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綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.*

(a joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1330)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014 REAPPOINTMENT AND APPOINTMENT OF DIRECTORS AND REAPPOINTMENT OF SUPERVISORS

HIGHLIGHTS OF ANNUAL RESULTS OF 2014

- Turnover amounted to RMB1,226,310,000 (2013: RMB975,185,000), representing an increase of 26% as compared to last year
- Revenue from waste-to-energy project operation services amounted to RMB312,090,000 (2013: RMB201,096,000), representing an increase of 55% as compared to last year
- Revenue from waste-to-energy project construction services amounted to RMB817,611,000 (2013: RMB714,944,000), representing an increase of 14% as compared to last year
- EBITDA on recurring basis amounted to RMB374,476,000 (2013: RMB296,305,000), representing an increase of 26% as compared to last year
- Finance costs amounted to RMB121,950,000 (2013: RMB74,290,000), representing an increase of 64% as compared to last year
- Listing expenses amounted to RMB13,515,000 (2013: RMB3,783,000)
- Profit before taxation amounted to RMB193,836,000 (2013: RMB185,342,000), representing an increase of 5% as compared to last year

* *For identification purposes only*

- Total comprehensive income for the year attributable to equity shareholders amounted to RMB142,009,000 (2013: RMB149,701,000), representing a decrease of 5% as compared to last year

- The Company issued 300,000,000 H Shares under the initial public offering and listed on the Hong Kong Stock Exchange on 19 June 2014. The Over-allotment Option in respect of an aggregate of 45,000,000 H Shares was fully exercised on 29 June 2014 and was completed on 3 July 2014. A total gross proceeds of HK$1,190.25 million was raised from the initial public offering (before deducting listing expenses), which is equivalent to approximately RMB945 million

- The Board does not recommend the payment of final dividend for 2014

The board of directors (the "**Board**") of Dynagreen Environmental Protection Group Co., Ltd. (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014 with comparative figures for the year ended 31 December 2013 as follows:

FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	4	**1,226,310**	975,185
Direct costs and operating expenses		**(849,159)**	(688,022)
		377,151	287,163
Other revenue	5	**27,579**	24,864
Other net income	5	**8,067**	4,844
Listing expenses	6(c)	**(13,515)**	(3,783)
Administrative expenses		**(83,225)**	(52,558)
Other operating expenses		**(271)**	(898)
Profit from operations		**315,786**	259,632
Finance costs	6(a)	**(121,950)**	(74,290)
Profit before taxation	6	**193,836**	185,342
Income tax	7	**(51,791)**	(34,441)
Profit for the year		**142,045**	150,901
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements, net of nil tax		**(36)**	(1,200)
Total comprehensive income for the year attributable to equity shareholders of the Company		**142,009**	149,701
Basic and diluted earnings per share	8	**RMB0.16**	RMB0.22

Consolidated statement of financial position
at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Vehicles and equipment		**6,647**	7,055
Intangible assets		**1,597,826**	1,345,774
Investment in an associate	*9*	**3,500**	3,500
Other receivables	*11*	**154,425**	167,357
Gross amounts due from customers for contract work	*10*	**1,566,826**	1,078,144
Deferred tax assets		**1,038**	—
		3,330,262	2,601,830
Current assets			
Inventories		**7,322**	6,021
Trade and other receivables	*11*	**327,566**	209,849
Gross amounts due from customers for contract work	*10*	**10,897**	9,628
Restricted deposits		**23,814**	21,000
Cash and cash equivalents		**762,356**	502,167
		1,131,955	748,665
Current liabilities			
Loans and borrowings		**551,361**	410,023
Trade and other payables	*12*	**332,158**	209,703
Current taxation		**22,815**	8,302
		906,334	628,028
Net current assets		**225,621**	120,637
Total assets less current liabilities		**3,555,883**	2,722,467

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Loans and borrowings		**1,040,006**	1,299,425
Deferred tax liabilities		**62,635**	43,391
Trade payables	12	**275,850**	168,218
		1,378,491	1,511,034
NET ASSETS		**2,177,392**	1,211,433
CAPITAL AND RESERVES			
Capital		**1,045,000**	700,000
Reserves		**1,132,392**	511,433
TOTAL EQUITY		**2,177,392**	1,211,433

NOTES

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with International Financial Reporting Standards ("**IFRSs**") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The financial information relating to the financial year ended 31 December 2013 that is included in the annual financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but are derived from the Prospectus of the Company dated 9 June 2014.

2 CHANGES IN ACCOUNTING POLICES

The International Accounting Standards Board ("**IASB**") has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company.

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- IFRIC 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended IFRSs are discussed below:

Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, ***Recoverable amount disclosures for non-financial assets***

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit(“**CGU**”) whose recoverable amount is based on fair value less costs of disposal. The Group has provided disclosures accordingly in related notes in accordance with this standard.

IFRIC 21, ***Levies***

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the group’s existing accounting policies.

3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group’s various lines of business and geographical locations.

The Group operates in a single business segment which engages in waste-to-energy project construction and operation services in the People’s Republic of China (“**PRC**”). Accordingly, no segmental analysis is presented.

4 TURNOVER

The Group is principally engaged in the waste-to-energy project construction and operation services.

Turnover represents the revenue for construction services under Build-Operate-Transfer (“**BOT**”) and Build-Transfer (“**BT**”) arrangements, revenue from waste-to-energy project operation services and finance income under the BOT arrangements, as well as technical consulting income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	RMB’000	*RMB’000*
Revenue from waste-to-energy project construction services	**817,611**	714,944
Revenue from waste-to-energy project operation services	**312,090**	201,096
Finance income	**96,609**	57,676
Technical consulting income	**—**	1,469
	1,226,310	975,185

The Group has transactions with the PRC local government authorities and power grid companies which in aggregate exceeded 10% of the Group's turnover. Revenue from provision of waste-to-energy project construction and operation services and finance income derived from local government authorities and power grid companies in the PRC for the year ended 31 December 2014 amounted to RMB1,226,310,000 (2013: RMB973,716,000).

5 OTHER REVENUE AND NET INCOME

	2014	2013
	RMB'000	*RMB'000*
Other revenue		
Interest income	**11,310**	1,813
Government grants *(i)*	**3,211**	4,371
Value-added tax refund *(ii)*	**13,023**	17,755
Others	**35**	925
	27,579	24,864
Other net income		
Net loss on disposal of vehicles and equipment	**(6)**	—
Net foreign exchange gain	**8,073**	4,844
	8,067	4,844

(i) The government grants (unconditional) of the Group were recognised as income when received.

(ii) Value-added-tax refund represented the tax exemption granted by local tax bureaus, and were recognised as income when there is reasonable assurance that they will be received.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank and entrusted loans	**107,938**	79,515
Other interest expenses	**15,401**	9,871
	123,339	89,386
Less: interest expense capitalised into intangible assets*	**(1,389)**	(15,096)
	121,950	74,290

* The borrowing costs have been capitalised at a rate of 6.15%–7.04% in 2014 (2013: 6.55%–7.21%).

		2014	2013
		RMB'000	*RMB'000*
(b)	**Staff costs**		
	Contributions to defined contribution retirement plans	**8,057**	5,059
	Salaries, wages and other benefits	**100,245**	76,714
		108,302	81,773
(c)	**Other items**		
	Cost of construction service*	**668,233**	572,149
	Operating lease charges	**1,927**	1,612
	Amortisation	**56,488**	34,945
	Depreciation	**2,202**	1,728
	Impairment loss of intangible assets**	**10,869**	—
	Reversal of impairment loss on trade and other receivables	**(48)**	(172)
	Auditor's remuneration	**2,314**	265
	Research and development costs***	**9,272**	7,573
	Listing expenses	**13,515**	3,783

* *Cost of construction service include RMB15,324,000 for the year ended 31 December 2014 (2013: RMB18,524,000) relating to staff costs of employees in the construction service, whose amount is also included in the respective total amounts disclosed separately in note 6(b).*

** *In 2014, Rushan Dynagreen Renewable Energy Co., Ltd. ("**Rushan Dynagreen**") suffered operating loss since its operation starting from the end of 2013. The accumulated operating loss was resulted from the unexpected low quantity of waste available to process. At 31 December 2014, the Group provided an impairment loss of RMB 10,869,000 on the operating right of Rushan Dynagreen (2013: nil). As the net book value of the operating right has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.*

*** *Research and development costs include RMB5,326,000 for the year ended 31 December 2014 (2013: RMB4,178,000) relating to staff costs of employees in the research and development department and depreciation expenses, whose amounts are also included in note 6(b) and 6(c) for each of these types of expenses.*

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the year	**33,294**	23,696
Under-provision in respect of prior years	**291**	415
	33,585	24,111
Deferred tax		
Origination and reversal of temporary differences	**18,206**	10,330
Income tax expense	**51,791**	34,441

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**193,836**	185,342
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(i)*	**48,459**	46,335
Tax effect of preferential tax treatments *(ii)*	**(5,256)**	(13,957)
Tax effect of non-deductible expenses	**455**	542
Tax effect of temporary differences not recognised	**2,673**	(33)
Tax effect of tax losses not recognised	**5,362**	265
Under-provision in respect of prior years	**291**	415
Others	**(193)**	874
Actual tax expense	**51,791**	34,441

(i) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year ended 31 December 2014 (2013: Nil).

The Group's PRC entities are subject to income tax at the statutory rate of 25% for the year ended 31 December 2014 (2013: 25%), unless otherwise specified in note 7(b)(ii).

(ii) The Company and certain subsidiaries of the Group are entitled to the following PRC preferential tax treatments:

The Company was approved as a High and New Technology Enterprise ("**HNTE**") in September 2009 according to the "Notification of the Registration Filing of the Tax Concession" promulgated by local tax bureau of Nanshan District, Shenzhen, which entitled the Company to a preferential income tax rate of 15% from January 2008 to December 2010. On 31 October 2011, the Company renewed its HNTE qualification, entitling it to the preferential income tax rate of 15% from January 2011 to December 2013. On 30 September 2014, the Company renewed its HNTE qualification, the validation period of the qualification is from January 2014 to December 2016. The Company was entitled to the preferential income tax rate of 15% during 2014.

Entities engaged in qualified environmental protection, water and energy conservation, are eligible for a tax exemption for the first year to the third year, and a 50% reduction in corporate income tax for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "**3+3 tax holiday**"). Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd.("**Changzhou Dynagreen**") was granted "Certificate of Comprehensive Utilisation of Resources" in 2008 and started to enjoy the 3+3 tax holiday from 2008 to 2013. Haining Dynagreen Renewable Energy Co., Ltd. ("**Haining Dynagreen**") was granted "Certificate of Comprehensive Utilisation of Resources" in 2012 and entitled to the 3+3 tax holiday retrospectively from 2009 to 2014. Taizhou Dynagreen Renewable Energy Co., Ltd. was granted "Certificate of Comprehensive Utilisation of Resources" in 2013 and entitled to the 3+3 tax holiday retrospectively from 2013 to 2018. Rushan Dynagreen was granted "Certificate of Comprehensive Utilisation of Resources" in 2014 and entitled to the 3+3 tax holiday retrospectively from 2014 to 2019.

Pursuant to Regulation on the Implementation of Corporate Income Tax ("**CIT**") Law, entities with annual taxable income not more than RMB300,000 (i.e. mirco-profit entities) were subject to a preferential income tax rate of 20%. According to relevant tax concession notification from the PRC national tax bureau, qualified micro-profit entities with annual taxable income not more than RMB100,000 in 2014 to 2016, were entitled to a further tax concession of 50% on its annual taxable income, which were then subject to the preferential income tax rate of 20%.

Beijing Dynagreen Environmental Protection Technology Research Institute Co., Ltd. satisfied the aforementioned criteria and was subjected to a preferential income rate of 20% on its 50% deducted taxable income.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB142,045,000 for the year ended 31 December 2014 (2013: RMB150,901,000) and the weighted average number of 883,534,000 ordinary shares in issue (2013: 700,000,000 ordinary shares).

	2014	2013
	RMB'000	*RMB'000*
Ordinary shares at 1 January	**700,000**	700,000
Effect of issuance of shares upon initial public offering	**183,534**	—
Weighted average number of ordinary shares at 31 December	**883,534**	700,000

(b) Diluted earnings per share

The Company did not have any potential dilutive shares throughout the year (2013: Nil). Accordingly, diluted earnings per share is the same as basic earnings per share.

9 INVESTMENT IN AN ASSOCIATE

	2014	2013
	RMB'000	*RMB'000*
Share of net assets	**3,500**	3,500

The following list contains particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	**Form of business structure**	**Place of establishment and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal Activity**
Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. (北京天能神創環保有限公司)	Established	PRC	RMB10,000,000	35%	35%	—	Provision of waste treatment service and conduct of technology development

(i) The official name of the entity is in Chinese. The English translation of the name is for reference only.

(ii) Summarised financial information of the associate and reconciled to the carrying amounts in the consolidated financial statements are disclosed below:

	2014	2013
	RMB'000	*RMB'000*
Gross amounts of the associate's		
Current assets	**9,998**	9,998
Current liabilities	**—**	—
Equity	**9,998**	9,998
Profit and total comprehensive income	**—**	1
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**9,998**	9,998
Group's effective interest	**35%**	35%
Group's share of net assets and carrying amount in the consolidated financial statements	**3,500**	3,500

10 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2014	2013
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less anticipated losses	**1,604,840**	1,106,199
Less: Progress billings	**(27,117)**	(18,427)
Net contract work	**1,577,723**	1,087,772
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**1,566,826**	1,078,144
— Current	**10,897**	9,628
	1,577,723	1,087,772

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "**grantors**"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage waste-to-energy projects in the PRC for a period of 25 to 30 years. The Group has the obligation to maintain the waste-to-energy power plants in good condition. The grantors guarantee that the Group will receive minimum annual payments for certain service concession arrangements. Upon expiry of the concession periods, the waste-to-energy power plants and the related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the waste-to-energy projects and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure of the grantors to make payment under the agreements and in the event of a material breach of the terms of the agreements.

"Gross amounts due from customers for contract work" mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates of ranging from 6.61% to 7.87% per annum for the year ended 31 December 2014 (2013: 6.61% to 7.71%). Among the total of RMB1,577,723,000 (2013: RMB1,087,772,000), RMB1,170,518,000 (2013: RMB1,077,824,000) relates to BOT arrangements with operation commenced. The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

11 TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**108,375**	68,896
Less: Allowance for doubtful debts *(note 11(b))*	**(350)**	(301)
	108,025	68,595
Prepayments for construction	**120,604**	78,013
Other receivables, deposits and prepayments	**253,362**	230,598
	481,991	377,206
Less: Non-current portion — Other receivables	**(154,425)**	(167,357)
	327,566	209,849

Included in "Other receivables, deposits and prepayments" of the Group, retention receivables of RMB16,000,000 as at 31 December 2014 (2013: RMB30,000,000) are expected to be recovered after more than one year, which are related to the BOT construction.

Included in "Other receivables, deposits and prepayments" of the Group, RMB47,736,000 as at 31 December 2014 (2013: RMB33,623,000) bear interest at rates ranging from 6.61% to 7.87% (2013: 6.61% to 7.71%) per annum and represent finance income receivables under BOT arrangements. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

Included in "Non-current portion — Other receivables" and "Other receivables, deposits and prepayments" of the Group, RMB143,375,000 as at 31 December 2014 (2013: RMB152,067,000) were unsecured, interest-bearing at 0.74% per annum, due from an unrelated party and will be repaid by installments until 2020.

The remaining trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**70,011**	53,057
More than 1 month but within 3 months	**17,952**	7,045
More than 3 months but within 6 months	**8,100**	718
More than 6 months	**11,962**	7,775
	108,025	68,595

Trade receivables are due between 10 days to 30 days from the date of billing. Management has a credit policy in place and the exposures to the credit risks are monitored on an ongoing basis.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**301**	477
Impairment loss recognised/(reversed)	**49**	(176)
At 31 December	**350**	301

The Group's trade receivables of RMB7,312,000 as at 31 December 2014 (2013: RMB6,337,000) were individually determined to be impaired. The individually impaired receivables related to certain long-aged receivables and management assessed that a portion of such receivables might not be recovered based on management's experience. Consequently, specific allowances for doubtful debts of RMB350,000 were recognised for the Group as at 31 December 2014 (2013: RMB301,000).

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**73,698**	49,859
More than 1 month but within 3 months past due	**17,952**	6,777
More than 3 months but within 6 months past due	**8,100**	997
More than 6 months but within 1 year past due	**—**	4,926
More than 1 year past due	**1,313**	—
Amounts past due	**27,365**	12,700
	101,063	62,559

Receivables of the Group that were neither past due nor impaired relate to certain local government authorities and power grid companies in the PRC for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of local government authorities and power grid companies in the PRC that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**534,332**	327,849
Other payables and accruals	**73,676**	50,072
	608,008	377,921
Less: Non-current portion — trade payables	**(275,850)**	(168,218)
	332,158	209,703

Included in "Trade payables" and "Non-current portion — trade payables", RMB282,966,000 as at 31 December 2014 (2013: RMB173,537,000) were unsecured, interest-bearing ranging from 5.94% to 8.60% per annum (2013: 5.94% to 7.05%), due to unrelated suppliers and will be repaid by instalments during the service concession period of the Group's respective BOT arrangements, among which RMB275,850,000 were not expected to be settled within one year (2013: RMB168,218,000).

Except as disclosed above, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An ageing analysis of the trade payables is as follows:

	2014	2013
	RMB'000	*RMB'000*
Due within 1 month or on demand	**215,949**	145,095
Due after 1 month but within 3 months	**1,708**	1,207
Due after 3 months but within 6 months	**6,804**	8,071
Due after 6 months but within 9 months	**5,049**	2,983
Due after 9 months but within 12 months	**28,972**	2,275
Due after 12 months	**275,850**	168,218
	534,332	327,849

13 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

The directors do not propose the payment of final dividends for 2014 (2013: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial years, approved and paid during the year

	2014	2013
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial years, approved and paid during the year, of RMB1 per 10 shares (2013: RMB0.2 per 10 shares)	**70,000**	14,000

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

(I) *Business Overview of the Group in 2014*

The year of 2014 marks a meaningful milestone for the Group's development. With strong support from the shareholders, regulatory authorities and the parties concerned, the Group has successfully gained access to the international capital market. This marks as a historical step on the Group's road towards achieving its strategic goal and has laid an important foundation for a sustainable and healthy development in the future.

With the continuous economic growth in the PRC and the demand arising from the structural transformation of the economy, the environmental industry continued to maintain favourable momentum of growth. In 2014, the Group continued to steadily promote waste-to-energy business, continuously raised the management standard, strengthened the awareness of standardized management of various projects under operation, ensured the projects "have stable operation and meet the emission standards", efficiently drove the construction process of both work in progress and planned projects while making all endeavours to build quality project works. The Group also continued to strengthen research and development of technology, to expand the source of financing and to develop new projects, all of which would ensure the Group's sustainable development.

The Group's revenue increased in 2014 due to the combined effect of increase in revenue from waste-to-energy project construction services and revenue from waste-to-energy project operation services. As most of the construction projects in 2014 were progressed to the middle stage, more construction work was done in 2014 compared to that in 2013; thus revenue from waste-to-energy project construction services increased in 2014. At the same time, some operation projects were put into trial operation near the end of 2013, thus more revenue from waste-to-energy project operation services was generated in 2014. During the year, the Group's profit for the year decreased on a year-on-year basis as a result of the increase in administrative expenses, listing expenses, finance costs and income tax. For the year ended 31 December 2014 (the "**Reporting Period**"), the Group recorded a turnover of RMB1,226,310,000, representing an increase of 26% as compared to that of last year, and profit for year of RMB142,045,000, representing a decrease of 6% as compared to that of last year.

(II) *Main Works Completed by the Group in 2014*

1. *Accelerated steps in IPO, successful public listing*

   In accordance with its general plan and schedule for listing formulated in the second half of 2013, as a leading enterprise in the waste-to-energy industry in the PRC, the Group was successfully listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 19 June 2014 (the "**Listing Date**") and gained access to the international capital market. Being the first enterprise that engages in the waste-to-energy business becoming listed on the Hong Kong Stock Exchange, the listing of the Company was well recognised by various investors. The international placing and Hong Kong public offering were both over-subscribed. After becoming listed on the Hong Kong Stock Exchange, the Sole Global Coordinator (as defined in the prospectus of the Company dated 9 June 2014) fully exercised the Over-Allotment Option (as defined in the prospectus of the Company dated 9 June 2014) and the issue of shares was completed on 3 July 2014. As of 3 July 2014, an aggregate of HK$1,190.25 million was raised from the listing. After deducting various share issuance costs, the net proceeds was HK$1,126 million, which further enhanced the Company's capital strength, expanded the market influence of the Company's brand name, and laid a sound foundation for the development of the Company.

As a new member of the capital market, the Company constantly enhances its learning after listing, standardizes corporate governance and internal management, intensifies information disclosure and maintains investor relationship, and is dedicated to build a good image in the capital market.

2. *Safe and steady operation of projects under operation, meeting environmental standard, treated an aggregate of 2.075 million tons municipal solid waste and realized 430 million kWh of on-grid electricity*

   In 2014, the Group carried out operation and management under the concept of "safe, environmental friendly, civilized and effective". By enhancing budget management, cost-control, equipment management and operation analysis, and continuing to strengthen the awareness of standardized management of each operation project, fairly good results were achieved in the management of each project under operation. All seven projects put security and environmental protection as the first priority by adhering to the guideline of "security and environmental protection as top priority, mainly by prevention and comprehensive control" as evidenced by the fact that no safety incident had occurred and the environmental emission standard was met. The Group is committed to improving the economic efficiency and maintaining the growth of operating service income by increasing the electricity generated from waste per ton and reducing the electricity consumption in its own factories.

3. *Steady progress of project construction and the landfill work of Huizhou Project was completed and put into operation, while the commencement of incinerating plants in Anshun Project, Jixian Project, Jurong Project and Huizhou Project proceeds smoothly*

   In 2014, the Group continued to consolidate the experience and lessons learned from the preparation and construction process for the seven completed projects, enhanced public relations management, coordinated and rearranged the allocation of various resources, controlled the construction schedule, quality and safety, so that the preparation and construction of projects can proceed steadily. The construction progress of Anshun Project, Jurong Project and Jixian Project are ahead of schedule. Huizhou Project started the treatment of waste in December 2014. The main factory of the waste incinerating plant of Huizhou Project was under construction at the end of 2014.

4. *Outstanding achievements made in project financing activities and main business expansion, new business expansion made a breakthrough while technology research and development went smoothly*

   To ensure the sustainable development of the Group, the Group endeavours to expand various financing channels to enhance its capital strength. The Group had drawndown RMB250 million of loans from Asian Development Bank for the construction of Jixian Project, and had drawndown RMB60 million of loans for landfill work of Huizhou Project. In respect of working capital loan, the Group was granted a RMB410 million working capital loan from China Merchants Bank and repaid RMB210 million to Huaneng Guicheng Trust. At the same time, the Group made a successful application to the Nanshan District Government of Shenzhen City for listing subsidy fund of RMB1.40 million.

   With regard to project development, the market competition intensified in 2014, but plenty of good news were announced. On 8 July 2014, the Group signed a service concession agreement for Longhui Project in Hunan with a waste treatment capacity of 700 tons per day; on 15 September 2014, the Group signed a service concession agreement for Guangdong Shantou Chaoyang Project with a waste treatment capacity of 1,500 tons per day (Phase I bearing a capacity of 1,000 tons); on 18 November 2014, the Group signed a service concession agreement for Guangxi Bobai Project with a waste treatment capacity of 1,500 tons per day (Phase I bearing a capacity of 700 tons). Meanwhile, under the strong support of Beijing State-Owned Assets Management Co., Ltd. ("**BSAM**"), the Group made a significant breakthrough in the Beijing market. On 29 December 2014, the Group won the bid for a concession project of an integrated waste treatment center in Miyun County, Beijing, China (the "**Miyun Project**").

   With regard to new business development, the Group strengthened the team building within departments in 2014, and actively carried out studies on industry mergers and acquisitions. As for the mergers and acquisitions, with the assistance of the social business division of BSAM, we completed preliminary research, project approval and preliminary due diligence in respect of the acquisition of Shanghai Techspray Engineering Co., Ltd. and entered into a letter of intent on 15 November 2014. As of the date of this announcement, the merger and acquisition has been terminated. We also explored the sales of our self-developed grate incinerator to external parties. We have successfully won the bid of Guizhou Kaili Project and will start selling grate incinerator with tri-state driver and a waste heat boiler system.

   With regard to technology research and development, the Group continued to introduce professional R&D talents in 2014, and completed three researches, namely, "the technique on the quantitative ratio of additives in the purifying system for the deacidification of flue gas from the incineration of municipal solid waste", "chemical dosing system for flue gas from the incineration of waste", "the technique on combining deacidification with dedusting for flue gas from the incineration of municipal solid waste". In respect of these researches, the

Group applied for 4 utility patents and 4 invention patents. It also completed the research of "a device for collecting leachate drained from the waste storage tank" and applied for 1 utility patent and 1 invention patent in respect thereof.

5. *Keeping on strengthening internal management of the Group and further enhancing the enterprise vitality*

   In 2014, the Group continued to strengthen its internal management. Professional consultant team in Singapore was engaged as requested by Asian Development Bank to start an enhancement project for corporate governance and internal control system, which further improved and strengthened the internal management system and internal control system of the Group.

   With regard to financial management in 2014, the Group continued to strengthen the structure of the financial management team, organized training on accounting knowledge of listed company, added professional financial staff with knowledge on international accounting standards, recruited or rearranged financial administrators for six project companies, co-operated with intermediary institutions to finish their due diligence and internal audit work in accordance with listing procedures, continued to strengthen financial accounting, budget management and fund supervision, and further enhanced the financial management process in accordance with the requirements of the internal control system.

   With regard to procurement management during the year, the Group enhanced the structure of procurement team, and appointed new vice president and general manager of procurement department. At the same time, the Group also further standardized the bidding process and further enhanced the sample contract for bidding and procurement. The Group handled purchasing applications and contract approval through the OA system, which improved the effectiveness and retroactivity. We also expanded the site purchasing authority of our subsidiaries and further improved efficiency of procurement. The bid evaluation, accounting and business negotiation were all performed in strict compliance with the purchasing process and system, making sure that the purchasing process is fair, just and open, and that the purchasing activities are uncorrupted, efficient and normative.

   With regard to human resources in 2014, the Group reinforced the structure of senior management team, with new appointments of a vice president, two directors and an assistant to president. The new director of human resources department made adjustment to the department and established a more professional human resources management team. The Group also researched on the establishment of long term incentive mechanism and continued to strengthen talent recruitment and introduction. We have employed 211 staffs and 122 fresh graduates, one of which is in the position of senior management and 11 of which are in positions of middle management. We strengthened on-the-job education and training for staff, members and arranged internal trainings for 1,167 staffs and external trainings for 202 staffs.

The Group continuously carried out optimization of the performance appraisal system. Assessment and management methods for projects under construction have been re-discussed and formulated.

With regard to legal and internal audit in 2014, the Group continued to reinforce the standardized management of legal affairs, and 653 contracts/agreements were drafted, reviewed and modified by professional lawyers, and 168 pieces of internal legal opinions were issued; knowledge of laws as well as the common knowledge of contract drafting and auditing were promoted in the law promotion month; management of intellectual property rights has been reinforced, and 6 utility patents and 9 invention patents had been applied concerning R&D innovation and technical innovation of project operation. Besides, 7 utility patents and 1 invention patent had been authorised. In total, authorisation on 3 invention patents and 13 utility patents had been granted to the Company, and it continuously increased the impact of famous brand and received RMB50,000 of trademark award from local government. In accordance with the annual internal audit plan, the internal audit of our subsidiaries in Wuhan, Taizhou and Pingyang as well as the audit in respect to the resignation of financial person-in-charge of the project companies in Yongjia and Zhangqiu were completed and the special examination on the internal control of Changzhou Company was conducted.

Business Outlook

Industry Prospect

As an important engine of the world economy, China has been positively driving the transformation of economic structure, while continuously maintaining its stable economic growth. The major strategy of developing low-carbon economy has been put forward by the Chinese government. Having been ranked first among the seven strategic emerging industries, energy-saving and environmental protection industry plays a vital role in the low-carbon economy and is defined as pillar industry of the national economy. Policy support is given to the energy-saving and environmental protection industry in the areas of taxation, finance, industry and investment, lands, etc. In particular, in the blueprint of "Constructing Beautiful China" proposed by the 18th National Congress of the Communist Party of China, environmental protection industry has been elevated to an unprecedented level. Therefore, we believe that China will further strengthen the policy support and funding to environmental control. Moreover, along with the ever-increasing demand for environmental protection and new energy, a huge market opportunity and room for development will be brought to the environmental protection business of the Group.

It is expected that, in the next "13th Five-Years Plan", the Chinese government will not lessen its concern on well being issues, and the attention paid to energy-saving and environmental protection industry will continue to increase. In 2015, new environmental protection law and emission standards will be implemented in China, which represent the most stringent environmental supervision and law enforcement and will build good foundation for the long-term healthy development of the environmental protection industry with new vitality. The year of 2015 is the year that the "12th Five-

Years Plan" closes, while the policy planning and layout of the "13th Five Years Plan" begins. On 14 January 2015, "Opinions on Implementing Environmental Pollution Governance of the Third Party" was issued by the General Office of the State Council, which gives policy support to factories in environmental pollution control industry, including the improvement of fees and pricing policy, enhancement of the support of finance and tax, the innovation of financial service model and the development of environmental protection capital markets. This would mean that enterprises contributing high pollution will pay for the future cost of environmental protection rather than by the local government, solving the sales orders and cash flow problem of the environmental protection industry that are issues of concern.

Since the 18th National Congress and along with the promotion of urbanization, policies such as the promotion of "Constructing Beautiful China" will continuously boost the development of the environmental protection industry. The order of competition of the environmental protection market will continue to be regulated in the future. Thus, those listed environmental protection enterprises with core technology of independent intellectual property rights, tremendous experience in development and operation, regulated operations management and strong financial advantages would be bound to obtain more resources and develop rapidly through this regulated market operation.

Waste-to-energy industry is an important sub-industry of the energy-saving and environmental protection industry, and with its dual aureoles of environmental protection and new energy, it has attracted more attention. According to the plan regarding "Opinions on Accelerating the Development of Energy-Saving and Environmental Protection Industry" issued by the State Council on 11 August 2013, the annual value of production for energy-saving and environmental protection would be sustained at over 15%, and it is estimated that in 2015, the values of production for energy-saving, environmental protection and recycling of resources will reach RMB4.5 trillion and by that time, the energy-saving and environmental protection industry will have become the pillar industry of China. It has been specified in the "12th Five-Year Plan" that up to 2015, all the municipal solid waste of municipalities, provincial capitals, and municipalities with independent planning status will be treated by hazard-free methods and the hazard-free treatment rate of municipal solid waste will reach above 90%, and capacity of the treatment facilities of municipal solid waste in towns nationwide will represent over 35% of the total capacity for hazard-free treatment.

In addition, the progress of modern urbanization drives the setting up of waste treatment facilities in small and mid-sized cities, which is in line with the country's general policy. Modern urbanization and the establishment of modern villages are the main objectives of the nation's modernisation process for the next decade. In such context, the government's dedication to improve the environment in small and mid-sized cities as well as modern villages will create an emerging market for services in the environmental protection industry, and waste treatment facilities will be extended to small and mid-sized cities. The broad market has brought about significant market opportunities, and the Group will leverage on corporate potential to capture opportunities in this rapidly developing industry, in order to grow steadily in terms of scale and operating efficiencies.

Prospect of the Company

Being one of the leading waste-to-energy companies in the PRC, the Group will build on its comprehensive competitive edges under the favourable national policy and continue to strive for excellence in construction, operation and management of every project. The Group will also ride on its core competitiveness in its research and development and constant innovation as well as its top management capabilities to enlarge and strengthen its waste-to-energy business so as to create greater contributions to the environmental protection industry in the PRC.

In addition, the Group will continue to expand into the domestic waste-to-energy market and consolidate its investment presence in the Yangtze River Delta region, Pearl River Delta region and Bohai region, and continue to expand its footprint in the PRC based on its development strategy. We will supervise closely the construction process of the projects under construction, ensuring that those projects will be completed in 2015 as scheduled. By 2015, the Group expected that 10 waste-to-energy projects, located in Changzhou, Haining, Yongjia, Pingyang, Wuhan, Taizhou, Rushan, Anshun, Jurong and Jixian, and landfill work of Huizhou Project would be in production and operation. The Group would continue to operate under the concept of "safe, environmental friendly, civilized and effective", strengthening the exchange of experience and knowledge among projects and enhancing cost control and operational analysis so as to operate safely and effectively for each project.

With the experience accumulated over the years, the Group will drive forward the commencement of each new project under construction. We will make efforts for the preliminary preparation for each project so as to increase the Group's earnings. That is, the Group will strive to complete Anshun Project, Jurong Project and Jixian Project, and put them into commercial production as soon as possible, and strive to realize the commencement of more than two new projects.

The Group will be dedicated to the further reinforcement of project financing, market development, new business development, and the financing of technology research and development. In terms of market development, the Group will continue to learn from the successful experience, analyse and research on the national macro policy and related industrial policies, tap on the good opportunity of the fast developing environmental protection industry, focus on local-level and county-level cities in southeast coastal areas and local-level cities in central and western areas, take an active part in the public bidding of domestic project, and continue to explore potential projects.

In terms of technology research and development, the Group will continue to provide installation guidance and technical services for projects under construction, and complete the supervision, technical guidance and technical services for specific externally sold grate incinerator. It will continue to optimize and improve the design of multi-drive grate, and further increase the efficiency of waste treatment. It will also strengthen the research and development of new technology and new process in flue gas treatment industry, and apply for independent intellectual property rights.

The Group believes that there will be more market opportunities and challenges in 2015. The Group will firmly grasp the pulse of the market, seize the best opportunity, attach great importance to risk control, accelerate the development of the Group, and strive to create maximum value for shareholders.

Looking ahead, the environmental protection industry will continue to benefit from the strong support of national policy. As a pioneer in the field of waste treatment, the Group is committed to upholding its core principle of "generating social benefits is the primary goal while economic efficiency is the basis". The Group is dedicated to provide professional, high-quality and efficient municipal solid waste treatment services for the government, provide systematic solutions in order to reduce the toxicity and volume of municipal solid waste and transform it into a useful resource, improve environmental standards in the cities, make greater contributions to the environmental control and fulfil its commitment and responsibility to the community in order to further contribute to social development, economic growth and environmental control.

FINANCIAL REVIEW

Financial Position and Profit for the Year

For the year ended 31 December 2014, the Group achieved a turnover of RMB1,226.31 million and profit for the year of RMB142.05 million. As at 31 December 2014, the total assets and the total liabilities of the Group amounted to RMB4,462.22 million and RMB2,284.83 million respectively; the total equity amounted to RMB2,177.39 million; the gearing ratio (calculated as total liabilities over total assets) was 51.2%, and the net asset value per share attributable to equity shareholders of the Company was RMB2.08.

Administrative Expenses and Listing Expenses

In 2014, the administrative expenses and listing expenses of the Group amounted to approximately RMB96.74 million (2013: RMB56.34 million), accounting for approximately 7.9% (2013: 5.8%) of the turnover of the Group. The increase in the administrative expenses and listing expenses over the previous year was mainly attributable to the 3 additional operation projects of the Group by the end of 2013, the significant increase of administrative expenses and the impact of listing expenses for the initial public offering and to the Company's continuing expansion of its scale, as compared with the previous year, resulting in the increase in various expenses.

Finance Costs

For the year ended 31 December 2014, the finance costs for the Group amounted to RMB121.95 million, representing an increase of approximately RMB47.66 million over the previous year, which was mainly attributable to the following reasons: (1) the three projects in Wuhan, Taizhou and Rushan commenced operation successively in the second half of 2013 and, accordingly, their interests on loans could not be capitalized in this year and had to be expensed in the profit and loss account; (2) the increase in the finance costs as a result of the increase in the average loan balance in 2014.

Income tax

In 2014, the income tax expenses of the Group amounted to approximately RMB51.79 million (2013: RMB34.44 million), accounting for approximately 27% (2013: 19%) of the profit before tax of the Group. Income tax expenses increased during the year, mainly because more subsidiaries applied 25% as income tax rate in 2014.

Financial Resources and Liquidity

The Group adopts the prudence principle in cash and financial management to ensure proper risk control and reduction in costs of funds. It finances its operations primarily from cash flow generated internally and loans from principal banks. As of 31 December 2014, the Group had a cash balance of approximately RMB762,356,000, representing an increase of RMB260,189,000 as compared to RMB502,167,000 at the end of 2013. The increase in cash balance was mainly attributable to the funds raised from the Group's listing and borrowings from banks. Currently, the Group's cash is denominated in either Renminbi or Hong Kong dollars.

Loans and borrowings and pledge of assets

As of 31 December 2014, the Group has total outstanding borrowings of approximately RMB1,591,367,000, representing a decrease of RMB118,081,000 as compared to RMB1,709,448,000 at the end of 2013. The borrowings include secured loans of RMB535,160,000 and unsecured loans of RMB1,056,207,000. All of the Group's borrowings are denominated in Renminbi. Most of the Group's borrowings are at floating rates. As of 31 December 2014, the Group had banking facilities in an amount of RMB2,204,259,000, of which RMB607,422,000 has not been utilized. The credit facilities have terms ranging from 1 year to 12 years. The Group currently does not have any interest rate hedging policies. However, the management team monitors the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated.

Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, gross amounts due from customers for contract work and trade and other receivables) and the Company's investment in Rushan Dynagreen Renewable Energy Co., Ltd. were pledged under the credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB1,938,538,000 as of 31 December 2014.

Contingent Liabilities

The Company has issued financial guarantees to banks in respect of the banking credit granted to certain subsidiaries. The directors of the Company (the "**Directors**") do not consider it is probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as of 31 December 2014 and 31 December 2013 under the guarantees is the facility drawn down by the subsidiaries of RMB620,537,000, and RMB881,621,000, respectively.

Commitments

As of 31 December 2014 and 31 December 2013, the Group's outstanding purchase commitments in relation to construction contracts which have not been provided for in the annual financial report of the Group were RMB515,280,000 and RMB132,528,000, respectively.

As of 31 December 2014 and 31 December 2013, the Group's outstanding capital commitments in relation to the acquisition of Blue-ocean Environment Investment Holding Company Limited (藍洋環保投資控股有限公司) from equity shareholders of the Company but has not been provided for in the consolidated financial statements was nil and RMB57,176,400, respectively.

As of 31 December 2014 and 31 December 2013, the Group's and the Company's outstanding commitments in relation to the investment in Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. have not been provided for in the annual financial statements of the Group and were both RMB14,000,000.

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**3,511**	430
More than 1 year but within 5 years	**1,004**	—
	4,515	430

Foreign Exchange Risks

The functional currency of the Group is Renminbi while a portion of funds raised by the Group from the initial public offering is still in the form of bank deposits denominated in Hong Kong dollars. Therefore, it may be subject to the risks of exchange rate fluctuations of the Renminbi and the Hong Kong dollars. Apart from the above, most of the assets and transactions of the Group are denominated in Renminbi, and the Group mainly settles its operating expenses in the PRC with income generated in Renminbi, thus the Group is not exposed to any significant foreign exchange risks. The Group currently has no hedging policy with respect to the foreign exchange risks.

Significant Investments, Acquisitions and Disposals

From the date of listing on the Hong Kong Stock Exchange up to 31 December 2014, the Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies.

Details of Future Material Investment and Capital Assets Planning

The investment or projects of the Group in the coming year had been stated in the prospectus dated 9 June 2014 and the announcement dated 8 July 2014. Such investment or projects will be financed by the internal funds of the Group, bank facilities as well as the proceeds raised from listing.

Human Resources and Remuneration Policies

As at 31 December 2014, the Group had a total of 897 staffs.

The Group also uses a fixed set of criteria in staff evaluation. The Group continuously seeks to improve its staff remuneration and benefits programs.

The Group also provides systematic training. By facilitating self-study, after-work training, on-the-job training and off-the-job training, the Group educates its employees about the history, culture, vision, beliefs and basic rules of the Company, as well as its systems and operations management, environmental and safety issues, waste-to-energy industry know-how, relevant laws and regulations as well as the Group's core technologies and production procedures. In particular, the Group recruits recent graduates with high levels of education from technical schools, secondary technical schools, colleges and universities and trains them through trainee monitoring programs so as to nurture a pool of back-up personnel.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for 2014.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on Friday, 19 June 2015, while the notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated on the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") when appropriate.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders eligible to attend the AGM of the Company, the register of members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 19 June 2015, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 19 June 2015 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 22th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 19 May 2015.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules as its own code of corporate governance. From the date of listing on the Hong Kong Stock Exchange and up to the date of this announcement, the Company has complied with the code provisions set out in the CG Code, except Rule A.5.6 of the CG Code in relation to the adoption of Board Diversity Policy, which was due the recent listing of the Company in 2014. However, the Board has adopted the Board Diversity Policy on the date of this announcement. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the Listing Rules. Currently, the Audit Committee of the Company comprises two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Ms. Chen Xin, and a non-executive Director, namely Mr. Ma Xiaopeng. Mr. Kwan Kai Cheong is the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include (but not limited to): (i) proposing appointment, reappointment or removal of external auditors; (ii) reviewing and monitoring external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) reviewing the financial information of the Company; (iv) overseeing the financial reporting system and internal control procedures of the Company; and (v) enhancing communication channels which the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee had reviewed the accounting standards and practice adopted by the Group, and discussed the internal control and financial report matters, including the review of the Group's results for the year of 2014.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established a remuneration and appraisal committee (the "**Remuneration Committee**") in compliance with the Listing Rules. Currently, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Lai Desheng and Ms. Chen Xin, and a non-executive Director, namely Ms. Sun Jing. Ms. Chen Xin is the chairman of the Remuneration Committee.

The primary responsibilities of the Remuneration Committee include (but not limited to): (i) researching and recommending to the Board on the Company's remuneration structure and policy for all Directors, supervisors and senior management of the Company; (ii) determining, with delegated responsibilities from the Board, or recommending to the Board the remuneration packages of individual executive Director and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors, Supervisors and senior management.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. Currently, the Nomination Committee comprises two independent non-executive Directors, namely Mr. Lai Desheng and Mr. Kwan Kai Cheong, and a non-executive Director, namely Mr. Ma Xiaopeng. Mr. Lai Desheng is the chairman of the Nomination Committee.

The primary responsibilities of the Nomination Committee include (but not limited to): (i) making recommendations to the Board on the appointment or reappointment of Directors and the succession planning for Directors; (ii) reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and (iii) identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof.

STRATEGY COMMITTEE

The Company has also established a strategy committee (the "**Strategy Committee**"). Currently, the Strategy Committee comprises three non-executive Directors, namely Mr. Zhi Jun, Ms. Sun Jing and Mr. Liu Shuguang, an executive Director, namely Mr. Qiao Dewei, and an independent non-executive Director, namely Mr. Lai Desheng. Mr. Zhi Jun is the chairman of the Strategy Committee.

The primary responsibilities of the Strategy Committee include (but not limited to): (i) researching and recommending on the medium to long term strategic and development plans of the Company; (ii) researching and recommending on significant capital expenditure, investment and financing projects of our Company; and (iii) researching and recommending on significant matters relating to the development of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the listing date of 19 June 2014 and up to 31 December 2014, the Board had complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (3) the requirement that the number of independent non-executive directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "**Management Measures**") on terms no less stringent than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. The Company had made specific inquiries to all of the Directors and the Supervisors on whether they had complied with the Management Measures since the date on which the Company became listed on the Hong Kong Stock Exchange and up to 31 December 2014, and all of the Directors and the Supervisors had confirmed that they had all complied with the Management Measures.

PURCHASE, SALE AND REDEMPTION OF LISTED SHARES OF THE COMPANY

From the date on which the Company was listed on the Hong Kong Stock Exchange and up to the date of this announcement, there has been no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries.

USE OF PROCEEDS

The Company raised a total of HK$1,190.25 million of proceeds after the completion of the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) of H Shares on 19 June 2014 and the completion of the Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014) on 3 July 2014. The net proceeds amounted to HK$1,126 million after deducting various share issuance costs.

As of the date of this announcement, HK$896,898,000 has been utilized for the purpose stated on the ordinary resolution in relation to change of use of proceeds passed on the second extraordinary general meeting in 2014 held on 7 November 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company was listed on the Hong Kong Stock Exchange and up to the date of this announcement, the Company had maintained a public float as required under the Listing Rules.

GLOBAL OFFERING

As at 19 June 2014, the Shares of the Company was listed on the Main Board of the Hong Kong Stock Exchange, pursuant to which the Company issued 300,000,000 new H Shares at a price of HK$3.45 per H Share.

Increase in the registered share capital

Pursuant to the exercise of Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014), the registered share capital of the Company increased by RMB45,000,000 to RMB1,045,000,000 on 3 July 2014, divided into 1,045,000,000 ordinary shares at par value of RMB1.00 each.

The exercise of Over-allotment Option

Pursuant to the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 9 June 2014) granted under the Global Offering (as defined in the prospectus of the Company dated 9 June 2014) on 29 June 2014, the Company allotted an aggregate of 45,000,000 new H Shares on 3 July 2014. The total number of issued shares of the Company therefore increased by 4.5%.

AUDITOR

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This results announcement has been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.dynagreen.com.cn). The annual report of the Company for the year ended 31 December 2014 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in April 2015.

REAPPOINTMENT AND APPOINTMENT OF THE DIRECTORS

The term of the existing Board of the Company will expire on 10 April 2015. The Board has approved the relevant reappointments of Mr. Zhi Jun, Ms. Sun Jing, Mr. Liu Shuguang, Mr. Ma Xiaopeng, Mr. Qiao Dewei, Mr. Hu Shengyong, Ms. Chen Xin and Mr. Kwan Kai Cheong on the date of this announcement, and the term of service will come into effect after obtaining approval from the Company's shareholders at the AGM. Meanwhile, Mr. Lai Desheng, the independent non-executive Director of the Company expressed that he will not offer himself for reappointment. Thus, the Board approved the proposal in relation to the appointment of Mr. Qu Yuezhou (區岳州先生) as the independent non-executive Director. Since the reappointments of relevant directors and the appointment of new Director will only come into effect from the day of approval at the AGM to be held, according to relevant provisions of the Company's Articles, all the existing Directors will continue to perform their duties as Directors and in the relevant committee of the Board until their reappointments and appointment are duly approved by the Company's shareholders.

Mr. Lai Desheng has confirmed that he has no disagreement with the Board and there is no other matter that needs to be brought to the attention of the shareholders of the Company. The Board would like to take this opportunity to express its highly praise and gratitude to Mr. Lai Desheng for his valuable contributions to the Company during his tenure of office.

The Company will publish a separate circular to convene an annual general meeting of the Company in due course and an announcement on the commencement of service of the relevant reappointed Directors and newly appointed Director at the relevant time.

REAPPOINTMENT OF SUPERVISORS

The term of the existing supervisory committee of the Company will expire on 10 April 2015. The reappointment of Mr. Liu Jinsong and Mr. Luo Zhaoguo had been approved by the supervisory committee, with a term effective from the date of approval at the AGM of the Company. At the same time, the reappointment of Ms. Hu Fang, employee representative supervisor of the Company had been approved at the employee representative meeting, and the term of service will come into effect from the same date of the reappointment date of the other supervisors.

As the reappointment of relevant supervisors will only come into effect from the date of approval at the AGM to be held by the Company, all existing supervisors will continue to perform their duties as supervisors until the reappointment of Mr. Liu Jinsong and Mr. Luo Zhaoguo are duly approved by the shareholders of the Company according to the relevant provisions of the Company's Articles.

The Company will publish a separate circular to convene an annual general meeting of the Company in due course and an announcement on the commencement of service of the relevant reappointed supervisors at the relevant time.

By Order of the Board
Dynagreen Environmental Protection Group Co., Ltd.*
Zhi Jun
Chairman

Shenzhen, the PRC
20 March 2015

As at the date of this announcement, the non-executive Directors are Mr. Zhi Jun, Ms. Sun Jing, Mr Liu Shuguang and Mr. Ma Xiaopeng, the executive Directors are Mr. Qiao Dewei and Mr. Hu Shengyong and the independent non-executive Directors are Mr. Lai Desheng, Ms. Chen Xin and Mr. Kwan Kai Cheong.

* *For identification purposes only*