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CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

Financial Highlights

	For the year ended 31 December 2015	2014	Change
Revenue *(HK$'000)*	**1,184,536**	793,967	+49.2%
Among: Revenue from power sales and waste treatment *(HK$'000)* (1)	**581,128**	541,946	+7.2%
Gross profit *(HK$'000)*	**439,324**	342,321	+28.3%
EBITDA *(HK$'000)*	**511,844**	407,985	+25.5%
Profit for the year *(HK$'000)*	**288,895**	208,359	+38.7%
Profit attributable to equity holders of the Company *(HK$'000)*	**272,001**	191,038	+42.4%
Basic earnings per share *(HK cents)* (2)	**13.6**	12.7	+7.1%
Cash generated from operating projects *(HK$'000)* (3)	**311,530**	307,920	+1.2%

Notes:

(1) The operation of Eco-Tech WTE plant has been suspended for its technological upgrade since April 2014 and it resumed trial operation in August 2015.

(2) The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 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.

(3) Cash generated from operating projects represented net cash used for/generated from operating activities for the year, excluding net operating cash used in relation to the BOT arrangement under Zhanjiang Yuefeng.

Operational Highlights

- During the year, the Group implemented innocuous treatment of waste volume amounted to 1,504,558 tonnes. The Group generated 657,197,000 kWh from green energy, saving 262,879 tonnes of standard coal and reducing emission of carbon dioxide by 709,773 tonnes.

- Eco-Tech WTE plant commenced technological upgrade since April 2014 and resumed trial operation in August 2015. On top of the existing 1,800 tonnes daily MSW processing capacity, it could expand MSW processing capacity by an additional 1,500 tonnes upon completion of the technological upgrade.

- Zhanjiang WTE plant has commenced testings and expects to commence trial operation in the first-half of 2016. In April 2015, the Group was informed by the Zhanjiang Development and Reform Commission that Zhanjiang Yuefeng shall construct the WTE plant with a total daily MSW processing capacity of 1,500 tonnes without any phase arrangement.

- In May 2015, Kewei entered into an agreement with the other shareholder of Zhanjiang Yuefeng for the acquisition of the remaining 45% equity interest in Zhanjiang Yuefeng.

- In May 2015, Kewei acquired 100% equity interest in Laibin Zhongke. The transactions was completed in August 2015. In June 2015, Kewei entered into an investment framework agreement with the Municipal Government of Laibin City in relation to the expansion of the daily MSW processing capacity of Laibin Zhongke WTE plant to 1,500 tonnes in two phases.

- In August 2015, Yi Feng acquired 100% equity interest of Celestial Jade. It holds the concession right to construct a WTE plant in Qingyuan City, Guangdong Province.

- In December 2015, China Scivest WTE plant was awarded "Grade AAA Innocuous Waste Incineration Plant" by the Department of Housing and Urban-Rural Development of Guangdong Province, the highest grade in the rating system.

- In December 2015, the Group received a notice from the Dongguan Municipal Administration that China Scivest WTE plant could expand its daily MSW processing capacity by installing additional production line of 1,200 tonnes.

- In January 2016, Kewei entered into an agreement in relation to the acquisition of 100% equity interest of Xingyi Hongda. It holds the concession right to a WTE project in Xingyi City, Guizhou Province, the first phase of 700 tonnes is in trial operation.

- In March 2016, Kewei was conditionally awarded the BOT concession right in relation to the Beiliu WTE project.

The board of directors of Canvest Environmental Protection Group Company Limited announces the audited results of the Group for the year ended 31 December 2015.

CHAIRLADY'S STATEMENT

To all honorable Shareholders,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the satisfactory results of the Group for the year ended 31 December 2015.

Following the steady development of China's economy, the improving living standard of residents, accelerating construction of new towns and rapid urbanization, huge amount of solid wastes were produced, causing an increasingly serious problem of "waste siege". The revised Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) was officially implemented in 2015 in order to strengthen the promotion of clean energy and environmental protection, and at the same time, a set of rules and opinions which govern and control the emission of environmental toxic substances were released, for examples, the "Operation Regulatory Standards of Solid Waste Incineration Plants" (《生活垃圾焚燒廠運行監管標準》), "Technical Specifications for Dioxin Monitoring" (《二噁英類監測技術規範》) and "Instructions for fully promoting Rural Solid Waste Treatment" (《全面推進農村垃圾治理的指導意見》). The central government is concerned about the problem of waste siege and places more emphasis on environmental protection. The introduction of new rules and regulations shows that the WTE industry is of importance and is a top priority in China. It also indicates that China's WTE industry is committed to follow the international standards and requirements, paving way for the healthy and sustainable development of the waste treatment industry in our nation.

According to the statistics conducted by E20, an institution engaged in providing services to the environmental industry, China's rural population reached 650 million in 2015, which is expected to generate up to 110 million tonnes of solid waste per year. It is also expected that the 13th Five-Year Plan will gradually include rural waste in the coverage of innocuous treatment. In addition, according to the Ministry of Housing and Urban-Rural Development of the PRC, waste treated by incineration constituted approximately 26% of all the waste treated in 2014, and it was far less than that of the landfill disposal method which constituted 70% and below the target of 35% set by the 12th Five-Year Plan. Euromonitor International Limited, a global research organization, anticipated that the compound average growth rate of incineration treatment method in China would reach 23% between 2013 and 2018, and its incineration rate would reach approximately 50% of the MSW processing capacity in 2018, accompanied with more meticulous operations and sophisticated management. With economic growth and rapid urbanization, there is increasing pressure on the demand of land resources, making incineration a more preferred waste processing method than landfill in China. Furthermore, the rules and regulations governing the WTE industry is gradually adopting international standards. For example, under the "Standard for Pollution Control on the Municipal Solid Waste Incineration" released in 2014, which is applicable to all existing WTE plants from 1 January 2016, the dioxin emission standard is the same as the European Union Standard. It showed that China is determined to further strengthened its supervision of the WTE business.

Benefited from the continuous support of the environmental protection industry via national policies, the growing demand for waste treatment and the increasing requirements on the relevant treatment technologies and environmental protection standards, the growth momentum of the waste incineration industry is expected to continue. In 2015, with the operating revenue from the four projects operated by the Group, including Eco-Tech, Kewei, China Scivest and Laibin, as well as the construction revenue and finance income derived from the construction of Zhanjiang Yuefeng, our revenue increased by 49.2% year-on-year to HK$1,184.5 million, and profit attributable to the equity holders of the Company amounted to HK$272.0 million, representing an increase of 42.4% from last year. The Group's gross profit margin maintained at a high level of 37.1%.

As at the end of 2015, the daily MSW processing capacity of our operations, together with the daily MSW processing capacity of the secured contracts, increased by approximately 80% to 12,400 tonnes on year-on-year basis, which outperformed the initial growth target set by our management. At the beginning of 2016, with the approved expansion of China Scivest and the acquisition of Xingyi project, the total operating and secured capacity of the Group is further increased to 14,650 tonnes. We were conditionally awarded the BOT concession right of Beiliu WTE plant in March 2016, which will further increase the total capacity to 15,700 tonnes, subject to final terms.

Since our successful listing at the end of 2014, the Group has been actively seeking for expansion opportunities in the market and were able to expand our operation outside Guangdong Province. We successfully acquired projects in Guangxi Zhuang Autonomous Region and Guizhou Provinces to expand our geographical coverage. All these breakthroughs not only are significant to the Group's geographic expansion in China, but also help us to expand revenue sources and strengthen asset foundation.

With our unique experience in technological upgrade and proven track record of efficient operating capability, China Scivest WTE plant, the first technological upgrade project of the Group, was awarded the "Grade AAA Innocuous Waste Incineration Plant" (AAA級無害化焚燒廠評級) by the Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳). This grade is the highest in the rating system, which demonstrates that the operating capabilities and technologies of the Group are highly recognized in the field. We anticipate all WTE plants will follow the same high standard going forward.

Entering into 2016, the Group was provided with a convertible loan of HK$465 million from IFC to strengthen the Group's financial capability. The extension of convertible loan is to support the Group's expansion in the WTE industry, and it demonstrates IFC's recognition of the Group's high operation standards and successful track record.

Taking into account of various factors including the needs for business development of the Group, the Board does not recommend the payment of any dividend for the year ended 31 December 2015.

Looking forward, due to the enormous domestic demand for the industry, more advanced technologies, more stringent supervision as well as the continuous supporting policies in China, we are optimistic towards the prospect of the MSW processing industry, and we expect the industry will have sustainable and healthy growth. We will continue to capitalise on our strengths, focus on developing our WTE business, and centralise our resources to expand our business in geographical areas with high economic growth, high gross domestic product level, with local governments who value environmental protection and treat waste treatment seriously, and finally, with a dense population and sufficient waste supply. In addition to bidding for new projects, we will continue to actively seek quality merger and acquisition opportunities. We believe most of the newly built WTE plants will adopt the moving grate technology. Existing WTE plants that run on the fluidized bed technology will have to undergo technological upgrade to meet the new environmental and emission standards. Thus, we see new business opportunities for the technological upgrade market. Moreover, we shall continue to actively seek opportunities for the acquisition of WTE plants which lack management experience, technical know-hows, or financial resources. Leveraging on our operational and technological advantages, we are committed to strengthen our leading position in the WTE industry. In addition to our headquarter, we have set up business development units in the northeastern and mid-west regions in China to identify new business opportunities, and have allocated more resources on the recruitment and training of our technical team in order to support our growth plan.

On behalf of the Board, I would like to express our deepest gratitude to our shareholders, business partners and stakeholders for their unwavering support, and also to all of our staff for their dedication and devotion.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 22 March 2016

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**1,184,536**	793,967
Cost of sales		**(745,212)**	(451,646)
Gross profit		**439,324**	342,321
General and administrative expenses		**(111,646)**	(96,723)
Other income	*3*	**49,158**	51,467
Other gain, net	*4*	**4,325**	381
Operating profit		**381,161**	297,446
Interest income	*5*	**11,897**	5,525
Interest expense	*5*	**(63,271)**	(67,334)
Interest expense, net		**(51,374)**	(61,809)
Profit before income tax		**329,787**	235,637
Income tax expense	*6*	**(40,892)**	(27,278)
Profit for the year		**288,895**	208,359
Attributable to:			
Equity holders of the Company		**272,001**	191,038
Non-controlling interests		**16,894**	17,321
		288,895	208,359
Earnings per share			
— basic (expressed in HK cents per share)	*7*	**13.6**	12.7
— diluted (expressed in HK cents per share)	*7*	**13.6**	12.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**288,895**	208,359
Other comprehensive loss:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(109,761)**	(1,253)
Realisation of revaluation reserve upon disposal of available-for-sale financial assets	**–**	(203)
Other comprehensive loss for the year, net of tax	**(109,761)**	(1,456)
Total comprehensive income for the year	**179,134**	206,903
Attributable to:		
Equity holders of the Company	**162,161**	189,784
Non-controlling interests	**16,973**	17,119
Total comprehensive income for the year	**179,134**	206,903

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2015** *HK$'000*	**2014** *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**153,642**	167,087
Property, plant and equipment		**964,989**	530,272
Intangible assets		**1,914,654**	1,270,663
Long-term deposits and prepayments	*8*	**119,892**	113,126
Gross amounts due from customers for contract work	*9*	**511,595**	119,914
		3,664,772	2,201,062
Current assets			
Inventories		**472**	507
Trade receivables	*8*	**86,578**	70,967
Gross amounts due from customers for contract work	*9*	**38,026**	–
Deposits, prepayments and other receivables	*8*	**72,373**	32,391
Income tax recoverable		**–**	1,215
Restricted deposits		**156,560**	6,338
Short-term bank deposits		**–**	126,764
Cash and cash equivalents		**449,136**	1,328,172
		803,145	1,566,354
Total assets		**4,467,917**	3,767,416
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**20,000**	20,000
Share premium		**1,084,780**	1,084,780
Other reserves		**542,876**	781,809
Retained earnings		**686,745**	428,403
		2,334,401	2,314,992
Non-controlling interests		**–**	102,972
Total equity		**2,334,401**	2,417,964

	Note	As at 31 December 2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Other payables	*10*	**37,300**	–
Borrowings		**1,098,852**	776,110
Deferred government grants		**56**	71
Deferred income tax liabilities		**209,373**	104,442
Other non-current liabilities		**2,708**	1,316
		1,348,289	881,939
Current liabilities			
Trade and other payables	*10*	**461,003**	212,663
Borrowings		**321,043**	252,576
Current income tax liabilities		**3,181**	2,274
		785,227	467,513
Total liabilities		**2,133,516**	1,349,452
Total equity and liabilities		**4,467,917**	3,767,416
Net current assets		**17,918**	1,098,841
Total assets less current liabilities		**3,682,690**	3,299,903

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

During the year ended 31 December 2015, the Group continues to execute its growth strategy in the waste-to-energy ("WTE") industry. It has acquired Laibin Zhongke Environmental Power Company Limited ("Laibin Zhongke") and Celestial Jade Limited ("Celestial Jade"), completed the technological upgrade project of our Dongguan Eco-Tech Environmental Power Company Limited ("Eco-Tech") WTE plant and substantially completed the construction of our Zhanjiang Yuefeng Environmental Power Company Limited ("Zhanjiang Yuefeng") WTE plant. As at 31 December 2015, the balance of the Group's cash and cash equivalents, bank borrowings and contracted capital commitments were HK$449,136,000, HK$1,419,895,000 and HK$348,225,000 respectively.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2015. The directors are of the opinion that, taking into account all information that could reasonably be expected to be available, the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Based on the successful history of obtaining new financing, its relationship with various financial institutions, new bank borrowings obtained subsequent to the balance sheet date (Note 12 and 13), the proposed issuance of convertible loan (Note 13) and the cash flows generating from operations, the directors of the Company consider that the Group will be able to obtain adequate financial resources to enable it to operate and fulfill its liabilities and commitments as and when they fall due within the next twelve months from 31 December 2015. Accordingly, the directors have prepared these consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to Hong Kong Accounting Standard ("HKAS") 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs – 2010–2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

Amendments from annual improvements to HKFRSs – 2011–2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The amendments above are not material to the Group.

(b) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

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

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

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

2 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 year ended 31 December 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 People's Republic of China ("PRC"). All of the Group's revenue are generated in the PRC and most of its non-current assets are located in the PRC during the year ended 31 December 2015 (2014: same).

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

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Revenue from power sales	**376,211**	349,149
Waste treatment fee	**204,917**	192,797
Construction revenue arising from build-operate-transfer ("BOT") arrangement	**583,328**	247,763
Finance income arising from BOT arrangement	**20,080**	4,258
	1,184,536	793,967

Revenue of approximately HK$600,799,000 is derived from the largest single customer for the year ended 31 December 2015, representing 51% of the Group's total revenue, for which approximately HK$583,328,000 is attributable to construction revenue and approximately HK$17,471,000 is attributable to finance income; HK$366,984,000 is derived from the second largest customer for the year ended 31 December 2015, representing 31% of the Group's total revenue, and is attributable to revenue from power sales.

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

Expenses by nature

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

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Coal	**3,378**	19,421
Fuel	**2,248**	905
Maintenance cost	**29,153**	26,583
Environmental protection expenses	**57,764**	48,458
Auditor's remuneration	**2,880**	1,596
Employee benefit expense	**84,980**	67,958
Share option expenses	**5,834**	–
Depreciation and amortisation		
— Land use rights	**3,843**	3,966
— Property, plant and equipment	**47,184**	35,843
— Intangible assets	**67,759**	65,205
Operating lease rentals	**7,238**	3,505
Reversal of provision for impairment of trade receivables	**–**	(4,164)
Construction cost recognised for construction of BOT projects (included in cost of sales)	**486,106**	206,469
Professional expense incurred in connection with the Company's listing	**–**	33,067

3 OTHER INCOME

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Value-added tax refund *(Note)*	**44,785**	48,138
Government grants	**595**	137
Others	**3,778**	3,192
	49,158	51,467

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.

4 OTHER GAIN, NET

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Exchange gain, net	**4,602**	3,126
Write-off/loss on disposals of property, plant and equipment	**(277)**	(9,949)
Reversal of provision *(Note)*	**–**	7,204
	4,325	381

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

5 INTEREST INCOME AND EXPENSE

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**(80,136)**	(68,682)
Less: amount capitalised on qualifying assets	**16,865**	1,348
	(63,271)	(67,334)
Interest income from bank deposits	**11,897**	5,525
Interest expense, net	**(51,374)**	(61,809)

6 INCOME TAX EXPENSE

	For the year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current income tax		
PRC enterprise income tax ("EIT")	**16,027**	18,134
Hong Kong profits tax	**–**	–
Total current income tax	**16,027**	18,134
Deferred income tax	**24,865**	9,144
Income tax expense	**40,892**	27,278

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2015 and 2014. No Hong Kong profits tax have been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the year (2014: same).

Subsidiaries incorporated in the PRC are subjected to a tax rate of 25% for each of the year ended 31 December 2015 and 2014 on the assessable profits arising in or derived from the PRC except the followings:

(i) Dongguan Kewei Environmental Power Company Limited ("Kewei") has obtained an approval for an EIT incentive that it was fully exempted from the PRC EIT tax for three years starting from 2011 to 2013 followed by a 50% tax reduction for the ensuing three years from 2014 to 2016. Accordingly, the applicable tax rate for Kewei was 12.5% for the year ended 31 December 2015 (2014: 12.5%).

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

(iii) Eco-Tech has obtained an approval for an EIT incentive that its project will be fully exempted from the PRC EIT for three years starting from 2015 to 2017, followed by a 50% tax exemption for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Eco-Tech was 0% for the year ended 31 December 2015 (2014: 25%).

7 EARNINGS PER SHARE

(a) Basic

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

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 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.

	For the year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company *(HK$'000)*	**272,001**	191,038
Weighted average number of ordinary shares in issue *(thousand shares)*	**2,000,000**	1,501,110
Basic earnings per share *(HK cents)*	**13.6**	12.7

(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.

For the year ended 31 December 2015, 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, calculation is done 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 shares from the grant date of share options to 31 December 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.

For the year ended 31 December 2014, the Company has one category of dilutive potential ordinary share, the Over-allotment Option. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the company's shares for the period from the listing date (29 December 2014) to 31 December 2014) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the over-allotment option.

Diluted earnings per share for the year ended 31 December 2015 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the Over-allotment Option and share options would have an anti-dilutive effect to the basic earnings per share.

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

8 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Deposits for investments	**62,067**	–
Prepayments for property, plant and equipment	**56,208**	111,196
Rental deposits	**1,617**	1,930
	119,892	113,126
Current assets		
Trade receivables	**86,578**	70,967
Less: Allowance for impairment of trade receivables	**–**	–
Trade receivables — net	**86,578**	70,967
Deposits and prepayments	**5,686**	1,695
Other receivables	**2,190**	15,423
Value-added tax recoverable	**64,497**	15,273
	72,373	32,391
	278,843	216,484

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

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Up to 1 month	**43,532**	25,013
1 to 3 months	**34,169**	23,769
3 to 6 months	**7,691**	12,152
Over 6 months	**1,186**	10,033
	86,578	70,967

9 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage waste-to-energy projects in the PRC for specific periods. The grantors guarantee that the Group will receive minimum annual payments under the service concession arrangements.

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits	**549,621**	119,914
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**511,595**	119,914
— Current	**38,026**	–
	549,621	119,914

The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements.

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Other payables	**37,300**	–
Current liabilities		
Trade payables	**49,642**	25,696
Accruals and other payables *(Note)*	**411,361**	186,967
	461,003	212,663
	498,303	212,663

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

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

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Up to 1 month	**34,192**	12,643
1 to 2 months	**2,914**	7,293
2 to 3 months	**3,187**	2,159
Over 3 months	**9,349**	3,601
	49,642	25,696

11 DIVIDENDS

The board of directors did not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

12 BANKING FACILITIES AVAILABLE AS AT 31 DECEMBER 2015

As at 31 December 2015, the Group had unutilised banking facilities of HK$342,432,000, HK$225,299,000 has been drawn and received by the Group as at the date of this announcement.

13 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 20 January 2016, the Company entered into a convertible loan agreement with International Finance Corporation, pursuant to which International Finance Corporation agreed to lend and the Company agreed to borrow the convertible loan in a principal amount of HK$465,012,000. As at the date of this announcement, the full amount has not yet been drawn.

(b) On 26 January 2016, Kewei entered into an agreement in connection with the acquisition of 100% equity interest in Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited ("Xingyi Hongda") at a consideration of RMB110,000,000 (equivalent to HK$130,900,000). Xingyi Hongda currently operates a WTE plant in Xingyi City, Guizhou Province. As at the date of this announcement, the transaction has yet to be completed.

(c) On 23 February 2016, the Group has entered into a loan agreement with Bank of Communications for loan amount of RMB400,000,000 (equivalent to HK$480,000,000). RMB20,000,000 (equivalent to HK$24,000,000) has been drawn and received by the Group as at the date of this announcement. This loan will be repayable by instalments till February 2026.

(d) On 10 March 2016, Kewei was conditionally awarded a BOT concession right by Beiliu Municipal Bureau of City Administration and Law Enforcement. A framework agreement was entered in this regard. As at the date of this announcement, no concession agreement has been entered.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the central government promulgated various policies to strengthen environmental protection and reduce the on-grid tariff of coal-fired power plants, all resulting adverse impact to the WTE plants. By increasing the efficiency of our operating capability, the Group recorded satisfactory results for the year ended 31 December 2015.

Overall Performance

For the year ended 31 December 2015, the Group's revenue was HK$1,184.5 million (2014: HK$794.0 million), representing an increase of 49.2% over 2014. The operating profit and profit for the year were HK$381.2 million (2014: HK$297.4 million) and HK$288.9 million (2014: HK$208.4 million), representing an increase of 28.1% and 38.7%, respectively. Profit attributable to equity holders of the Company was HK$272.0 million (2014: HK$191.0 million), representing an increase of 42.4% over the last year. Basic earnings per share was HK13.6 cents (2014: HK12.7 cents), representing an increase of 7.1% over the last year.

During the year, the Group implemented innocuous treatment of waste volume amounted to 1,504,558 tonnes. The Group generated 657,197,000 kWh from green energy, saving 262,879 tonnes of standard coal and reducing emission of carbon dioxide by 709,773 tonnes.

Processing Capacity Expansion

Operating Processing Capacity

In year 2015, the operating processing capacity of the Group increased from 3,600 tonnes to 5,400 tonnes, representing an increase of 50%.

Total Processing Capacity

As at the end of 2015, the operating processing capacity and the processing capacity of secured contracts reached 12,400 tonnes, representing an increase of approximately 80% over the last year.

As at the date of this announcement, with the approved expansion of China Scivest and acquisition of Xingyi Hongda project, the total operating and secured capacity of the Group is further increased to 14,650 tonnes. With the conditional award of the Beiliu WTE project, the total processing capacity of the Group will further increase to 15,700 tonnes, subject to final terms.

Projects

Overall

As at 22 March 2016, the Group holds 10 projects with a total processing capacity of 15,700 tonnes. In year 2015, the Group extended the geographical coverage from Guangdong Province to Guangxi Zhuang Autonomous Region and Guizhou Province.

Kewei WTE plant and China Scivest WTE plant continued to contribute to the Group in a significant way in 2015.

Guangdong Province

Eco-Tech WTE plant commenced technological upgrade since April 2014 and resumed trial operation in August 2015. Since then it started to make revenue contribution to the Group. In January 2015, the Group was informed by Dongguan Municipal Administration that Eco-Tech WTE plant could expand the installed daily MSW processing capacity by an additional 1,500 tonnes. The expansion is expected to commence construction in the first half of 2016.

In August 2015, Yi Feng acquired the entire issued share capital of Celestial Jade. It holds a concession right to construct a WTE plant in Qingyuan City, Guangdong Province through its subsidiaries. This project is currently under planning. As at the date of this announcement, the transaction has been completed and Celestial Jade is a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 24 August 2015 for further details.

In December 2015, the Group was informed by Dongguan Municipal Administration that China Scivest WTE plant could expand its daily MSW processing capacity by an additional product line of 1,200 tonnes and establish an integrated site for environmental public awareness in Dongguan. The Group is conducting feasibility studies on the capacity expansion.

Zhanjiang WTE plant is undergoing testings and is expected to commence trial operation in the first half of 2016. In April 2015, the Group was informed by Zhanjiang Development and Reform Commission that Zhanjiang WTE plant should develop the first and second phases simultaneously. In May 2015, the Group acquired the remaining 45% equity interests in Zhanjiang Yuefeng with an aim to enhancing project management and receive stable revenue from its WTE plant. As at the date of this announcement, the transaction has been completed and Zhanjiang Yuefeng is a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 12 May 2015 for further details.

Guangxi Zhuang Autonomous Region

In May 2015, Kewei acquired 100% equity interest in Laibin Zhongke. As at the date of this announcement, the transaction has been completed and Laibin Zhongke is a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 26 May 2015 for further details. Laibin Zhongke operates a WTE plant in Laibin city, Guangxi Zhuang Autonomous Region based on a BOT concession right. 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), granting Kewei the right to expand the daily MSW processing capacity of the Laibin Zhongke WTE plant to a maximum of 1,500 tonnes in two phases. The project is expected to commence construction in the first half of 2016. Please refer to the announcement of the Company dated 26 June 2015 for further details.

On 10 March 2016, Kewei was conditionally awarded the BOT concession right in relation to the Beiliu WTE project by Beiliu Municipal Bureau of City Administration and Law Enforcement. A framework agreement was entered in this regard. Pursuant to the framework agreement, the daily MSW processing capacity of Beiliu WTE plant would be 1,050 tonnes. As at the date of this announcement, no concession agreement has been entered into. Please refer to the announcement dated 10 March 2016 for further details.

Guizhou Province

In November 2015, the Company entered into a letter of intent in relation to the proposed acquisition of 100% equity interest in Xingyi Hongda. In January 2016, Kewei acquired 100% equity interest in Xingyi Hongda at a consideration of RMB110,000,000 (approximately HK$130,900,000). Xingyi Hongda currently operates a WTE plant in Xingyi City, Guizhou Province. As at the date of this announcement, the transaction has yet to be completed. Please refer to the announcement of the Company dated 26 January 2016 for further details.

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

Location	Project(s)	Year ended 31 December **2015**	2014
Guangdong Province	**Eco-Tech WTE plant** *(Note 3)*		
	Waste treatment		
	Received MSW *(tonnes)*	**201,152**	104,423
	Processed MSW *(tonnes) (Note 1)*	**191,706**	107,950
	Power generation		
	Power generated *(MWh)*	**89,000**	69,634
	Power sold *(MWh)*	**78,500**	58,638
	Sales to generation ratio *(Note 2)*	**88.2%**	84.2%
	Kewei WTE plant		
	Waste treatment		
	Received MSW *(tonnes)*	**576,207**	563,441
	Processed MSW *(tonnes) (Note 1)*	**577,611**	540,900
	Power generation		
	Power generated *(MWh)*	**249,476**	239,903
	Power sold *(MWh)*	**221,272**	208,374
	Sales to generation ratio *(Note 2)*	**88.7%**	86.9%
	China Scivest WTE plant		
	Waste treatment		
	Received MSW *(tonnes)*	**711,935**	720,672
	Processed MSW *(tonnes) (Note 1)*	**683,011**	671,339
	Power generation		
	Power generated *(MWh)*	**297,322**	289,135
	Power sold *(MWh)*	**261,140**	258,189
	Sales to generation ratio *(Note 2)*	**87.8%**	89.3%
Guangxi Zhuang Autonomous Region	**Laibin Zhongke WTE plant** *(Note 4)*		
	Waste treatment		
	Received MSW *(tonnes)*	**54,873**	N/A
	Processed MSW *(tonnes) (Note 1)*	**52,230**	N/A
	Power generation		
	Power generated *(MWh)*	**21,399**	N/A
	Power sold *(MWh)*	**15,568**	N/A
	Sales to generation ratio *(Note 2)*	**72.8%**	N/A
Total	***Waste treatment***		
	Received MSW *(tonnes)*	**1,544,167**	1,388,536
	Processed MSW *(tonnes) (Note 1)*	**1,504,558**	1,320,189
	Power generation		
	Power generated *(MWh)*	**657,197**	598,672
	Power sold *(MWh)*	**576,480**	525,201
	Sales to generation ratio *(Note 2)*	**87.7%**	87.7%

Note 1: Processed waste excludes leachate generated from the MSW that the Group collects.

Note 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.

Note 3: The operation of our Eco-Tech WTE plant has been suspended for its technological upgrade since April 2014 and it resumed trial operation in August 2015.

Note 4: Laibin Zhongke was acquired and its results was accounted for as part of the Group's results since 14 August 2015; therefore the business operations of Laibin Zhongke WTE plant prior to 14 August 2015 was not presented as part of our Group's operations.

Revenue

During the year, the Group's revenue reached HK$1,184.5 million, representing an increase of 49.2% when compared with HK$794.0 million in year 2014. It was mainly attributable to the construction revenue and finance income arising from BOT arrangement relating to Zhanjiang WTE plant, the increase in revenue from power sales and revenue from waste treatment fees contributed by Eco-Tech WTE plant after it resumed trial operation in August 2015, and the consolidation of Laibin Zhongke WTE plant starting from 14 August 2015.

The following table sets forth the breakdown of the revenue for the years ended 31 December 2015 and 2014:

	Year ended 31 December			
	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Revenue from power sales	**376,211**	**31.8%**	349,149	44.0%
Revenue from waste treatment fees	**204,917**	**17.3%**	192,797	24.3%
Construction revenue arising from BOT arrangement	**583,328**	**49.2%**	247,763	31.2%
Finance income arising from BOT arrangement	**20,080**	**1.7%**	4,258	0.5%
Total	**1,184,536**	**100.0%**	793,967	100.0%

The following table sets forth the revenue generated for each of the WTE plants for the years ended 31 December 2015 and 2014:

	Year ended 31 December			
	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Eco-Tech WTE plant	**78,463**	**6.6%**	50,761	6.4%
Kewei WTE plant	**223,908**	**18.9%**	219,976	27.7%
China Scivest WTE plant	**268,447**	**22.7%**	271,209	34.2%
Zhanjiang WTE plant	**600,799**	**50.7%**	252,021	31.7%
Laibin Zhongke WTE plant	**12,919**	**1.1%**	N/A	N/A
Total	**1,184,536**	**100.0%**	793,967	100.0%

Cost of Sales

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

During the year, cost of sales increased by 65.0% from HK$451.6 million in year 2014 to HK$745.2 million in year 2015. The increase was mainly attributable to the construction cost incurred from the undergoing work at Zhanjiang WTE plant and the increase in operating cost after the resumption of operation of Eco-Tech WTE plant. In particular, construction cost increased from HK$206.5 million in year 2014 to HK$486.1 million in year 2015, and representing 65.2% of the total cost of sales in year 2015.

Gross Profit and Gross Profit Margin

In year 2015, gross profit of the Group amounted to HK$439.3 million, representing an increase of 28.3% as compared to HK$342.3 million in year 2014. The increase in gross profit was mainly attributable to gross profit from the construction of Zhanjiang WTE plant and contribution from the operation of Eco-Tech WTE plant after its technological upgrade.

The following table sets forth the breakdown of the gross profit by nature for the years ended 31 December 2015 and 2014:

	Year ended 31 December			
	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Power sales and waste treatment operations	**322,022**	**73.3%**	296,769	86.7%
Construction service arising from BOT arrangement	**97,222**	**22.1%**	41,294	12.1%
Finance income arising from BOT arrangement	**20,080**	**4.6%**	4,258	1.2%
Total	**439,324**	**100.0%**	342,321	100.0%

Gross profit margin of the Group decreased from 43.1% in year 2014 to 37.1% in year 2015. The decrease was due to generally lower gross profit margin of construction revenue from Zhanjiang WTE plant than of revenue from power sales and waste treatment of waste incineration.

The following table sets forth the breakdown of the gross profit margin by nature for the years ended 31 December 2015 and 2014:

	Year ended 31 December	
	2015	2014
	Gross profit margin	*Gross profit margin*
Power sales and waste treatment operations	**55.4%**	54.8%
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	**37.1%**	43.1%

General and Administrative Expenses

General and administrative expenses mainly comprised of staff cost and employee related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortisation, rental expenses for offices, listing expenses, security expenses, office expenses and others.

During the year, general and administrative expenses increased by 15.4% from HK$96.7 million in year 2014 to HK$111.6 million in year 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 expense relating to the Group's share options scheme.

Other Income

Other income mainly consisted of VAT refund, government grants and others. During the year, other income decreased by 4.5% from HK$51.5 million in year 2014 to HK$49.2 million in year 2015. The decrease 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 in year 2015, VAT refund related to Eco-Tech was received in year 2014, while there was no such VAT refund in year 2015, and VAT refund related to China Scivest only began in year 2015.

Other Gain, Net

Other net gain mainly represented net exchange gain. Other net gain of the Group increased from HK$0.4 million in year 2014 to HK$4.3 million in year 2015. It was mainly attributable to the increase in exchange gain from Renminbi in the year 2015 and the absence of significant loss on disposal of property, plant and equipment in year 2015.

Interest Expense, Net

Net interest expense mainly consisted of interest expenses on borrowings from banks, net of interest income from bank deposits. During the year, the net interest expenses decreased from HK$61.8 million in year 2014 to HK$51.4 million in year 2015. The decrease in interest expenses was mainly due to the increase in interest income, repayment of bank borrowings during the year, reduction of the interest rate in the PRC and certain interest expenses being eligible to capitalise.

Income Tax Expense

During the year, income tax expenses increased from HK$27.3 million in year 2014 to HK$40.9 million in year 2015. It was mainly attributable to the deferred income tax incurred by the construction of Zhanjiang WTE plant.

Profit Attributable to The Equity Holders of the Company

During the year, profit attributable to the equity holders of the Company increased by 42.4%, from HK$191.0 million in year 2014 to HK$272.0 million in year 2015.

Liquidity, Financial and Capital Resources

Financial resources

During the year, the Group generated HK$311.5 million cash from operating projects (year 2014: HK$308.0 million). Net cash used for the construction of Zhanjiang WTE plant amounted to HK$343.0 million under BOT arrangement (year 2014: HK$106.4 million), as a result, total net cash used in operating activities amounted to HK$31.5 million during the year (year 2014: generated HK$201.6 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 31 December 2015, total cash and cash equivalents of the Group were HK$449.1 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 Net Proceeds from 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 year ended 31 December 2015 was as follows:

	Available	**Used**	**Unused**
	HK$'000	*HK$'000*	*HK$'000*
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	812,095	746,271	65,824
Development of phase two of Zhanjiang WTE Plant	149,596	70,313	79,283
Working capital and other general corporate purposes	106,855	68,183	38,672
Total	1,068,546	884,767	183,779

Borrowings

The Group sensibly diversifies its funding sources to optimise the debt portfolio and lower the financing cost. As at 31 December 2015, the Group's bank borrowings was HK$1,419.9 million (31 December 2014: HK$1,028.7 million). Such bank borrowings were secured by rights to collect revenue from power sales and waste handling services, 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$2,334.4 million (31 December 2014: HK$2,418.0 million). It is attributable to the impact of the change in exchange rate between RMB and Hong Kong dollars.

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

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Portion of term loans due for repayment after one year – secured	**1,098,852**	776,110
Portion of term loans due for repayment within one year – secured	**321,043**	252,576
Total bank borrowings	**1,419,895**	1,028,686

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

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Wholly repayable within five years	**449,546**	432,888
Not wholly repayable within five years	**970,349**	595,798
Total bank borrowings	**1,419,895**	1,028,686

The gearing ratio is the ratio of total liabilities divided by total assets. As at 31 December 2015, the gearing ratio was 47.8% (31 December 2014: 35.8%).

As of 31 December 2015, the Group had banking facilities in the amount of HK$1,762.3 million, of which HK$342.4 million remained unutilised. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

Cost of Borrowings

For the year ended 31 December 2015, the total cost of borrowings of the Group was HK$63.3 million (year 2014: HK$67.3 million), representing a decrease of HK$4.0 million. 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 5.15% to 6.90% in year 2015, and was from 6.08% to 7.36% in year 2014.

Foreign Exchange Risk

Major operating subsidiaries of the Group were operating in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and United States dollars while bank loans were denominated in Renminbi. Save as disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group does not have any financial instruments for the purpose of hedging. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and bank deposits.

Commitments

As at 31 December 2015, the Group had capital commitments authorised but not contracted for amounted to HK$1,225.9 million (31 December 2014: Nil) and capital commitments contracted for but not yet provided for in the consolidated financial statements amounted to HK$348.2 million (31 December 2014: HK$942.1 million).

As at 31 December 2015, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises and other equipment amounted to HK$14.2 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 acquired the remaining 45% equity interest in Zhanjiang Yuefeng. As at the date of this announcement, the transaction has been completed and Zhanjiang Yuefeng is a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 12 May 2015 for further details.

In May 2015, Kewei acquired 100% equity interest in Laibin Zhongke. Laibin Zhongke currently operates a WTE plant under a BOT 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 could expand the daily MSW processing capacity of Laibin Zhongke WTE plant to 1,500 tonnes by two phrases. 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 completion of second phase. As at the date of this announcement, the transaction has been completed and Laibin Zhongke is a wholly-owned subsidiary of the Company. Please refer to the respective announcements of the Company dated 26 May 2015, 26 June 2015 and 14 August 2015 for further details.

In August 2015, Yi Feng acquired the entire issued capital of Celestial Jade. Celestial Jade holds the concession right to construct a WTE plant in Qingyuan City, Guangdong Province through its subsidiaries. As at the date of this announcement, the transaction has been completed and Celestial Jade is a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated 24 August 2015 for further details.

In November 2015, the Company entered into a letter of intent in relation to the acquisition of 100% equity interest in Xingyi Hongda. In January 2016, Kewei acquired 100% equity interest in Xingyi Hongda, which operates a WTE plant in Xingyi City, Guizhou Province. As at the date of this announcement, the transaction has yet to be completed. Please refer to the announcement of the Company dated 26 January 2016 for further details.

Save as disclosed above and in the relevant announcements of the Company, during the year ended 31 December 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 year ended 31 December 2015, capital expenditure of the Group, mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements, amounted to HK$1,019.8 million (year 2014: HK$315.9 million). It was mainly funded by bank borrowings, funds generated from operating activities and net proceeds from the initial public offering.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2015.

Pledge of Assets

As at 31 December 2015, the Group pledged certain of its rights to collect revenue from power sales and waste handling services, land use rights, property, plant and equipment, concession rights and bank deposits, with an aggregate carrying amount of HK$1,575.6 million (year 2014: HK$1,349.4 million), to certain banks to secure certain credit facilities granted to the Group.

Human Resources

As at 31 December 2015, the Group employed a total of 549 employees, 12 of them were at management level. By geographical locations, it had 530 employees in the PRC and 19 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. Under the share option scheme and at the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). Total remuneration costs, including Directors' remuneration, for the year ended 31 December 2015 were HK$90.8 million (including fair value of share option granted of HK$5.8 million) (year 2014: HK$68.0 million).

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2015.

No dividends were declared and paid by the Company during the year ended 31 December 2014.

EVENT AFTER THE BALANCE SHEET DATE

In January 2016, the Company entered into the convertible loan agreement with IFC, pursuant to which IFC agreed to lend and the Company agreed to borrow the convertible loan in a principal amount of HK$465,012,000. As at the date of this announcement, no drawdown has been made yet. Please refer to the announcement of the Company dated 26 January 2016 for further details.

In January 2016, Kewei entered into an agreement in connection with the acquisition of 100% equity interest in Xingyi Hongda at a consideration of RMB110,000,000 (approximately HK$130,900,000). Xingyi Hongda currently operates a WTE plant in Xingyi City, Guizhou Province. As at the date of this announcement, the transaction has yet to be completed. Please refer to the announcement of the Company dated 26 January 2016 for further details.

On 10 March 2016, Kewei was conditionally awarded the BOT concession right in relation to the Beiliu WTE project by Beiliu Municipal Bureau of City Administration and Law Enforcement. A framework agreement was entered in this regard. Pursuant to the framework agreement, the daily MSW processing capacity of Beiliu WTE plant would be 1,050 tonnes. As at the date of this announcement, no concession agreement has been entered into. Please refer to the announcement dated 10 March 2016 for further details.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the Company (the "2016 AGM") will be held on Thursday, 16 June 2016. Notice of the 2016 AGM will be published on the websites of the Company (www.canvestenvironment.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) and dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the consolidated financial statements of the Group for the year ended 31 December 2015, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital is held by the public throughout the year ended 31 December 2015 and as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as stated in the Listing Rules. 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 year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, the Company has complied with the code provisions set out in 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.

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 for the year ended 31 December 2015.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.canvestenvironment.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the board comprises Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man, Mr. Yuan Guozhen and Mr. Lai Chun Tung, as executive Directors; Mr. Lui Ting Cheong Alexander and Mr. Lai Yui, as non-executive Directors; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Chung Wing Yin, as independent non-executive Directors.

By Order of the Board
Canvest Environmental Protection Group Company Limited
LEE Wing Yee Loretta
Chairlady

Hong Kong, 22 March 2016

GLOSSARY

Board	the board of Directors
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
Cash generated from operating projects*	Net cash used for/generated from operating activities for the year, excluding net operating cash used in relation to the BOT arrangement under Zhanjiang Yuefeng
Celestial Jade	Celestial Jade Limited (天翠有限公司), a company incorporated in BVI with limited liability and became an indirectly wholly owned subsidiary of the Company since 24 August 2015
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

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
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation
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
Group	the Company and its subsidiaries
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
IFC	International Finance Corporation, an international organisation established by Articles of Agreement among its member countries
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
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
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
VAT	Value-added tax
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Xingyi Hongda	Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited (黔西南州興義市鴻大環保電力有限公司), a company established in the PRC with limited liability
Yi Feng	Yi Feng Development Limited, a company incorporated in BVI with limited liability and a wholly owned subsidiary of the Company
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 an indirectly wholly owned subsidiary of the Company
%	per cent

* Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers the inclusion of non-HKFRS measures provides consistency in our financial reporting.