CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED
粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

Financial Highlights

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

Notes:

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

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

Operational Highlights

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

- Eco-Tech waste-to-energy plant commenced technological upgrade since April 2014 and resumed trial operation in August 2015. On top of the existing 1,800 tonnes daily municipal solid waste processing capacity, it might expand by an additional 1,500 tonnes upon the completion of the technological upgrade currently in progress.

- Zhanjiang waste-to-energy plant was under development and expects to commence trial operation in the second-half of 2015. In April 2015, the Group was informed by the Zhanjiang Development and Reform Commission that Zhanjiang Yuefeng shall construct the waste-to-energy plant with a total daily processing capacity of 1,500 tonnes without any phase arrangement.

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

- In May 2015, Kewei entered into agreements with Fujian Zhongan and Beijing Zhongke, respectively, in relation to the acquisition of 80% and 20% equity interest in Laibin Zhongke. The transactions have been completed in August 2015. In June 2015, Kewei entered into a investment framework agreement with the Municipal Government of Laibin City in relation to the expansion of the daily municipal solid waste processing capacity of Laibin Zhongke waste-to-energy plant to 1,500 tonnes in two phases.

- As at 30 June 2015, the total cash and cash equivalents of the Group were HK$1,030.1 million.

The board of directors (the "Board") of Canvest Environmental Protection Group Company Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015.

CHAIRLADY'S STATEMENT

RESULTS AND DIVIDENDS

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

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

BUSINESS REVIEW

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

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

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

In January 2015, the Group received a notice from Dongguan Municipal Administration (東莞市城市綜合管理局) that on top of the existing 1,800 tonnes daily municipal solid waste ("MSW") processing capacity, Eco-Tech might expand its WTE plant by an additional 1,500 tonnes upon the completion of the technological upgrade currently in progress.

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

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

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

GOOD CORPORATE GOVERNANCE AND MULTI-CHANNEL COMMUNICATION

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

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

A RESPONSIBLE CORPORATE CITIZEN

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

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

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

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

OUTLOOK AND STRATEGIES

With sustained growth expected from the PRC economy in the second half of 2015, it is expected that demand for innocuous treatment of waste will continue to rise. In addition, it is believed that certain aspects of development, such as environmental protection, will continue to be the focus of the 13th “Five-year Plan” to be issued by the PRC government. Overtime the PRC government has become increasingly stringent on the regulation of environmental protection. In particular, the Ministry of Environmental Protection (環境保護部) and General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) of the PRC had issued the new “Standard for Pollution Control on the Municipal Solid Waste Incineration”(生活垃圾焚燒污染控制標準) and required strict compliance of this standard by new and existing WTE plants starting from 1 January 2016. The Group is of the view that the WTE industry will maintain its healthy development in a green and high-efficient direction.

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

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

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

While expanding our business, the Group is committed to charity work in order to fulfil our corporate social responsibility and contribute to our society.

APPRECIATION

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

Lee Wing Yee Loretta
Chairlady

Hong Kong, 24 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Audited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**486,204**	313,270
Cost of sales	*4*	**(297,461)**	(148,039)
Gross profit		**188,743**	165,231
General and administrative expenses	*4*	**(51,872)**	(38,513)
Other income	*5*	**9,052**	35,318
Other gain/(loss), net	*6*	**9,583**	(773)
Operating profit		**155,506**	161,263
Interest income	*7*	**6,753**	1,616
Interest expense	*7*	**(30,980)**	(34,597)
Interest expense, net		**(24,227)**	(32,981)
Profit before income tax		**131,279**	128,282
Income tax expense	*8*	**(13,750)**	(11,517)
Profit for the period		**117,529**	116,765
Other comprehensive income/(loss), net of tax:			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Currency translation differences		**991**	(9,056)
Realisation of revaluation reserve upon disposal of available-for-sale financial assets		**–**	(203)
Other comprehensive income/(loss) for the period, net of tax		**991**	(9,259)
Total comprehensive income for the period		**118,520**	107,506

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Audited)
	Note	***HK$'000***	*HK$'000*
Profit attributable to:			
Equity holders of the Company		**100,895**	115,890
Non-controlling interests		**16,634**	875
		117,529	116,765
Total comprehensive income attributable to:			
Equity holders of the Company		**101,807**	107,453
Non-controlling interests		**16,713**	53
		118,520	107,506
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	*9*	**5.0**	7.7
— diluted	*9*	**5.0**	7.7

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2015 (Unaudited) *HK$'000***	As at 31 December 2014 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**165,192**	167,087
Property, plant and equipment		**826,039**	530,272
Intangible assets		**1,363,670**	1,270,663
Long-term deposits and prepayments	*10*	**135,585**	113,126
Gross amount due from a customer for contract work		**232,306**	119,914
		2,722,792	2,201,062
Current assets			
Inventories		**213**	507
Trade receivables	*10*	**81,577**	70,967
Deposits, prepayments and other receivables	*10*	**31,431**	32,391
Income tax recoverable		**1,215**	1,215
Restricted deposits		**261,442**	6,338
Short-term bank deposits		**101,448**	126,764
Cash and cash equivalents		**1,030,082**	1,328,172
		1,507,408	1,566,354
Total assets		**4,230,200**	3,767,416
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**20,000**	20,000
Share premium		**1,084,780**	1,084,780
Other reserves		**794,172**	781,809
Retained earnings		**523,681**	428,403
		2,422,633	2,314,992
Non-controlling interests		**119,685**	102,972
Total equity		**2,542,318**	2,417,964

	Note	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**909,608**	776,110
Deferred government grants		**66**	71
Deferred income tax liabilities		**109,790**	104,442
Other non-current liabilities		**1,460**	1,316
		1,020,924	881,939
Current liabilities			
Trade and other payables	*11*	**195,058**	212,663
Borrowings		**468,664**	252,576
Current income tax liabilities		**3,236**	2,274
		666,958	467,513
Total liabilities		**1,687,882**	1,349,452
Total equity and liabilities		**4,230,200**	3,767,416
Net current assets		**840,450**	1,098,841
Total assets less current liabilities		**3,563,242**	3,299,903

Notes:

1. BASIS OF PREPARATION

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

Key Events

On 12 May 2015, Dongguan Kewei Environmental Power Company Limited ("Kewei"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with High Point Investment Group Limited, the non-controlling interest holder of Zhanjiang Yuefeng Environmental Power Company Limited ("Zhanjiang Yuefeng"), to acquire the remaining 45% equity interest in Zhanjiang Yuefeng at a consideration of RMB220,000,000 (approximately HK$278,894,000). As at 30 June 2015, a deposit of RMB44,000,000 (approximately HK$55,796,000) has been paid (note 10). This transaction is still yet to be completed up to the date of this announcement.

On 26 May 2015, Kewei entered into sale and purchase agreements with Fujian Zhongan Tongyong Energy Environmental Protection Company Limited and Beijing China Sciences General Energy & Environment Co., Ltd., two individual third parties, to acquire 100% equity interest in Laibin Zhongke Environmental Power Company Limited ("Laibin Zhongke") at a total consideration of RMB73,300,000 (approximately HK$92,891,000). Laibin Zhongke operates a waste-to-energy ("WTE") plant in Laibin City, Guangxi Province based on a build-operation-transfer ("BOT") concession. As at 30 June 2015, deposits of RMB47,650,000 (approximately HK$60,425,000) has been paid (note 10). This transaction has been completed on 14 August 2015.

2. ACCOUNTING POLICIES

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

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

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

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

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 June 2015, the Executive Directors consider that the Group's operations are operated and managed as a single segment — waste-to-energy project construction and operation (2014: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the 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 2015 (2014: same).

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

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

4. EXPENSES BY NATURE

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

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

5. OTHER INCOME

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

Note:

The amount represents the Group's entitlement to value-added tax refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the Value-Added Tax on Comprehensive Utilisation of Resources and Other Products. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. OTHER GAIN/(LOSS), NET

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

7. INTEREST INCOME AND EXPENSE

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

8. INCOME TAX EXPENSE

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

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

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2015 and 2014. No Hong Kong profits tax have been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (2014: same).

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

(i) Kewei has obtained an approval for an enterprise income tax ("EIT") incentive that it was fully exempted from the PRC EIT tax for three years starting from 2011 to 2013 followed by a 50% tax reduction for the ensuing three years from 2014 to 2016. Accordingly, the applicable tax rate for Kewei was 12.5% for the six months ended 30 June 2015 and 2014.

(ii) Dongguan China Scivest Environmental Power Company Limited ("China Scivest") has obtained an approval for an EIT incentive that its project will be fully exempted from the PRC EIT for three years starting from 2013 to 2015, followed by a 50% tax exemption for the ensuing three years from 2016 to 2018. Accordingly, the applicable tax rate of China Scivest was 0% for the six months ended 30 June 2015 and 2014.

9. EARNINGS PER SHARE

(a) Basic

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

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

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

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two category of dilutive potential ordinary share, the Over-allotment Option ("Over-allotment Option") and share options. For the Over-allotment Option, management has performed a calculation to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period from the 1 January 2015 to 16 January 2015 (date of Over-allotment Option lapsed) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the shares from the grant date of share options to 30 June 2015) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Over-allotment Option and share options.

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

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

10. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

11. TRADE AND OTHER PAYABLES

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

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

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

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

12. DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

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

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

Projects

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

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

	Six months ended 30 June	
	2015	2014
Eco-Tech WTE Plant ***(Note 3)***		
Waste treatment		
Received MSW (tonnes)	**N/A**	104,423
Processed MSW (tonnes) *(Note 1)*	**N/A**	107,950
Power generation		
Power generated (MWh)	**N/A**	69,634
Power sold (MWh)	**N/A**	58,638
Sales to generation ratio *(Note 2)*	**N/A**	84.2%

	Six months ended 30 June	
	2015	2014
Kewei WTE Plant		
Waste treatment		
Received MSW (tonnes)	**289,155**	290,811
Processed MSW (tonnes) *(Note 1)*	**282,790**	277,711
Power generation		
Power generated (MWh)		
Power sold (MWh)	**123,143**	119,770
Sales to generation ratio *(Note 2)*	**109,610**	104,154
	89.0%	87.0%
China Scivest WTE Plant		
Waste treatment		
Received MSW (tonnes)	**356,196**	363,374
Processed MSW (tonnes) *(Note 1)*	**336,122**	330,817
Power generation		
Power generated (MWh)	**146,582**	142,433
Power sold (MWh)	**129,052**	129,157
Sales to generation ratio *(Note 2)*	**88.0%**	90.7%

Note:

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

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

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

Revenue

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

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

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

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

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

Cost of sales

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

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

Gross profit and gross profit margin

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

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

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

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

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

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

General and administrative expenses

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

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

Other income

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

Other gain/(loss), net

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

Interest expenses, net

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

Income tax expenses

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

Profit attributable to the equity holders of the company

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

Liquidity, financial and capital resources

Financial resources

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

Use of the net proceeds from the initial public offering

The Company raised a total of HK$1,165.0 million in gross proceeds after the completion of the initial public offering in December 2014, and net proceeds amounted to HK$1,068.5 million after deducting various professional expenses incurred in connection with the initial public offering. The use of proceeds has been consistent with the disclosure in the prospectus of the Company dated 15 December 2014, and the respective use of the net proceeds for the six months ended 30 June 2015 was as follows:

	Available	**Used**	**Unused**
	HK$'000	*HK$'000*	*HK$'000*
Expansion of WTE business by developing greenfield projects or acquiring existing WTE plants	812,095	116,221	695,874
Development of phase two of Zhanjiang WTE Plant	149,596	70,313	79,283
Working capital and other general corporate purposes	106,855	19,514	87,341
Total	1,068,546	206,048	862,498

Borrowings

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

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

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

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

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

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

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

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

Cost of borrowings

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

Foreign exchange risk

The subsidiaries of the Group were mainly operating in the PRC with transactions mainly settled in RMB, being the functional currency of the subsidiaries of the Group. Moreover, certain bank deposits and bank loans were denominated in Hong Kong dollars, RMB and United States dollars. Other than disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group has not used any financial instruments for hedging purposes. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and bank deposits.

Commitments

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

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

Material acquisitions

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

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

Capital expenditures

For the six months ended 30 June 2015, capital expenditure of the Group, mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements, amounted to HK$507.9 million (corresponding period in year 2014: HK$20.7 million). It was mainly funded by bank borrowings, fund generated from operating activities and capital contributions from the shareholders.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2015.

Pledge of assets

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

Human resources

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

The Company adopted a share option scheme on 7 December 2014 which became effective on 29 December 2014 (i.e. the listing date). Under the share option scheme and at the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). 3,000,000 share options were granted for the six months ended 30 June 2015. Total remuneration costs, including Directors' remuneration, for the six months ended 30 June 2015 were HK$40.4 million (including fair value of share option granted of HK$5.8 million) (corresponding period in year 2014: HK$36.8 million).

DIVIDENDS

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

EVENT AFTER THE BALANCE SHEET DATE

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

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the six months ended 30 June 2015 and as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company has complied with the code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "CG Code"), and complied with certain recommended best practices, except for the deviation from paragraph A.6.7 of the CG Code as Professor Sha Zhenquan, an independent non-executive director, was absent from the annual general meeting of the Company held on 16 June 2015 for other engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as stated in the Listing Rules of the Hong Kong Stock Exchange. 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 months ended 30 June 2015.

THE COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

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

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

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

— Performance evaluation of directors and management team;

— Generally reviewed and discussed the remuneration packages of directors and management team; and

— Considered and approved the grant of share options.

NOMINATION COMMITTEE

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

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

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

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

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 16 June 2015; and

— Assessment of the independence of all the Company's independent non-executive directors.

CORPORATE GOVERNANCE COMMITTEE

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

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

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

— Reviewed and assessed the continuous professional development of Directors and senior management;

— Reviewed the Company's policies and practices on corporate governance; and

— Reviewed the Company's compliance with Appendix 14 to the Listing Rules.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2015 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.canvestenvironment.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2015 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

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

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

Hong Kong, 24 August 2015