribution from shareholders (Note)	–	1,055,525	–	1,055,525
Loss for the year	–	–	(28,672)	(28,672)
Balance at 31 December 2014	1,084,780	1,055,525	(28,672)	2,111,633

Note: This capital reserve of the Company represents the excess of the aggregate net assets values of the subsidiaries acquired by the Company over the nominal consideration payable by the Company for the acquisition of subsidiaries pursuant to the Reorganisation.

27 Borrowings

	2014 HK$'000	2013 HK$'000
Bank borrowings, secured		
Non-current	776,110	293,807
Current	252,576	87,760
Total	1,028,686	381,567

27 Borrowings *(Continued)*

The repayment terms of the long-term bank borrowings are analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Within 1 year	**252,576**	87,760
Between 1 and 2 years	**164,476**	126,237
Between 2 and 5 years	**504,519**	167,570
Over 5 years	**107,115**	–
	1,028,686	381,567
Wholly repayable within five years	**432,888**	381,567
Not wholly repayable within five years	**595,798**	–
	1,028,686	381,567

Bank borrowings are secured by collection of revenue from sales of electricity, land use rights (Note 15), property, plant and equipment (Note 16) and corporate guarantees (Note 34).

Bank borrowings are also secured by corporate and personal guarantees provided by former shareholders of Eco-Tech and Kewei as at 31 December 2013. Such corporate and personal guarantees were released during the year ended 31 December 2014.

All of the Group's bank borrowings are denominated in RMB.

The effective interest rates of bank borrowings per annum at the balance sheet date were as follows:

	2014 **%**	2013 %
Term loans — secured	**6.08–7.36**	6.08–6.70

28 Trade and other payables

Group

	2014 HK$'000	2013 HK$'000
Trade payables	25,696	18,097
Accruals and other payables (Note)	186,967	45,465
	212,663	63,562

Note: The balances mainly include accrued staff costs and other staff benefits, construction payables and VAT payables.

The ageing analysis of the trade payables based on invoice date was as follows:

	2014 HK$'000	2013 HK$'000
Up to 1 month	12,643	10,447
1 to 2 months	7,293	3,300
2 to 3 months	2,159	2,753
Over 3 months	3,601	1,597
	25,696	18,097

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
RMB	193,069	63,329
HK$	19,594	233
	212,663	63,562

28 Trade and other payables *(Continued)*

Company

	2014 **HK$'000**	2013 HK$'000
Other payables	**4,796**	–
Amounts due to subsidiaries	**29,768**	–
	34,564	–

The carrying amounts of the Company's other payables and amount due to subsidiaries approximate their fair values and are denominated in HK$.

Amounts due to subsidiaries are unsecured, interest-free and repayment on demand.

29 Loss attributable to equity holders of the Company

Loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$28,672,000 for the year ended 31 December 2014.

30 Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: Nil).

31 Business combinations

On 1 January 2014, the Group acquired 100% equity interest in Swift Ample, which indirectly held 100% equity interest in China Scivest, from Ms. Loretta Lee's brother, Mr. Lee Kar Lung ("Mr. KL Lee"), at a consideration of RMB100,000,000 (equivalent to HK$127,190,000). China Scivest is principally engaged in the provision of municipal solid waste handling services and operation and management of waste-to-energy plants under BOT contract. As a result of the acquisition, China Scivest became a wholly owned subsidiary of the Group.

31 Business combinations *(Continued)*

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	As at 1 January 2014 HK$'000
Consideration:	
— Payables to Mr. KL Lee to acquire 100% equity interest in Swift Ample	127,190
Total consideration transferred	127,190
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	13,642
Intangible assets — concession rights (Note 17)	1,025,998
Property, plant and equipment (Note 16)	2,931
Non-current prepayments	1,817
Inventories	267
Trade receivables	33,891
Deposits, prepayments and other receivables	18,930
Trade and other payables	(148,084)
Borrowings	(756,140)
Other non-current liabilities	(1,063)
Deferred income tax liabilities (Note 19)	(64,999)
Total identifiable net assets	127,190

Acquisition-related costs of HK$114,000 have been charged to general and administrative expenses in the consolidated income statement for the year ended 31 December 2014.

The net cash outflow from acquisition of Swift Ample approximated HK$113,190,000 during the year ended 31 December 2014, which mainly comprised of cash consideration of RMB100,000,000 (equivalent to HK$126,832,000 at the date of payment) offset by cash and cash equivalent of HK$13,642,000 acquired from Swift Ample.

The fair value of trade receivables is HK$33,891,000. The gross contractual amount for trade receivables due is HK$33,891,000, none of which is expected to be uncollectible.

The revenue included in the consolidated income statement for the period from 1 January 2014 to 31 December 2014 contributed by Swift Ample was HK$271,208,000. Swift Ample also contributed profit of HK$89,359,000 over the same period.

32 Transactions with non-controlling interests

Contributions from non-controlling interests

On 3 April 2013, Zhanjiang Yuefeng was set up with a total registered capital of RMB150,000,000 (equivalent to HK$187,887,000). Eco-Tech and Kewei owns 20% and 35% equity interest in Zhanjiang Yuefeng, respectively. An independent third party who holds 45% equity interest in Zhanjiang Yuefeng contributed RMB67,500,000 (equivalent to HK$84,549,000).

33 Commitments

(a) Capital commitments

	2014 HK$'000	2013 HK$'000
Contracted but not provided for:		
Property, plant and equipment	338,470	106,255
Construction cost for BOT	603,639	809,501
Consideration relating to the acquisition of Swift Ample (Note 31)	–	127,190
	942,109	1,042,946

(b) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	1,955	3,824
After 1 year but within 5 years	199	1,533
	2,154	5,357

34 Financial guarantees

As at 31 December 2014, there are certain corporate guarantees provided by certain subsidiaries of the Group for each other in respect of their borrowings (Note 27) amounting to HK$70,988,000 (2013: Nil).

As at 31 December 2014 and 2013, the Group had no contingent liabilities.

35 Related party transactions

Major related parties that had transactions with the Group were as follows:

Related parties	**Relationship with the Company**
Dongguan Dongchang Concrete Mixing Co., Ltd. 東莞市東長混凝土攪拌有限公司* ("Dongguan Dongchang")	A company controlled by Mr. KM Lai
Mr. KM Lai	Controlling shareholder
Best Approach Developments Limited	The immediate holding company

(a) Transactions with related parties

During the year ended 31 December 2014 and 2013, Dongguan Dongchang collected and processed fly ashes and bottom ashes produced by Eco-Tech for free. Such arrangement was terminated in April 2014.

Other than those disclosed above and elsewhere in this report, the Group did not have any transaction with its related parties during the years ended 31 December 2014 and 2013.

(b) Balances with related parties

Group

	2014 HK$'000	2013 HK$'000
Amount due from a related party		
— Mr. KM Lai	–	82,984

	Maximum receivable balance during the year ended 31 December	
	2014 HK$'000	2013 HK$'000
— Mr. KM Lai	**82,984**	82,984

The amount due from a related party, was unsecured, interest-free and repayable on demand. The fair values approximate their carrying values and were denominated in RMB.

35 Related party transactions *(Continued)*

(b) Balances with related parties *(Continued)*

Group *(Continued)*

	2014 HK$'000	2013 HK$'000
Amounts due from/(to) related parties:		
At beginning of year	82,984	(176,528)
Advance from related parties	–	(125,284)
Repayments (from)/to related parties	(86,115)	87,682
Capital injection from the immediate holding company (Note 26)	(344,481)	–
Deemed contribution from Mr. KM Lai	–	297,422
Deemed contribution from the immediate holding company	344,481	–
Currency translation differences	3,131	(308)
At end of year	–	82,984

(c) Key management compensation

Key management includes directors and top management. The compensation paid or payable to key management for employee services is shown below:

	2014 HK$'000	2013 HK$'000
Wages and salaries	10,502	7,012
Pension costs — defined contribution plans	156	241
Welfare and other expenses	2,018	512
	12,676	7,765

Financial Summary

Consolidated Assets, Equity and Liabilities

	As at 31 December			
	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS				
Non-current assets	**2,201,062**	851,322	849,418	883,686
Current assets	**1,566,354**	389,276	139,282	130,225
Total assets	**3,767,416**	1,240,598	988,700	1,013,911
EQUITY AND LIABILITIES				
Total equity				
Non-current liabilities	**881,939**	324,464	367,066	425,062
Current liabilities	**467,513**	154,334	392,781	486,450
Total liabilities	**1,349,452**	478,798	759,847	911,512
Total equity and liabilities	**3,767,416**	1,240,598	988,700	1,013,911

Consolidated Income Statement

	Year ended 31 December			
	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**793,967**	390,173	387,134	154,470
Cost of sales	**(451,646)**	(187,537)	(180,367)	(59,474)
Gross profit	**342,321**	202,636	206,767	94,996
General and administrative expenses	**(96,723)**	(41,739)	(35,147)	(16,878)
Other income	**51,467**	14,039	13,698	2,585
Other gain/(loss), net	**381**	(725)	(808)	(2,016)
Operating profit	**297,446**	174,211	184,510	78,687
Interest income	**5,525**	908	264	85
Interest expense	**(67,334)**	(26,769)	(31,839)	(25,105)
Profit before income tax	**235,637**	148,350	152,935	53,667
Income tax expenses	**(27,278)**	(17,381)	(26,395)	(11,144)
Profit for the year	**208,359**	130,969	126,540	42,523
Attributable to:				
Equity holders of the Company	**191,038**	130,969	126,540	38,743
Non-controlling interests	**17,321**	–	–	3,780
Earnings per share				
(expressed in HK cents per share)				
— Basic (note)	**12.7**	8.7	8.4	2.6
— Diluted	**12.7**	N/A	N/A	N/A

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2014, 2013, 2012 and 2011 have been retrospectively adjusted to reflect 1,152,381 shares and 1,498,847,619 shares issued upon the reorganisation and capitalisation respectively in 2014.

Corporate Information

Board of Directors

Executive Directors	Ms. Lee Wing Yee Loretta (Chairlady and Executive Director) Mr. Lai Kin Man (Deputy Chairman and Executive Director) Mr. Yuan Guozhen (Chief Executive Officer and Executive Director) Mr. Lai Chun Tung (Executive Director)
Non-Executive Directors	Mr. Lui Ting Cheong Alexander Mr. Lai Yui
Independent Non-executive Directors	Professor Sha Zhenquan Mr. Chan Kam Kwan Jason Mr. Chung Wing Yin

Board Committees

Audit Committee	Mr. Chan Kam Kwan Jason (Chairperson) Professor Sha Zhenquan Mr. Chung Wing Yin
Remuneration Committee	Professor Sha Zhenquan (Chairperson) Mr. Chan Kam Kwan Jason Mr. Chung Wing Yin
Nomination Committee	Mr. Chung Wing Yin (Chairperson) Professor Sha Zhenquan Mr. Chan Kam Kwan Jason
Corporate Governance Committee	Mr. Chan Kam Kwan Jason (Chairperson) Ms. Lee Wing Yee Loretta Professor Sha Zhenquan Mr. Chung Wing Yin

Company Secretary	Ms. Wong Ling Fong Lisa *(HKICPA)*
Authorised Representatives	Ms. Lee Wing Yee Loretta Ms. Wong Ling Fong Lisa
Auditors	PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:	King & Wood Mallesons
as to BVI and Cayman Islands law:	Maples and Calder

Principal Bankers	Dongguan Rural Commercial Bank Co., Ltd. The Hongkong and Shanghai Banking Corporation Limited
Compliance Adviser	Haitong International Capital Limited
Registered Office	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Principal Place of Business in Hong Kong	Unit 1701B, 17/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Principal Share Registrar and Transfer Office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands
Branch Share Registrar and Transfer Office in Hong Kong	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Investor Relations	E-mail : info@canvest.com.hk Telephone : (852) 2668 6596 Facsimile : (852) 2668 6597
Website	www.canvestenvironment.com

Listing Information

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1381)

Annual General Meeting

The 2015 AGM will be held on Tuesday, 16 June 2015. Notice of 2015 AGM is set out in the Company's circular and is dispatched together with this annual report to the Shareholders. Notice of 2015 AGM and the proxy form are published on Canvest's website (www.canvestenvironment.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Despatch of Corporate Communications

This annual report is printed in both English and Chinese versions and is delivered to Shareholders. This annual report is also published on Canvest's website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

For environment protection reasons, the Company encourages Shareholders to view the contents of this annual report posted on the aforesaid websites.

Glossary

Best Approach	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of BVI on 2 January 2014 with limited liability and a Controlling Shareholder of our Company
Board	the board of Directors
BOO	build-own-operate, a project model in which a private entity builds, owns and operates their facilities and assets with no obligation to transfer their ownership of their relevant facilities and assets to any specified parties at any specified time
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, "we", "us" or "our" shall mean the Group
Canvest Consultancy	Dongguan Canvest Enterprise Consultancy and Management Company Limited (東莞市粵豐企業諮詢管理有限公司), a company established under the laws of the PRC with limited liability on 10 April 2014 and an indirect wholly owned subsidiary of our Company
Century Rise	Century Rise Development Limited (誠朗發展有限公司), a company incorporated under the laws of BVI on 6 January 2012 with limited liability and a Controlling Shareholder of our Company
China or PRC	the People's Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited (東莞粵豐環保電力有限公司)(formerly known as 東莞中科環保電力有限公司), a company established under the laws of the PRC with limited liability on 5 November 2004 and currently an indirect wholly owned subsidiary of our Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
CPNE	China Power New Energy Development Company Limited (formerly Oriental Investment Corporation Limited), a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 735) and is an Independent Third Party
Director(s)	director(s) of the Company

Dongguan Municipal Administration	東莞市城市綜合管理局, formerly known as Dongguan Municipal Utilities Administration (東莞市市政公用事業管理局), a government department under the Dongguan People's Government responsible for municipal management, and an Independent Third Party
Eco-Tech	Dongguan Eco-Tech Environmental Power Company Limited (東莞市科偉環保電力有限公司), a company established under the laws of the PRC with limited liability on 19 June 2003 and currently an indirect wholly owned subsidiary of our Company
Euromonitor Report	the report entitled "Waste to Energy Market in Mainland China" issued by Euromonitor International Limited, which was commissioned by us
Group	the Company and its subsidiaries
Harvest Vista Trust	The Harvest VISTA Trust, a discretionary trust founded by Ms. Loretta Lee and Mr. KM Lai, with Ms. Loretta Lee, Ms. Loretta Lee's personal trust and Mr. KM Lai as beneficiaries
High Point	High Point Investment Group Limited (漢邦投資集團有限公司), a company which held 45% interest in Zhanjiang Yuefeng
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial shareholders of our Company and our subsidiaries and their respective associates
Kewei	Dongguan Kewei Environmental Power Company Limited (東莞市科維環保電力有限公司), a company established under the laws of the PRC with limited liability on 13 February 2009 and an indirect wholly owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Mr. CT Lai	Mr. Lai Chun Tung (黎俊東), an executive Director and the husband of Ms. Loretta Lee and a cousin of Mr. KM Lai and Ms. Guo Huilian, a senior management
Mr. KM Lai	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), one of our Controlling Shareholders and an executive Director, our deputy chairman and a cousin of Mr. CT Lai and Ms. Guo Huilian, a senior management

Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our Controlling Shareholders, an executive Director, chairlady of our Company, the wife of Mr. CT Lai, the sister of Mr. Lee Kar Lung and cousin-in-law of Mr. KM Lai and Ms. Guo Huilian, a senior management
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
VAT	Value-added tax
VISTA Co	Harvest Vista Company Limited, a company incorporated in the British Virgin Islands on 18 June 2014, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of Harvest VISTA Trust
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Zhanjiang Yuefeng	Zhanjiang Yuefeng Environmental Power Company Limited (湛江市粵豐環保電力有限公司), a company established under the laws of the PRC on 3 April 2013 with limited liability and a 55%-owned subsidiary of our Company
%	per cent