



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

INTERIM REPORT 2015



Project Overview



Total Secured and Installed Daily MSW Processing Capacity

12,400 Tonnes
(as at 24 August 2015)

	1	2	3	4	5	6	7
	Eco-Tech WTE plant (Phase 1)	Eco-Tech WTE plant (Phase 2)	Kewei WTE plant	China Scivest WTE plant	Qingyuan WTE plant	Zhanjiang Yuefeng WTE plant	Laibin WTE plant (Phase 1 & 2)
Location	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Dongguan, Guangdong Province	Qingyuan, Guangdong Province	Zhanjiang, Guangdong Province	Laibin, Guangxi Zhuang Autonomous Region
Daily MSW processing capacity	1,800 tonnes (1,200 tonnes before technological upgrade)	1,500 tonnes	1,800 tonnes	1,800 tonnes	Phase I: 1,500 tonnes Phase II: 1,000 tonnes	1,500 tonnes	After technological upgrade: Phase I: 1,000 tonnes Phase II: 500 tonnes (500 tonnes before technological upgrade)
Installed power generation capacity	36MW	Under planning	30MW	42MW	Under planning	30MW	Under planning
Technology	Moving grate (after technological upgrade) Fluidised bed (before technological upgrade)	Moving grate	Moving grate	Moving grate	Moving grate	Moving grate	Moving grate (after technological upgrade) Fluidised bed (before technological upgrade)
Business model	BOO	BOO	BOO	BOT	BOT	BOT	BOT
Concession period	N/A	N/A	N/A	24 years (from 10 December 2004 to 30 November 2028)	30 years after passing the environmental impact assessment	28 years (from 18 April 2013 to 17 April 2041)	Until April 2042
Waste treatment fee	RMB 110 / tonne	RMB 110 / tonne	RMB 110 / tonne	RMB 110 / tonne	RMB 50 / tonne (Under negotiation)	RMB 81.8 / tonne	RMB 95 / tonne
Status	Undergoing technological upgrade (resumed trial operation in August 2015)	Undergoing preparatory works	Commercial operation	Commercial operation	Planning	Under development (Expect to commence trial operation in second half 2015)	In operation (will undergo technological upgrade)



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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 (<i>HKICPA</i>)
Authorised Representatives	Ms. Lee Wing Yee Loretta Ms. Wong Ling Fong Lisa
Auditors	PricewaterhouseCoopers

Legal Advisors

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

Corporate Information

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 6803B, Level 68 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong <i>(with effect from 8 September 2015)</i>
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).

Despatch of Corporate Communications

This interim report is printed in both English and Chinese versions and is delivered to Shareholders. This interim 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 interim report posted on the aforesaid websites.

Financial Highlights

Interim Condensed Consolidated Statement of Comprehensive Income Highlights

	For the six months ended 30 June		Change
	2015	2014	
Revenue (HK\$'000)	486,204	313,270	+55.2%
Among: Revenue from power sales and waste treatment (HK\$'000) ⁽¹⁾	249,118	298,415	-16.5%
Gross profit (HK\$'000)	188,743	165,231	+14.2%
EBITDA (HK\$'000)	215,491	215,501	–
Profit for the period (HK\$'000)	117,529	116,765	+0.7%
Profit attributable to equity holders of the Company (HK\$'000)	100,895	115,890	-12.9%
Basic earnings per share (HK cents) ⁽²⁾	5.0	7.7	-35.1%

Notes:

- (1) The operations of Eco-Tech WTE plant have been suspended for its technological upgrade since April 2014.
- (2) The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2014 have been retrospectively adjusted to reflect 1,152,380 shares and 1,498,847,619 shares issued upon the reorganisation completed on 19 May 2014 and capitalisation completed on 29 December 2014, respectively.

Interim Condensed Consolidated Balance Sheet Highlights

	As at	As at	Change
	30 June	31 December	
	2015	2014	
Total assets (HK\$'000)	4,230,200	3,767,416	+12.3%
— Cash and cash equivalents (HK\$'000)	1,030,082	1,328,172	-22.4%
Total liabilities (HK\$'000)	1,687,882	1,349,452	+25.1%
— Total borrowings (HK\$'000)	1,378,272	1,028,686	+34.0%
Equity attributable to equity holders of the Company (HK\$'000)	2,422,633	2,314,992	+4.6%
Total liabilities/total assets	39.9%	35.8%	+4.1pts

Chairlady's Statement

To all Shareholders,

I am pleased to report the unaudited consolidated results of the Group for the six months ended 30 June 2015 as follows:

Results

During the period under review, the two operating WTE facilities of the Group maintained high production efficiency, generating stable and promising income. The Group's revenue and gross profit were HK\$486.2 million and HK\$188.7 million, representing an increase of 55.2% and 14.2%, respectively, compared to the corresponding period last year. For the period under review, profit attributable to equity holders of the Company was HK\$100.9 million, representing a decrease of 12.9% compared to the corresponding period last year, which was attributable to the claim for 2013 VAT refund related to Kewei being received in full in the first half of year 2014 while there was no such adjustment for VAT refund during the period under review, and to the suspension of Eco-Tech WTE plant for technological upgrade since April 2014.

After taking into account factors including the requirements of business development of the Group, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

Business Review

The economy of the PRC maintained steady growth during the period under review. Increasing awareness of the government on WTE projects and persistent favourable policies all contributed to the shaping of a positive business environment for the Group.

In addition, in order to further regulate and optimize VAT policy, the Ministry of Finance (財政部) and State Administration of Taxation (國家稅務總局) issued the Notice on Directory of VAT concessions on Comprehensive Utilization of Goods and Services (關於資源綜合利用產品和勞務增值稅優惠目錄的通知) ("Notice") in June 2015, which stipulated certain adjustments to the rate of VAT refund of certain products with effect from 1 July 2015. The Group is currently communicating with relevant departments and authorities in relation to the Notice but actual assessment can only be carried out upon publication of relevant implementation rules.

During the period under review, Kewei and China Scivest maintained their high operational efficiency that contributed to our stable cash flow. Capitalising on the proceeds raised from our listing on Hong Kong Stock Exchange in December 2014, the Group had been expanding its business steadily and progressively with favourable development result, laying a solid foundation for long-term development of the Group.

In January 2015, the Group received a notice from Dongguan Municipal Administration (東莞市城市綜合管理局) 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.

In April 2015, the Group was informed by the Zhanjiang Development and Reform Commission (湛江市發展和改革局) that Zhanjiang Yuefeng shall develop the first and second phases of Zhanjiang project simultaneously. Accordingly, Zhanjiang Yuefeng shall construct the Zhanjiang WTE plant with total daily MSW processing capacity of 1,500 tonnes without any phase arrangement. Zhanjiang WTE plant was under development and expects to commence trial operation in the second-half of 2015.

Chairlady's Statement

In May 2015, Kewei entered into an agreement with the other shareholder of Zhanjiang Yuefeng for the acquisition of 45% equity interest of Zhanjiang Yuefeng. Upon completion, Zhanjiang Yuefeng will become a wholly-owned subsidiary of the Company. As at the date of this interim report, the transaction has yet to be completed. Please refer to the announcement of the Company dated 12 May 2015 for further details.

In May 2015, Kewei also entered into agreements with Fujian Zhongan and Beijing Zhongke, respectively, in relation to the acquisition from them, and on similar terms and conditions, of 80% and 20% equity interest in Laibin Zhongke at considerations of RMB58,640,000 (approximately HK\$74,312,508) and RMB14,660,000 (approximately HK\$18,578,127) respectively. In August 2015, the transactions have been completed. Laibin Zhongke operates a WTE plant in Laibin city, Guangxi Zhuang Autonomous Region based on a build-operate-transfer concession. Furthermore, in June 2015, Kewei entered into an investment framework agreement with the Municipal Government of Laibin City (來賓市人民政府), where Kewei would expand the daily MSW processing capacity of the Laibin Zhongke WTE plant to a maximum of 1,500 tonnes in two phases. Upon the first phase being put into operation, the plant will have a daily MSW processing capacity of 1,000 tonnes, and an additional 500 tonnes when operation of the second phase expansion commences. Please refer to respective announcements of the Company dated 26 May 2015, 26 June 2015 and 14 August 2015 for further details.

Good Corporate Governance and Multi-Channel Communication

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 enhance shareholders' value. Accordingly, in compliance with the requirements of the Listing Rules and applicable 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.

The Group maintained communication with investors through one-on-one meetings, group meetings, teleconferences, site visits, seminars, result presentation and non-deal roadshows. During the period under review, the Group attended 13 non-deal roadshows and seminars, and communicated with over 400 investors and analysts.

A Responsible Corporate Citizen

The Group actively takes up its corporate social responsibility on the comprehensive utilisation of resources. While converting waste into a sustainable source of green energy, we successfully achieve the reduction in quantity, the elimination of hazards and the recycling of MSW. Our WTE business not only generates financial returns for our shareholders, but also creates social benefits for the society.

During the period under review, the Group fulfilled its social responsibility and made contribution to the protection of our environment by implementing innocuous treatment of waste volume amounting to 618,912 tonnes, generating power from green energy amounting to 269,725,000 kWh, saving the use of standard coal by approximately 107,890 tonnes and achieving emission reduction of carbon dioxide by approximately 291,303 tonnes.

In response to the Nepal earthquake in April 2015, the Group made donation to Oxfam Hong Kong to support the relief efforts for the affected. Donations were also made to other charitable organisations.

Moreover, the Group encourages our personnel to practice low carbon living and actively promotes environmental education. Apart from visits by local and business delegations for exchange of ideas, our plants also welcome public and student visitors from time to time by which they may grasp a better understanding of the business of the Group and raise public awareness on WTE.

Chairlady's Statement

Outlook and Strategies

With sustained growth expected from the PRC economy in the second half of 2015, it is expected that demand for innocuous treatment of waste will continue to rise. In addition, it is believed that certain aspects of development, such as environmental protection, will continue to be the focus of the 13th "Five-year Plan" to be issued by the PRC government. Overtime the PRC government has become increasingly stringent on the regulation 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 and existing WTE plants starting from 1 January 2016. The Group is of the view that the WTE industry will maintain its healthy development in a green and high-efficient direction.

To realize its growth strategy in the WTE industry, the Group will actively develop greenfield projects and seek acquisition opportunities.

In respect of acquisition, the Group targets to acquire WTE plants which adopt fluidised bed incineration technology, or are poorly managed, fall short of technical expertise and/or lack of operational efficiency. After the acquisition of these WTE plants, we would seek to make improvements by leveraging on our technical expertise and management experience, and we intend to operate them with the same 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 the rapid development of our Group.

While expanding our business, the Group is committed to charity work in order to fulfil our corporate social responsibility 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 relevant parties for their continued support, and to our staff for their devotion to Canvest.

Lee Wing Yee Loretta

Chairlady

Hong Kong, 24 August 2015

Management Discussion and Analysis

Overall Performance

For the six months ended 30 June 2015, the Group's revenue was HK\$486.2 million (corresponding period in year 2014: HK\$313.3 million), representing an increase of 55.2% over the corresponding period last year. Operating profit was HK\$155.5 million (corresponding period in year 2014: HK\$161.3 million), representing a decrease of 3.6% over the corresponding period last year. Profit attributable to equity holders of the Company was HK\$100.9 million (corresponding period in year 2014: HK\$115.9 million) representing a decrease of 12.9% over the corresponding period last year. Basic earnings per share was HK5.0 cents (corresponding period in year 2014: HK7.7 cents).

During the period under review, the Group implemented innocuous treatment of waste volume amounted to 618,912 tonnes. The Group generated 269,725,000 kWh of green energy, saved 107,890 tonnes of standard coal and achieved reduction in carbon dioxide emission by 291,303 tonnes.

For a discussion on the business outlook and strategies of the Group, please refer to the section headed "Chairlady's Statement" of this report.

Projects

Eco-Tech WTE plant commenced technological upgrade since April 2014. It resumed trial operation in August 2015. The commercial operation of Kewei WTE plant and China Scivest WTE plant continued to contribute in a significant way to the Group during the first half of 2015, while Zhanjiang WTE plant was under development and is expected to commence trial operation in the second half of 2015.

The following table sets forth the operating details of each WTE plant:

	Six months ended 30 June	
	2015	2014
Eco-Tech WTE plant (Note 3)		
Waste treatment		
Received MSW (tonnes)	N/A	104,423
Processed MSW (tonnes) (Note 1)	N/A	107,950
Power generation		
Power generated (MWh)	N/A	69,634
Power sold (MWh)	N/A	58,638
Sales to generation ratio (Note 2)	N/A	84.2%
Kewei WTE plant		
Waste treatment		
Received MSW (tonnes)	289,155	290,811
Processed MSW (tonnes) (Note 1)	282,790	277,711
Power generation		
Power generated (MWh)	123,143	119,770
Power sold (MWh)	109,610	104,154
Sales to generation ratio (Note 2)	89.0%	87.0%
China Scivest WTE plant		
Waste treatment		
Received MSW (tonnes)	356,196	363,374
Processed MSW (tonnes) (Note 1)	336,122	330,817
Power generation		
Power generated (MWh)	146,582	142,433
Power sold (MWh)	129,052	129,157
Sales to generation ratio (Note 2)	88.0%	90.7%

Management Discussion and Analysis

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 since April 2014 for its technological upgrade.

Revenue

During the period under review, the Group's revenue reached HK\$486.2 million, representing an increase of 55.2% compared with HK\$313.3 million in the corresponding period of year 2014. It was mainly attributable to the construction revenue and finance income relating to Zhanjiang WTE plant which was under development. The decrease in revenue from power sales and revenue from waste treatment fees were due to the fact that Eco-Tech WTE plant had not made any contribution following its suspension for technological upgrade in April 2014.

The following table sets forth the breakdown of revenue for the six months ended 30 June 2015 and 2014:

	Six months ended 30 June			
	2015		2014	
	HK\$'000	%	HK\$'000	%
Revenue from power sales	159,317	32.7%	192,780	61.5%
Revenue from waste treatment fees	89,801	18.5%	105,635	33.7%
Construction revenue arising from BOT arrangement	233,407	48.0%	14,736	4.7%
Finance income arising from BOT arrangement	3,679	0.8%	119	0.1%
Total	486,204	100.0%	313,270	100.0%

The following table sets forth the revenue generated for each of the WTE plants for the six months ended 30 June 2015 and 2014:

	Six months ended 30 June			
	2015		2014	
	HK\$'000	%	HK\$'000	%
Eco-Tech WTE plant	–	–	50,761	16.2%
Kewei WTE plant	113,997	23.4%	110,696	35.3%
China Scivest WTE plant	135,121	27.8%	136,958	43.7%
Zhanjiang WTE plant	237,086	48.8%	14,855	4.8%
Total	486,204	100.0%	313,270	100.0%

Management Discussion and Analysis

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 period under review, cost of sales increased from HK\$148.0 million in the corresponding period of year 2014 by 100.9% to HK\$297.5 million. It was mainly attributable to construction cost incurred from the undergoing work at Zhanjiang WTE plant, and the increase in maintenance cost and employee benefit expenses from Kewei WTE plant and China Scivest WTE plant.

Gross Profit and Gross Profit Margin

During the period under review, gross profit of the Group amounted to HK\$188.7 million, representing an increase of 14.2% as compared to HK\$165.2 million in the corresponding period of year 2014. The increase in gross profit was mainly attributable to gross profit from the under development Zhanjiang WTE plant, and was partly offset by the suspension of Eco-Tech WTE plant for technological upgrade.

Gross profit margin decreased from 52.7% in the corresponding period of year 2014 to 38.8% in the current period of year 2015. The decrease was due to generally lower gross profit margin of the construction income from Zhanjiang WTE plant which was under development compared to the gross margin from power sales and waste treatment by waste incineration, as well as the increase in cost of sales from Kewei WTE plant and China Scivest WTE plant.

The following table sets forth the breakdown of gross profit by nature for the six months ended 30 June 2015 and 2014:

	Six months ended 30 June			
	2015		2014	
	HK\$'000	%	HK\$'000	%
Power sales and waste treatment operations	146,162	77.5%	162,656	98.4%
Construction service arising from BOT arrangement	38,902	20.6%	2,456	1.5%
Finance income arising from BOT arrangement	3,679	1.9%	119	0.1%
Total	188,743	100.0%	165,231	100.0%

The following table sets forth gross profit margin by nature for the six months ended 30 June 2015 and 2014:

	Six months ended 30 June	
	2015	2014
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	58.7%	54.5%
Construction service arising from BOT arrangement	16.7%	16.7%
Finance income arising from BOT arrangement	100.0%	100.0%
Gross profit margin of the Group	38.8%	52.7%

Management Discussion and Analysis

General and Administrative Expenses

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

During the period under review, general and administrative expenses increased from HK\$38.5 million in the corresponding period of 2014 by 34.7% to HK\$51.9 million in the current period of 2015. The increase in the expenses was mainly due to the increase in staff cost as a result of the increase of the number of staff, operating expenses for listed company and the effect on fair value of share options being expensed.

Other Income

Other income mainly consisted of VAT refund, government grants and others. During the period under review, other income decreased by 74.4% from HK\$35.3 million in corresponding period in year 2014 to HK\$9.1 million in the current period of year 2015, which was mainly due to the claim for 2013 VAT refund related to Kewei being received in full in the first half of year 2014, while there was no such adjustments for VAT refund in the period under review.

Other Gain/(Loss), Net

Other net gain/(loss) mainly represented net exchange gain and loss. The Group recorded other net loss of HK\$0.8 million in the corresponding period of year 2014 while there was net gain of HK\$9.6 million in the corresponding period of year 2015. It was mainly attributable to the increase in exchange gain in the period under review and the absence of significant loss on disposal of property, plant and equipment in the period under review.

Interest Expense, Net

Net interest expense mainly consisted of interest expenses on borrowings from banks, net of interest income from bank deposits. During the period under review, net interest expenses decreased by 26.5% from HK\$33.0 million in the corresponding period of year 2014 to HK\$24.2 million in the current period of year 2015. The decrease in interest expenses was mainly due to the increase in interest income, repayment of bank borrowings during the period, reduction of the interest rate in the PRC and certain interest expenses being eligible to capitalise.

Income Tax Expenses

During the period under review, income tax expenses increased by 19.4% from HK\$11.5 million in the corresponding period of year 2014 to HK\$13.8 million in corresponding period of year 2015. It was mainly attributable to deferred income tax incurred by Zhanjiang WTE plant.

Profit Attributable to The Equity Holders of The Company

During the period under review, profit attributable to the equity holders of the Company decreased by 12.9% from HK\$115.9 million in the corresponding period of year 2014 to HK\$100.9 million in the current period of year 2015.

Management Discussion and Analysis

Liquidity, Financial and Capital Resources

Financial Resources

During the period under review, the Group generated HK\$119.9 million cash from operating projects (corresponding period in year 2014: HK\$162.5 million). Net cash used for the construction of Zhanjiang WTE plant amounted to HK\$178.1 million under BOT arrangement (corresponding period in year 2014: HK\$12.7 million), as a result, total net cash used in operating activities amounted to HK\$58.2 million during the period under review (corresponding period year in 2014: generated HK\$149.8 million). The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2015, total cash and cash equivalents of the Group were HK\$1,030.1 million (31 December 2014: HK\$1,328.2 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

Use of The Net Proceeds from The Initial Public Offering

The Company raised a total of HK\$1,165.0 million in 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 for the six months ended 30 June 2015 was 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	116,221	695,874
Development of phase two of Zhanjiang WTE Plant	149,596	70,313	79,283
Working capital and other general corporate purposes	106,855	19,514	87,341
Total	1,068,546	206,048	862,498

Borrowings

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

As at 30 June 2015, the Group's bank borrowings was HK\$1,378.3 million (31 December 2014: HK\$1,028.7 million). Such bank borrowings were secured by revenue collected from power sales, bank deposits, land use rights, property, plant and equipment, concession rights and corporate guarantees. The borrowings were denominated in Renminbi and were at floating interest rates. Net asset of the Group was HK\$2,542.3 million (31 December 2014: HK\$2,418.0 million).

Management Discussion and Analysis

The following table sets forth the analysis of borrowings as at 30 June 2015 and 31 December 2014, respectively:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Portion of term loans due after one year — secured	909,608	776,110
Portion of term loans due within one year — secured	468,664	252,576
Total bank borrowings	1,378,272	1,028,686

The following table sets forth the analysis of long-term borrowings as at 30 June 2015 and 31 December 2014, respectively:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Wholly repayable within five years	716,323	432,888
Not wholly repayable within five years	661,949	595,798
Total bank borrowings	1,378,272	1,028,686

The gearing ratio was the ratio of total liabilities divided by total assets. As at 30 June 2015, the gearing ratio was at a reasonable level of 39.9% (31 December 2014: 35.8%).

As of 30 June 2015, the Group had banking facilities in the amount of HK\$1,883.0 million, of which HK\$504.7 million remained unutilised.

Cost of Borrowings

For the six months ended 30 June 2015, total cost of borrowings of the Group was HK\$31.0 million (corresponding period in 2014: HK\$34.6 million), representing a decrease of HK\$3.6 million over the corresponding period last year. The decrease was mainly attributable to the lower of loan interest rate together with the repayment of bank loans and certain interest expenses being eligible to capitalise. Effective interest rate ranged from 3.00% to 6.23% in 2015, while it was from 6.08% to 6.55% in the corresponding period of year 2014.

Foreign Exchange Risk

The subsidiaries of the Group were 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 disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group has not used any financial instruments for hedging purposes. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and bank deposits.

Management Discussion and Analysis

Commitments

As at 30 June 2015, the Group had capital commitments contracted for but not yet provided for in the consolidated financial statements amounted to HK\$1,028.0 million (31 December 2014: HK\$942.1 million).

As at 30 June 2015, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises and other equipment amounted to HK\$16.8 million (31 December 2014: HK\$2.2 million).

Material Acquisition and Disposal of Subsidiaries, Plan for Significant Investment or Acquisition of Capital Assets in the Future

In May 2015, Kewei entered into an agreement with the other shareholder of Zhanjiang Yuefeng in relation to the acquisition of 45% equity interest in Zhanjiang Yuefeng. Upon completion, Zhanjiang Yuefeng would become a wholly-owned subsidiary of the Company. As at the date of this interim report, the transaction has yet to be completed. Please refer to the announcement of the Company dated 12 May 2015 for further details.

In May 2015, Kewei also entered into two agreements with Fujian Zhongan and Beijing Zhongke respectively in relation to the acquisitions of 80% and 20% equity interest in Laibin Zhongke from Fujian Zhongan and Beijing Zhongke at a consideration of RMB58,640,000 (approximately HK\$74,312,508) and RMB14,660,000 (approximately HK\$18,578,127) respectively, on substantially the same terms and conditions. Laibin Zhongke currently operates a WTE plant under a build-operate-transfer concession right in Laibin City, Guangxi Zhuang Autonomous Region. In addition, in June 2015, Kewei entered into an investment framework agreement with the Municipal Government of Laibin City, pursuant to which Kewei will expand the capacity of Laibin Zhongke WTE plant to 1,500 tonnes by two phases. Upon the first phase being put into operation, the plant would have a daily MSW processing capacity of 1,000 tonnes, and an additional 500 tonnes following the second phase expansion. In August 2015, the transactions have been completed. Please refer to respective announcements of the Company dated 26 May, 26 June and 14 August 2015 for further details.

Save as disclosed above and in the relevant announcements of the Company, during the six months ended 30 June 2015, the Group did not have any material acquisition or material disposal of subsidiaries or significant investment. Save as disclosed in relevant announcements, the Group has no plan for significant investment or acquisition of material capital assets.

Capital Expenditures

For the six months ended 30 June 2015, capital expenditure of the Group, mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements, amounted to HK\$507.9 million (corresponding period in year 2014: HK\$20.7 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 30 June 2015.

Pledge of Assets

As at 30 June 2015, the Group pledged certain of its revenue collected from power sales, land use rights, property, plant and machinery, concession rights and bank deposits with an aggregate carrying amount of HK\$1,930.9 million (31 December 2014: HK\$1,349.4 million) to secure certain credit facilities granted to the Group by a number of banks.

Management Discussion and Analysis

Human Resources

As at 30 June 2015, the Group employed a total of 419 employees, 13 of them were at management level. By geographical locations, it had 404 employees in the PRC and 15 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014 which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme as set out in Appendix VI to the prospectus of the Company dated 15 December 2014. Under the share option scheme and at the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). For details of such granted share options, please refer to the section headed "Other Information" of this report. Total remuneration costs, including Directors' remuneration, for the six months ended 30 June 2015 were HK\$40.4 million (including fair value of share option granted of HK\$5.8 million) (corresponding period in year 2014: HK\$36.8 million).

Post Balance Sheet Event

On 14 August 2015, the transactions in relation to the acquisitions of 80% and 20% equity interest, respectively, in Laibin Zhongke have been completed.

On 24 August 2015, Yi Feng Development Limited, a wholly-owned subsidiary of the Company, entered into sale and purchase agreements with Mr. Chiang Chun Wai, an Independent Third Party, to acquire 100% equity interest in Celestial Jade Limited at a total consideration of RMB230 million (approximately HK\$279.2 million). Celestial Jade Limited holds the right to construct a WTE plant under a concession right in Qingyuan City, Guangdong Province through its subsidiaries. This transaction has been completed on 24 August 2015.

Updates on China Scivest WTE Plant

Reference is made to the undertaking given by the Company on page 190 of the prospectus of the Company dated 15 December 2014. During the six months ended 30 June 2015, the Group had proactively cooperated with the Dongguan Municipal People's Government and other related governing authorities in obtaining the construction related licenses and permits for China Scivest WTE plant. As at the date of this report, the Group is still in the progress of applying for such licenses and permits for China Scivest WTE plant.

Report on Review of Interim Financial Information



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED**

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 44, which comprises the condensed consolidated balance sheet of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 August 2015

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Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Revenue	6	486,204	313,270
Cost of sales	7	(297,461)	(148,039)
Gross profit		188,743	165,231
General and administrative expenses	7	(51,872)	(38,513)
Other income	8	9,052	35,318
Other gain/(loss), net	9	9,583	(773)
Operating profit		155,506	161,263
Interest income	10	6,753	1,616
Interest expense	10	(30,980)	(34,597)
Interest expense, net		(24,227)	(32,981)
Profit before income tax		131,279	128,282
Income tax expense	11	(13,750)	(11,517)
Profit for the period		117,529	116,765
Other comprehensive income/(loss), net of tax:			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		991	(9,056)
Realisation of revaluation reserve upon disposal of available-for-sale financial assets		–	(203)
Other comprehensive income/(loss) for the period, net of tax		991	(9,259)
Total comprehensive income for the period		118,520	107,506

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Profit attributable to:			
Equity holders of the Company		100,895	115,890
Non-controlling interests		16,634	875
		117,529	116,765
Total comprehensive income attributable to:			
Equity holders of the Company		101,807	107,453
Non-controlling interests		16,713	53
		118,520	107,506
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	12	5.0	7.7
— diluted	12	5.0	7.7

The notes on pages 25 to 44 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
ASSETS			
Non-current assets			
Land use rights	13	165,192	167,087
Property, plant and equipment	14	826,039	530,272
Intangible assets	15	1,363,670	1,270,663
Long-term deposits and prepayments	16	135,585	113,126
Gross amount due from a customer for contract work		232,306	119,914
		2,722,792	2,201,062
Current assets			
Inventories		213	507
Trade receivables	16	81,577	70,967
Deposits, prepayments and other receivables	16	31,431	32,391
Income tax recoverable		1,215	1,215
Restricted deposits	17	261,442	6,338
Short-term bank deposits		101,448	126,764
Cash and cash equivalents		1,030,082	1,328,172
		1,507,408	1,566,354
Total assets		4,230,200	3,767,416
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	20,000	20,000
Share premium		1,084,780	1,084,780
Other reserves		794,172	781,809
Retained earnings		523,681	428,403
		2,422,633	2,314,992
Non-controlling interests		119,685	102,972
Total equity		2,542,318	2,417,964

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	909,608	776,110
Deferred government grants		66	71
Deferred income tax liabilities		109,790	104,442
Other non-current liabilities		1,460	1,316
		1,020,924	881,939
Current liabilities			
Trade and other payables	20	195,058	212,663
Borrowings	19	468,664	252,576
Current income tax liabilities		3,236	2,274
		666,958	467,513
Total liabilities		1,687,882	1,349,452
Total equity and liabilities		4,230,200	3,767,416
Net current assets		840,450	1,098,841
Total assets less current liabilities		3,563,242	3,299,903

The notes on pages 25 to 44 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	(Unaudited)											
	Attributable to equity holders of the Company										Non-controlling interests	Total Equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Share option reserve	Exchange reserve	Retained earnings	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2015	20,000	1,084,780	704,944	49,295	8,097	-	19,473	428,403	2,314,992	102,972	2,417,964	
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	100,895	100,895	16,634	117,529	
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	912	-	912	79	991	
Total comprehensive income for the period	-	-	-	-	-	-	912	100,895	101,807	16,713	118,520	
Appropriation of statutory reserve	-	-	-	5,617	-	-	-	(5,617)	-	-	-	
Employees share option scheme — value of employee services (Note 18)	-	-	-	-	-	5,834	-	-	5,834	-	5,834	
Balance at 30 June 2015	20,000	1,084,780	704,944	54,912	8,097	5,834	20,385	523,681	2,422,633	119,685	2,542,318	

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	(Audited)											
	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserves HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Share option 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 period	-	-	-	-	-	-	-	-	115,890	115,890	875	116,765
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	-	(8,234)	-	(8,234)	(822)	(9,056)
Realisation of revaluation reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	(203)	-	-	-	(203)	-	(203)
Total comprehensive income for the period	-	-	-	-	-	(203)	-	(8,234)	115,890	107,453	53	107,506
Issuance of ordinary shares, net	12	-	-	-	-	-	-	-	-	12	-	12
Appropriation of statutory reserve	-	-	-	7,764	-	-	-	-	(7,764)	-	-	-
Deemed contribution from the immediate holding company	-	-	344,481	-	-	-	-	-	-	344,481	-	344,481
Balance at 30 June 2014	12	-	704,944	44,373	8,097	-	-	12,290	358,177	1,127,893	85,906	1,213,799

The notes on pages 25 to 44 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited) HK\$'000	(Audited) HK\$'000
Cash flows from operating activities		
Profit before income tax	131,279	128,282
Adjustment for:		
Construction revenue arising from build-operate-transfer ("BOT") arrangement	(233,407)	(14,736)
Finance income arising from BOT arrangement	(3,679)	(119)
Depreciation of property, plant and equipment	18,552	17,925
Amortisation of land use rights	1,983	2,028
Amortisation of intangible assets	32,697	32,669
Interest income	(6,753)	(1,616)
Interest expense	30,980	34,597
Exchange differences	(9,565)	(1,898)
Share option expenses	5,834	–
(Gain)/loss on disposals of property, plant and equipment	(18)	9,875
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)		
— Non-current prepayments	(10,875)	(5,346)
— Inventories	1,154	1,244
— Trade and other receivables	(9,913)	22,415
— Trade and other payables	990	(67,937)
Net cash (used in)/generated from operations	(50,741)	157,383
Income tax paid	(7,488)	(7,609)
Net cash (used in)/generated from operating activities	(58,229)	149,774
Cash flows from investing activities		
Deposit paid for acquisition of a subsidiary	(60,260)	–
Acquisition of subsidiaries, net of cash acquired	–	(113,190)
Payments for purchase of property, plant and equipment	(204,488)	(29,724)
Proceeds from disposals of property, plant and equipment	337	6,875
Payments for land use rights	–	(3,876)
Proceeds from disposal of available-for-sale financial assets	–	44,461
Increase in restricted deposits	(7,580)	–
Release of restricted deposits	6,317	–
Decrease in short-term bank deposits	25,266	–
Interest received	6,753	1,616
Net cash used in investing activities	(233,655)	(93,838)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited) HK\$'000	(Audited) HK\$'000
Cash flows from financing activities		
Proceeds from borrowings	449,217	–
Repayments of borrowings	(101,181)	(106,655)
Increase in restricted deposits	(252,811)	–
Interest paid	(36,701)	(34,597)
Repayments from related parties	–	86,115
Issuance of ordinary shares	–	12
Deposit paid for acquisition of non-controlling interests in Zhanjing Yuefeng Environmental Power Company Limited ("Zhanjing Yuefeng")	(55,638)	–
Professional expenses paid in connection with the Company's listing	(9,316)	–
Deemed capital injection from the immediate holding company	–	344,481
Net cash (used in)/generated from financing activities	(6,430)	289,356
Net (decrease)/increase in cash and cash equivalents	(298,314)	345,292
Cash and cash equivalents at beginning of period	1,328,172	49,803
Currency translation differences	224	(1,239)
Cash and cash equivalents at end of period	1,030,082	393,856

The notes on pages 25 to 44 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General Information

Canvest Environmental Protection Group Company Limited (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, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Island.

The Company and its subsidiaries (together, the “Group”) are engaged in the provision of municipal solid waste handling services and operation and management of waste-to-energy plants.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 24 August 2015.

This condensed consolidated interim financial information has not been audited.

2 Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Key Events

On 12 May 2015, Dongguan Kewei Environmental Power Company Limited (“Kewei”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with High Point Investment Group Limited, the non-controlling interest holder of Zhanjiang Yuefeng, to acquire the remaining 45% equity interest in Zhanjiang Yuefeng at a consideration of RMB220,000,000 (approximately HK\$278,894,000). As at 30 June 2015, a deposit of RMB44,000,000 (approximately HK\$55,796,000) has been paid (note 16). This transaction is still yet to be completed up to the date of this report.

On 26 May 2015, Kewei entered into sale and purchase agreements with Fujian Zhongan Tongyong Energy Environmental Protection Company Limited and Beijing China Sciences General Energy & Environment Co., Ltd., two individual third parties, to acquire 100% equity interest in Laibin Zhongke Environmental Power Company Limited (“Laibin Zhongke”) at a total consideration of RMB73,300,000 (approximately HK\$92,891,000). Laibin Zhongke operates a waste-to-energy (“WTE”) plant in Laibin City, Guangxi Zhuang Autonomous Region based on a BOT concession. As at 30 June 2015, deposits of RMB47,650,000 (approximately HK\$60,425,000) has been paid (note 16). This transaction has been completed on 14 August 2015.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the fiscal year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

There are no other new or amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting Policies (Continued)

A number of new standards and amendments to standards and interpretation have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted. None of these is expected to have a significant impact on the consolidated financial statements of the Group, except the following new standards:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2017

The Group has already commenced an assessment of the impact of adopting the above new standards and yet to assess their full impact.

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 Financial Risk Management and Financial Instruments

5.1 Financial risk factors

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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since year end.

Notes to the Condensed Consolidated Interim Financial Information

5 Financial Risk Management and Financial Instruments (Continued)

5.2 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 outflow for the period is approximately HK\$58,229,000 (2014: net cash inflow of approximately HK\$149,774,000), including net operating cash used in relation to the BOT arrangement under Zhanjiang Yuefeng of approximately HK\$178,100,000 (2014: HK\$12,660,000). Excluding the operating cash outflow in relation to the BOT arrangement under Zhanjiang Yuefeng, the Group generated operating cash of approximately HK\$119,871,000 (2014: HK\$162,434,000). 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.

The tables below analyse the Group's contractual maturities for its non-derivative financial liabilities (excluding statutory liabilities) as at 30 June 2015 and 31 December 2014. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	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
As at 30 June 2015 (Unaudited)					
Bank borrowings	537,719	139,766	746,582	177,996	1,602,063
Trade and other payables	189,863	–	–	–	189,863
	727,582	139,766	746,582	177,996	1,791,926
As at 31 December 2014 (Audited)					
Bank borrowings	312,886	209,297	579,911	114,752	1,216,846
Trade and other payables	210,250	–	–	–	210,250
	523,136	209,297	579,911	114,752	1,427,096

During the six months ended 30 June 2015, the Group has drawn-down a long-term bank loan of HK\$183,722,000 from a bank in the People's Republic of China ("PRC"). The loan bears floating interest rates ranged from 6.50% per annum to 6.55% per annum. It will mature in 2021 and will be settled by instalments.

Notes to the Condensed Consolidated Interim Financial Information

5 Financial Risk Management and Financial Instruments (Continued)

5.3 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 period ended 30 June 2015, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax and retained earnings would have been approximately HK\$5,030,000 (2014: HK\$4,912,000) lower/higher as a result of higher/lower interest expense on bank borrowings. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for bank borrowings in existence at the balance sheet date.

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Group's financial performance.

5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying values:

- Gross amount due from a customer for contract work
- Trade receivables
- Deposits and other receivables
- Restricted deposits
- Short-term bank deposits
- Cash and cash equivalents
- Trade and other payables
- Borrowings

Notes to the Condensed Consolidated Interim Financial Information

6 Revenue and Segment Information

The chief operating decision-maker 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 six months ended 30 June 2015, the Executive Directors consider that the Group's operations are operated and managed as a single segment — waste-to-energy project construction and operation (2014: 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 for the six months ended 30 June 2015 (2014: same).

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Revenue from power sales	159,317	192,780
Waste treatment fee	89,801	105,635
Construction revenue arising from BOT arrangement	233,407	14,736
Finance income arising from BOT arrangement	3,679	119
	486,204	313,270

Revenue of approximately HK\$237,086,000 is derived from the largest single customer for the six months ended 30 June 2015, representing 49% of the Group's total revenue, and for which approximately HK\$233,407,000 is attributable to construction revenue and approximately HK\$3,679,000 is attributable to finance income; HK\$159,317,000 is derived from the second largest customer for the six months ended 30 June 2015, representing 33% of the Group's total revenue, is attributable to revenue from power sales. Revenue of approximately HK\$192,780,000 is derived from the largest customer for the six months ended 30 June 2014, representing 62% of the Group's total revenue and is attributable to revenue from power sales.

Notes to the Condensed Consolidated Interim Financial Information

7 Expenses by Nature

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Coal	–	19,460
Fuel	467	452
Maintenance cost	11,384	8,668
Environmental protection expenses	18,965	29,459
Auditor's remuneration	1,340	96
Employee benefit expenses	34,579	36,756
Share option expenses	5,834	–
Depreciation and amortisation		
— Land use rights	1,983	2,028
— Property, plant and equipment	18,552	17,925
— Intangible assets	32,697	32,669
Operating lease rentals	2,296	1,759
Construction cost recognised for construction of BOT projects (included in cost of sales)	194,505	12,280
Professional expense incurred in connection with the Company's listing	–	7,909

8 Other Income

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Value-added tax refund (Note)	7,701	33,571
Government grants	6	7
Others	1,345	1,740
	9,052	35,318

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. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

Notes to the Condensed Consolidated Interim Financial Information

9 Other Gain/(Loss), Net

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Gain/(loss) on disposal of property, plant and equipment	18	(9,875)
Exchange gains, net	9,565	1,898
Reversal of provision	—	7,204
	9,583	(773)

10 Interest Income and Expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Interest expense on borrowings:		
— wholly repayable within five years	(17,907)	(10,148)
— wholly repayable over five years	(18,794)	(24,449)
	(36,701)	(34,597)
Less: amount capitalised on qualifying assets	5,721	—
	(30,980)	(34,597)
Interest income from bank deposits	6,753	1,616
Interest expense, net	(24,227)	(32,981)

Notes to the Condensed Consolidated Interim Financial Information

11 Income Tax Expense

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Current income tax		
PRC enterprise income tax	8,453	11,103
Hong Kong profits tax	–	–
Total current income tax	8,453	11,103
Deferred income tax	5,297	414
Income tax expense	13,750	11,517

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 six months ended 30 June 2015 and 2014. No Hong Kong profits tax have been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (2014: same).

Subsidiaries incorporated in the PRC are subjected to a tax rate of 25% on the assessable profits arising in or derived from the PRC except the followings:

- (i) Kewei has obtained an approval for an enterprise income tax (“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 six months ended 30 June 2015 and 2014.
- (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 six months ended 30 June 2015 and 2014.

Notes to the Condensed Consolidated Interim Financial Information

12 Earnings per Share

(a) Basic

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company and weighted average number of ordinary shares in issue during the period.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2014 have been retrospectively adjusted to reflect 1,152,380 shares and 1,498,847,619 shares issued upon the reorganisation completed on 19 May 2014 and capitalisation completed on 29 December 2014, respectively.

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Audited)
Profit attributable to equity holder of the Company (HK\$'000)	100,895	115,890
Weighted average number of ordinary shares in issue (thousand shares)	2,000,000	1,500,000
Basic earnings per share (HK cents)	5.0	7.7

(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 two category of dilutive potential ordinary share, the Over-allotment Option ("Over-allotment Option") and share options. 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 1 January 2015 to 16 January 2015 (date of Over-allotment Option lapsed)) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares from the grant date of share options to 30 June 2015) based on the monetary value of the subscription rights attached to the outstanding share options. 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 and share options.

Diluted earnings per share for the period ended 30 June 2015 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding Over-allotment Option and share options would have an anti-dilutive effect to the basic earnings per share.

There is no dilutive potential ordinary shares outstanding for the period ended 30 June 2014.

Notes to the Condensed Consolidated Interim Financial Information

13 Land Use Rights

	HK\$'000
For the six months ended 30 June 2015 (Unaudited)	
Opening net book amount at 1 January 2015	167,087
Amortisation (Note 7)	(1,983)
Currency translation differences	88
Closing net book amount at 30 June 2015	165,192
For the six months ended 30 June 2014 (Audited)	
Opening net book amount at 1 January 2014	170,696
Additions	953
Amortisation (Note 7)	(2,028)
Currency translation differences	(1,621)
Closing net book amount at 30 June 2014	168,000

14 Property, Plant and Equipment

	HK\$'000
For the six months ended 30 June 2015 (Unaudited)	
Opening net book amount at 1 January 2015	530,272
Additions	313,430
Depreciation (Note 7)	(18,552)
Currency translation differences	889
Closing net book amount at 30 June 2015	826,039
For the six months ended 30 June 2014 (Audited)	
Opening net book amount at 1 January 2014	472,428
Acquisition of subsidiaries	2,931
Additions	8,437
Disposals	(16,750)
Depreciation (Note 7)	(17,925)
Currency translation differences	(4,428)
Closing net book amount at 30 June 2014	444,693

Note: The addition of property, plant and equipment for the period ended 30 June 2015 mainly arising from the technological upgrade of Dongguan Eco-Tech Environmental Power Company Limited ("Eco-Tech") currently in progress.

Notes to the Condensed Consolidated Interim Financial Information

15 Intangible Assets

	Goodwill HK\$'000	Concession rights HK\$'000	Total HK\$'000
For the six months ended			
30 June 2015 (Unaudited)			
Opening net book amount at 1 January 2015	180,281	1,090,382	1,270,663
Additions for BOT arrangement	–	125,012	125,012
Amortisation (Note 7)	–	(32,697)	(32,697)
Currency translation differences	66	626	692
Closing net book amount at 30 June 2015	180,347	1,183,323	1,363,670
For the six months ended			
30 June 2014 (Audited)			
Opening net book amount at 1 January 2014	180,886	–	180,886
Acquisition of subsidiaries	–	1,025,998	1,025,998
Additions for BOT arrangement	–	7,829	7,829
Amortisation (Note 7)	–	(32,669)	(32,669)
Currency translation differences	(1,725)	(9,698)	(11,423)
Closing net book amount at 30 June 2014	179,161	991,460	1,170,621

Notes to the Condensed Consolidated Interim Financial Information

16 Trade Receivables, Other Receivables, Deposits and Prepayments

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Non-current assets		
Deposits for acquisition of Laibin Zhongke	60,425	–
Deposit for acquisition of non-controlling interests in Zhanjiang Yuefeng	55,796	–
Prepayments for property, plant and equipment	17,747	111,196
Rental deposits	1,617	1,930
	135,585	113,126
Current assets		
Trade receivables-net	81,577	70,967
Deposits and prepayments	6,395	1,695
Other receivables	4,286	15,423
Value-added tax recoverable	20,750	15,273
	113,008	103,358
	248,593	216,484

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

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Up to 1 month	32,813	25,013
1 to 3 months	31,582	23,769
3 to 6 months	15,664	12,152
Over 6 months	1,518	10,033
	81,577	70,967

Notes to the Condensed Consolidated Interim Financial Information

17 Restricted Deposits

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Restricted deposits, denominated in RMB	261,442	6,338

Restricted deposit of HK\$7,609,000 (2014: HK\$6,338,000) represents deposit pledged for a BOT service concession arrangement in relation to a waste-to-energy plant in Zhanjiang, the PRC. Restricted deposits of HK\$253,833,000 (2014: nil) represent deposits pledged for bank borrowings of the Group. The effective interest rate on restricted bank deposits is 0.35% per annum (2014: 0.35% per annum).

18 Share Capital

(a) Share capital

	Number of shares (in '000)	Total HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2014, 1 January 2015 and 30 June 2015	5,000,000	50,000
Issued and fully paid:		
At 31 December 2014, 1 January 2015 and 30 June 2015	2,000,000	20,000

Notes to the Condensed Consolidated Interim Financial Information

18 Share Capital (Continued)

(b) Share options

On 24 April 2015, the board of the Company has granted share options to certain employees, officers and directors of the Company or any of its subsidiaries to subscribe for a total of 3,000,000 ordinary shares of the Company under the Share Option Scheme ("Scheme") adopted on 7 December 2014. The acceptance of the grant of the share option can be made with a payment of HK\$1 from the grantee. All share options granted were accepted. All share options granted under the Scheme are exercisable in whole or in part within 10 years from the date of grant. The details of the share options granted are as follows:

— Number of share options granted	3,000,000
— Exercise price	HK\$4.39 per share
— Weighted average fair value	HK\$1.9445 per share

The weighted average fair value of the share options granted on 24 April 2015 measured at the date of grant was HK\$1.9445 per share option based on the following assumptions using the Binomial Lattice Model:

— Share price at the grant date	HK\$4.39 per share
— Exercise price	HK\$4.39 per share
— Expected volatility of the Company's share price	61% per annum
— Share option life	10 years
— Exercisable period	24 April 2015–23 April 2025
— Average risk-free interest rate (based on Hong Kong Government Bonds)	1.43% per annum

The expected volatility are based on historical volatility of comparable companies. Changes in the above assumptions could materially affect the share options' fair value estimate.

Notes to the Condensed Consolidated Interim Financial Information

19 Bank Borrowings

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Bank borrowings, secured		
Non-current	909,608	776,110
Current	468,664	252,576
Total	1,378,272	1,028,686

Borrowings are analysed as follows:

	As at 30 June 2015 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
At 1 January	1,028,686	381,567
Proceeds from borrowings	449,217	–
Acquisition of subsidiaries	–	756,140
Repayments of borrowings	(101,181)	(106,655)
Currency translation differences	1,550	(10,014)
At 30 June	1,378,272	1,021,038

Bank borrowings are secured by collection of revenue from power sales, land use rights, property, plant and equipment, a concession right, bank deposits and corporate guarantees.

Notes to the Condensed Consolidated Interim Financial Information

20 Trade and Other Payables

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Trade payables	20,666	25,696
Accruals and other payables (Note)	174,392	186,967
	195,058	212,663

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

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

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Up to 1 month	11,836	12,643
1 to 2 months	1,503	7,293
2 to 3 months	942	2,159
Over 3 months	6,385	3,601
	20,666	25,696

21 Dividends

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: Nil).

Notes to the Condensed Consolidated Interim Financial Information

22 Commitments

(a) Capital commitments

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Contracted but not provided for		
Property, plant and equipment	359,225	338,470
Construction cost for BOT	413,076	603,639
Acquisition of non-controlling interests in Zhanjiang Yuefeng	223,186	–
Acquisition of Laibin Zhongke	32,527	–
	1,028,014	942,109

(b) Operating lease commitments

The Group leases various offices and premises under non-cancellable operating lease agreements.

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

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Contracted		
— No later than 1 year	6,551	1,955
— Later than 1 year and no later than 5 years	10,250	199
	16,801	2,154

Notes to the Condensed Consolidated Interim Financial Information

23 Significant Related Party Transactions

The Group is controlled by Best Approach Developments Limited (incorporated in the British Virgin Islands), which owns approximately 65.1% of the Company's shares. The remaining 34.9% of the shares are widely held.

The directors are of the view that the following companies are related parties of the Group:

Name	Relationship with the Group
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. Lai Kin Man ("Mr. KM Lai")
Mr. KM Lai	Controlling shareholder
Best Approach Developments Limited	The immediate holding company

(a) Transactions with related parties

During the six months ended 30 June 2014, Dongguan Dongchang collected and processed fly ashes and bottom ashes produced by Eco-Tech for free. Such arrangement was terminated in April 2014.

(b) Period/year-end balances with related parties

No receivable and payable balance with related parties as at 30 June 2015 and 31 December 2014.

(c) Key management compensation

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
Wages and salaries	7,541	5,050
Pension costs — defined contribution plans	129	153
Share option expenses	4,038	—
Welfare and other expenses	1,235	489
	12,943	5,692

Notes to the Condensed Consolidated Interim Financial Information

24 Post Balance Sheet Event

On 14 August 2015, the transactions in relation to the acquisition of 80% and 20% equity interest, respectively, in Laibin Zhongke have been completed.

On 24 August 2015, Yi Feng Development Limited, a wholly-owned subsidiary of the Company, entered into sale and purchase agreements with Mr. Chiang Chun Wai, a natural person and third party, to acquire 100% equity interest in Celestial Jade Limited at a total consideration of RMB230,000,000 (approximately HK\$279,170,000). Celestial Jade Limited holds the right to construct a WTE plant under a concession right in Qingyuan City, Guangdong Province through its subsidiaries. This transaction has been completed on 24 August 2015.

Management is still in the process of completing the purchase price allocation of these transactions.

Corporate Governance

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.

During the six months ended 30 June 2015, the Company has complied with the code provisions of the CG Code, and complied with certain recommended best practices except for the deviation from paragraph A.6.7 of the CG Code as Professor Sha Zhenquan, an independent non-executive director, was absent from the annual general meeting of the Company held on 16 June 2015 for other engagements.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the six month period ended 30 June 2015.

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 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 the Company.

During the six months ended 30 June 2015, the audit committee has held one meeting and performed the following major works:

- review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2014, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

The external auditor attended the above meeting to discuss with the audit committee on issues arising from the audit and financial reporting matters.

Corporate Governance

There is no disagreement between the Board and the audit committee regarding the appointment of external auditor or the accounting treatment adopted by the Company.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2015 and reviewed, in the presence of the management of the Group, the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Remuneration Committee

The Company has set up a remuneration committee in compliance with 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.

During the six months ended 30 June 2015, the remuneration committee has held two meetings and performed the following major works:

- Performance evaluation of directors and management team;
- Generally reviewed and discussed the remuneration packages of directors and management team; and
- Considered and approved the grant of share options.

Nomination Committee

The members of nomination 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.

Corporate Governance

During the six months ended 30 June 2015, the nomination committee has held one meeting and performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 16 June 2015; and
- Assessment of the independence of all the Company's independent non-executive directors.

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.

During the six months ended 30 June 2015, the corporate governance committee has held one meeting and performed the following major works:

- Reviewed and assessed the continuous professional development of Directors and senior management;
- Reviewed the Company's policies and practices on corporate governance; and
- Reviewed the Company's compliance with Appendix 14 to the Listing Rules.

Other Information

The Company has adopted a share option scheme on 7 December 2014. On 24 April 2015, the Company has granted a total of 3,000,000 share options to the eligible participants of the Company. Please refer to the Company's announcement dated 24 April 2015 and note 18 to the condensed consolidated interim financial information for further details.

Name or category of participant	Outstanding	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	as at 1 January 2015					as at 30 June 2015			
Directors									
Ms. Loretta Lee	-	250,000	-	-	-	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. Yuan Guozhen	-	250,000	-	-	-	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. CT Lai	-	250,000	-	-	-	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Subtotal	-	750,000	-	-	-	750,000			
Other employees working under continuous employment contracts									
In aggregate	-	2,250,000	-	-	-	2,250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Total	-	3,000,000	-	-	-	3,000,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

*** The closing price of the Shares immediately before the date of grant of such share options was HK\$4.39 per share.

The number of shares available for issue under the Share Option Scheme is 197,000,000 Shares, representing 9.85% of the issued share capital of the Company as at the date of the Company's 2014 annual report, as at the date of the interim result announcement dated 24 August 2015 and as at the date of this interim report, respectively.

Other Information

Directors' and Chief Executive's Interests in Shares, underlying Shares and Short Positions

As at 30 June 2015, 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

Name of Director	Number of Shares/Underlying Shares Held			Total interests	Total interests as % of the issued share capital
	Personal ⁽²⁾	Spouse interests ⁽²⁾	Founder of a discretionary trust ⁽¹⁾		
Ms. Loretta Lee	250,000	250,000	1,301,652,837	1,302,152,837	65.1%
Mr. KM Lai	–	–	1,301,652,837	1,301,652,837	65.1%
Mr. Yuan Guozhen	250,000	357,000	–	607,000	0.03%
Mr. CT Lai ⁽³⁾	250,000	1,301,902,837	–	1,302,152,837	65.1%

Note:

- 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).
- Details of share options held by the directors are shown in page 48.
- 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) 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:

- 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).

Other Information

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 30 June 2015, 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

Name of Shareholder	Nature of Interest	Number of Shares Held	Number of Underlying Shares	Approximate percentage of shareholding
Mr. CT Lai	Personal	–	250,000 ⁽⁵⁾	0.01%
	Interest of spouse	1,301,652,837 ⁽¹⁾	250,000 ⁽⁵⁾	65.1%
	Aggregate interest	1,301,652,837 ⁽¹⁾	500,000 ⁽⁵⁾	65.1%
HSBC International Trust 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:

- 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.
- 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).
- 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.
- 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.
- Details of share options held by directors are shown in page 48.

Other Information

(2) Zhanjiang Yuefeng

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

Note:

1. In May 2015, Kewei entered into an agreement with High Point, another shareholder of Zhanjiang Yuefeng, in relation to the acquisition of 45% equity interest in Zhanjiang Yuefeng. Upon completion, Zhanjiang Yuefeng would become a wholly-owned subsidiary of the Company. As at the date of this interim report, the transaction has yet to be completed. Please refer to the announcement of the Company dated 12 May 2015 for further details.

Interests of any Other Persons

Save as disclosed in the foregoing, as at 30 June 2015, 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.

Purchase, Sale or Redemption of listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six month period ended 30 June 2015.

Disclosure pursuant to Rule 13.51B(1) of the Listing Rules

Mr. Chan Kam Kwan Jason resigned as the independent non-executive director of AMCO United Holding Limited (formerly known as Guojin Resources Holdings Limited and Jackin International Holdings Limited) with effect from 30 June 2015.

Public Float

Based on the information that is 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 held by the public for the six months ended 30 June 2015 and as at the date of this interim report.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

Glossary

Beijing Zhongke	Beijing China Sciences General Energy & Environment Co., Ltd. (北京中科通用能源環保有限責任公司), a company established in the PRC with limited liability and is an Independent Third Party
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 the 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 the 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 the 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 an indirect wholly owned subsidiary of the Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Director(s)	director(s) of the Company

Glossary

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 an indirect wholly owned subsidiary of the Company
Euromonitor Report	the report entitled "Waste to Energy Market in Mainland China" issued by Euromonitor International Limited, which was commissioned by us
Fujian Zhongan	Fujian Zhongan Tongyong Energy Environmental Protection Company Limited (福建中安通用能源環保股份有限公司), a company established in the PRC with limited liability and is an Independent Third Party
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 holds 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 (東莞科維環保投資有限公司) (formerly known as 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
Laibin Zhongke	Laibin Zhongke Environmental Power Company Limited (來賓中科環保電力有限公司), a company established in the PRC with limited liability and became an indirect wholly owned subsidiary of the Company since 14 August 2015
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

Glossary

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.
PRC	People's Republic of China
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 the Company
%	per cent