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 2015 AND PROPOSED APPOINTMENT AND RESIGNATION OF NON-EXECUTIVE DIRECTORS

HIGHLIGHTS OF ANNUAL RESULTS OF 2015

- Turnover amounted to RMB1,257,877,000 (2014: RMB1,226,310,000), representing an increase of 3% as compared to last year
- Revenue from waste-to-energy project operation services amounted to RMB396,849,000 (2014: RMB312,090,000), representing an increase of 27% as compared to last year
- Revenue from waste-to-energy project construction services amounted to RMB737,779,000 (2014: RMB817,611,000), representing a decrease of 10% as compared to last year
- EBITDA amounted to RMB425,898,000 (2014: RMB374,476,000), representing an increase of 14% as compared to last year
- Finance costs amounted to RMB108,718,000 (2014: RMB121,950,000), representing a decrease of 11% as compared to last year
- Profit before taxation amounted to RMB256,213,000 (2014: RMB193,836,000), representing an increase of 32% as compared to last year
- Total comprehensive income for the year attributable to equity shareholders amounted to RMB232,998,000 (2014: RMB142,009,000), representing an increase of 64% as compared to last year
- The payment of dividends of RMB0.03 per share (2014: Nil) for the year ended 31 December 2015 is recommended by the Board.

* *For identification purposes only*

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 2015 with comparative figures for the year ended 31 December 2014 as follows:

FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015 (Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Turnover	*4*	**1,257,877**	1,226,310
Direct costs and operating expenses		**(840,052)**	(849,159)
		417,825	377,151
Other revenue	*5*	**45,843**	27,579
Other net income	*5*	**582**	8,067
Administrative expenses		**(97,828)**	(96,740)
Other operating expenses		**(1,491)**	(271)
Profit from operations		**364,931**	315,786
Finance costs	*6(a)*	**(108,718)**	(121,950)
Profit before taxation	*6*	**256,213**	193,836
Income tax	*7*	**(29,455)**	(51,791)
Profit for the year		**226,758**	142,045
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements, net of nil tax		**6,240**	(36)
Total comprehensive income for the year attributable to equity shareholders of the Company		**232,998**	142,009
Basic and diluted earnings per share	*8*	**RMB0.22**	RMB0.16

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 13.

Consolidated statement of financial position
at 31 December 2015 (Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Non-current assets			
Vehicles and equipment		**9,543**	6,647
Intangible assets		**1,948,672**	1,597,826
Investment in an associate	*9*	**3,500**	3,500
Other receivables	*11*	**211,249**	154,425
Gross amounts due from customers for contract work	*10*	**1,871,490**	1,566,826
Deferred tax assets		**1,679**	1,038
		4,046,133	3,330,262
Current assets			
Inventories		**15,370**	7,322
Trade and other receivables	*11*	**450,951**	327,566
Gross amounts due from customers for contract work	*10*	**12,706**	10,897
Restricted deposits		**26,366**	23,814
Cash and cash equivalents		**534,643**	762,356
		1,040,036	1,131,955
Current liabilities			
Loans and borrowings		**352,314**	551,361
Trade and other payables	*12*	**343,477**	332,158
Current taxation		**19,677**	22,815
		715,468	906,334
Net current assets		**324,568**	225,621
Total assets less current liabilities		**4,370,701**	3,555,883

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Loans and borrowings		**1,546,343**	1,040,006
Deferred tax liabilities		**77,586**	62,635
Trade payables	*12*	**336,382**	275,850
		1,960,311	1,378,491
NET ASSETS		**2,410,390**	2,177,392
CAPITAL AND RESERVES			
Capital		**1,045,000**	1,045,000
Reserves		**1,365,390**	1,132,392
TOTAL EQUITY		**2,410,390**	2,177,392

NOTES

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries and the Group's interest in an associate.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual consolidated financial statements, except for the changes in accounting policies set out in note 2.

The preparation of these consolidated financial statements in conformity with all applicable 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.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

These amendments do not have an impact on the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue from waste-to-energy project construction services	**737,779**	817,611
Revenue from waste-to-energy project operation services	**396,849**	312,090
Finance income	**123,249**	96,609
	1,257,877	1,226,310

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 2015 amounted to RMB1,244,464,000 (2014: RMB1,226,310,000).

5. OTHER REVENUE AND NET INCOME

	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Interest income	**5,284**	11,310
Government grants (i)	**4,076**	3,211
Value-added-tax refund (ii)	**36,313**	13,023
Others	**170**	35
	45,843	27,579
Other net income		
Net gain/(loss) on disposal of vehicles and equipment	**14**	(6)
Net foreign exchange gain	**568**	8,073
	582	8,067

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

(ii) Value-added-tax refund represented the tax preferential treatment granted by local tax bureau, 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):

	2015	2014
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank and entrusted loans	**98,743**	107,938
Other interest expenses	**21,411**	15,401
	120,154	123,339
Less: interest expense capitalised into intangible assets*	**(11,436)**	(1,389)
	108,718	121,950

* The borrowing costs have been capitalised at a rate of 4.68% to 6.69% in 2015 (2014: 6.15% to 7.04%).

	2015	2014
	RMB'000	*RMB'000*
(b) Staff costs		
Contributions to defined contribution retirement plans	**10,417**	8,057
Salaries, wages and other benefits	**132,150**	100,245
	142,567	108,302
(c) Other items		
Cost of construction service*	**614,566**	668,233
Operating lease charges	**2,010**	1,927
Amortisation of intangible assets	**58,806**	56,488
Depreciation	**2,161**	2,202
Impairment loss of intangible assets**	**22,900**	10,869
Impairment loss/(reversal) of trade and other receivables	**1,046**	(48)
Auditor's remuneration	**2,709**	2,314
Research and development costs***	**11,788**	9,272

* Cost of construction service include RMB27,554,000 for the year ended 31 December 2015 (2014: RMB15,324,000) 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).

** For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each operating right when there is an impairment indication. In 2015, Rushan Dynagreen continued to suffer operating loss. The Group reassessed the recoverable amounts of these projects and as a result, the carrying amount of the operating right of Rushan Dynagreen was written down to their recoverable amount of RMB138,028,000 as at 31 December 2015 (31 December 2014: RMB161,027,000). An impairment loss of RMB16,691,000 (2014: RMB10,869,000) was recognized in "direct cost and operating expenses".

*** Research and development costs include RMB8,064,000 for the year ended 31 December 2015 (2014: RMB5,326,000) relating to staff costs of employees in the research and development department and depreciation expenses, whose amount is also included in the respective total amounts disclosed separately in note 6(b).

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:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the year	**32,063**	33,294
Under-provision in respect of prior years	**657**	291
Refund of previous years income tax under tax concession *(note 7(b)(ii))*	**(17,575)**	—
	15,145	33,585
Deferred tax		
Origination and reversal of temporary differences	**14,310**	18,206
Income tax expense	**29,455**	51,791

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

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**256,213**	193,836
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (i)	**64,053**	48,459
Tax effect of preferential tax treatments (ii)	**(31,517)**	(5,256)
Tax effect of non-deductible expenses	**413**	455
Tax effect of temporary differences not recognised	**7,132**	2,673
Deferred tax assets recognised for un-recognised temporary difference of previous years	**(868)**	—
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**1,930**	—
Refund of previous years income tax under tax concession (ii)	**(17,575)**	—
Tax effect of tax losses not recognised	**2,179**	5,362
Under-provision in respect of prior years	**657**	291
PRC withholding tax (iii)	**4,392**	—
Others	**(1,341)**	(193)
Actual tax expense	**29,455**	51,791

(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 2015 (2014: Nil).

The Group's PRC entities are subject to income tax at the statutory rate of 25% for the year ended 31 December 2015 (2014: 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 and 2015.

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**"). 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. Rushan Dynagreen Renewable Energy Co., Ltd. ("**Rushan Dynagreen**") obtained the "Notification of Corporate Income Tax ("**CIT**") 3+3 tax holiday" in 2014 and was entitled to the 3+3 tax holiday retrospectively from 2014 to 2019. Yongjia Dynagreen Renewable Energy Co., Ltd. ("**Yongjia Dynagreen**") and Pingyang Dynagreen Renewable Energy Co., Ltd. ("**Pingyang Dynagreen**") obtained the "Notification of CIT 3+3 tax holiday" in 2015 and were entitled to the 3+3 tax holiday retrospectively from 2012 to 2017. Wuhan Dynagreen Renewable Energy Co., Ltd. ("**Wuhan Dynagreen**") obtained the "Notification of CIT 3+3 tax holiday" in 2015 and was entitled to the 3+3 tax holiday retrospectively from 2013 to 2018. Taizhou Dynagreen Renewable Energy Co., Ltd. ("**Taizhou Dynagreen**") obtained the "Notification of CIT 3+3 tax holiday" in 2014 and was entitled to the 3+3 tax holiday retrospectively from 2013 to 2018. Landfill portion of Huizhou Dynagreen Renewable Energy Co., Ltd. ("**Huizhou Dynagreen**") obtained the "Notification of CIT 3+3 tax holiday" in 2015 and was entitled to the 3+3 tax holiday retrospectively from 2014 to 2019. The above subsidiaries were subject to 25% income tax rate before they were entitled to the 3+3 tax holiday. In 2015, the local tax authorities refunded RMB17,575,000 in respect of corporate income tax for prior years as a result of the above mentioned tax concession to Yongjia Dynagreen, Pingyang Dynagreen, Wuhan Dynagreen, Taizhou Dynagreen and Huizhou Dynagreen.

Pursuant to Regulation on the Implementation of CIT Law, entities with annual taxable income not more than RMB300,000 (i.e. micro-profit entities) was 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 was 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 subject to a preferential income rate of 20% on its 50% deducted taxable income in 2014 and 2015.

(iii) According to CIT law and its implementation rules, non-PRC-resident enterprises are levied withholding tax at 10% on dividends from their PRC-resident investees for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong company will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong company is the "beneficial owner" and holds 25% of equity interests or more of the PRC company directly. The Group provide for PRC dividend withholding tax at 5%.

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 RMB226,758,000 for the year ended 31 December 2015 (2014: RMB142,045,000) and the weighted average number of 1,045,000,000 ordinary shares in issue (2014: 883,534,000 ordinary shares).

	2015	2014
Ordinary shares at 1 January	**1,045,000,000**	700,000,000
Effect of issuance of shares upon initial public offering	**—**	183,534,000
Weighted average number of ordinary shares at 31 December	**1,045,000,000**	883,534,000

(b) Diluted earnings per share

The Company did not have any potential dilutive shares throughout the year (2014: Nil). Accordingly, diluted earnings per share is the same as basic earnings per share.

9. INVESTMENT IN AN ASSOCIATE

	2015	2014
	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 reconciled to the carrying amounts in the consolidated financial statements are disclosed below:

	2015	2014
	RMB'000	*RMB'000*
Gross amounts of the associate's		
Current assets	**9,998**	9,998
Current liabilities	**—**	—
Equity	**9,998**	9,998
Profit or loss and total comprehensive income	**—**	—
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

	2015	2014
	RMB'000	*RMB'000*
Contract costs incurred plus recognised profits less anticipated losses	**1,922,210**	1,604,840
Less: Progress billings	**(38,014)**	(27,117)
Net contract work	**1,884,196**	1,577,723
Representing:		
Gross amounts due from customers for contract work		
— Non-current	**1,871,490**	1,566,826
— Current	**12,706**	10,897
	1,884,196	1,577,723

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, with operation periods varying from 23 years 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 8.12% per annum for the year ended 31 December 2015 (2014: 6.61% to 7.87%). Among the total of RMB1,884,196,000 (2014: RMB1,577,723,000), RMB1,402,296,000 (2014: RMB1,170,518,000) 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

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**121,418**	108,375
Less: Allowance for doubtful debts *(note 11(b))*	**(706)**	(350)
	120,712	108,025
Prepayments for construction	**198,370**	120,604
Other receivables, deposits and prepayments	**343,118**	253,362
	662,200	481,991
Less: Non-current portion — Other receivables	**(211,249)**	(154,425)
	450,951	327,566

Included in "Other receivables, deposits and prepayments" and "Non-current portion — Other receivables" of the Group, the retention receivables of RMB64,413,000 (2014: RMB16,000,000) are expected to be recovered after more than one year.

Included in "Other receivables, deposits and prepayments" and "Non-current portion — Other receivables" of the Group include balances of RMB67,942,000 at 31 December 2015 (31 December 2014: RMB47,736,000), which represent the financial income receivables under BOT arrangements and is calculated based on gross amounts due from customers for contract work at interest rates ranging from 6.61% to 8.12% (2014: 6.61% to 7.87%). 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" of the Group include balances of RMB8,147,000 at 31 December 2015 (31 December 2014: RMB4,214,000), which represent the financial income receivables under BT arrangements and is calculated based on gross amounts due from customers for contract work at interest rates ranging from 1.5% to 4.51% (2014: 1.5% to 4.51%). The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BT arrangements.

Included in "Non-current portion — Other receivables" and "Other receivables, deposits and prepayments" of the Group, RMB122,030,000 as at 31 December 2015 (2014: RMB143,375,000) were unsecured, interest-bearing at 0.74% per annum, due from an unrelated party and will be repaid by instalments 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:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**78,975**	70,011
More than 1 month but within 3 months	**25,303**	17,952
More than 3 months but within 6 months	**8,344**	8,100
More than 6 months	**8,090**	11,962
	120,712	108,025

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:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**350**	301
Impairment loss recognised	**356**	49
At 31 December	**706**	350

The Group's trade receivables of RMB4,898,000 as at 31 December 2015 (2014: RMB7,312,000) was individually determined to be impaired. The 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, allowances for doubtful debts of RMB706,000 was recognised for the Group as at 31 December 2015 (2014: RMB350,000).

(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:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**77,243**	73,698
More than 1 month but within 3 months past due	**25,303**	17,952
More than 3 months but within 6 months past due	**8,344**	8,100
More than 6 months but within 1 year past due	**5,630**	—
More than 1 year past due	**—**	1,313
Amounts past due	**39,277**	27,365
	116,520	101,063

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

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**573,154**	534,332
Other payables and accruals	**106,705**	73,676
	679,859	608,008
Less: Non-current portion — trade payables	**(336,382)**	(275,850)
	343,477	332,158

Included in "Trade payables" and "Non-current portion — trade payables", RMB346,072,000 as at 31 December 2015 (2014: RMB282,966,000) were unsecured, interest-bearing ranging from 4.64% to 8.51% per annum (2014: 5.94% to 8.60%), due to unrelated suppliers and will be repaid by instalments during the service concession period of the Group's respective BOT arrangements, among which RMB336,382,000 were not expected to be settled within one year (2014: RMB275,850,000).

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.

As at the end of the reporting period, the ageing analysis of the trade creditors is as follows:

	2015	2014
	RMB'000	*RMB'000*
Due within 1 month or on demand	**189,479**	215,949
Due after 1 month but within 6 months	**16,032**	8,512
Due after 6 months but within 1 year	**31,261**	34,021
Due after 1 year	**336,382**	275,850
	573,154	534,332

13. DIVIDENDS

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

Subsequent to 31 December 2015, the directors of the Company proposed a dividend of RMB0.03 per ordinary share, amounting to a total of RMB31,350,000 and such dividend distribution was approved by the directors of the Company at the board meeting held on 1 March 2016. The dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2015 (2014: Nil).

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

	2015	2014
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial years, approved and paid during the year, of RMB Nil per share (2014: RMB1 per 10 shares)	**—**	70,000

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

At present, China's economy is at a three-stage interwoven period, namely the economic slowdown stage, painful structural adjustment stage and vanishing impetus brought about by the previous economic incentive policies stage. The risk of economic downward adjustment is big, the responsibility for economic transformation is heavy, and the economic stimulus capacity is small. Environmental industry is a strategic emerging industry and also an important livelihood project. The vigorous development of the environmental industry is an effective way to "stabilize growth, adjust structure, and benefit livelihood."

2015 is the last year of the "12th Five-Year Plan" and also the last year of implementing the "12th Five-Year Plan" for Municipal Waste Detoxification Treatment Facilities Construction Nationwide (《「十二五」全國城鎮生活垃圾無害化處理設施建設規劃》). Waste treatment projects had reached the peak of construction and operation.

In 2015, the Group tightly focused on annual targets, captured advantageous external environment, concentrated on construction, sought development with focused intent, and advanced various aspects of work side-by-side. New projects successfully explored into the first-tier cities waste-to-energy market. The scale of single project exceeded 2,000 tons. Four projects under construction advanced steadily. The project under operation had maintained "stable operation and standard emission". At the same time, the operation management kept improving; technology innovation obtained new results and internal management continued to be optimized. The Group's comprehensive strength therefore moved to a new level and development foundation was further strengthened.

As at the end of 31 December 2015, the Group achieved a turnover of RMB1,257,877,000 (representing an increase of 3% as compared to last year), and profit for the year of RMB226,758,000 (representing an increase of 60% as compared to last year). For the year ended 31 December 2015, the Group recorded a turnover of RMB396,849,000 from operation services and RMB737,779,000 from construction of waste-to-energy projects (representing an increase of 27% and a decrease of 10% respectively as compared to last year). As at 31 December 2015, the total assets and the total equity of the Group amounted to RMB5,086,169,000 and RMB2,410,390,000, respectively.

(1) *Steady and safe operation of projects under operation, meeting environmental standard, treating an aggregate of 2.714 million tons of municipal solid waste and realizing 565 million kWh of on-grid electricity*

In 2015, the Group continued to adhere to "standardized management" as the focus of its operation management and operated around the concept of "safe, environmental friendly, civilized and effective", while continued to strengthen the awareness of standardized and refined management of each operation project. Good results were achieved in the management of each project under operation as evidenced by the fact that the environmental standard of emission was met. The Group focused on further enhancing the economic efficiency and maintaining the growth of operating service income by increasing the electricity generated per ton of waste and lowering the electricity consumption of its own factories.

For the year ended 31 December 2015, the Group treated 2.714 million tons of municipal solid waste, representing an increase of 30.8% as compared to 2014. In 2015, the Company realized on-grid electricity of 565 million kWh, representing an increase of 31.4% as compared to 430 million kWh in 2014.

(2) *Anshun Project was completed and put into operation, the construction work for Jixian Project, Jurong Project and Huizhou Project were progressing steadily*

In 2015, the Company vigorously controlled project construction progress and quality, strictly focused on security, strengthened public relationship management, and steadily advanced project preparation and construction.

Phase I of Anshun Project was put into trial operation in July 2015. Jurong Project was under construction in the year with construction work such as ash treatment and flue gas purification not completed as at 31 December 2015. It is expected that the Jurong Project will be completed and put into operation in the first half of 2016. Jixian Project was under construction in the year with construction work such as installation of certain equipment and testing not completed as at 31 December 2015. It is expected that Jixian Project will be completed and put into operation in the first half of 2016. The Huizhou incinerator project was under construction in the year and is expected to be completed and put into operation in the first half of 2016.

As stated in the prospectus of the Company dated 9 June 2014, the designed daily waste treatment capacity of the Huizhou Project, the Anshun Project, the Jurong Project and the Jixian Project were 1,200 tons, 700 tons[1], 700 tons[2] and 700 tons[3], respectively.

(3) *Success in procuring new projects, outstanding achievements in financing activities and rapid progress in technology research and development*

With regard to project development, the Group leveraged on its integrated competitive edges, proactively developed waste-to-energy projects, and made breakthroughs in the municipal waste-to-energy market and large projects in first-tier cities. On 8 April 2015, the Group procured the Tongzhou Project in Beijing with a designed capacity of 2,250 tons per day and the aggregate investment amounts to approximately RMB1,240 million. The concession period of the Tongzhou Project is 27 years.

1 The waste treatment capacity of Phase I is 700 tons per day, while that of Phase II has an additional 350 tons per day.
2 The waste treatment capacity of Phase I is 700 tons per day, while that of Phase II has an additional 350 tons per day.
3 The waste treatment capacity of Phase I is 700 tons per day, while that of Phase II has an additional 350 tons per day.

On 10 August 2015, the Company won the Bengbu Project in Anhui. The Bengbu Project will have a daily capacity of 1,500 tons of municipal waste, which will be implemented in two phases. Phase I of the project has a waste treatment capacity of 1,000 tons of municipal waste per day. The total investment on Phase I of the project is estimated to be approximately RMB504 million, and the project has a concessionary period of 30 years.

With regard to financing, the Group made breakthroughs in offshore financing by continuing to expand financing channels, strengthening cooperation with various financial institutions, and actively obtaining credit facilities from banks. In 2015, the Group received a three-year working capital loan of RMB200 million from Bank of Communications, and a one-year domestic credit facility of RMB50 million and an offshore credit facility of HK$50 million from HSBC. Furthermore, the Company made a number of drawdowns from credit facilities granted by China Everbright Bank and Bank of Communications for repaying loans of the Haining Project and working capital loans from China Merchants Bank to lower finance costs.

With regard to technology research and development, the Group finished the installation, trial run and operational instruction of incinerators under the Anshun Project, Jurong Project and Jixian Project, as well as the pre-delivery cold-state trial and quality inspection of components of the three 400-ton incinerators under the Huizhou Project. With respect to flue gas treatment systems, three practical new-type patents, namely "the system for combining deacidification with dedusting for flue gas from the incineration of municipal solid waste" (生活垃圾焚燒煙氣的組合脫酸除塵系統),"the treatment system for detoxification of the reaction stimulation additives for flue gas from the incineration of municipal solid waste" (生活垃圾焚燒煙氣增用反應助劑的無害化處理系統), and "the detoxification system for combining deacidification with dedusting for flue gas from the incineration of municipal solid waste" (生活垃圾焚燒煙氣的無害化組合脫酸除塵系統) were granted, enabling effective removal of toxic and harmful exhaust gases in flue gas such as heavy metals, dioxins, sulfur oxides (SOx), hydrogen chloride (HCl) and hydrogen fluoride (HF).

(4) *Further standardization on the internal control of the Group and various areas of internal management*

In 2015, the Group further improved corporate governance and internal control system according to requirements for listed companies. With further standardization on the internal management, the Group further raised the efficiency of management.

With regard to human resources, the Group specifically organized two middle cadre leadership trainings in 2015, arranged 9,605 times of participation by staff to receive internal training during the year, 671 times of participation by staff to receive external training; launched long-term motivation system construction; continued to enhance talent recruitment and introduction; introduced talent recommendation measures, recruiting 148 staff and 109 recent university graduates, including 21 middle management personnel; continued to optimize and improve performance assessment system, and discuss and prepare assessment management measures on project expansion, operation project and projects under construction based on the Group's development targets.

As at 31 December 2015, the Group had a total of 1,190 staff members.

With regard to internal control, the Group placed emphasis on internal management, and continued to enhance its system and mechanism on internal control. With a view to minimizing its legal risks, the Group also strengthened its management on legal affairs so that legal professionals could participate more in the Company's operation and management. The Group formulated its internal audit plan and conducted internal audits pursuant to the requirements for listed companies in Hong Kong. The Group also conducted specific audits on its subsidiaries, key departments and key posts pursuant to the audit plan.

With regard to intellectual property rights, the Group continued to strengthen its protection for intellectual property rights. In 2015, 7 new invention patent applications were made and 5 new invention patents were granted. Currently, the Group owns 5 invention patents and 16 utility model patents.

Business Outlook

Industry Prospects

2016 is the first year of China's "13th Five-Year Plan" (2016-2020), the Central Committee of the Communist Party Recommendations for the 13th Five-Year Plan for Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十三個五年規劃的建議》) proposed adhering to green development, enhancing environment governance, achieving full coverage and stable operation of urbanisation waste treatment facilities, continuously balancing urban and rural environment governance, and promoting rural waste harmless disposal. It further improved the goal of urban municipal solid waste harmless disposal rate from 80% under the "12th Five-Year Plan".

The National New-type Urbanization Plan (2014-2020) (《國家新型城鎮化規劃(二零一四 — 二零二零年)》) proposed that, at present, China's permanent population urbanization rate is 53.7%. The census register population urbanization rate is around 36%. In the future, China will take its characteristic new-type urbanization road featuring "putting people first; integrating the development of industrialization, IT application, urbanization and agricultural modernization; improving the spatial layout; protecting the ecological environment; and carrying forward Chinese culture". By 2020, China's permanent population urbanization rate shall reach around 60%, while the census register population urbanization rate shall reach 45%. With the continuous increase in urbanization rate, the needs for urbanization waste disposal will steadily increase.

For the purpose of "reducing leverage", the government will further promote Public-Private-Partnership ("**PPP**") model in infrastructure and public utility area. With the introduction of a series of regulations and policies including the Measures for the Management of Infrastructure and Public Utilities Concession (《基礎設施和公用事業特許經營管理辦法》), PPP project management will be more standardized, PPP model will become the mainstream in waste disposal industry, waste disposal facilities will be more industrialized, and the market will develop both in scope and in depth. These will facilitate waste disposal industry to reach a new platform.

Therefore, "13th Five-Year" period remains to be a period presenting significant opportunities for the development of our waste disposal treatment industry, and waste-to-energy is the effective treatment of municipal solid waste to realize "reduction, harmless, resource utilization", bringing more room for development.

From 1 January 2016, the newly-issued Standard for Pollution Control on the Municipal Solid Waste Incineration (《生活垃圾焚燒污染控制標準》) will be fully implemented, which raised emission standards for, and provided higher requirements for, environmental management and ordinary operation of waste-to-energy plant.

Prospects of the Company

Waste treatment industry will be promising. The Group will leverage its strengths in branding, technology, team and scale of economy. The Group will further develop waste-to-energy industry, strive for project expansion, create excellence in project construction, keep improving on project operation, enlarge and strengthen waste-to-energy business, and consolidate its leading position in waste-to-energy industry. At the same time, through effective corporate governance, increasing efficiency, improving internal control and strengthening development foundation, the Group will provide return to shareholders for their support and confidence with excellent results.

As a leading enterprise in environment industry, the Group will stay committed to upholding its core principle of "generating social benefits as the primary goal while economic efficiency serves as the basis". It will emulate the spirit of corporate citizenship, handle the relationship between surrounding public, staff and supplier in high standards and contribute to social progress, economy growth and environment governance.

FINANCIAL REVIEW

Financial Position and Profit for the Year

For the year ended 31 December 2015, the Group achieved a turnover of RMB1,257,877,000 and profit for the year of RMB226,758,000. As at 31 December 2015, the total assets and the total liabilities of the Group amounted to RMB5,086,169,000 and RMB2,675,779,000, respectively; the total equity amounted to RMB2,410,390,000; the gearing ratio (calculated as total liabilities over total assets) was 52.6%, and the net asset value per share attributable to equity shareholders of the Company was RMB2.31.

Administrative Expenses

In 2015, the administrative expenses of the Group amounted to approximately RMB97,828,000 (2014: RMB96,740,000), which accounted for approximately 7.8% (2014: 7.9%) of the turnover of the Group and remained stable as compared to last year.

Finance Costs

For the year ended 31 December 2015, the finance costs for the Group amounted to RMB108,718,000, representing a decrease of approximately RMB13,232,000 over the previous year, which was mainly attributable to the Central Bank lowering the interest rate for five times successively in the year, such that the borrowing rates dropped significantly and the capitalized interest increased as compared to last year, thus leading to a decrease in finance cost as compared to last year.

Income tax

In 2015, the income tax expenses of the Group amounted to approximately RMB29,455,000 (2014: RMB51,791,000), accounting for approximately 11% (2014: 27%) of the profit before taxation of the Group. The ratio of income tax expenses to profit before taxation decreased mainly because of the refund of income tax paid in prior years as preferential income tax treatment given to the five subsidiaries of the Group, thus leading to the decrease in the effective income tax rate of the Group.

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 2015, the Group had cash and cash equivalents of approximately RMB534,643,000, representing a decrease of RMB227,713,000 as compared to RMB762,356,000 at the end of 2014. The decrease in cash balance was mainly attributable to gradual application of funds raised under the listing of the Company to the construction of the projects of the Company. 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 2015, the Group has total outstanding borrowings of approximately RMB1,898,657,000, representing an increase of RMB307,290,000 as compared to RMB1,591,367,000 at the end of 2014. The borrowings included secured loans of RMB752,724,000 and unsecured loans of RMB1,145,933,000. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As of 31 December 2015, the Group had banking facilities in the amount of RMB2,663,092,000, of which RMB760,916,000 had not been utilized. The credit facilities had terms ranging from 1 year to 10 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 RMB2,245,471,000 as of 31 December 2015.

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 2015 and 31 December 2014 under the guarantees was the facility drawn down by the subsidiaries of RMB870,809,000 and RMB620,537,000, respectively.

Commitments

As of 31 December 2015 and 31 December 2014, the Group's outstanding purchase commitments in relation to construction contracts which had not been provided for in the Group's annual financial statements were RMB1,262,910,000 and RMB515,280,000, respectively.

As of 31 December 2015, the Group's and the Company's outstanding commitments in relation to the investment in associate Beijing Tian Neng Shen Chuang Environmental Protection Co., Ltd. and Shenzhen Truvalue-Dynagreen Investment Partnership (Limited Partnership) (深圳市創金綠動投資有限合夥企業(有限合夥)) which had not been provided for in the Group's annual financial statements were RMB284,000,000 (31 December 2014: RMB14,000,000).

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**1,445**	3,511
More than 1 year but within 5 years	**—**	1,004
	1,445	4,515

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

For the year ended 31 December 2015, 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

As at 31 December 2015, save for the investment or construction of the waste-to-energy project won by the Company through tender and the investment in respect of the establishment of Shenzhen Truvalue-Dynagreen Investment Partnership (Limited Partnership) as announced in prior announcements and described in this announcement, the Group has no plan for material investment or acquisition of capital assets, but the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.

Human Resources and Remuneration Policies

As at 31 December 2015, the Group had a total of 1,190 staff members.

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 recommends the payment of a dividend of RMB0.03 (before tax) per share for the year ended 31 December 2015 (the "**2015 Final Dividend**"), amounting to RMB31,350,000 in aggregate.

According to the Articles of Association of the Company, dividends shall be denominated and declared in Renminbi. The proposed final dividend is subject to shareholders' approval at the upcoming annual general meeting of the Company ("**AGM**"). Dividends on domestic shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong dollars. The exchange rate shall be the average median foreign exchange rate announced by the People's Bank of China for seven days before and including the date of the AGM. The payment of the 2015 Final Dividend is expected to be made on 1 August 2016, subject to consideration and approval of the shareholders at the AGM.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa

[1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》 (國稅函[2008]897號)). Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 17 June 2016, 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, 18 May 2016 to Friday, 17 June 2016, 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, 17 June 2016 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, 17 May 2016.

In order to determine the shareholders entitled to the 2015 Final Dividend, the register of members of the Company will be closed from Saturday, 25 June 2016 to Thursday, 30 June 2016, 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 Thursday, 30 June 2016 are entitled to the 2015 Final Dividend. In order to qualify for receiving the 2015 Final Dividend which is still subject to approval of the shareholders 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 Friday, 24 June 2016.

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 to the Listing Rules as its own code of corporate governance. For the year ended 31 December 2015, the Company had complied with the code provisions set out in the CG Code, except that the Board Diversity Policy (which states a number of factors to be considered when deciding on appointments to the Board and the continuation of those appointments) was only adopted at a Board meeting held on 20 March 2015 in compliance with Rule A.5.6 of the CG Code, which was due to the recent listing of the Company in 2014. 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 these 2015 annual results of the Group.

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 Ms. Chen Xin and Mr. Ou Yuezhou, 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. Kwan Kai Cheong and Mr. Ou Yuezhou, and a non-executive Director, namely Mr. Ma Xiaopeng. Mr. Ou Yuezhou 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. Ou Yuezhou. 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 the Company; and (iii) researching and recommending on significant matters relating to the development of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 December 2015, 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.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

TRADING OF SHARES BY DIRECTORS, SUPERVISORS AND EMPLOYEES

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 has made specific inquiries to all of the Directors and the Supervisors on whether they complied with the Management Measures for the year ended 31 December 2015, and all of the Directors and the Supervisors have confirmed that they all complied with the Management Measures.

The Company has entered into Employees Written Guidance (the "**Employees Written Guidance**") for its employees who may hold unpublished internal information in relation to dealing in securities with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to the breaches of the Employees Written Guidance by any employee during the year ended 31 December 2015.

PURCHASE, SALE AND REDEMPTION OF LISTED SHARES OF THE COMPANY

For the year ended 31 December 2015, there was 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 exercise 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$1,126 million had been utilized for the purpose stated on the ordinary resolution in relation to change of use of proceeds passed at 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, for the year ended 31 December 2015, the Company had maintained a public float as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

In 2016, the Company was informed that it had won the bid for the municipal solid waste-to-energy PPP project of the Venous Industrial Park in Yichun City, Jiangxi Province (the "**Yichun Project**"). The Company and Yichun Municipal Development Co., Ltd.* (宜春市市政發展有限公司) will jointly make capital contribution to establish a project company responsible for the investment, construction and operation of the Yichun Project. The Company will hold a majority interest in the project company. The project has a concessionary period of 30 years (including the construction period), commencing from the date on which the construction of the project is commenced. The project will have a daily capacity of 1,400 tons of municipal waste. The total investment on the project is estimated to be approximately RMB630 million. The project will be constructed in two phases, of which phase I of the project will have a waste treatment capacity of 700 tons per day.

In 2015, the Group recorded profits of RMB226,758,000 for the year. As at 31 December 2015, retained profits in the consolidated statements of the Group amounted to RMB724,551,000. Taking into account the operating results, financial position and capital needs for future development of the Group, the Company determined the profit distribution plan to be distributing profits for 2015 through payment of a cash dividend of RMB0.03 (before tax) per share to all shareholders, which amounts to RMB31,350,000 based on the existing total number of issued shares of 1,045,000,000.

Save for the above, the Company does not have any other events after the reporting period.

AUDITOR

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 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 2015 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 2016.

PROPOSED APPOINTMENT AND RESIGNATION OF NON-EXECUTIVE DIRECTORS

The Board has passed the proposed appointment of Mr. Guo Yitao (郭燚濤) as a non-executive director and member of its Remuneration Committee and Strategy Committee at the Board meeting held on 1 March 2016, effective from the date on which the appointment is approved by the shareholders of the Company at the extraordinary general meeting to be convened ("**EGM**"). As such, the Company will publish a separate notice to convene the EGM in due course and a relevant announcement of the appointment at the relevant time, which will include, among others, the biographical information of Mr. Guo Yitao (郭燚濤) as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

In addition, due to change of work arrangements, Ms. Sun Jing (孫婧) has tendered her resignation as a non-executive Director and a member of the Remuneration Committee and Strategy Committee to the Board. Pursuant to the Articles of Association of the Company, the resignation shall take effect on the date on which the appointment of Mr. Guo Yitao (郭燚濤) is approved by the shareholders of the Company at the EGM.

Ms. Sun Jing (孫婧) has confirmed that she has no disagreement with the Board, and there are no matters that need to be brought to the attention of the shareholders of the Company.

The Board would like to express its sincere gratitude and the highest respect to Ms. Sun Jing (孫婧) for her excellent contributions to the Company during her term of office as a Director.

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

Shenzhen, the PRC
1 March 2016

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 Ms. Chen Xin, Mr. Kwan Kai Cheong and Mr. Ou Yuezhou.

* *For identification purposes only*