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 2016

HIGHLIGHTS

Financial Highlights

	For the six months ended 30 June		
	2016	2015	Change
Revenue *(HK$'000)*	**670,039**	486,204	+37.8%
Among: Revenue from power sales and waste treatment *(HK$'000)*	**375,470**	249,118	+50.7%
Gross profit *(HK$'000)*	**247,575**	188,743	+31.2%
EBITDA *(HK$'000)*	**286,964**	215,491	+33.2%
Profit for the period *(HK$'000)*	**153,843**	117,529	+30.9%
Profit attributable to equity holders of the Company *(HK$'000)*	**153,843**	100,895	+52.5%
Basic earnings per share *(HK cents)*	**7.7**	5.0	+54.0%
Interim dividend per share *(HK cents)*	**1.1**	–	N/A
Cash generated from operating projects *(HK$'000)*[1]	**193,251**	119,871	61.2%

Note:

(1) Cash generated from operating projects represented net cash generated from/used for operating activities for the period, excluding net operating cash used for construction of Zhanjiang WTE plant and technological upgrade of Laibin WTE plant under BOT arrangements.

Operational Highlights

- During the period under review, the Group implemented innocuous treatment of waste volume amounted to 1,102,682 tonnes. The Group generated 444,815,700 kWh from green energy, saving 177,926 tonnes of standard coal and emission reduction of carbon dioxide amounted to 480,401 tonnes.

- During the period under review, the Group obtained a convertible loan of HK$465.0 million from IFC.

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

- In March 2016, Kewei was conditionally awarded the BOT concession right in relation to the Beiliu WTE plant. A BOT agreement has been entered in this regard.

- In May 2016, the Group raised a net proceeds of HK$111.4 million by allotting and issuing 34,235,294 ordinary shares to Wise Power, one of the Company's pre-IPO investors and an existing shareholder.

- In August 2016, the Group entered into a management agreement with Zhongshan Guangye and related parties of Zhongshan Guangye, pursuant to which the Group will be responsible for the management of the construction and operation of the Zhongshan WTE plant.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2016. The condensed consolidated interim financial information has been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers.

CHAIRLADY'S STATEMENT

To all honorable shareholders,

In the first half of 2016, despite concern over growth deceleration, economy in China continued to achieve steady development. Pending pollution issues resulting from urbanization continued to make environmental protection one of the key subjects in the national development policies. In March 2016, the "13th Five-Year Plan", covering five-year national development plan from 2016 to 2020, was formally introduced with emphasis on the creation of a green living environment and the recycling of resources, which would support the long-term development of the WTE industry.

The 13th Five-Year Plan aims at resolving the domestic garbage siege problem proactively, it targets to accelerate the construction of urban waste treatment facilities and the establishment of waste collection and transportation system, increase the ratio of innocuous treatment in rural area, increase the penetration rate of incineration of waste, support the development of circular economy, and strengthen the recycling of domestic waste as a resource. Furthermore, the 13th Five-Year Plan has introduced a more stringent standard to reduce emission, covering major pollutants such as chemical oxygen demand, ammonium nitrogen, sulfur dioxide and nitrogen oxides. Under the new plan, more market opportunities are created, but at the same time more stringent regulations are released, going forward the WTE industry will likely to go through a phase of consolidation, and the industry as a whole will develop healthily in the systematic, refined and professional direction.

In May 2016, the State Council of the PRC promulgated the "Soil Pollution Prevention and Control Action Plan" (土壤污染防治行動計劃) (the "Soil Ten Plan" (土十條)), which focuses on the treatment of soil pollutions, by promoting waste sorting and separation as well as integrated recycling, in order to reduce the volume of MSW and to advocate the innocuous treatment of waste. Compared with landfill and other waste treatment methods which may cause serious pollution to land and underground water, the WTE method which enables the recycling of waste, is in line with the principles of the "Soil Ten Plan", thus has a positive outlook on development.

Under the guidance of national environmental protection policy, market research forecasts the development of the WTE industry will be flourishing. The investment in environmental protection service in China during the period under the 13th Five-Year Plan is expected to record a significantly higher growth as compared with the period under the 12th Five-Year Plan as the target percentage of MSW treated by incineration is expected to further increase, thus there is tremendous growth potential in the development of the WTE industry.

Financial Performance

Canvest is committed to the development, management and operation of its WTE business, and is an industry leader in terms of business scale and waste incineration technology. During the first half of 2016, the operating projects of the Group continued to contribute stable revenue to the Group, including revenue from the operation of Eco-Tech WTE plant after its technological upgrade in August 2015, revenue from Zhanjiang WTE plant after its completion of construction and commencement of trial operation, as well as the construction revenue and finance income derived from the WTE projects of Zhanjiang and Laibin. Our revenue increased by 37.8% year-on-year to HK$670.0 million, and profit attributable to equity holders of the Company amounted to HK$153.8 million, representing an increase of 52.5% over corresponding period in 2015.

The Board of the Company declared an interim dividend of HK1.1 cents per share (corresponding period in 2015: nil).

Business Review

Against the backdrop of the MSW processing industry being driven by environmental policies, the Group continued to focus on the operation of its WTE business, enhance its technological capabilities, and capture market opportunities from favourable national policies. During the first half of 2016, the Group successfully expanded its project portfolio through acquisition and tender bidding. On project acquisition, the Group announced to acquire a WTE plant in Xingyi City of Guizhou Province, which has a daily MSW processing capacity of 1,050 tonnes. After successful tender bidding, the Group was awarded the BOT concession right to Beiliu WTE plant, which has a daily MSW processing capacity of 1,050 tonnes. Currently, the Group has a total of 10 projects, and the daily MSW processing capacity of all the operating, secured and announced projects reached 15,700 tonnes, with an average operational production capacity of each WTE plant being 1,570 tonnes.

Currently, the Group is one of the few operators in the industry that would upgrade a plant from fluidised bed technology to moving grate technology, which require extensive operating experience and technological know-hows. The Group will continue to explore potential projects and improve the operational efficiency and overall profitability.

During the period under review, to further strengthen our financial position and capital base, the Group obtained a convertible loan with a principal amount of HK$465.0 million from IFC, and raised a net proceed of HK$111.4 million by allotting and issuing 34,235,294 ordinary shares to Wise Power, one of the Company's pre-IPO investors and an existing shareholder in May 2016.

Outlook

Looking ahead, with the gradual implementation of the 13th Five-Year Plan by provinces and municipalities in China, coupled with Soil Ten Plan which put great emphasis on the environment, the central government is committed to promote the environmental policies. With the growing market demand on MSW treatment service, more WTE projects will be introduced, and the cooperation with social capital and private enterprises is expected to increase in order to increase agility in execution and improve profitability of the projects.

Leveraging on the excellent track record of our existing projects, our management's vision in the WTE industry and our Group's strategic positioning, Canvest will continue to strengthen its management capability, improve corporate governance standard to reinforce its leading position in the WTE industry. Meanwhile, the Group will focus on strategic planning in order to seek projects with great potentials, make full use of its competitive advantage in technological upgrade, and advance its engineering team's technical capabilities in order to increase the operational efficiency of our WTE plants.

Continuous support from the capital market is vital for our business expansion. Our Group values investor relations greatly and we are committed to ensure the investment community understand our WTE business and development strategies through various communication channels. In the "2nd Hong Kong Investor Relation Awards 2016" held by Hong Kong Investor Relations Association, our Group won six awards in the small cap category, including the "Overall Best IR Company, Small Cap" award, which was selected among all winners within the same category. The award represents the support and recognition from the Hong Kong Investor Relations Association and the investment community of our effort. Going forward, the Group will continue to dedicate resources to investor relations and will maintain effective communication with investors with transparency and sincerity. It is our Group's mission to become an outstanding WTE enterprise by achieving sustainable growth and creating maximum value for our shareholders.

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, 23 August 2016

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**670,039**	486,204
Cost of sales	*4*	**(422,464)**	(297,461)
Gross profit		**247,575**	188,743
General and administrative expenses	*4*	**(58,609)**	(51,872)
Other income	*5*	**20,002**	9,052
Other gain, net	*6*	**1,967**	9,583
Operating profit		**210,935**	155,506
Interest income	*7*	**2,116**	6,753
Interest expense	*7*	**(39,800)**	(30,980)
Interest expense, net		**(37,684)**	(24,227)
Profit before income tax		**173,251**	131,279
Income tax expense	*8*	**(19,408)**	(13,750)
Profit for the period		**153,843**	117,529
Profit attributable to:			
Equity holders of the Company		**153,843**	100,895
Non-controlling interests		**–**	16,634
		153,843	117,529
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	*9*	**7.7**	5.0
— diluted	*9*	**7.7**	5.0

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**153,843**	117,529
Other comprehensive (loss)/income, net of tax:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**(49,824)**	991
Other comprehensive (loss)/income for the period, net of tax	**(49,824)**	991
Total comprehensive income for the period	**104,019**	118,520
Total comprehensive income attributable to:		
Equity holders of the Company	**104,019**	101,807
Non-controlling interests	**–**	16,713
	104,019	118,520

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2016 (Unaudited)** *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**148,795**	153,642
Property, plant and equipment		**1,015,204**	964,989
Intangible assets		**2,063,555**	1,914,654
Long-term deposits and prepayments	*10*	**340,109**	119,892
Gross amounts due from customers for contract work	*11*	**558,879**	511,595
		4,126,542	3,664,772
Current assets			
Inventories		**520**	472
Trade receivables	*10*	**118,044**	86,578
Gross amounts due from customers for contract work	*11*	**37,274**	38,026
Deposits, prepayments and other receivables	*10*	**58,480**	72,373
Restricted deposits		**190,294**	156,560
Cash and cash equivalents		**834,299**	449,136
		1,238,911	803,145
Total assets		**5,365,453**	4,467,917
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**20,342**	20,000
Share premium		**1,195,835**	1,084,780
Other reserves		**574,566**	542,876
Retained earnings		**831,044**	686,745
		2,621,787	2,334,401
Non-controlling interests		**–**	–
Total equity		**2,621,787**	2,334,401

	Note	As at 30 June 2016 (Unaudited) HK$'000	As at 31 December 2015 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,333,309**	1,098,852
Convertible loan	*12*	**391,564**	–
Other payables	*13*	**143,187**	37,300
Deferred government grants		**5,091**	56
Other non-current liabilities		**2,825**	2,708
Deferred income tax liabilities		**213,638**	209,373
		2,089,614	1,348,289
Current liabilities			
Trade and other payables	*13*	**342,517**	461,003
Bank borrowings		**305,908**	321,043
Current income tax liabilities		**5,627**	3,181
		654,052	785,227
Total liabilities		**2,743,666**	2,133,516
Total equity and liabilities		**5,365,453**	4,467,917
Net current assets		**584,859**	17,918
Total assets less current liabilities		**4,711,401**	3,682,690

Notes:

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Key events

On 20 January 2016, the Company and International Finance Corporation ("IFC") entered into a convertible loan agreement, pursuant to which the Company conditionally agreed to borrow, and IFC conditionally agree to lend, the convertible loan in the principal amount of HK$465,012,000. Disbursement of the convertible loan had been completed on 28 April 2016 and net proceeds of HK$457,658,000, after deducting related expenses, has been received by the Group.

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

On 17 May 2016, the Company and Wise Power Investment Limited (the "Subscriber"), a wholly-owned subsidiary of China Infrastructure Partners, L.P., entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe 34,235,294 ordinary shares at the subscription price of HK$3.4 per share. The subscription has been completed on 24 May 2016 and net proceeds of HK$111,397,000 after deducting related expenses, has been received by the Group.

2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements, except for those described below.

Amendments to HKFRSs effective for the fiscal year ending 31 December 2016 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.

Compound financial instruments issued by the Group comprise convertible loan that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method.

The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

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 2016 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
HKFRS 16	Leases	1 January 2019

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 2016, the Executive Directors consider that the Group's operations are operated and managed as a single segment — waste-to-energy project construction and operation (2015: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the PRC. All of the Group's revenue are generated in the PRC and most of its non-current assets are located in the PRC for the six months ended 30 June 2016 (2015: same).

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from power sales	**245,165**	159,317
Waste treatment fee	**130,305**	89,801
Construction revenue arising from build-operate-transfer ("BOT") arrangement	**278,826**	233,407
Finance income arising from BOT arrangement	**15,743**	3,679
	670,039	486,204

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; 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 for which approximately HK$151,235,000 is attributable to construction revenue and approximately HK$3,881,000 is attributable to finance income; 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 for which approximately HK$127,591,000 is attributable to construction revenue and approximately HK$11,862,000 is attributable to finance income.

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.

4. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Coal	**1,683**	–
Fuel	**598**	467
Maintenance cost	**21,192**	11,384
Environmental protection expenses	**49,176**	18,965
Auditor's remuneration	**1,427**	1,340
Employee benefit expenses	**58,007**	34,579
Share option expenses	**–**	5,834
Depreciation and amortisation		
— Land use rights	**1,840**	1,983
— Property, plant and equipment	**35,661**	18,552
— Intangible assets	**36,412**	32,697
Operating lease rentals	**4,313**	2,296
Construction cost recognised for construction of BOT projects (included in cost of sales)	**235,482**	194,505

5. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Value-added tax refund *(Note)*	**18,411**	7,701
Government grants	**23**	6
Others	**1,568**	1,345
	20,002	9,052

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, NET

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**284**	18
Exchange gains, net	**1,683**	9,565
	1,967	9,583

7. INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**(39,599)**	(36,701)
Imputed interest expenses on convertible loan	**(7,116)**	–
	(46,715)	(36,701)
Less: amount capitalised on qualifying assets	**6,915**	5,721
	(39,800)	(30,980)
Interest income from bank deposits	**2,116**	6,753
Interest expense, net	**(37,684)**	(24,227)

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
PRC enterprise income tax	**10,858**	8,453
Hong Kong profits tax	**–**	–
Total current income tax	**10,858**	8,453
Deferred income tax	**8,550**	5,297
Income tax expense	**19,408**	13,750

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 2016 and 2015. No Hong Kong profits tax have been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (2015: 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 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 12.5% for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 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 exemption 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 2016 (for the six months ended 30 June 2015: 0%).

(iii) Dongguan Eco-Tech Environmental Power Company Limited ("Eco-Tech") has obtained an approval for an EIT incentive that its project will be fully exempted from the PRC EIT for three years starting from 2015 to 2017, and followed by a 50% tax exemption for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Eco-Tech was 0% for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 0%).

(iv) Zhanjiang Yuefeng Environmental Power Company Limited ("Zhanjiang Yuefeng") has obtained an approval for an EIT incentive that it will be 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 2016 (for the six months ended 30 June 2015: 25%).

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.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**153,843**	100,895
Weighted average number of ordinary shares in issue *(thousand shares)*	**2,007,109**	2,000,000
Basic earnings per share *(HK cents)*	**7.7**	5.0

(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 three categories of dilutive potential ordinary share: the Over-allotment Option ("Over-allotment Option"), share options and convertible loan. 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 Overallotment Option lapsed)) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares 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 Over-allotment Option and 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 2016 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.

Diluted earnings per share for the six months 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.

10. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
Non-current assets		
Deposits for investments	**278,580**	62,067
Prepayments for property, plant and equipment	**59,912**	56,208
Rental deposit	**1,617**	1,617
	340,109	119,892
Current assets		
Trade receivables, net	**118,044**	86,578
Deposits and prepayments	**5,016**	5,686
Other receivables	**4,505**	2,190
Value-added tax recoverable	**48,959**	64,497
	176,524	158,951
	516,633	278,843

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 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
Up to 1 month	**47,293**	43,532
1 to 3 months	**43,754**	34,169
3 to 6 months	**20,120**	7,691
Over 6 months	**6,877**	1,186
	118,044	86,578

11. 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 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
Contract costs incurred plus recognised profits	**596,153**	549,621
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**558,879**	511,595
— Current	**37,274**	38,026
	596,153	549,621

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.

12. CONVERTIBLE LOAN

On 28 April 2016, IFC disbursed the convertible loan in the aggregate principal amount of HK$465,012,000 to the Company. 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 forth 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.

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.

The convertible loan were 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 2016			
The convertible loan disbursed on 28 April 2016	385,688	71,970	457,658
Imputed interest expense	7,116	–	7,116
Interests paid	(1,240)	–	(1,240)
As at 30 June 2016	391,564	71,970	463,534

There was no conversion of the convertible loan from 28 April 2016 to 30 June 2016.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
Non-current liabilities		
Other payables *(Note)*	**143,187**	37,300
Current liabilities		
Trade payables	**67,671**	49,642
Accruals and other payables *(Note)*	**274,846**	411,361
	342,517	461,003
	485,704	498,303

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 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Audited) *HK$'000*
Up to 1 month	**49,745**	34,192
1 to 2 months	**7,598**	2,914
2 to 3 months	**2,805**	3,187
Over 3 months	**7,523**	9,349
	67,671	49,642

14. DIVIDEND

The board of directors of the Company has resolved to declare an interim dividend of HK1.1 cents per ordinary share for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil), totaling to HK$22,377,000 (six months ended 30 June 2015: Nil) payable on Friday, 7 October 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 23 September 2016. The amount of interim dividend declared was calculated based on the number of ordinary shares in issue at the date of approval of the condensed consolidated interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2016, despite concern over growth deceleration, economy in China continued to achieve steady development. Pending pollution issues resulting from urbanization continued to make environmental protection one of the key subjects in the national development policies.

With the stable contribution of Kewei WTE plant and China Scivest WTE plant, together with contribution of Eco-Tech WTE plant after technological upgrade and the construction revenue and finance income arising from BOT arrangement relating to Zhanjiang WTE plant and Laibin WTE plant, the Group recorded satisfactory results for the six months ended 30 June 2016.

Overall Performance

For the six months ended 30 June 2016, the Group's revenue was HK$670.0 million (corresponding period in 2015: HK$486.2 million), representing an increase of 37.8%. The operating profit and profit for the period were HK$210.9 million (corresponding period in 2015: HK$155.5 million) and HK$153.8 million (corresponding period in 2015: HK$117.5 million), representing an increase of 35.6% and 30.9%. Profit attributable to equity holders of the Company was HK$153.8 million (corresponding period in 2015: HK$100.9 million), representing an increase of 52.5%. Basic earnings per share was HK7.7 cents (corresponding period in 2015: HK5.0 cents).

During the period under review, the Group implemented innocuous treatment of waste volume amounted to 1,102,682 tonnes, representing an increase of 78.2% as compared to 618,912 tonnes in the corresponding period in 2015. The Group generated 444,815,700 kWh from green energy, saving 177,926 tonnes of standard coal and reducing emission of carbon dioxide by 480,401 tonnes.

Processing Capacity Expansion

Operating Processing Capacity

As at 30 June 2016, the operating daily MSW processing capacity of the Group increased from 5,400 tonnes to 6,900 tonnes, representing an increase of 27.8%.

Total Processing Capacity

As of 30 June 2016, the daily MSW processing capacity of our 10 operating, secured and announced projects reached 15,700 tonnes.

Projects

Overall

The Group holds 10 operating, secured and announced projects with a total daily MSW processing capacity of 15,700 tonnes. During the period under review, the geographical coverage of the Group reached Guangdong Province, Guangxi Zhuang Autonomous Region and Guizhou Province.

Eco-Tech WTE plant, Kewei WTE plant and China Scivest WTE plant continued to generate meaningful operating revenue for the Group during the period under review.

Guangdong Province

In January 2015, the Group was informed by Dongguan Municipal Administration that Eco-Tech WTE plant could expand the installed daily MSW processing capacity by an additional 1,500 tonnes. The expansion is under construction and expected to commence trial operation in the first half of 2017.

Construction of Zhanjiang WTE plant was completed, and the plant commenced trial operation in April 2016. Since then Zhanjiang WTE plant started to contribute operating revenue to the Group.

The Group is conducting feasibility studies regarding the expansion of China Scivest WTE plant. Qingyuan WTE plant is still under planning.

Guangxi Zhuang Autonomous Region

Laibin WTE plant commenced technological upgrade in March 2016 and is expected to commence trial operation in 2017.

On 10 March 2016, Kewei was conditionally awarded the BOT concession right in relation to the Beiliu WTE plant by Beiliu Municipal Bureau of City Administration and Law Enforcement. A BOT agreement was entered in this regard. The project is under planning and expected to commence construction in the second half of 2016.

Guizhou Province

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

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

Location	Project(s)	Six months ended 30 June 2016	2015
Guangdong Province	**Eco-Tech WTE plant** *(Note 2)*		
	Waste treatment		
	Received MSW (tonnes)	**367,969**	N/A
	Processed MSW (tonnes)	**366,337**	N/A
	Power generation		
	Power generated (MWh)	**151,007**	N/A
	Power sold (MWh)	**133,714**	N/A
	Sales to generation ratio *(Note 1)*	**88.5%**	N/A
	Kewei WTE plant		
	Waste treatment		
	Received MSW (tonnes)	**286,053**	289,155
	Processed MSW (tonnes)	**286,523**	282,790
	Power generation		
	Power generated (MWh)	**121,479**	123,143
	Power sold (MWh)	**108,536**	109,610
	Sales to generation ratio *(Note 1)*	**89.3%**	89.0%
	China Scivest WTE plant		
	Waste treatment		
	Received MSW (tonnes)	**341,023**	356,196
	Processed MSW (tonnes)	**334,675**	336,122
	Power generation		
	Power generated (MWh)	**135,309**	146,582
	Power sold (MWh)	**118,710**	129,052
	Sales to generation ratio *(Note 1)*	**87.7%**	88.0%
	Zhanjiang WTE plant *(Note 3)*		
	Waste treatment		
	Received MSW (tonnes)	**93,567**	N/A
	Processed MSW (tonnes)	**91,749**	N/A
	Power generation		
	Power generated (MWh)	**27,358**	N/A
	Power sold (MWh)	**22,506**	N/A
	Sales to generation ratio *(Note 1)*	**82.3%**	N/A
Guangxi Zhuang Autonomous Region	**Laibin WTE plant** *(Note 4)*		
	Waste treatment		
	Received MSW (tonnes)	**91,298**	N/A
	Processed MSW (tonnes)	**23,398**	N/A
	Power generation		
	Power generated (MWh)	**9,662**	N/A
	Power sold (MWh)	**7,067**	N/A
	Sales to generation ratio *(Note 1)*	**73.1%**	N/A
Total	***Waste treatment***		
	Received MSW (tonnes)	**1,179,910**	645,351
	Processed MSW (tonnes)	**1,102,682**	618,912
	Power generation		
	Power generated (MWh)	**444,815**	269,725
	Power sold (MWh)	**390,533**	238,662
	Sales to generation ratio *(Note 1)*	**87.8%**	88.5%

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: The operation of Eco-Tech WTE plant have been suspended for technological upgrade since April 2014 and resumed trial operation in August 2015.

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

Note 4: Laibin WTE plant was acquired and its results was accounted for as part of the Group's results since 14 August 2015. The operations of Laibin WTE plant have been suspended since March 2016 for technological upgrade.

Revenue

During the period under review, the Group's revenue reached HK$670.0 million, representing an increase of 37.8% compared with HK$486.2 million in the corresponding period of 2015. Among that, revenue from power sales and waste treatment fees for the period under review reached HK$375.5 million, representing an increase of 50.7% from the corresponding period in 2015. It was mainly contributed by the Eco-Tech WTE plant after the completion of technological upgrade. The commencement of the technological upgrade of Laibin WTE plant contributed to the increase of construction revenue arising from the BOT arrangement.

The following table sets forth the breakdown of revenue for the six months ended 30 June 2016 and 2015:

	Six months ended 30 June			
	2016		2015	
	HK$'000	*%*	*HK$'000*	*%*
Revenue from power sales	**245,165**	**36.6%**	159,317	32.7%
Revenue from waste treatment fees	**130,305**	**19.5%**	89,801	18.5%
Construction revenue arising from BOT arrangement	**278,826**	**41.6%**	233,407	48.0%
Finance income arising from BOT arrangement	**15,743**	**2.3%**	3,679	0.8%
Total	**670,039**	**100.0%**	486,204	100.0%

The following table sets forth the revenue generated for each of the WTE plants for the six months ended 30 June 2016 and 2015:

	Six months ended 30 June			
	2016		2015	
	HK$'000	*%*	*HK$'000*	*%*
Eco-Tech WTE plant	**131,722**	**19.7%**	–	–
Kewei WTE plant	**104,550**	**15.6%**	113,997	23.4%
China Scivest WTE plant	**119,309**	**17.8%**	135,121	27.8%
Zhanjiang WTE plant	**154,599**	**23.1%**	237,086	48.8%
Laibin WTE plant	**159,859**	**23.8%**	–	–
Total	**670,039**	**100.0%**	486,204	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$297.5 million in the corresponding period of 2015 by 42.0% to HK$422.5 million. The increase was mainly attributable to the operating cost of Eco-Tech WTE plant after the resumption of operation, rising operating cost of operating plants and the construction cost incurred from the undergoing work at Laibin WTE plant.

Gross Profit and Gross Profit Margin

During the period under review, gross profit of the Group amounted to HK$247.6 million, representing an increase of 31.2% as compared to HK$188.7 million in the corresponding period of 2015. The increase in gross profit was mainly attributable to the contribution from the operation of Eco-Tech WTE plant after its technological upgrade and the gross profit from the technological upgrade of Laibin WTE plant.

The following table sets forth the breakdown of the gross profit by nature for the six months ended 30 June 2016 and 2015:

	Six months ended 30 June			
	2016		2015	
	HK$'000	***%***	*HK$'000*	*%*
Power sales and waste treatment operations	**188,488**	**76.1%**	146,162	77.5%
Construction service arising from BOT arrangement	**43,344**	**17.5%**	38,902	20.6%
Finance income arising from BOT arrangement	**15,743**	**6.4%**	3,679	1.9%
Total	**247,575**	**100.0%**	188,743	100.0%

Gross profit margin of the Group decreased from 38.8% in the corresponding period of 2015 to 36.9% for the period under review. The decrease was mainly due to lower gross profit margin of the operating plants as a result of increasing operating cost.

The following table sets forth the gross profit margin by nature for the six months ended 30 June 2016 and 2015:

	Six months ended 30 June	
	2016	2015
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	**50.2%**	58.7%
Construction service arising from BOT arrangement	**15.5%**	16.7%
Finance income arising from BOT arrangement	**100.0%**	100.0%
Gross profit margin of the Group	**36.9%**	38.8%

General and Administrative Expenses

General and administrative expenses mainly comprise 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 13.0% from HK$51.9 million in the corresponding period of 2015 to HK$58.6 million. The increase in the expenses was mainly due to the additional plants under operation.

Other Income

Other income mainly consisted of VAT refund, government grants and others. During the period under review, other income increase by 121.0% from HK$9.1 million in the corresponding period in 2015 to HK$20.0 million. It was mainly due to the full year claim for 2015 VAT refund related to China Scivest was received in full in the second half of 2015, yet there was no such VAT refund in the corresponding period in 2015.

Other Gain, Net

Other net gain mainly represented net exchange gain. During the period under review, other net gain of the Group decreased from HK$9.6 million in the corresponding period of 2015 to HK$2.0 million. It was mainly attributable to the impact from the depreciation of the exchange rate of Renminbi.

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 55.5%, from HK$24.2 million in the corresponding period of 2015 to HK$37.7 million. The increase in interest expenses was mainly due to the increase in bank borrowings related to Eco-Tech WTE plant and Zhanjinag WTE plant while the finance costs were no longer eligible for capitalisation after the construction works completed and the plants were ready for use.

Income Tax Expenses

During the period under review, income tax expenses increased by 41.1%, from HK$13.8 million in the corresponding period of 2015 to HK$19.4 million. It was mainly attributable to tax incurred by China Scivest WTE plant as a result of transiting from full tax exemption in 2015 to half tax exemption in 2016 and the deferred income tax incurred by 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 52.5%, from HK$100.9 million in the corresponding period of 2015 to HK$153.8 million.

Liquidity, Financial and Capital Resources

Financial resources

During the period under review, the Group generated HK$193.3 million cash from operating projects (corresponding period in 2015: HK$119.9 million). Net cash used for the construction of Zhanjiang WTE plant and technological upgrade of Laibin WTE plant amounted to HK$141.3 million under BOT arrangement (corresponding period in 2015: HK$178.1 million), as a result, total net cash generated from operating activities amounted to HK$52.0 million during the period under review (corresponding period in 2015: used HK$58.2 million).

The Group generated cash flow through operating activities, convertible loan and loan facilities from banks. As at 30 June 2016, total cash and cash equivalents of the Group were HK$834.3 million (31 December 2015: HK$449.1 million). The Group adopts 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 as at 30 June 2016 was as follows:

	Available	**Used**	**Unused**
	HK$'000	*HK$'000*	*HK$'000*
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	812,095	787,928	24,167
Development of phase two of Zhanjiang WTE plant	149,596	70,313	79,283
Working capital and other general corporate purposes	106,855	106,855	–
Total	1,068,546	965,096	103,450

Borrowings

The Group sensibly diversifies its funding sources to optimise its debt portfolio and lower financing cost. As at 30 June 2016, the Group's bank borrowings was HK$1,639.2 million (31 December 2015: HK$1,419.9 million). Such bank borrowings were secured by rights to collect revenue from power sales and waste handling services, bank deposits, land use rights, property, plant and equipment, concession rights and corporate guarantees. The borrowings were denominated in Renminbi and were at floating interest rates.

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. The carrying amount of the debt component as at 30 June 2016 was HK$391.6 million. The convertible loan was denominated in Hong Kong dollar and bears interest at a rate of 2% per annum.

Net assets of the Group was HK$2,621.8 million (31 December 2015: HK$2,334.4 million). Increase in net assets was mainly attributable to the profit generated and the equity fund raising activity during the period under review.

The following table sets forth the analysis of borrowings as at 30 June 2016 and 31 December 2015:

	As at 30 June 2016 *HK$'000*	As at 31 December 2015 *HK$'000*
Portion of term loans due to repayment after one year – secured	**1,333,309**	1,098,852
Portion of term loans due for repayment within one year – secured	**305,908**	321,043
Total bank borrowings	**1,639,217**	1,419,895
Convertible loan – debt component – unsecured	**391,564**	–
Total borrowings	**2,030,781**	1,419,895

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2016, the gearing ratio was 51.1% (31 December 2015: 47.8%).

As at 30 June 2016, the Group had banking facilities (including convertible loan agreement entered into with IFC) in the amount of HK$2,701.5 million, of which HK$597.2 million remained unutilized. The banking facilities were denominated in Renminbi, Hong Kong dollars and United States dollars and were at floating interest rates.

Cost of Borrowings

For the six months ended 30 June 2016, the total cost of borrowings of the Group was HK$39.8 million (corresponding period in 2015: HK$31.0 million), representing an increase of HK$8.8 million. The increase was mainly attributable to the increase in bank borrowings related to Eco-Tech WTE plant and Zhanjinag WTE plant while the finance costs were no longer eligible for capitalisation after the construction works completed and the plants were ready for use. Effective interest rate ranged from 2.23% to 10.69% in 2016, while it was from 3.00% to 6.23% in the corresponding period of year 2015.

For the six months ended 30 June 2016, the imputed interest expenses and interests paid in relation to the convertible loan amounted to HK$7.1 million and HK$1.2 million respectively.

Foreign Exchange Risk

Major operating subsidiaries of the Group were operating in the PRC with transactions mainly settled in Renminbi, which was 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 2016, the Group had capital commitments authorised but not contracted for amounted to HK$787.1 million (31 December 2015: HK$1,225.9 million) and capital commitment contracted for but not yet provided for in the consolidated financial statements amounted to HK$403.6 million (31 December 2015: HK$348.2 million).

As at 30 June 2016, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises and other equipment amounted to HK$12.8 million (31 December 2015: HK$14.2 million).

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

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

Capital Expenditures

For the six months ended 30 June 2016, capital expenditure of the Group, mainly consisted of expenditures on equipment purchase and construction costs related to service concession arrangements, amounted to HK$341.5 million (corresponding period in 2015: HK$507.9 million). It was mainly funded by borrowings and fund generated from operating activities.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016.

Pledge of Assets

As at 30 June 2016, the Group pledged certain of its rights to collect revenue from power sales and waste handling services, land use rights, property, plant and equipment, concession rights and bank deposits with an aggregate carrying amount of HK$1,386.8 million (31 December 2015: HK$1,575.6 million) to certain banks to secure certain credit facilities granted to the Group.

Human Resources

As at 30 June 2016, the Group employed a total of 548 employees, 14 of them were at management level. By geographical locations, it had 529 employees in the PRC and 19 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014 which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme as set out in Appendix VI to the Prospectus. Under the share option scheme and at the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). Total remuneration costs, including Directors' remuneration, for the six months ended 30 June 2016 were HK$58.0 million (corresponding period in year 2015: HK$40.4 million (including fair value of share option granted of HK$5.8 million)).

EVENT AFTER THE BALANCE SHEET DATE

In August 2016, the Group entered into a management agreement with Zhongshan Guangye and related parties of Zhongshan Guangye, pursuant to which the Group will be responsible for the management of the construction and operation of the Zhongshan WTE plant. Please refer to the announcement of the Company dated 22 August 2016 for further details.

DIVIDENDS

The Board has declared an interim dividend of HK1.1 cents (the corresponding period in 2015: Nil) per share payable in cash to shareholders of the Company.

Interim dividend will be payable on or about Friday, 7 October 2016 to the shareholders whose names appear on the register of members of the Company on Friday, 23 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Thursday, 22 September 2016 to Friday, 23 September 2016 (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 Wednesday, 21 September 2016.

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 2016 and as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period under review, the Company has complied with the code provisions of the CG Code.

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 months ended 30 June 2016.

REVIEW OF INTERIM RESULTS

The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the audit committee regarding the accounting treatment adopted by the Company.

The interim results for the six months ended 30 June 2016 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 2016.

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 2016 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, 23 August 2016

GLOSSARY

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
Board	the board of Directors
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, "we", "us" or "our" shall mean the Group
Cash generated from operating projects*	Net cash generated from/used for operating activities for the year, excluding net operating cash used in relation to the construction of Zhanjiang WTE plant and technological upgrade of Laibin WTE plant under BOT arrangements
China or PRC	the People's Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited (東莞粵豐環保電力有限公司)(formerly known as 東莞中科環保電力有限公司), a company established under the laws of the PRC with limited liability on 5 November 2004 and an indirect wholly owned subsidiary of the Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Director(s)	director(s) of the Company

Dongguan Municipal Administration	東莞市城市綜合管理局, formerly known as Dongguan Municipal Utilities Administration (東莞市市政公用事業管理局), a government department under the Dongguan People's Government responsible for municipal management, and an Independent Third Party
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation.
Eco-Tech	Dongguan Eco-Tech Environmental Power Company Limited (東莞市科偉環保電力有限公司), a company established under the laws of the PRC with limited liability on 19 June 2003 and an indirect wholly owned subsidiary of the Company
Group	the Company and its subsidiaries
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
IFC	International Finance Corporation, an international organisation established by Articles of Agreement among its member countries
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial shareholders of our Company and our subsidiaries and their respective associates
Kewei	Dongguan Kewei Environmental Power Company Limited (東莞科維環保投資有限公司) (formerly known as 東莞市科維環保電力有限公司), a company established under the laws of the PRC with limited liability on 13 February 2009 and an indirect wholly owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Laibin	Laibin Zhongke Environmental Power Company Limited (來賓中科環保電力有限公司), a company established in the PRC with limited liability and became an indirect wholly owned subsidiary of the Company since 14 August 2015

Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
VAT	Value-added tax
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
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 in the PRC with limited liability

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 on 3 April 2013 with limited liability and an indirect 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.