



粵豐環保電力有限公司

Canvest Environmental Protection Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

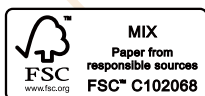
Stock Code : 1381

Capturing Immense Opportunity
Creating Sustainable **GROWTH**



INTERIM REPORT

2017



WTE PROCESS

SMOKESTACK

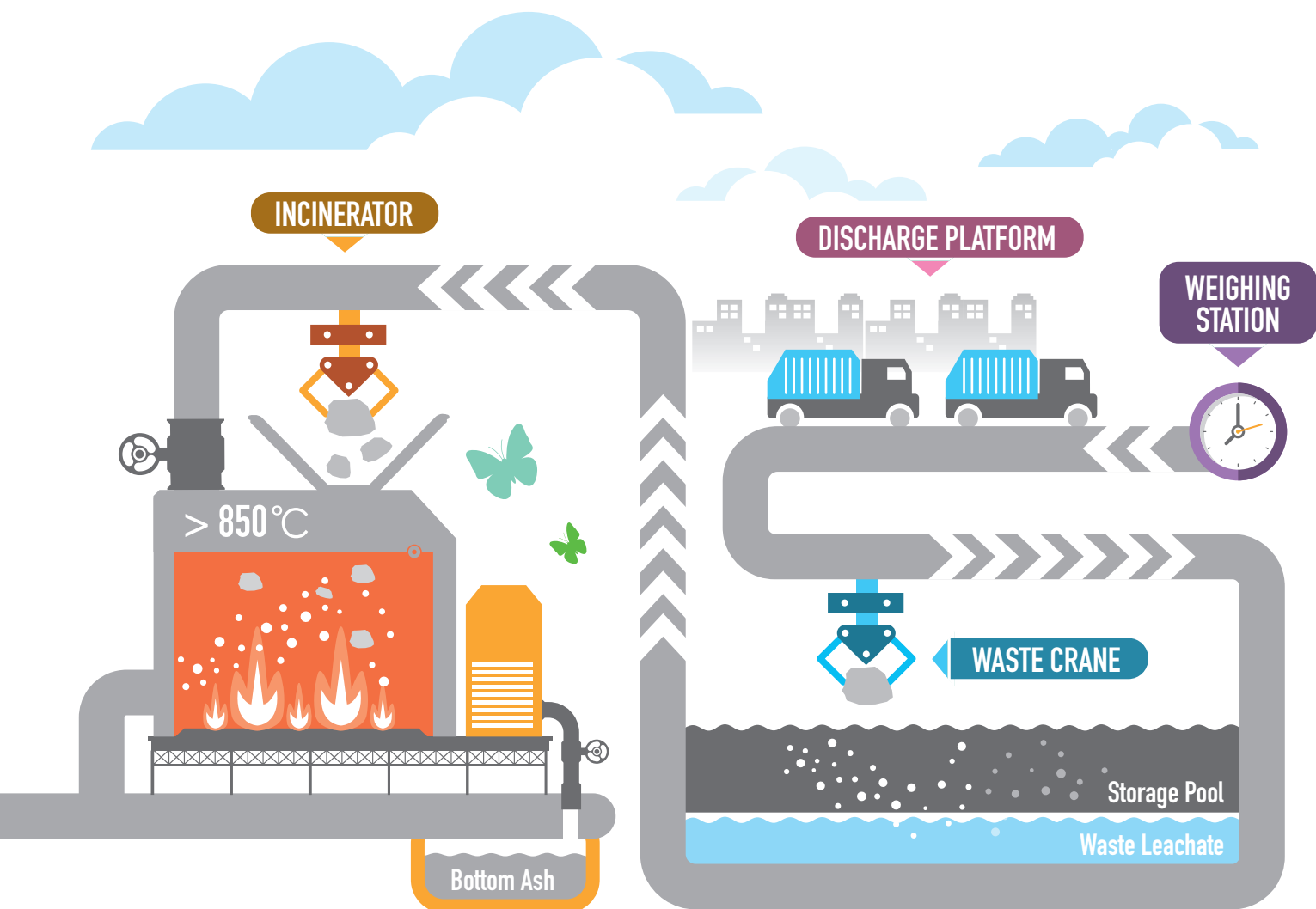
CONTINUOUS EMISSION MONITORING SYSTEM

ROTARY SPRAYING TOWER

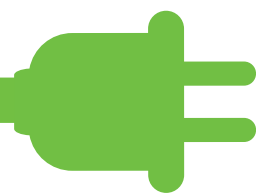
BAG DUST COLLECTOR

LIME AND ACTIVATED CARBON





WASTEWATER TREATMENT



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PROJECT OVERVIEW

GUIZHOU

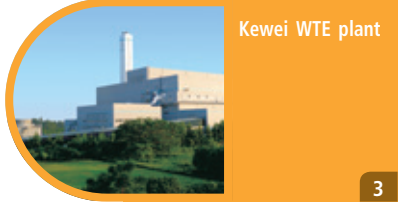
GUANGDONG

GUANGXI



Guangdong

Guangxi



Guizhou



Total Operating, Secured, Announced and Under Management Agreement Daily MSW Processing Capacity **19,240** Tonnes

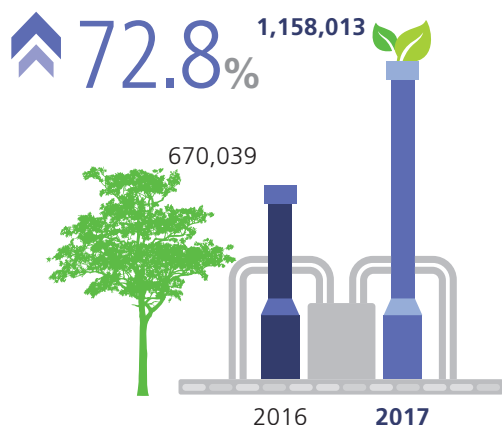
(as at 16 August 2017)

	Location	Daily MSW processing capacity	Installed power generation capacity	Business model	Concession period	Waste treatment fee	Status	
Guangdong	Eco-Tech I WTE plant	Dongguan, Guangdong Province	1,800 tonnes	36MW	BOO	N/A	RMB110/tonne	In operation
	Eco-Tech II WTE plant	Dongguan, Guangdong Province	1,500 tonnes	50MW	BOO	N/A	RMB110/tonne	In operation
	Kewei WTE plant	Dongguan, Guangdong Province	1,800 tonnes	30MW	BOO	N/A	RMB110/tonne	In operation
	China Scivest I WTE plant	Dongguan, Guangdong Province	1,800 tonnes	42MW	BOT	24 years (from 10 December 2004 to 30 November 2028)	RMB110/tonne	In operation
	China Scivest II WTE plant	Dongguan, Guangdong Province	1,200 tonnes	36MW	BOT	Under negotiation	RMB110/tonne	Under construction
	Zhanjiang WTE plant	Zhanjiang, Guangdong Province	1,500 tonnes	30MW	BOT	28 years (from 18 April 2013 to 17 April 2041)	RMB81.8/tonne	In operation
	Qingyuan WTE plant	Qingyuan, Guangdong Province	Phase 1: 1,500 tonnes Phase 2: 1,000 tonnes	Planning	BOT	30 years after passing the environmental impact assessment	RMB50/tonne (Under negotiation)	Planning
	Zhongshan WTE plant	Zhongshan, Guangdong Province	1,040 tonnes	24MW	Construction and Operation under Management Agreement			Testing
	Lufeng WTE plant	Lufeng, Guangdong Province	Phase 1: 1,200 tonnes Phase 2: 400 tonnes	Phase 1: 27MW Phase 2: 12MW	BOT	30 years	RMB91.5/tonne	Planning
	Xinyi WTE plant	Xinyi, Guangdong Province	Phase 1: 500 tonnes Phase 2: 250 tonnes	Phase 1: 9MW Phase 2: 6MW	BOT	30 years	RMB79/tonne	Planning
Guangxi	Laibin WTE plant	Laibin, Guangxi Zhuang Autonomous Region	Phase 1: 1,000 tonnes Phase 2: 500 tonnes (500 tonnes before technological upgrade)	Phase 1: 24MW Phase 2: Planning	BOT	Until April 2042	RMB95/tonne	Phase 1: Undergoing technological upgrade Phase 2: Planning
	Beiliu WTE plant	Beiliu, Guangxi Zhuang Autonomous Region	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	BOT	30 years commencing from the date of formal commissioning	RMB83/tonne (Calculated on weighted average basis)	Phase 1: Under construction Phase 2: Planning
Guizhou	Xingyi WTE plant	Xingyi, Guizhou Province	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 12MW Phase 2: 12MW	BOT	30 years commencing from the date of formal commissioning	RMB80/tonne	Phase 1: In operation Phase 2: In operation

FINANCIAL HIGHLIGHTS

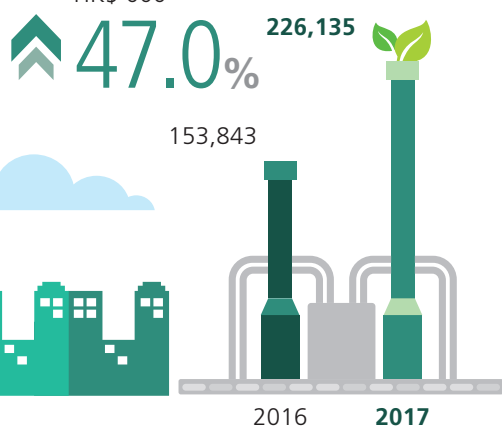
REVENUE

(for the six months ended 30 June)
HK\$'000



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(for the six months ended 30 June)
HK\$'000



TOTAL ASSETS

HK\$'000



CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS, DIVIDEND AND CASH GENERATED FROM OPERATING PROJECTS

	For the six months ended 30 June		
	2017	2016	Change
Revenue (HK\$'000)	1,158,013	670,039	+72.8%
Included: Revenue from power sales and waste treatment (HK\$'000)	444,211	375,470	+18.3%
Gross profit (HK\$'000)	351,874	247,575	+42.1%
EBITDA (HK\$'000)	398,988	286,964	+39.0%
Profit for the period (HK\$'000)	226,135	153,843	+47.0%
Profit attributable to equity holders of the Company (HK\$'000)	226,135	153,843	+47.0%
Basic earnings per share (HK cents)	10.1	7.7	+31.2%
Interim dividend per share (HK cents)	1.3	1.1	+18.2%
Cash generated from operating projects (HK\$'000)	282,077	193,251	+46.0%

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

	As at 30 June 2017	As at 31 December 2016	Change
Total assets (HK\$'000)	8,481,480	6,060,904	+40.0%
Total liabilities (HK\$'000)	4,040,338	3,337,861	+21.0%
Included: Total borrowings (including convertible loan) (HK\$'000)	2,714,192	2,319,321	+17.0%
Equity attributable to equity holders of the Company (HK\$'000)	4,441,142	2,723,043	+63.1%
Total liabilities/total assets	47.6%	55.1%	-7.5pts

CORPORATE MILESTONES

APR 2017

- China Scivest II WTE plant received a government grant amounted to HK\$76.9 million
- IFC has exercised its conversion rights to convert its outstanding convertible loan of HK\$465,012,000 into 121,096,875 Shares at HK\$3.84 per Share

1H 2017

- Eco-Tech II WTE plant and phase 2 of Xingyi WTE plant commenced operation
- Zhongshan WTE plant is under testing stage

MAR 2017

- Allotted and issued 300,000,000 shares to True Victor, a wholly-owned subsidiary of SIHL, and raised net proceeds of HK\$1,018.0 million
- Conditionally awarded the BOT concession right in relation to the Xinyi WTE plant

JAN 2017

- Entered into a non-legally binding strategic cooperation agreement with BOC & UTRUST and Utrust International

CHAIRLADY'S STATEMENT



Chairlady's Statement



Formed strategic partnership with BOC & UTRUST and made SIHL our second largest Shareholder, we are well-positioned to increase our market share in Guangdong Province

To ALL HONORABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the satisfactory interim results of the Group for the six months ended 30 June 2017 (the "Period").

In the first half of 2017, China continued to have stable economic growth, and green development remained one of the key subjects. Echoing the philosophy of "Lucid Waters and Lush Mountains are Invaluable Assets" (綠水青山就是金山銀山), green, circular, and lower-carbon development is a clear direction for the Central Government. Specific environmental protection policies were released to ensure the healthy development of the market. The "Plan for non-hazardous waste treatment facilities under the 13th FYP" ("十三五"全國城鎮生活垃圾無害化處理設施建設規劃) was promulgated at the end of 2016, which layout the target national WTE penetration rate to about 54% by 2020, a significant increase from the 31% penetration rate as of the end of 2015. Of all the provinces which need to increase processing capacity, Guangdong Province, which is Canvest's base and major market, ranks the highest and accounts for about 15.4% of the national target.

To capture the above-mentioned opportunities and increase our market share, the Group has, on the one hand, formed a strategic partnership with BOC & UTRUST and Utrust International, the parent company of Utrust International, Utrust Holdings is a company directly under the People's Government of Guangdong Province and is managed and supported by the Department of Finance of Guangdong Province; and on the other hand, allotted and issued 300 million new Shares to True Victor, an indirect wholly-owned subsidiary of SIHL, making SIHL our second largest Shareholder. With the market reach, resources, and support by both Utrust Holdings and SIHL, we are well-positioned to increase our market share in the Guangdong Province and strategically set to expand our business on a national basis.

In April 2017, IFC has exercised its conversion rights to convert its outstanding convertible loan of HK\$465,012,000 into 121,096,875 Shares at HK\$3.84 per Share, translating into a 4.9% shareholding in Canvest. This demonstrated IFC's confidence in the management of Canvest, and also the long-term business prospects of our Company.

In addition, our existing Shareholder, AEP, a substantial Shareholder of the Company, increased their shareholdings to 5.6% of the total issued share capital of the Company during the Period. The continued support from our existing shareholders are clear votes of confidence in Canvest's capability, achievement and prospects.

Chairlady's Statement



**Profit
attributable to
equity holders of
the Company
increased by 47.0%
year-on-year to
HK\$226.1 million**

FINANCIAL PERFORMANCE

During the first half of 2017, the Group's revenue increased by 72.8% year-on-year to HK\$1,158.0 million, and the profit attributable to equity holders of the Company increased by 47.0% year-on-year to HK\$226.1 million. The increase was mainly attributable to the increase in construction revenue arising from additional projects under construction.

After taking into consideration of the Group's development plan and investment returns to our Shareholders, the Board declared an interim dividend of HK1.3 cents per ordinary share (corresponding period in 2016: HK1.1 cents).

BUSINESS REVIEW

In March 2017, the Group secured the Xinyi WTE plant in Maoming with a daily MSW processing capacity of 750 tonnes, which further strengthened our position in the Guangdong Province. Based on increasing service demand and satisfactory performance of phase 1 of Xingyi project, phase 2 of Xingyi project received approval from the Guizhou Development and Reform Commission for 500 tonnes daily MSW processing capacity, an extra 150 tonnes processing capacity from the original BOT contract capacity. Furthermore, Eco-Tech II WTE plant and phase 2 of Xingyi WTE plant had commenced operation, and Zhongshan WTE plant (operated under management agreement) is under testing stage in the first half of 2017. With strong business development capabilities, our total number of projects on hand has increased from 4 at the time of listing to 13 as of today, and the corresponding total operating, secured, announced and managed daily MSW processing capacity has increased from 6,900 tonnes to 19,240 tonnes.



Chairlady's Statement



We will continue to seize opportunities for WTE projects in China, focusing on municipal waste and exploring relevant new opportunities to continue our journey of success

OUTLOOK

Going forward, we expect there will be more policy support on the optimization and advancement of the standards and operation of the MSW industry. Pursuant to the "Opinions on Further Strengthening the Incineration of Municipal Solid Waste Treatment", the government puts great emphasis on better site selection, higher standard for WTE plant construction, effective coordination on project development and tighter administration and control of WTE projects. With these strong policy support, we believe the MSW industry will continue to experience stable growth in the coming years. We will continue to seize opportunities for WTE projects in China, focusing on municipal waste and exploring relevant new opportunities to continue our journey of success. We believe that increasingly stringent policy and higher standard requirements will help to foster market development, and can benefit Canvest in the long run.

As a responsible listed enterprise, we are committed to maintain close and timely communication with the investment community. We had won the Overall Best Investor Relations Company and numerous awards at HKIRA's Investor Relations Awards — Small Cap for two consecutive years. In addition, we were accredited as an EcoChallenger under Corporate Environmental Leadership Awards 2016. We will continue to make it our priority to maintain transparency and high standard of corporate governance.

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, 16 August 2017



MANAGEMENT DISCUSSION AND ANALYSIS



Management Discussion and Analysis

In the first half of 2017, China continued to have stable economic growth, and green development continued to be one of the key topics. With the philosophy of “Lucid Waters and Lush Mountains are Invaluable Assets”, green, circular, and lower-carbon development is one of the directions of the government. More specific environmental protection policies came into effect to ensure the healthy development of the market.

Eco-Tech I WTE plant, Kewei WTE plant, China Scivest I WTE plant, Zhanjiang WTE plant and Phase 1 of Xingyi WTE plant continued to provide contributions during the first half of 2017. In addition to the revenue from new projects under operation and the construction revenue arising from additional projects under construction, the Group recorded satisfactory results for the six months ended 30 June 2017.

OVERALL PERFORMANCE

For the six months ended 30 June 2017, the Group’s revenue was HK\$1,158.0 million (corresponding period in 2016: HK\$670.0 million), representing an increase of 72.8%. The operating profit and profit for the period were HK\$316.6 million (corresponding period in 2016: HK\$210.9 million) and HK\$226.1 million (corresponding period in 2016: HK\$153.8 million). Profit attributable to equity holders of the Company was HK\$226.1 million (corresponding period in 2016: HK\$153.8 million), representing an increase of 47.0%. Basic earnings per share was HK10.1 cents (corresponding period in 2016: HK7.7 cents).

During the period under review, the Group implemented innocuous treatment of waste volume amounted to 1,482,607 tonnes, representing an increase of 34.5% as compared with the corresponding period in 2016. The Group generated 608,226,000 kWh from green energy, saving 211,805 tonnes of standard coal and reducing emission of carbon dioxide by 528,030 tonnes.

PROCESSING CAPACITY EXPANSION

Operating Processing Capacity

As at 30 June 2017, the operating daily MSW processing capacity of the Group (including the project under management) increased from 7,600 tonnes to 10,640 tonnes, representing an increase of 40.0%.

Total Processing Capacity

As at 30 June 2017, the operating, secured, announced and under management agreement daily MSW processing capacity of our 13 projects was 19,240 tonnes, of which 15,490 tonnes are in Guangdong Province, 2,550 tonnes are in Guangxi Zhuang Autonomous Region and 1,200 tonnes are in Guizhou Province.



Management Discussion and Analysis

PROJECTS

Overall

Xinyi WTE plant was added to our portfolio in the first half of 2017, resulting in 13 operating, secured, announced and managed projects. Having considered the additional approved daily MSW processing capacity of phase 2 of Xingyi WTE plant by 150 tonnes, the total daily MSW processing capacity increased from 18,340 tonnes to 19,240 tonnes. Geographical coverage of the Group covers Guangdong Province, Guangxi Zhuang Autonomous Region and Guizhou Province.

Guangdong Province

Eco-Tech I WTE plant, Kewei WTE plant, China Scivest I WTE plant and Zhanjiang WTE plant continued to provide contributions during the first half of 2017.

Construction of Eco-Tech II WTE plant was completed and operation was commenced in April 2017.

China Scivest II WTE plant was under construction and trial operation was expected in the second half of 2017. In first half of 2017, China Scivest II WTE plant received a government grant amounted to HK\$76.9 million.

Construction of Zhongshan WTE plant, a project under our management, was completed and testing was commenced in April 2017. Qingyuan WTE plant is still under planning and Lufeng WTE plant is in the preparation stage.

In March 2017, the Group was awarded the BOT concession right in relation to a WTE plant located in Xinyi City, Guangdong Province. A framework agreement was entered in this regard. The project is in the planning stage. Please refer to the announcement of the Company dated 6 March 2017 for further details.

Guangxi Zhuang Autonomous Region

Laibin WTE plant commenced technological upgrade in March 2016 and was under construction. This project is expected to commence trial operation in the second half of 2017. Beiliu WTE plant was under construction.

Guizhou Province

On 29 March 2017, the Group received an approval from Guizhou Development and Reform Commission that the daily MSW processing capacity of phase 2 of Xingyi WTE plant could be increased to 500 tonnes. Construction of phase 2 was completed and trial operation was commenced during the period under review.



Management Discussion and Analysis

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

Location	Project(s)	Six months ended 30 June	
		2017	2016
Guangdong Province	Eco-Tech I WTE plant		
	Waste treatment		
	Processed MSW (tonnes)	311,535	366,337
	Power generation		
	Power generated (MWh)	141,462	151,007
	Power sold (MWh)	124,332	133,714
	Sales to generation ratio (Note 1)	87.9%	88.5%
	Eco-Tech II WTE plant (Note 2)		
	Waste treatment		
	Processed MSW (tonnes)	150,061	N/A
	Power generation		
	Power generated (MWh)	69,627	N/A
	Power sold (MWh)	62,278	N/A
	Sales to generation ratio (Note 1)	89.4%	N/A
	Kewei WTE plant		
	Waste treatment		
Processed MSW (tonnes)	271,222	286,523	
Power generation			
Power generated (MWh)	120,635	121,479	
Power sold (MWh)	107,846	108,536	
Sales to generation ratio (Note 1)	89.4%	89.3%	
China Scivest I WTE plant			
Waste treatment			
Processed MSW (tonnes)	340,674	334,675	
Power generation			
Power generated (MWh)	142,530	135,309	
Power sold (MWh)	123,969	118,710	
Sales to generation ratio (Note 1)	87.0%	87.7%	

Management Discussion and Analysis

Location	Project(s)	Six months ended 30 June	
		2017	2016
	Zhanjiang WTE plant (Note 3) Waste treatment Processed MSW (tonnes)	284,588	91,749
	Power generation Power generated (MWh) Power sold (MWh) Sales to generation ratio (Note 1)	96,550 84,467 87.5%	27,358 22,506 82.3%
Guangxi Zhuang Autonomous Region	Laibin WTE plant (Note 4) Waste treatment Processed MSW (tonnes)	N/A	23,398
	Power generation Power generated (MWh) Power sold (MWh) Sales to generation ratio (Note 1)	N/A N/A N/A	9,662 7,067 73.1%
Guizhou Province	Xingyi WTE plant (Note 5) Waste treatment Processed MSW (tonnes)	124,527	N/A
	Power generation Power generated (MWh) Power sold (MWh) Sales to generation ratio (Note 1)	37,422 30,059 80.3%	N/A N/A N/A
Total	Waste treatment Process MSW (tonnes)	1,482,607	1,102,682
	Power generation Power generated (MWh) Power sold (MWh) Sales to generation ratio (Note 1)	608,226 532,951 87.6%	444,815 390,533 87.8%

Note 1: 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 2: Eco-Tech II WTE plant commenced operation in April 2017.

Note 3: Zhanjiang WTE plant commenced operation in April 2016.

Note 4: The operations of Laibin WTE plant have been suspended since March 2016 for its technological upgrade (from fluidised bed technology to moving grate technology).

Note 5: Acquisition of Xingyi WTE plant has been effectively completed in August 2016 and its results was accounted for as part of the Group's results since 31 August 2016. Phase 2 of Xingyi WTE plant commenced operation during the period under review.

Management Discussion and Analysis

REVENUE

During the period under review, the Group's revenue reached HK\$1,158.0 million, representing an increase of 72.8% compared with HK\$670.0 million in the corresponding period of 2016. Among that, revenue from power sales and waste treatment fees for the period under review reached HK\$444.2 million, representing an increase of 18.3% from the corresponding period in 2016. Increase in total revenue was mainly contributed by the construction revenue from the additional projects under construction as well as operating revenue of Eco-Tech II WTE plant and Zhanjiang WTE plant after the completion of construction.

The following table sets forth the breakdown of revenue for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Revenue from power sales	316,365	27.3%	245,165	36.6%
Revenue from waste treatment fees	127,846	11.0%	130,305	19.5%
Construction revenue arising from BOT arrangement	690,007	59.6%	278,826	41.6%
Finance income arising from BOT arrangement	23,795	2.1%	15,743	2.3%
Total	1,158,013	100.0%	670,039	100.0%

The following table sets forth the breakdown of revenue by region for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Guangdong Province	741,518	64.0%	510,180	76.1%
Guangxi Zhuang Autonomous Region	325,296	28.1%	159,859	23.9%
Guizhou Province	91,199	7.9%	—	—
Total	1,158,013	100.0%	670,039	100.0%

COST OF SALES

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

During the period under review, cost of sales increased from HK\$422.5 million in the corresponding period of 2016 by 90.8% to HK\$806.1 million. The increase was mainly attributable to the construction cost incurred from the additional projects under construction as well as the operating costs of new plants added, including Eco-Tech II WTE plant after completion of construction, and phase 1 of Xingyi WTE plant after accounting as part of the Group's results since 31 August 2016.

Management Discussion and Analysis

GROSS PROFIT AND GROSS PROFIT MARGIN

During the period under review, gross profit of the Group amounted to HK\$351.9 million, representing an increase of 42.1% as compared to HK\$247.6 million in the corresponding period of 2016. The increase in gross profit was mainly attributable to the contributions from the operations of Eco-Tech II WTE plant and Zhanjiang WTE plant and the gross profit from the construction of additional WTE plants.

The following table sets forth the breakdown of the gross profit by nature for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June			
	2017		2016	
	HK\$'000	%	HK\$'000	%
Power sales and waste treatment operations	213,080	60.6%	188,488	76.1%
Construction service arising from BOT arrangement	114,999	32.7%	43,344	17.5%
Finance income arising from BOT arrangement	23,795	6.7%	15,743	6.4%
Total	351,874	100.0%	247,575	100.0%

Gross profit margin of the Group decreased from 36.9% in the corresponding period of 2016 to 30.4% for the period under review. The decrease was due to generally lower gross profit margin of construction revenue, and lower gross profit margin of the operating plants as a result of increase in overhaul time of certain WTE plants, leading to decrease in operating revenue.

The following table sets forth the gross profit margin by nature generated by each of the WTE plants for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June	
	2017	2016
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	48.0%	50.2%
Construction service arising from BOT arrangement	16.7%	15.5%
Finance income arising from BOT arrangement	100.0%	100.0%
Gross profit margin of the Group	30.4%	36.9%

GENERAL AND ADMINISTRATIVE EXPENSES

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

During the period under review, general administrative expenses increased by 32.6% from HK\$58.6 million in the corresponding period of 2016 to HK\$77.7 million in the current period of 2017. The increase in the expenses was mainly due to additional plants under operation.

Management Discussion and Analysis

OTHER INCOME

Other income mainly consisted of VAT refund, management income, government grants and others. During the period under review, other income increased by 154.5% from HK\$20.0 million in the corresponding period of 2016 to HK\$50.9 million in the current period of 2017. It was mainly due to Eco-Tech I WTE plant started to enjoy VAT refund in 2017, as well as the management income received from the management services of Zhongshan WTE project.

OTHER LOSSES/GAINS, NET

During the period under review, other net losses recorded HK\$8.5 million as compared to other net gains amounted to HK\$2.0 million in the corresponding period of 2016. It was mainly attributable to the loss on disposal of certain fixed assets of Eco-Tech I WTE plant and Kewei WTE plant with a purpose to optimize the master layout with Eco-Tech II WTE plant.

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 increased by 23.0% from HK\$37.7 million in the corresponding period of 2016 to HK\$46.4 million in the current period of 2017. The increase in interest expenses was mainly due to the increase in bank borrowings related to projects under construction, and finance costs related to Eco-Tech II WTE plant, Zhanjiang WTE plant and Phase 2 of Xingyi WTE plant were no longer eligible for capitalization after construction works completed and plants were ready for use.

INCOME TAX EXPENSES

During the period under review, income tax expenses increased by 127.3% from HK\$19.4 million in the corresponding period of 2016 to HK\$44.1 million in the current period of 2017. It was mainly attributable to the tax incurred by Kewei WTE plant as a result of transiting from half tax reduction to no tax reduction since 2017 and the deferred income taxes incurred by China Scivest II WTE plant, Beiliu WTE plant, Phase 2 of Xingyi WTE plant and Laibin 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 increased by 47.0% from HK\$153.8 million in the corresponding period of 2016 to HK\$226.1 million in the current period of 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**Financial resources**

During the period under review, the Group generated HK\$282.1 million cash from operating projects (corresponding period in 2016: HK\$193.3 million). Net cash used for the construction of various WTE plants under BOT arrangements amounted to HK\$670.6 million (corresponding period in 2016: HK\$141.3 million), as a result, total net cash used in operating activities amounted to HK\$388.5 million during the period under review (corresponding period in 2016: generated HK\$52.0 million).

The Group generated cash flow through operating activities, loan facilities from banks and equity financing. As at 30 June 2017, total cash and cash equivalents of the Group were HK\$1,695.4 million (31 December 2016: HK\$619.0 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.

Management Discussion and Analysis

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 as at 30 June 2017 was as follows:

	Available HK\$'000	Used HK\$'000	Unused HK\$'000
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	812,095	812,095	—
Development of phase two of Zhanjiang WTE plant	149,596	91,904	57,692
Working capital and other general corporate purposes	106,855	106,855	—
Total	1,068,546	1,010,854	57,692

USE OF PROCEEDS FROM THE PLACING OF SHARES TO WISE POWER

Net proceeds raised by placing of shares to Wise Power on 24 May 2016 amounted to approximately HK\$111.4 million (after deducting related expenses) was fully utilized for the construction of plants and purchase of equipment.

USE OF PROCEEDS FROM THE CONVERSION OF CONVERTIBLE LOAN FROM IFC

On 3 April 2017, the Company received a conversion notice from IFC to exercise the conversion rights attached to outstanding Convertible Loan in the aggregate principal amount of HK\$465,012,000. Accordingly, the Company has allotted and issued an aggregate of 121,096,875 conversion Shares with nominal value of HK\$1,210,968.8 to IFC at the conversion price of HK\$3.84 per conversion Share. The net proceeds from the Convertible Loan was HK\$457.7 million (after deducting related expenses) and the respective use of the proceeds as at 30 June 2017 was as follows:

	Available HK\$'000	Used HK\$'000	Unused HK\$'000
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	411,892	411,892	—
Working capital and other general corporate purposes	45,766	45,766	—
Total	457,658	457,658	—

USE OF PROCEEDS FROM THE PLACING OF SHARES TO TRUE VICTOR

To facilitate the growth and development of the Group by leveraging on the projects, technical, operation and financial edges of the Company and SIHL, the Company established strategic partnership with SIHL and entered into a subscription agreement on 17 February 2017, pursuant to which the Company conditionally agreed to issue and True Victor conditionally agreed to subscribe 300,000,000 ordinary Shares with nominal value of HK\$3,000,000 at the subscription price of HK\$3.5 per Share. The closing price of the Share was HK\$3.84 on 17 February 2017, the date of the subscription agreement.

Management Discussion and Analysis

The subscription was completed on 28 March 2017, and net proceeds of approximately HK\$1,018.0 million (after deducting related expenses) were received by the Group. The net price per subscription Share was approximately HK\$3.4. The proceeds have not been fully utilized as at 30 June 2017 and as at the date of this report.

The use of proceeds as at 30 June 2017 was as follows:

	Available HK\$'000	Used HK\$'000	Unused HK\$'000
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	712,610	34,062	678,548
Working capital and other general corporate purposes	305,403	13,923	291,480
Total	1,018,013	47,985	970,028

As at 30 June 2017, the unutilized net proceeds from the placing were deposited in bank accounts.

BORROWINGS

The Group sensibly diversifies its funding sources to optimise the debt portfolio and lower the financing cost. As at 30 June 2017, the Group's bank borrowings was HK\$2,714.2 million (31 December 2016: HK\$1,911.4 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 bank borrowings were denominated in Renminbi and all of them (31 December 2016: over 96%) were at floating interest rates.

In January 2016, the Company entered into a 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\$465.0 million. The convertible loan has been drawn down on 28 April 2016. The carrying amount of the debt component as at 31 December 2016 was HK\$407.9 million. The convertible loan was denominated in Hong Kong dollars and bears interest at a rate of 2% per annum. The closing price of the Shares was HK\$3.92 on 20 January 2016, the date of the convertible loan agreement. On 12 April 2017, the convertible loan has been converted to 121,096,875 conversion Shares and there is no outstanding convertible loan immediately after the conversion. Please refer to the announcement dated 12 April 2017 for further details.

Net asset of the Group was HK\$4,441.1 million (31 December 2016: HK\$2,723.0 million). It is attributable to the profit generated during the period under review and the equity fund raising activity in first half of 2017.

The following table sets forth the analysis of the borrowings as at 30 June 2017 and 31 December 2016:

	As at 30 June 2017 HK\$'000	As at 31 December 2016 HK\$'000
Portion of term loans due for repayment after one year — secured	2,386,994	1,634,549
Portion of term loans due for repayment within one year — secured	327,198	276,837
Total bank borrowings	2,714,192	1,911,386
Convertible loan — debt component — unsecured	—	407,935
Total borrowings	2,714,192	2,319,321

Management Discussion and Analysis

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2017, the gearing ratio was 47.6% (31 December 2016: 55.1%).

As at 30 June 2017, the Group had banking facilities in the amount of HK\$3,253.5 million, of which HK\$539.3 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and most of them were at floating interest rates.

COST OF BORROWINGS

For the six months ended 30 June 2017, the total cost of borrowings of the Group was HK\$49.0 million (corresponding period in 2016: HK\$39.8 million), representing an increase of HK\$9.2 million. The increase was mainly attributable to the increase in bank borrowings related to projects under construction as well as finance costs related to Eco-Tech II WTE plant, Zhanjiang WTE plant and phase 2 of Xingyi WTE plant were no longer eligible for capitalisation after the construction works completed and the plants were ready for use. Effective interest rate ranged from 4.41% to 10.69% during the period under review, while it was from 2.23% to 10.69% in corresponding period in 2016.

For the six months ended 30 June 2017, the imputed interest expenses and interests paid in relation to the convertible loan amounted to HK\$10.8 million and HK\$3.0 million respectively.

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 deposits.

COMMITMENTS

As at 30 June 2017, the Group had capital commitments authorised but not contracted for amounted to HK\$440.3 million (31 December 2016: HK\$687.3 million) and capital commitment contracted for but not yet provided for in the consolidated financial statements amounted to HK\$1,084.0 million (31 December 2016: HK\$1,153.9 million).

As at 30 June 2017, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises and other equipment amounted to HK\$8.5 million (31 December 2016: HK\$9.6 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

Saved as disclosed in the interim results announcement and this report, no material acquisition and disposal of subsidiaries and no plan for significant investment or acquisition of capital assets were conducted by the Group during the period under review.

CAPITAL EXPENDITURES

For the six months ended 30 June 2017, capital expenditures of the Group mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements amounted to HK\$887.2 million (corresponding period in 2016: HK\$341.5 million). Capital expenditures was mainly funded by bank borrowings, funds generated from operating activities and capital contributions from Shareholders.

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2017.

PLEDGE OF ASSETS

As at 30 June 2017, the Group pledged certain of its rights to collect revenue from power sales and waste handling services, land use rights, property, plant and machinery, concession rights and bank deposits with an aggregate carrying amount of HK\$2,633.7 million (31 December 2016: HK\$2,097.8 million) to certain banks to secure certain credit facilities granted to the Group.

HUMAN RESOURCES

As at 30 June 2017, the Group employed a total of 798 employees, 23 of them were at management level. By geographical locations, it had 777 employees in the PRC and 21 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 was 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 six months ended 30 June 2017 were HK\$68.0 million (corresponding period in 2016: HK\$58.0 million).

EVENT AFTER THE BALANCE SHEET DATE

There are no significant events subsequent to 30 June 2017 which would materially affect the Group's operating and financial performance as of the date of the condensed consolidated interim financial information.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 31 March 2017, Mr. Feng Jun has been appointed as a non-executive Director of the Company and Mr. Chung Kwok Nam has been appointed as an independent non-executive Director of the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.3 cents (the corresponding period in 2016: HK1.1 cents) per Share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Friday, 6 October 2017 to Shareholders whose names appear on the register of members of the Company on Friday, 22 September 2017.

UPDATE ON CHINA SCIVEST WTE PLANT

Reference is made to the undertaking given by the Company on page 190 of the prospectus to disclose the status of rectifying the deficits in relation to certain construction related licenses and permits of the China Scivest WTE plant in the Company's interim and annual reports until China Scivest has obtained all construction related licenses and permits. During the six months ended 30 June 2017, 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.

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 2017, the Company has complied with the code provisions of the CG Code.

Major identified risks and uncertainties faced by the Group are set out in detail in our 2016 annual report.

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 2017.

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 is 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 reporting 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 2017, 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 2016, 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 2017 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 is 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 2017, the remuneration committee has held one meeting and passed a written resolution to perform the following major works:

- Performance evaluation of Directors and management team;
- Recommendation of the remuneration packages of newly appointed Directors to the Board; and
- General review and discussion of the remuneration packages of Directors and management team.

NOMINATION COMMITTEE

The members of nomination committee comprise Mr. Chung Wing Yin, Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason and is 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 2017, the nomination committee has held one meeting and passed a written resolution to perform 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;
- Identification and recommendation individuals suitably qualified to become Board members and to the Board;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 16 June 2017; 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 is 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 2017, the corporate governance committee has held one meeting and performed the following major works:

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



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 26 to 52, which comprises the interim condensed consolidated balance sheet of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss, 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, 16 August 2017

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	6	1,158,013	670,039
Cost of sales	7	(806,139)	(422,464)
Gross profit		351,874	247,575
General and administrative expenses	7	(77,725)	(58,609)
Other income	8	50,947	20,002
Other (losses)/gains, net	9	(8,541)	1,967
Operating profit		316,555	210,935
Interest income	10	2,681	2,116
Interest expense	10	(49,047)	(39,800)
Interest expense, net		(46,366)	(37,684)
Profit before income tax		270,189	173,251
Income tax expense	11	(44,054)	(19,408)
Profit for the period		226,135	153,843
Profit attributable to:			
Equity holders of the Company		226,135	153,843
Non-controlling interests		—	—
		226,135	153,843
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	12(a)	10.1	7.7
— diluted	12(b)	10.1	7.7

The notes on pages 34 to 52 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit for the period	226,135	153,843
Other comprehensive income/(loss), net of tax: <i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	97,537	(49,824)
Other comprehensive income/(loss) for the period, net of tax	97,537	(49,824)
Total comprehensive income for the period	323,672	104,019
Total comprehensive income attributable to:		
Equity holders of the Company	323,672	104,019
Non-controlling interests	—	—
	323,672	104,019

The notes on pages 34 to 52 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
ASSETS			
Non-current assets			
Land use rights	14	142,969	140,441
Property, plant and equipment	15	1,500,355	1,201,711
Intangible assets	16	3,317,894	2,630,441
Long-term deposits and prepayments	17	401,963	295,186
Gross amounts due from customers for contract work	18	903,288	820,862
		6,266,469	5,088,641
Current assets			
Inventories		1,325	761
Trade and bills receivables	17	179,313	114,334
Gross amounts due from customers for contract work	18	62,493	55,981
Other receivables, deposits and prepayments	17	265,008	139,307
Restricted deposits	19	11,476	42,927
Cash and cash equivalents		1,695,396	618,953
		2,215,011	972,263
Total assets		8,481,480	6,060,904
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	24,553	20,342
Share premium		2,697,306	1,195,835
Other reserves		515,547	477,532
Retained earnings		1,203,736	1,029,334
		4,441,142	2,723,043
Non-controlling interests		—	—
Total equity		4,441,142	2,723,043

Interim Condensed Consolidated Balance Sheet

As at 30 June 2017

	Note	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	2,386,994	1,634,549
Convertible loan	22	—	407,935
Other payables	23	146,311	145,333
Deferred government grants	24	115,583	36,789
Other non-current liabilities		3,219	2,954
Deferred income tax liabilities		289,428	251,649
		2,941,535	2,479,209
Current liabilities			
Trade and other payables	23	753,481	567,123
Deferred government grants	24	1,369	1,329
Bank borrowings	21	327,198	276,837
Current income tax liabilities		16,755	13,363
		1,098,803	858,652
Total liabilities		4,040,338	3,337,861
Total equity and liabilities		8,481,480	6,060,904
Net current assets		1,116,208	113,611
Total assets less current liabilities		7,382,677	5,202,252

The notes on pages 34 to 52 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 2017

	(Unaudited)								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Share option reserve	Exchange reserve	Retained earnings	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2017	20,342	1,195,835	704,944	98,006	(68,519)	5,834	(262,733)	1,029,334	2,723,043
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	226,135	226,135
Other comprehensive income									
Currency translation differences	—	—	—	—	—	—	97,537	—	97,537
Total comprehensive income for the period	—	—	—	—	—	—	97,537	226,135	323,672
Appropriation of statutory reserve	—	—	—	12,448	—	—	—	(12,448)	—
Dividend approved in respect of the previous year (Note 13)	—	—	—	—	—	—	—	(39,285)	(39,285)
Issue of shares through placement (Note 20(a))	3,000	1,015,013	—	—	—	—	—	—	1,018,013
Conversion of convertible loan (Note 22)	1,211	486,458	—	—	(71,970)	—	—	—	415,699
Balance at 30 June 2017	24,553	2,697,306	704,944	110,454	(140,489)	5,834	(165,196)	1,203,736	4,441,142
Representing:									
2017 declared interim dividend (Note 13)								31,919	
Other retained earnings								1,171,817	
								1,203,736	

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	(Unaudited)								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Share option reserve	Exchange reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2016	20,000	1,084,780	704,944	62,954	(140,489)	5,834	(90,367)	686,745	2,334,401
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	153,843	153,843
Other comprehensive income									
Currency translation differences	—	—	—	—	—	—	(49,824)	—	(49,824)
Total comprehensive income for the period	—	—	—	—	—	—	(49,824)	153,843	104,019
Appropriation of statutory reserve	—	—	—	9,544	—	—	—	(9,544)	—
Issue of shares through placement	342	111,055	—	—	—	—	—	—	111,397
Receipt of convertible loan (Note 22)	—	—	—	—	71,970	—	—	—	71,970
Balance at 30 June 2016	20,342	1,195,835	704,944	72,498	(68,519)	5,834	(140,191)	831,044	2,621,787

The notes on pages 34 to 52 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 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Cash flows from operating activities		
Profit before income tax	270,189	173,251
Adjustment for:		
Construction revenue arising from build-operate-transfer ("BOT") arrangement	(690,007)	(278,826)
Finance income arising from BOT arrangement	(23,795)	(15,743)
Depreciation of property, plant and equipment	47,494	35,661
Amortisation of land use rights	1,748	1,840
Amortisation of intangible assets	30,510	36,412
Interest income	(2,681)	(2,116)
Interest expense	49,047	39,800
Exchange differences	2,697	(1,683)
Loss/(gain) on disposals of property, plant and equipment	5,844	(284)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)		
— Non-current prepayments	(8,088)	(13,183)
— Inventories	(5,688)	(7,558)
— Trade and other receivables	(148,848)	(11,222)
— Trade and other payables	94,508	103,960
Net cash (used in)/generated from operations	(377,070)	60,309
Income tax paid	(11,466)	(8,307)
Net cash (used in)/generated from operating activities	(388,536)	52,002
Cash flows from investing activities		
Deposit paid for investments	(77,531)	(222,308)
Payments for purchase of property, plant and equipment	(208,091)	(116,059)
Proceeds from disposals of property, plant and equipment	1,424	298
Increase in restricted deposits	(1,764)	(1,428)
Acquisition of a subsidiary	(28,261)	—
Interest received	2,681	2,116
Net cash used in investing activities	(311,542)	(337,381)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	897,595	433,813
Repayments of bank borrowings	(167,192)	(182,146)
Decrease/(increase) in restricted deposits	33,927	(35,100)
Interest paid	(57,570)	(40,839)
Repayment of ex-shareholders' loans of a subsidiary	—	(67,916)
Issuance of ordinary shares	1,018,013	111,397
Net proceeds from convertible loan	—	457,658
	1,724,773	676,867
Net increase in cash and cash equivalents	1,024,695	391,488
Cash and cash equivalents at beginning of period	618,953	449,136
Currency translation differences	51,748	(6,325)
Cash and cash equivalents at end of period	1,695,396	834,299

The notes on pages 34 to 52 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, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are engaged in the provision of municipal solid waste treatment related services and operation and management of waste-to-energy (“WTE”) 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 16 August 2017.

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 2017 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Significant events and transactions

- (i) In January 2017, the Group entered into a non-legally binding strategic cooperation agreement with BOC & UTRUST Private Equity Fund Management (GuangDong) Co., Ltd. and Guangdong Finance Investment International Co., Limited (collectively referred as “Utrust Partners”). Pursuant to the agreement, (I) Utrust Partners shall assist the Company in business expansion and acquiring new source of projects, and fully support the Company in obtaining WTE projects in Guangdong Province, with the form of collaboration not limited to signing strategic cooperation agreements or memorandums of cooperation with local government authorities within Guangdong Province and other relevant parties; (II) Utrust Partners shall give full support to the Group’s business development, including the coordination of relevant policy funds (including but not limited to relevant funds for public-private partnerships projects and guangdong silk road fund, etc.) under the entrusted management of Utrust Investment Holdings Limited and its companies and the provision of funding support to the projects of the Group to the extent that the project is consistent with the investment direction of such funds; and (III) the Company intends to establish an industrial fund for clean environmental projects jointly with Utrust Partners to give full support for the technological upgrade projects and business development of the Group.
- (ii) In February 2017, the Company and True Victor Holdings Limited entered into the subscription agreement, pursuant to which the Company conditionally agreed to issue and True Victor Holdings Limited conditionally agreed to subscribe, 300,000,000 ordinary shares at the subscription price of HK\$3.5 per share (Note 20(a)). The net proceeds from the subscription amounted to approximately HK\$1,018,013,000. The transaction was completed on 28 March 2017.

Notes to the Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION (Continued)

Significant events and transactions (Continued)

- (iii) In March 2017, the Group was awarded the BOT concession right in relation to the WTE plant located in Xinyi City, Guangdong Province by Bureau of Housing, Urban and Rural Planning and Construction of Xinyi Municipality. A framework agreement was entered in this regard.
- (iv) On 3 April 2017, the Company has received a conversion notice from International Finance Corporation (“IFC”) to exercise the conversion rights attached to outstanding convertible loan in the aggregate principal amount of HK\$465,012,000. Accordingly, the Company has allotted and issued an aggregate of 121,096,875 ordinary shares to IFC at the conversion price of HK\$3.84 per share on 12 April 2017 (Note 22). There are no outstanding convertible loan immediately after the conversion. Total number of issued shares of the Company immediately after the completion of conversion is 2,455,332,169 ordinary shares.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total earnings and the adoption of amendments to HKFRSs effective for the financial year ended 31 December 2017.

- (a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

(b) Impact of standards issued but not yet applied by the Group

(i) HKFRS 9 “Financial Instruments”

HKFRS 9 “Financial Instruments” addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 “Financial Instruments: Recognition and Measurement” and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income (“FVOCI”), contract assets under HKFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

3 ACCOUNTING POLICIES (Continued)

(b) Impact of standards issued but not yet applied by the Group (Continued)

(ii) HKFRS 15 "Revenue from Contracts with Customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim period within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

At this stage, the Group is unable to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next six months.

(iii) HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. The Group has not yet determined to what extent its non-cancellable operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim period within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 ESTIMATES

The preparation of condensed consolidated 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 2016.

Notes to the Condensed Consolidated Interim Financial Information

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 do 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 2016.

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

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 cash used in operating activities for the six months ended 30 June 2017 is approximately HK\$388,536,000 (six months ended 30 June 2016: generated from operating activities of HK\$52,002,000), including net operating cash used in relation to the construction of the WTE plants under BOT arrangements of approximately HK\$670,613,000 (six months ended 30 June 2016: HK\$141,249,000). Excluding the operating cash outflow in relation to the construction of the WTE plants under BOT arrangements, the Group generated operating cash of approximately HK\$282,077,000 (six months ended 30 June 2016: HK\$193,251,000). 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 2017 and 31 December 2016. 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 2017 (Unaudited)					
Bank borrowings	455,003	511,886	1,393,709	850,599	3,211,197
Trade and other payables	752,008	146,311	—	—	898,319
	1,207,011	658,197	1,393,709	850,599	4,109,516
As at 31 December 2016 (Audited)					
Bank borrowings	365,085	422,018	930,096	536,957	2,254,156
Convertible loan	9,352	9,352	612,140	—	630,844
Trade and other payables	565,943	145,333	—	—	711,276
	940,380	576,703	1,542,236	536,957	3,596,276

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 six months ended 30 June 2017, 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\$25,858,000 (six months ended 30 June 2016: HK\$15,222,000) 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 amounts due from customers for contract work
- Trade and bills receivables
- Deposits and other receivables
- Restricted deposits
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Convertible loan

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 2017, the Executive Directors consider that the Group's operations are operated and managed as a single segment — WTE project construction and operation (2016: 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 for the six months ended 30 June 2017 (2016: same).

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from power sales	316,365	245,165
Waste treatment fee	127,846	130,305
Construction revenue arising from BOT arrangement	690,007	278,826
Finance income arising from BOT arrangement	23,795	15,743
	1,158,013	670,039

Revenue of approximately HK\$294,891,000 is derived from the largest single customer for the six months ended 30 June 2017, representing 25% of the Group's total revenue, is attributable to revenue from construction revenue; approximately HK\$243,777,000 is derived from the second largest customer for the six months ended 30 June 2017, representing 21% of the Group's total revenue, is attributable to power sales; approximately HK\$168,122,000 is derived from the third largest customer for the six months ended 30 June 2017, representing 15% of the Group's total revenue, and of which approximately HK\$166,089,000 is attributable to construction revenue and approximately HK\$2,033,000 is attributable to finance income; approximately HK\$152,280,000 is derived from the fourth largest customer for the six months ended 30 June 2017, representing 13% of the Group's total revenue, and of which approximately HK\$149,264,000 is attributable to construction revenue and approximately HK\$3,016,000 is attributable to finance income.

Revenue of approximately HK\$240,422,000 is derived from the largest single customer for the six months ended 30 June 2016, representing 36% of the Group's total revenue, is attributable to revenue from power sales; approximately HK\$155,116,000 is derived from the second largest customer for the six months ended 30 June 2016, representing 23% of the Group's total revenue, and of which approximately HK\$151,235,000 is attributable to construction revenue and approximately HK\$3,881,000 is attributable to finance income; approximately HK\$139,453,000 is derived from the third largest customer for the six months ended 30 June 2016, representing 21% of the Group's total revenue, and of which approximately HK\$127,591,000 is attributable to construction revenue and approximately HK\$11,862,000 is attributable to finance income.

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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Coal	—	1,683
Fuel	457	598
Maintenance cost	33,387	21,192
Environmental protection expenses	66,648	49,176
Auditors' remuneration	1,662	1,427
Employee benefit expenses	67,993	58,007
Depreciation and amortisation		
— Land use rights	1,748	1,840
— Property, plant and equipment	47,494	35,661
— Intangible assets	30,510	36,412
Operating lease rentals	4,509	4,313
Construction cost recognised for construction of BOT projects (included in cost of sales)	575,008	235,482

8 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Value-added tax refund (Note (i))	25,545	18,411
Management income (Note (ii))	20,001	—
Government grants	672	23
Others	4,729	1,568
	50,947	20,002

Note: (i) 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.

(ii) Management income for the six months ended 30 June 2017 is derived from a company whose directors consist of key management personnel from the Group.

Notes to the Condensed Consolidated Interim Financial Information

9 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/gain on disposal of property, plant and equipment	(5,844)	284
Exchange (losses)/gains, net	(2,697)	1,683
	(8,541)	1,967

10 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on bank borrowings	(54,521)	(39,599)
Imputed interest expense on convertible loan (Note 22)	(10,813)	(7,116)
	(65,334)	(46,715)
Less: amount capitalised on qualifying assets	16,287	6,915
	(49,047)	(39,800)
Interest income from bank deposits	2,681	2,116
Interest expense, net	(46,366)	(37,684)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
PRC enterprise income tax	14,394	10,858
Hong Kong profits tax	—	—
Total current income tax	14,394	10,858
Deferred income tax	29,660	8,550
Income tax expense	44,054	19,408

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 2017 and 2016. No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (2016: same).

Notes to the Condensed Consolidated Interim Financial Information

11 INCOME TAX EXPENSE (Continued)

Subsidiaries incorporated in the PRC are subjected to a tax rate of 25% on the assessable profits arising in or derived from the PRC for the six months ended 30 June 2017 and 2016 except the followings:

- (i) Dongguan Kewei Environmental Power Company Limited (“Kewei”) has obtained an approval for an enterprise income tax (“EIT”) incentive that its project was fully exempted from the PRC EIT for three years starting from 2011 to 2013, and followed by a 50% tax reduction for the ensuing three years from 2014 to 2016. Accordingly, the applicable tax rate for Kewei was 25% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 12.5%).
- (ii) Dongguan China Scivest Environmental Power Company Limited (“China Scivest”) has obtained an approval for an EIT incentive that its project was fully exempted from the PRC EIT for three years starting from 2013 to 2015, and followed by a 50% tax reduction for the ensuing three years from 2016 to 2018. Accordingly, the applicable tax rate of China Scivest was 12.5% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 12.5%).
- (iii) Dongguan Eco-Tech Environmental Power Company Limited (“Eco-Tech”) has obtained an approval for an EIT incentive that its project is fully exempted from the PRC EIT for three years starting from 2015 to 2017, and followed by a 50% tax reduction for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Eco-Tech was 0% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 0%).
- (iv) Zhanjiang Yuefeng Environmental Power Company Limited (“Zhanjiang Yuefeng”) has obtained an approval for an EIT incentive that its project is fully exempted from the PRC EIT for three years starting from 2016 to 2018, and followed by a 50% tax reduction for the ensuing three years from 2019 to 2021. Accordingly, the applicable tax rate of Zhanjiang Yuefeng was 0% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 0%).
- (v) Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited (“Xingyi Hongda”) has obtained an approval for an EIT incentive that its project is fully exempted from the PRC EIT for three years starting from 2015 to 2017, followed by a 50% tax reduction for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Xingyi Hongda was 0% for the six months ended 30 June 2017.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

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.

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$’000)	226,135	153,843
Weighted average number of ordinary shares in issue (thousand shares)	2,244,548	2,007,109
Basic earnings per share (HK cents)	10.1	7.7

Notes to the Condensed Consolidated Interim Financial Information

12 EARNINGS PER SHARE (Continued)**(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 (2016: two) categories of dilutive potential ordinary share: share options and convertible loan (2016: same). 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 for the period) 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 share options. The convertible loan has assumed to have been converted into ordinary shares, and the profit for the period has been adjusted to eliminate the interest expense of the convertible loan.

Diluted earnings per share for the six months ended 30 June 2017 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options and convertible loan would have an anti-dilutive effect to the basic earnings per share (2016: same).

13 DIVIDENDS

The board has resolved to declare an interim dividend of HK1.3 cents per ordinary share for the six months ended 30 June 2017 (six months ended 30 June 2016: HK1.1 cents per ordinary share), payable on Friday, 6 October 2017 to shareholders whose names appear on the register of members of the Company on Friday, 22 September 2017. The interim dividend, amounting to HK\$31,919,000 (six months ended 30 June 2016: HK\$22,377,000), has not been recognised as a dividend payable in the condensed consolidated interim financial information. The amount of interim dividend declared for the six months ended 30 June 2017 was calculated based on the number of ordinary shares in issue at the date of approval for issue of this condensed consolidated interim financial information.

The final dividend of HK1.6 cents per share for the year ended 31 December 2016 (for the year ended 31 December 2015: Nil) has been approved by the shareholders at the annual general meeting of the Company held on Friday, 16 June 2017, and was subsequently paid on Friday, 7 July 2017. The final dividends for the year ended 31 December 2016, amounting to HK\$39,285,000, has been recognised as dividend payable as at 30 June 2017 (note 23). No final dividend has been approved nor paid in 2016 for the year ended 31 December 2015.

14 LAND USE RIGHTS

	HK\$'000
For the six months ended 30 June 2017 (Unaudited)	
Opening net book amount at 1 January 2017	140,441
Amortisation (Note 7)	(1,748)
Currency translation differences	4,276
	142,969
For the six months ended 30 June 2016 (Unaudited)	
Opening net book amount at 1 January 2016	153,642
Amortisation (Note 7)	(1,840)
Currency translation differences	(3,007)
	148,795

Notes to the Condensed Consolidated Interim Financial Information

15 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
For the six months ended 30 June 2017 (Unaudited)	
Opening net book amount at 1 January 2017	1,201,711
Additions	312,189
Disposals	(7,268)
Depreciation (Note 7)	(47,494)
Currency translation differences	41,217
Closing net book amount at 30 June 2017	1,500,355
For the six months ended 30 June 2016 (Unaudited)	
Opening net book amount at 1 January 2016	964,989
Additions	106,035
Disposals	(16)
Depreciation (Note 7)	(35,661)
Currency translation differences	(20,143)
Closing net book amount at 30 June 2016	1,015,204

16 INTANGIBLE ASSETS

	Goodwill HK\$'000	Concession rights HK\$'000	Total HK\$'000
For the six months ended 30 June 2017 (Unaudited)			
Opening net book amount at 1 January 2017	158,986	2,471,455	2,630,441
Additions for BOT arrangements	—	625,698	625,698
Amortisation (Note 7)	—	(30,510)	(30,510)
Currency translation differences	4,878	87,387	92,265
Closing net book amount at 30 June 2017	163,864	3,154,030	3,317,894
For the six months ended 30 June 2016 (Unaudited)			
Opening net book amount at 1 January 2016	169,752	1,744,902	1,914,654
Additions for BOT arrangements	—	226,395	226,395
Amortisation (Note 7)	—	(36,412)	(36,412)
Currency translation differences	(3,356)	(37,726)	(41,082)
Closing net book amount at 30 June 2016	166,396	1,897,159	2,063,555

Notes to the Condensed Consolidated Interim Financial Information

17 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Non-current assets		
Deposits for investments	330,863	228,060
Prepayments for property, plant and equipment	64,319	59,883
Rental deposits	1,617	1,617
Other prepayments	5,164	5,626
	401,963	295,186
Current assets		
Trade receivables	179,313	110,980
Bills receivables	—	3,354
Deposits and prepayments	13,125	4,053
Other receivables (Note)	88,205	59,827
Value-added tax recoverable	163,678	75,427
	444,321	253,641
	846,284	548,827

Note: As at 30 June 2017 and 31 December 2016, the balances mainly include receivables in relation to the management income (note 8) and from a company whose directors consist of the Group's key management personnel.

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 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Up to 1 month	78,877	33,841
1 to 3 months	66,338	41,374
3 to 6 months	29,596	25,943
Over 6 months	4,502	9,822
	179,313	110,980

Notes to the Condensed Consolidated Interim Financial Information

18 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 WTE 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 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Contract costs incurred plus recognised profits	996,198	915,596
Less: Billings	(30,417)	(38,753)
Net contract work	965,781	876,843
Representing:		
Gross amounts due from customers for contract work		
— Non-current	903,288	820,862
— Current	62,493	55,981
	965,781	876,843

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.

19 RESTRICTED DEPOSITS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Restricted deposits, denominated in RMB	11,476	42,927

As at 30 June 2017, restricted deposits of HK\$11,476,000 (31 December 2016: HK\$9,390,000) represent deposits pledged for BOT service concession arrangements in relation to various WTE plants in the PRC. As at 31 December 2016, restricted deposits of HK\$33,537,000 represent deposits pledged for bank borrowings of the Group. The effective interest rate on restricted bank deposits is 0.3%–3.05% per annum (2016: 0.3%–3.05% per annum).

Notes to the Condensed Consolidated Interim Financial Information

20 SHARE CAPITAL AND RESERVES**(a) Share capital**

	Number of shares	Total HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2016, 1 January 2017 and 30 June 2017	5,000,000,000	50,000
Issued and fully paid:		
At 31 December 2016 and 1 January 2017	2,034,235,294	20,342
Issue of shares on 28 March 2017 (note (i))	300,000,000	3,000
Issue of shares on 12 April 2017 (note (ii))	121,096,875	1,211
At 30 June 2017	2,455,332,169	24,553

Note: (i) On 28 March 2017, an aggregate of 300,000,000 ordinary shares were issued at HK\$3.5 each. Net proceeds amounted to HK\$1,018,013,000.

(ii) On 12 April 2017, an aggregate of 121,096,875 ordinary shares were issued at conversion price of HK\$3.84 per share upon the conversion of convertible loan (Note 22).

(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

No share option granted was exercised or lapsed during the six months ended 30 June 2017.

21 BANK BORROWINGS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Bank borrowings, secured		
Non-current	2,386,994	1,634,549
Current	327,198	276,837
Total	2,714,192	1,911,386

Proceeds from and repayments of bank borrowings for the six months ended 30 June 2017 and 2016 were disclosed in the interim condensed consolidated statement of cash flows.

Bank borrowings are secured by rights to collect revenue from power sales and waste handling service, land use rights, property, plant and equipment, concession rights, bank deposits and corporate guarantees.

22 CONVERTIBLE LOAN

On 28 April 2016, the Company borrowed the convertible loan in the aggregate principal amount of HK\$465,012,000 from IFC. IFC has the right to convert all or any part of the outstanding principal amount of the convertible loan into fully paid ordinary shares with a par value of HK\$0.01 each of the Company at any time after the date of the disbursement and prior to the maturity date. The initial conversion price is HK\$3.91 per share, subject to customary adjustments as set out in the convertible loan agreement.

The total net proceeds of the convertible loan of HK\$457,658,000, after deducting related expenses, has been received by the Group during the six months ended 30 June 2016.

The major terms and conditions of the convertible loan are as follow:

(i) Interest rate

The outstanding principal of the convertible loan bears interest at a rate of 2% per annum.

(ii) Conversion price

The conversion price is initially HK\$3.91 per share, subject to customary adjustments as set forth in the convertible loan agreement.

(iii) Maturity date

The maturity date of the convertible loan is 27 April 2021.

(iv) Repayment

The outstanding principal amount of the convertible loan shall be repaid on the maturity date, together with the make whole premium (if any).

Make whole premium is calculated by IFC, which would yield a minimum internal rate of return for IFC on the principal amount of the convertible loan repaid or prepaid of 7% per annum, calculated from the date of the disbursement and ending on the date of such repayment.

Notes to the Condensed Consolidated Interim Financial Information

22 CONVERTIBLE LOAN (Continued)**(iv) Repayment** (Continued)

The convertible loan was recognised as a equity component and a debt component as follows:

- equity component, comprise the fair value of the option of IFC to convert the convertible loan into ordinary shares of the Company at the conversion price at any time before the maturity.
- debt component initially recognised at its fair value, and is subsequently carried at amortised cost.

The movements of the convertible loan are set out below:

	Debt component HK\$'000	Equity component HK\$'000	Total HK\$'000
For the six months ended 30 June 2017 (Unaudited)			
As at 1 January 2017	407,935	71,970	479,905
Imputed interest expense	10,813	—	10,813
Interest paid	(3,049)	—	(3,049)
Conversion into ordinary shares	(415,699)	(71,970)	(487,669)
As at 30 June 2017	—	—	—
For the six months ended 30 June 2016 (Unaudited)			
Convertible loan disbursed on 28 April 2016	385,688	71,970	457,658
Imputed interest expense	7,116	—	7,116
Interest paid	(1,240)	—	(1,240)
As at 30 June 2016	391,564	71,970	463,534

On 3 April 2017, the Company has received a conversion notice from IFC to exercise the conversion rights attached to outstanding convertible loan in the aggregate principal amount of HK\$465,012,000. Accordingly, the Company has allotted and issued an aggregate of 121,096,875 ordinary shares to IFC at adjusted conversion price of HK\$3.84 per share as at 12 April 2017.

Notes to the Condensed Consolidated Interim Financial Information

23 TRADE AND OTHER PAYABLES

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Non-current liabilities		
Other payables (Note)	146,311	145,333
Current liabilities		
Trade payables	86,858	64,476
Dividend payable (Note 13)	39,285	—
Accruals and other payables (Note)	627,338	502,647
	753,481	567,123
	899,792	712,456

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 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Up to 1 month	64,908	37,672
1 to 2 months	1,609	13,376
2 to 3 months	6,838	2,720
Over 3 months	13,503	10,708
	86,858	64,476

Notes to the Condensed Consolidated Interim Financial Information

24 DEFERRED GOVERNMENT GRANTS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Government grants	116,952	38,118
Less: Amount included under current liabilities	(1,369)	(1,329)
Amount included under non-current liabilities	115,583	36,789

The government grants was recognised as deferred income when received and amortised through profit or loss on a systematic basis over the concession period of the WTE projects.

25 COMMITMENTS**(a) Capital commitments**

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Authorised but not contracted to:		
Property, plant and equipment	47,952	46,305
Construction cost for BOT	392,314	641,024
	440,266	687,329
Contracted but not provided for:		
Property, plant and equipment	321,445	328,658
Construction cost for BOT	762,539	825,280
	1,083,984	1,153,938

Notes to the Condensed Consolidated Interim Financial Information

25 COMMITMENTS (Continued)**(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 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Contracted		
— No later than 1 year	7,581	7,484
— Later than 1 year and no later than 5 years	740	1,953
— Later than 5 years	142	143
	8,463	9,580

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Name	Relationship with the Group
Dongguan Yuexin Construction Co. Ltd. 東莞市粵星建造有限公司 (“Dongguan Yuexin”)	A company controlled by Mr. Lai Chun Tung, an Executive Director of the Company

(a) Transactions with related parties

During the six months ended 30 June 2017, the Group paid rental expenses of HK\$950,000 for office to Dongguan Yuexin as agreed by both parties (six months ended 30 June 2016: HK\$1,001,000).

(b) Key management compensation

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

	Six months ended 30 June 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Wages and salaries	9,886	8,142
Pension costs — defined contribution plans	148	182
Welfare and other expenses	264	460
Total	10,298	8,784

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, 2015 annual report, 2016 annual report and note 20(b) 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 2017					as at 30 June 2017			
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 8.02% of the issued share capital of the Company as at the date of the Company's 2016 annual report, the date of the interim results announcement dated 16 August 2017 and as at the date of this interim report, respectively.

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

As at 30 June 2017, 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 as % of the issued share capital	
	Personal interest	Number of underlying shares held under equity derivatives ⁽²⁾	Spouse interests	Founder of a discretionary trust ⁽¹⁾	Beneficiary of trust		Total interests ⁽⁴⁾
Ms. Loretta Lee	1,376,000	250,000	250,000	1,325,821,837	—	1,327,697,837	54.1%
Mr. KM Lai	—	—	10,000,000	1,325,821,837	—	1,335,821,837	54.4%
Mr. Yuan Guozhen	—	250,000	357,000	—	—	607,000	0.02%
Mr. CT Lai	—	250,000 ⁽³⁾	1,626,000	—	1,325,821,837	1,327,697,837	54.1%
Professor Sha Zhenquan	100,000	—	—	—	—	100,000	0.00%
Mr. Chung Kwok Nam	80,000	—	—	—	—	80,000	0.00%

Notes:

- 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 53.
- These represent the 250,000 share options held by Mr. CT Lai.
- 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 under the SFO. 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.

Other Information

(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).

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 2017, 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, interested 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
HSBC International Trust Limited	Trustee	1,325,821,837 ⁽¹⁾	—	54.0%
VISTA Co	Interest of controlled corporation	1,325,821,837 ⁽²⁾	—	54.0%
Century Rise	Interest of controlled corporation	1,325,821,837 ⁽³⁾	—	54.0%
Best Approach	Beneficial owner	1,325,821,837	—	54.0%
AEP Green Power, Limited	Beneficial owner	138,305,678 ⁽⁴⁾	—	5.6%
SIHL	Interest in controlled corporation	356,593,000 ⁽⁵⁾	—	14.5%
Shanghai Industrial Investment (Holdings) Company Limited	Interest in controlled corporation	356,593,000 ⁽⁵⁾	—	14.5%
True Victor	Beneficial owner	300,000,000 ⁽⁵⁾	—	12.2%

Other Information

Notes:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
2. 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.
3. 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.
4. AEP Green Power, Limited increased their shareholding from 128,305,678 Shares to 138,305,678 Shares on 9 June 2017, or 5.6% of the total issued share capital of the Company as at 30 June 2017.
5. True Victor is an indirect wholly-owned subsidiary of SIHL. Thrive Bloom Limited, an indirect, non-wholly owned subsidiary of SIHL, is a Shareholder holding 56,593,000 Shares, representing approximately 2.3% of the issued share capital of the Company as at 30 June 2017.

(2) Beiliu

Name	Nature of Interest	Registered capital held	Approximate percentage of shareholding
Beiliu Runtong	Beneficial owner	RMB35,350,000	20%

Note: As at 30 June 2017, the registered capital of Beiliu to be injected by Beiliu Runtong has not yet paid-in.

INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 30 June 2017, 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.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

Pursuant to the convertible loan agreement entered between IFC and the Company on 20 January 2016, unless otherwise agreed in writing by IFC, the Company shall, within 10 days following the occurrence that Ms. Loretta Lee, Mr. KM Lai and Mr. CT Lai, as a Group ceases to own, directly and indirectly, at least 51% of both the economic and voting interests in the Company, prepay the outstanding principal amount of the convertible loan, together with accrued interest, the make whole premium (if any) and all other amounts payable under the convertible loan agreement. The convertible loan was fully converted to 121,096,875 conversion shares on 12 April 2017 and no outstanding convertible loan immediately after the conversion.

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 2017.

Other Information

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 2017 and as at the date of this interim report.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.3 cents (the corresponding period in 2016: HK1.1 cents) per share payable in cash to shareholders of the Company. Interim dividend will be payable on or about Friday, 6 October 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 22 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 20 September 2017 to Friday, 22 September 2017 (both days inclusive), during such period no transfer of shares will be effected. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Tuesday, 19 September 2017.

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. Feng Jun (appointed on 31 March 2017)

Mr. Lui Ting Cheong Alexander

Mr. Lai Yui

Independent Non-executive Directors

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin

Mr. Chung Kwok Nam
(appointed on 31 March 2017)

BOARD COMMITTEES

Audit Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Professor Sha Zhenquan

Mr. Chung Wing Yin

Remuneration Committee

Professor Sha Zhenquan (Chairperson)

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin

Nomination Committee

Mr. Chung Wing Yin (Chairperson)

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Corporate Governance Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Ms. Lee Wing Yee Loretta

Professor Sha Zhenquan

Mr. Chung Wing Yin

COMPANY SECRETARY

Ms. Wong Ling Fong Lisa (HKICPA)

AUTHORISED REPRESENTATIVES

Ms. Lee Wing Yee Loretta

Ms. Wong Ling Fong Lisa

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISORS

as to Hong Kong law:
King & Wood Mallesons

as to PRC law:
King & Wood Mallesons
Jingtian & Gongcheng

as to BVI and Cayman Islands law:
Maples and Calder

PRINCIPAL BANKERS

Dongguan Rural Commercial Bank Co. Ltd.
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

PO Box 309, Uglan House,
Grand Cayman, KY1-1104,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6803B, 68/F.,
International Commerce Centre,
1 Austin Road West,
Kowloon,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Level 24,
Canvest Tower,
2 San Yuan Road,
Nan Cheng District, Dongguan City,
Guangdong, PRC

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

LISTING INFORMATION

Equity Securities Listing

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1381) and it has been selected as one of the eligible stocks included in Southbound trading through Shenzhen-Hong Kong Stock Connect.

INTERIM DIVIDEND

Amount payable	: HK1.3 cents per share
Ex-entitlement date	: Monday, 18 September 2017
Latest time for lodging transfer	: At 4:30 p.m. on Tuesday, 19 September 2017
Book closure period	: From Wednesday, 20 September to Friday, 22 September 2017 (both days inclusive)
Record date	: Friday, 22 September 2017
Payment date	: Friday, 6 October 2017

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.

INVESTOR RELATIONS

E-mail : info@canvest.com.hk
Telephone : (852) 2668 6596
Facsimile : (852) 2668 6597

WEBSITE

www.canvestenvironment.com

GLOSSARY

AEP	AEP Green Power, Limited, a private company limited by shares incorporated under the laws of the Republic of Mauritius with limited liability and is an investment subsidiary of Asia Environmental Partners, L.P. and its parallel fund and is a pre-IPO investor
AGM	Annual general meeting
Beiliu	Beiliu Yuefeng Environmental Power Company Limited (北流粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 3 June 2016 and a 80% indirectly owned subsidiary of the Company
Beiliu Runtong	Beiliu Runtong Environmental Investment Company Limited (北流市潤通環保投資有限公司), a company which holds 20% interest in Beiliu
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
BOC & UTRUST	BOC & UTRUST Private Equity Fund Management (Guangdong) Co., Ltd. (中銀粵財股權投資基金管理(廣東)有限公司), a company established in the PRC with limited liability
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 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
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

Glossary

Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangement
Celestial Jade	Celestial Jade Limited (天翠有限公司), a company incorporated in BVI with limited liability and an indirectly 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. It received a consent from the regulatory authority to extend the concession period for ten years during the period under review
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Counterparties	Zhongshan Guangye and 4 related parties of Zhongshan Guangye
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
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
Hong Kong	Hong Kong Special Administrative Region of the PRC

Glossary

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	Laibin Zhongke Environmental Power Company Limited (來賓中科環保電力有限公司), a company established under the laws of the PRC with limited liability on 19 January 2005 and an indirect wholly owned subsidiary of the Company
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
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Lufeng	Lufeng Yuefeng Environmental Power Company Limited (陸豐粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 21 November 2016 and an indirect wholly owned subsidiary of the Company
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
Mr. CT Lai	Mr. Lai Chun Tung (黎俊東), an executive Director
Mr. KM Lai	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), one of our controlling shareholders, an executive Director and our deputy chairman
Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our controlling shareholders, an executive Director and chairlady of our Company

Glossary

MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
SIHL	Shanghai Industrial Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Hong Kong Stock Exchange (stock code: 363)
True Victor	True Victor Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of SIHL
Utrust Holdings	Utrust Investment Holdings Limited (廣東粵財投資控股有限公司), a company established in the PRC with limited liability
Utrust International	Guangdong Finance Investment International Co., Limited (粵財控股香港國際有限公司), a company incorporated under the laws of Hong Kong with limited liability
Utrust Partners	BOC & UTRUST and Utrust International
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
Wise Power	Wise Power Investment Limited, a private company limited by shares incorporated under the laws of Cayman Islands with limited liability and is a wholly owned subsidiary of China Infrastructure Partners, L.P. and is a Pre-IPO Investor
WTE	waste-to-energy, the process of generating electricity from the incineration of waste

Glossary

Xingyi	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 under the laws of the PRC with limited liability on 12 January 2012 and an indirect wholly owned subsidiary of the Company
Xinyi	Xinyi Yuefeng Environmental Power Company Limited (信宜粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 17 March 2017 and an indirectly wholly owned subsidiary of the Company
Yi Feng	Yi Feng Development Limited, a company incorporated in BVI with limited liability and a wholly owned subsidiary of the Company
Zhanjiang	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 with limited liability on 3 April 2013 and an indirectly wholly owned subsidiary of the Company
Zhongshan Guangye	Zhongshan City Guangye Longcheng Environmental Company Limited (中山市廣業龍澄環保有限公司), a company established in the PRC with limited liability
%	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.