浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd

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

(Stock Code: 1527)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Summary

- The Group's total revenue for the Year was approximately RMB920.0 million, representing an increase of 17.7% when compared with that of the corresponding period of last year.

- The Group's profit attributable to shareholders for the Year was approximately RMB96.5 million representing an increase of 30.1% when compared with that of the corresponding period of last year.

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 (AUDITED)

The board of Directors (the "**Board**") of Zhejiang Tengy Environmental Technology Co., Ltd (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 (the "**Year**") and the comparative figures of the corresponding period of 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
REVENUE	*4*	**919,975**	781,905
Cost of sales		**(733,399)**	(638,746)
Gross profit		**186,576**	143,159
Other income and gains	*4*	**9,244**	3,022
Selling and distribution expenses		**(16,180)**	(16,176)
Administrative expenses		**(33,098)**	(17,621)
Other expenses		**(1,767)**	(2,235)
Finance costs	*5*	**(10,376)**	(9,981)
PROFIT BEFORE TAX		**134,399**	100,168
Income tax expense	*6*	**(37,934)**	(25,979)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**96,465**	74,189
Attributable to:			
Owners of the parent		**96,465**	74,189
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*			
— For profit for the year	*7*	**0.90**	0.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	**2015** **RMB'000**	2014 *RMB'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**42,878**	41,511
Investment property		**16,515**	17,470
Prepaid land lease payments		**11,549**	12,524
Intangible assets		**195**	79
Deferred tax assets	*15*	**18,261**	14,791
Pledged deposits	*12*	**17,606**	42,652
Total non-current assets		**107,004**	129,027
CURRENT ASSETS			
Inventories	*8*	**40,788**	32,877
Gross amounts due from contract customers	*9*	**703,831**	377,303
Trade and bills receivables	*10*	**420,875**	294,505
Prepayments, deposits and other receivables	*11*	**43,234**	56,037
Pledged deposits	*12*	**75,272**	16,188
Cash and cash equivalents	*12*	**209,936**	3,285
Total current assets		**1,493,936**	780,195
CURRENT LIABILITIES			
Gross amounts due to contract customers	*9*	**89,523**	98,932
Trade and bills payables	*13*	**431,431**	232,841
Advances from customers, other payables and accruals	*14*	**263,342**	140,260
Interest-bearing bank borrowings		**174,000**	173,000
Tax payable		**31,353**	23,427
Total current liabilities		**989,649**	668,460
NET CURRENT ASSETS		**504,287**	111,735
TOTAL ASSETS LESS CURRENT LIABILITIES		**611,291**	240,762
Net assets		**611,291**	240,762
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**135,000**	100,000
Share premium	*16*	**239,064**	–
Reserves	*17*	**237,227**	140,762
Total equity		**611,291**	240,762

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

		Attributable to owners of the parent					
		Share Capital	**Share premium**	**Statutory surplus reserve***	**Safety production reserve***	**Retained profits***	**Total equity**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2014		100,000	–	10,807	2,185	103,581	216,573
Profit and total comprehensive income for the year		–	–	–	–	74,189	74,189
Dividends declared		–	–	–	–	(50,000)	(50,000)
Appropriation to statutory surplus reserve		–	–	7,408	–	(7,408)	–
Appropriation to safety production reserve		–	–	–	1,871	(1,871)	–
As at 31 December 2014 and 1 January 2015		**100,000**	**–**	**18,215**	**4,056**	**118,491**	**240,762**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**–**	**96,465**	**96,465**
Issue of shares	*16*	**35,000**	**276,337**	**–**	**–**	**–**	**311,337**
Share issue expenses	*16*	**–**	**(37,273)**	**–**	**–**	**–**	**(37,273)**
Appropriation to statutory surplus reserve		**–**	**–**	**9,857**	**–**	**(9,857)**	**–**
Appropriation to safety production reserve		**–**	**–**	**–**	**806**	**(806)**	**–**
As at 31 December 2015		**135,000**	**239,064**	**28,072**	**4,862**	**204,293**	**611,291**

* *These reserve accounts comprise the consolidated reserves of RMB237,227,000 (2014: RMB140,762,000) in the consolidated statements of financial position.*

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"). The registered office of the Company is located at Yangfu Village, Paitou Town, Zhuji City, Zhejiang Province, PRC.

The Company and its subsidiaries are principally engaged in the design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products.

On 12 October 2015, the Company succeeded its listing on the Main Board of the Stock Exchange of Hong Kong Limited ("**SEHK**"/"**Stock Exchange**").

In the opinion of the directors, the holding company of the Company is Tengy Group Limited (天潔集團有限公司) ("**TGL**"), which is established in the PRC. The ultimate controlling shareholders are Bian Yu, Bian Jianguang and Bian Shu.

Particulars of the Company's subsidiaries as at 31 December 2015 are set out below:

Name	Registered/ paid-up capital	Percentage of equity attributable to the Company Direct	Place and date of establishment/ registration and place of operations	Principal activities
諸暨市天潔安裝工程有限公司 ("**Tianjie Installation Engineering**")	RMB4,500,000	100%	PRC/Mainland China 14 May 2003	Provision of installation services
諸暨市天潔電子科技有限公司 ("**Tianjie Electronic and Technology**")	RMB2,000,000	100%	PRC/Mainland China 29 June 2009	Manufacture and sale of electronic products
吐魯番天潔環境科技有限公司 ("**Turpan Environmental**")	RMB20,000,000	100%	PRC/Mainland China 19 July 2013	Manufacture and sale of electronic products

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirement of Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

The directors anticipate that the application of the new and revised HKFRSs will have no material impact on the financial statements except for the application of HKFRS 15. Further information about HKFRS 15 is as follows:

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

3. OPERATING SEGMENT INFORMATION

The Group's turnover during the year was mainly derived from the sale of environmental pollution prevention equipment. The products of the Group are subject to similar risks and returns and, therefore, the Group has only one business segment.

Geographical information

(a) Revenue from external customers

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**896,367**	754,642
Other countries	**23,608**	27,263
	919,975	781,905

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All non-current assets of the Group are located in Mainland China.

Information about major customers

For the years ended 31 December 2015 and 2014, no revenue from sales to a single customer amounted to 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered during the year.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Construction contracts	**916,073**	776,596
Sale of goods	**3,862**	5,013
Rendering of services	**40**	296
	919,975	781,905
Other income		
Bank interest income	**598**	264
Government grants	**3,699**	1,612
Gross rental income	**1,085**	1,085
Compensation income	**507**	–
Others	**24**	2
	5,913	2,963
Gains		
Foreign exchange gain	**3,331**	59
	3,331	59
	9,244	3,022

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on loans from the holding company	**–**	80
Interest on bank loans	**10,215**	9,535
Interest on discounted bills	**161**	366
	10,376	9,981

6. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the Company and its subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("**CIT**") at a rate of 25% on the taxable income.

The income tax expense of the Group is analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Current — Charged for the year	**41,404**	33,639
Deferred	**(3,470)**	(7,660)
Total tax charge for the year	**37,934**	25,979

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**134,399**	100,168
Tax at the statutory tax rate of 25%	**33,600**	25,042
Effect of non-deductible expenses	**548**	828
Tax losses not recognised	**3,786**	109
Tax charge at the Group's effective tax rate	**37,934**	25,979

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 107,767,000 (2014: 100,000,000) in issue during the year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

The calculations of basic and diluted earnings per share are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	**96,465**	74,189

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**107,767,000**	100,000,000

8. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**37,295**	30,268
Finished goods	**3,493**	2,609
	40,788	32,877
Impairment	**–**	–
	40,788	32,877

The movements in provision for impairment of inventories are as follows:

	2015	2014
	RMB'000	*RMB'000*
At beginning of year	**–**	2,214
Reversal	**–**	(2,214)
At end of year	**–**	–

9. CONSTRUCTION CONTRACTS

	2015	2014
	RMB'000	*RMB'000*
Gross amounts due from contract customers	**703,831**	377,303
Gross amounts due to contract customers	**(89,523)**	(98,932)
	614,308	278,371
Contract costs incurred plus recognised profits less recognised losses to date	**4,110,398**	3,039,780
Less: Progress billings	**(3,496,090)**	(2,761,409)
	614,308	278,371

The gross amounts due from contract customers for contract works included balances with the holding company of the Company as follows:

	2015	2014
	RMB'000	*RMB'000*
TGL	**2,406**	8,669

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**276,476**	246,011
Bills receivable	**155,819**	56,207
	432,295	302,218
Impairment	**(11,420)**	(7,713)
	420,875	294,505

The Group's trading terms with its customers are payment in advance normally required from customers. Trade receivables are non-interest-bearing with no credit period. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group's bills receivable are all due within six months and are neither past due nor impaired. As at 31 December 2015, the Group's bills receivable of RMB69,455,000 (2014: Nil) were pledged to secure the Group's bills payable (note 13).

An aging analysis of the trade receivables, based on the invoice date and net of provisions, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**197,098**	188,327
1 to 2 years	**53,531**	42,191
2 to 3 years	**11,756**	6,928
Over 3 years	**2,671**	852
	265,056	238,298

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At beginning of year	**7,713**	7,735
Impairment losses recognised	**3,707**	87
Amount written off as uncollectible	**–**	(109)
At end of year	**11,420**	7,713

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB1,007,000 (2014: RMB1,007,000) with a carrying amount before provision of RMB1,007,000 (2014: RMB1,007,000).

The individually impaired trade receivables relate to customers that no longer have transactions with the Group and none of the receivables is expected to be recovered.

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**–**	–

As at the end of each of the years, the Group endorsed certain bills receivable accepted by certain banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). Subsequent to the Endorsement, the Group do not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. In accordance with the "Law of Negotiable Instruments" in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). The total carrying amount of the Endorsed Notes of the Group as at 31 December 2015 was RMB 104,581,000 (2014: RMB71,607,000). In the opinion of the directors, the Group have transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with an amount of the Group of RMB31,132,000 (the "**Derecognised Notes**") as at 31 December 2015 (2014: RMB45,150,000). Accordingly, the Group have derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in these Derecognised Notes are not significant. The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of the Group of RMB73,449,000 as at 31 December 2015 (2014: RMB26,457,000), because the directors believe that the Group have retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes.

During the year, the Group have not recognised any gain or loss (2014: Nil) on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Other receivables	**25,538**	25,511
Prepayments	**15,405**	29,861
Current portion of prepaid land lease payments	**975**	975
Due from the holding company	**1,924**	–
Due from related companies	**333**	481
	44,175	56,828
Impairment	**(941)**	(791)
	43,234	56,037

Other receivables are non-interest-bearing, unsecured and repayable on demand.

The movements in provision for impairment of other receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At beginning of year	**791**	305
Impairment losses recognised	**150**	487
Amount written off as uncollectible	**–**	(1)
At end of year	**941**	791

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015 *RMB'000*	2014 *RMB'000*
Cash and bank balances	**209,936**	3,285
Pledged deposits — current	**75,272**	16,188
Pledged deposits — non-current	**17,606**	42,652
	302,814	62,125
Less: Pledged time deposits:		
Pledged for bills payable	**(31,217)**	–
Pledged for bank guarantees	**(61,661)**	(58,840)
Cash and cash equivalents	**209,936**	3,285

As at 31 December 2015, cash and bank balances and pledged deposits denominated in RMB of the Group amounted to RMB251,435,000 (2014: RMB62,125,000). The RMB is not freely convertible into other currencies, however, under "Mainland China's Foreign Exchange Control Regulations" and "Administration of Settlement, Sale and Payment of Foreign Exchange Regulations", the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank guarantees are performance guarantee and made for varying periods ranging from several months to four years depending on the agreement of the contract, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

13. TRADE AND BILLS PAYABLES

	2015 *RMB'000*	2014 *RMB'000*
Trade payables	**335,344**	232,841
Bills payable	**96,087**	–
	431,431	232,841

The bills payable were secured by the pledge of the Group's time deposits of RMB31,217,000 (2014: Nil) and the Group's bills receivable of RMB69,455,000 (2014: Nil) as at 31 December 2015 (note 10).

An aging analysis of the trade and bills payables, based on the invoice date, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within 3 months	**230,582**	180,715
3 to 12 months	**182,316**	42,314
12 to 24 months	**15,757**	9,795
Over 24 months	**2,776**	17
	431,431	232,841

Trade payables are non-interest-bearing and have an average credit term of six months.

14. ADVANCES FROM CUSTOMERS, OTHER PAYABLES AND ACCRUALS

	2015	2014
	RMB'000	*RMB'000*
Advances from customers	**169,429**	74,120
Other payables	**88,737**	57,747
Accruals	**373**	345
Due to the holding company	**2,916**	1,132
Due to related companies	**1,887**	6,378
Due to a related party	**–**	538
	263,342	140,260

Other payables are non-interest-bearing and have an average term of three months.

15. DEFERRED TAX

Deferred tax assets

	Impairment of other receivables	**Impairment of trade receivables**	**Impairment of inventories**	**Accruals**	**Provision**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2014	76	1,934	554	3,467	1,100	7,131
Deferred tax credited/(charged) to profit or loss during the year	121	(6)	(554)	8,142	(43)	7,660
As at 31 December 2014 and 1 January 2015	197	1,928	–	11,609	1,057	14,791
Deferred tax credited to profit or loss during the year	38	927	–	2,328	177	3,470
As at 31 December 2015	235	2,855	–	13,937	1,234	18,261

The Group has tax losses arising in Mainland China of RMB15,712,000 as at 31 December 2015 (2014: RMB568,000), that will expire in one to five years for offsetting against taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

16. SHARE CAPITAL

Shares

	2015	2014
	RMB'000	*RMB'000*
Issued and fully paid:		
135,000,000 (2014:100,000,000) ordinary shares	**135,000**	100,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
As at 1 January and 31 December 2014 and 1 January 2015	100,000,000	100,000	–	100,000
Issue of shares *(Note (a))*	35,000,000	35,000	276,337	311,337
Share issue expenses	–	–	(37,273)	(37,273)
As at 31 December 2015	135,000,000	135,000	239,064	374,064

Note:

(a) In connection with the Company's initial public offering, 350,000,000 new shares of RMB1.00 each were issued at a price of HK$10.9 per share for a total cash consideration, before expenses, equivalent to RMB311,337,000. Dealings in these shares on the SEHK commenced on 12 October 2015.

17. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the financial statements.

Statutory surplus reserve

Pursuant to the PRC Company Law and the respective entities' articles of association, the Company and its subsidiaries established in the PRC shall appropriate 10% of their annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory surplus reserve until such reserve fund reaches 50% of the share capital of these entities. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, except for offsetting prior years' losses, such reserve must be maintained at a minimum of 25% of the share capital after usage.

Safety production reserve

Pursuant to the regulation of "Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" in the PRC relating to the construction industry, a subsidiary of the Group, Tianjie Installation Engineering, is required to transfer an amount to the reserve account as safety production reserve. The amount is calculated based on the revenue of construction each year and at the applicable rate of 2%. The safety production reserve will be used for modification and maintenance of safety equipment in accordance with the rules of the PRC Company Law and is not available for distribution to shareholders.

DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2015 is a year of significance for the Group. Leveraging years of industry experience and continual innovation in industrial technologies, the Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group generates our revenue primarily from (i) project construction; (ii) sales of goods; and (iii) rendering of services. Project construction represented tailor-made and integrated atmospheric pollution control solutions offered by the Group to our customers, comprising engineering design, equipment procurement and manufacturing, supervision of installation and commissioning, customer training, and repair and maintenance to our customers on a project basis. During the Year, the Group mainly offer three types of precipitators: electrostatic precipitators, bag filter precipitators and electrostatic-bag composite precipitators. Our sales of goods represented sales of materials, including raw materials, spare parts and components and scrap materials to related parties or independent third parties. Our rendering of services represented our technology consultancy services to our customers on a stand-alone basis, which includes repair and replacement, and on-site engineering and maintenance services to those projects which were not constructed by us.

Precipitators are widely installed at coal-fired power plants, metallurgical plants, paper mills and other industrial production plants. As such, the Group has an extensive range of customers including the project owners of power plants and industrial production plants, or contractors who undertake the construction work of power plants and industrial production plants.

Business Review

The PRC is currently the world's second largest economy. While the economic growth has slowed down in recent years, the growth rate is still among the highest in the world. The sustained increase in demand for energy and electricity in the PRC as a result of the fast economic growth has nonetheless been promoted at the expense of atmospheric environment and air quality. Last year, due to severe atmospheric pollution problems in Beijing and Hebei, some schools even suspended classes. Therefore, the PRC Government continues to strengthen its efforts in environmental protection by implementing more stringent environmental protection policies.

The New Environmental Protection Law was officially implemented in the PRC on 1 January 2015. Besides, with the "Law of the Prevention and Control of Atmospheric Pollution (Revised Bill)" being proposed to The Standing Committee of the National People's Congress for consideration and approval together with the increasing governmental and public awareness of environmental protection in the PRC, the Group believes that there will be a vast investment demand for environmental protection in the coming years. The increasingly stringent environmental protection regulations also promote the rapid development of the environmental protection industry, particularly the industry of operations and maintenance services for atmospheric pollution control facilities. It is anticipated that there will be exponential growth in atmospheric pollution control equipment market in the coming several years. Therefore, as a leading integrated atmospheric pollution control solution provider in the industry, the Group believes that we can continue to be benefited from the aforementioned policies in order to capture new business and investment opportunities.

The Group believes that we have benefitted from and will continue to benefit from the synergic effects brought about by customers' satisfaction and broader market recognition of our brand in such a way of increasing our opportunity and capability to succeed in the bidding of new projects. Additionally, with the Group's industry qualifications and track record of successfully completing projects for state-owned power plants in the PRC, the Group believes that our reputation among power enterprises as well as customers in other industries as a reliable atmospheric pollution control solution provider enables the Group to become more competitive over new entrants in project bidding.

On 12 October 2015, the Company was officially listed on the Main Board of the Stock Exchange ("**Listing**"), which marks a milestone for the Group in terms of enhancement of capital, corporate governance and competitive edge.

For the Year, total revenue and profit from continuing operations of the Group amounted to approximately RMB920.0 million and RMB96.5 million respectively. During the Year, the Group's gross profit amounted to RMB186.6 million, representing an increase of 30.3% as compared with RMB143.2 million for the same period of the year 2014; and the gross margin increased by 2.0% from the previous year to 20.3%.

For the Year, the value of the Group's new contracts (which represents the aggregate value of the contracts we entered into during a specified period) was approximately RMB852.1 million. As at 31 December 2015, the Group's backlog (including applicable value-added tax) (which represents the total estimated contract value of work that remains to be completed pursuant to outstanding contracts as of a certain date and assuming performance in accordance with the terms of the contract) was approximately RMB1,451.7 million.

The Group's profits (before tax) amounted to RMB134.4 million and profits attributable to owners of our parent company grew to RMB96.5 million, representing a year-on-year increase of 34.1% and 30.1% respectively. The aforesaid growth is mainly generated from the operation income increase of 17.7% to RMB920.0 million for the Year.

At the time of raising the amount of product sales, the Group spent great effort to enhance cost management to make our products and solutions more cost competitive. The atmospheric pollution control solutions offered by our Group mainly comprise the atmospheric pollution control devices designed and manufactured on our own. The Group possesses the qualifications and expertise in manufacture and supply of the key atmospheric pollution control system of the projects undertaken by us based on customised design proposals. The Group is dedicated to improving manufacturing process and management system by managing the product quality and operation, reducing energy consumption and assessing the environmental impact in accordance with international standards. The quantitative management, environmental management and quality management systems of the Group were awarded with a number of ISO certificates. These systems help the company estimate costs, smoothen project operations and improve operating efficiency.

As of 31 December 2015, the Group had 33 registered patents (including two invention patents and 31 utility model patents) in the PRC. Based on the strong design and engineering capabilities, the Group primarily provides comprehensive atmospheric pollution control solutions to our customers. We offer a wide range of models of electrostatic precipitators which support electricity generators with capacity spanning from 6.25MW to over 1000MW. The Group is one of the few manufacturers in the PRC which provides electrostatic precipitators for single generator unit with capacity of 1000MW or above.

As at 31 December 2015, the Group has a total of 634 full-time employees (2014: 564). The remuneration payable to the Group's employees includes basic wages, bonuses and other staff benefit. The Group conducts periodic performance reviews for our employees and determine their remuneration based on factors including qualifications, contributions, years of experience and performance.

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately RMB920.0 million for the Year representing an increase of 17.7% from RMB781.9 million for the year ended 31 December 2014. The increase was mainly benefitted from the increasingly stringent environmental protection regulations that promoted the growing demand for operations and maintenance services with atmospheric pollution control equipments. For example, the New Environmental Protection Law was officially implemented in the PRC on 1 January 2015, and the "Law of the Prevention and Control of Atmospheric Pollution (Revised Bill)" that is being proposed to The Standing Committee of the National People's Congress for consideration.

The following table sets forth a breakdown of the Group's revenue by segment and each item as a percentage of revenue for the respective years indicated:

	Year ended 31 December			
	2014		**2015**	
	RMB'000	*%*	***RMB'000***	***%***
Revenue				
Construction of projects	776,596	99.3	**916,073**	**99.5**
Sales of goods	5,013	0.6	**3,862**	**0.4**
Rendering of services	296	0.1	**40**	**0.1**
Total	781,905	100.0	**919,975**	**100.0**

Revenue generated from construction of the Group's projects amounted to over 99.0% of our total revenue. Depending on the specifications and requirements of our customers, the Group may provide an integrated set of atmospheric pollution control devices, comprising precipitators, desulfurisation system and/or denitrification system, or only provide one type of the above atmospheric pollution control devices on a stand-alone basis for new installation projects or upgrading or modification projects. A majority of the Group's construction contracts are related to the manufacturing, installation and sales of electrostatic precipitators.

The following table sets forth a further revenue breakdown of construction contracts by types of atmospheric pollution control solutions for the respective years indicated:

	Year ended 31 December			
	2014		**2015**	
	RMB'000	%	***RMB'000***	**%**
Construction contracts				
Ash removal and transfers				
— Electrostatic precipitator	582,977	75.0	**727,755**	**79.5**
— Electrostatic-bag composite precipitator	49,557	6.4	**39,575**	**4.3**
— Bag filter precipitator	43,146	5.6	**75,414**	**8.2**
— Others (e.g. Pneumatic ash conveying system)	16,463	2.1	**4,790**	**0.5**
SO_2 and NOx emission reduction (desulfurisation and denitrification devices)	84,453	10.9	**68,539**	**7.5**
	776,596	100.0	**916,073**	**100.0**

The Group's revenue for the Year was mainly generated from ash transfers construction contracts relating to electrostatic precipitator and bag filter precipitator. As a result, the revenue derived from projects relating to electrostatic precipitator and bag filter precipitator were increased from RMB583.0 million and RMB43.1 million for the year ended 31 December 2014 to approximately RMB727.8 million and RMB75.4 million for the Year.

With the experience in delivery of new installation projects by the Group, the Group also provided large scale upgrading and modification projects for power plants and other industries. The following table sets forth a revenue breakdown of construction contracts by types of new installation project as well as upgrading and modification project for the respective years indicated:

	Year ended 31 December			
	2014		**2015**	
	RMB'000	%	***RMB'000***	**%**
Revenue				
Newly installed	538,599	69.4	**795,828**	**86.9**
Upgrading/modification	237,997	30.6	**120,245**	**13.1**
	776,596	100.0	**916,073**	**100.0**

Cost of sales

The Group's costs incurred in project construction principally comprise material costs, staff costs, depreciation and overhead costs. The Group's cost of sales primarily consists of cost of raw materials, which include steel. The Group's major raw materials used in the manufacturing process of ash removal and transfer devices and desulfurisation and denitrification devices are steel, electrical instruments, filter bags and others. The following table sets forth the breakdown of the Group's cost of sales by nature of expenses for the respective years indicated:

	Year ended 31 December			
	2014		**2015**	
	RMB'000	%	***RMB'000***	**%**
Cost of sales				
— Material costs	444,745	69.6	**522,259**	**71.2**
— Staff costs	119,057	18.6	**107,093**	**14.6**
— Depreciation	4,427	0.7	**2,867**	**0.4**
— Overhead costs (e.g. utility charge)	28,289	4.4	**44,097**	**6.0**
— Others	42,228	6.7	**57,083**	**7.8**
	638,746	100.0	**733,399**	**100.0**

The nature of composition of construction contracts, namely new installation projects and upgrading and modification projects, can in general cause variation to the extent of the usage of materials and staff. More materials, especially steel, are consumed when more new installation projects are conducted, whereas more staff are required when more upgrading and modification projects are conducted.

Gross profit and gross margin

The following table sets forth the breakdown of gross profit and gross margin of the Group (stated as a percentage of revenue) for the respective years indicated:

	Year ended 31 December	
	2014	**2015**
Gross profit *(RMB'000)*	143,159	**186,576**
Gross margin *(%)*	18.3	**20.3**

The Group's gross profit of the Year amounted to RMB186.6 million, representing an increase of RMB43.4 million or 30.3% as compared with RMB143.2 million of the previous year. The gross margin of the Group increased from 18.3% for the year ended 31 December 2014 to 20.3% of the Year. The increase was driven by (i) the increased market demand upon the adoption of stringent emission standards in the PRC leading to more construction contracts with higher gross profit margin obtained by the Group for the Year in the course of negotiation and (ii) the generally lower production costs per project as a result of cost advantages from the economies of scale pursuant to the increase in production activities for the Year.

Other income and gains

Other income and gains of the Group during the Year surged to RMB9.2 million, representing a dramatic increase of 206.7% from that of the previous year.

During the year of 2015, the government subsidies the Group obtained amounted to RMB3.7 million, representing an increase of RMB2.1 million from that of the previous year, of which the Group received a special fund of RMB2.3 million for science and technology business from Zhuji Finance Services Bureau, according to the "Implementation Measurement for Fiscal Support to Strengthen and Expand Real Economy issued by Zhuji People's Government Office".

In addition, the exchange gain of the Year increased by RMB3.2 million from that of 2014, mainly attributable to the continuous appreciation of Hong Kong dollars in which the capital we raised denominated after the Listing.

Selling and distribution expenses

As for the year ended 31 December 2014 and the Year, the selling and distribution expenses remained at RMB16.2 million.

Administrative expenses

The administrative expenses of the Group for the Year amounted to approximately RMB33.1 million, representing an increase of 88.1% as compared with approximately RMB17.6 million of the year ended at 31 December 2014, mainly due to (i) labour cost increased approximately RMB3.5 million or by 37.6% as compared to that of the year ended at 31 December 2014; (ii) according to the Group's accounting policy, the impairment loss of receivables as at the end of 2015 increased approximately RMB5.5 million as compared to that of the end of 2014; and (iii) audit fees and cost incurred for public relations activities increased approximately RMB4.2 million as compared to the year ended at 31 December 2014.

Finance cost

The finance cost of the Year amounted to approximately RMB10.4 million, representing an increase of 4.0% as compared with approximately RMB10.0 million of the year ended at 31 December 2014.

Income tax expense

The Group's income tax expense of the Year amounted to approximately RMB37.9 million, representing an increase of 45.8% as compared with approximately RMB26.0 million of the year ended at 31 December 2014, mainly due to the increase in pre-tax profit.

Trade and bills receivables

As at 31 December 2015, the trade and bills receivables of the Group were approximately RMB420.9 million, increased by RMB126.4 million as compared to that of the same period of 2014, mainly due to (i) the acceleration in the launch of projects and settlement, as well as (ii) growth of revenue from continuing operations.

Inventories

As at 31 December 2015, the Group had an increase of inventories by approximately RMB7.9 million to approximately RMB40.8 million when compared to the same period in 2014. The inventories mainly consisted of steels, filter bags, electrical instruments and other components.

Trade and bills payables

As at 31 December 2015, the trade and bills payables of the Group increased by RMB198.6 million to RMB431.4 million when compared to the same period in 2014, which was primarily attributable to the corresponding increase in the purchase of raw materials and installation services arising from the promotion of our project schedule.

The Group's trade and bills payables are mainly related to the payment of material costs and payment to service providers and third-party manufacturers. Settlement is normally made in accordance with the terms specified in the contracts governing the relevant transactions.

Our trade payables turnover days increased by 10.8 days from 130.6 days for the year ended 31 December 2014 to 141.4 days for the Year. This was primarily due to the greater control over the payment terms of the Group because of our stronger position in the industry. At the same time, the Group has taken stringent capital management measures to optimise operating cash flows.

Liquidity and capital resources

Cash and cash equivalence

As at 31 December 2015, the cash and cash equivalence of the Group increased by RMB206.6 million to RMB209.9 million when compared to the same period in 2014, which was mainly due to (1) the net cash inflow of approximately RMB284.8 million from the proceeds after deducting the fees charged by the intermediaries as a result of the issuance of 35,000,000 shares pursuant to the Listing; (2) the cash outflow of approximately RMB3.0 million to the tax payable in relation to the dividends paid in 2014; (3) the net cash outflow of approximately RMB72.3 million arising from the operation of the Group in 2015; and (4) the net cash outflow of approximately RMB5.4 million arising from the investments of the Group in 2015, which consists of the cash outflow of approximately RMB5.2 million on purchase of property plant and equipment to cater for the expansion of the Group's business scale and the growing sales and the cash outflow of approximately RMB0.2 million for the purchase of office software.

Indebtedness

As of 31 December 2015, the Group incurred outstanding bank loans of approximately RMB174.0 million while the undrawn bank loan was approximately RMB3.0 million.

Net current assets

As at 31 December 2015, the net current assets of the Group (the difference between total current assets and current liabilities) increased by approximately 351.5% from RMB111.7 million of the same period in 2014 to approximately RMB504.3 million for the Year.

Capital expenditure

Capital expenditures of the Group amounted to approximately RMB5.4 million, which were used mainly for the purchase of property, plant and equipment in the Year.

Listing expenses

Listing expenses incurred in connection with the Listing included professional fees, underwriting commissions and other fees. Listing expenses amounted to approximately RMB37.3 million that were charged against equity upon the Listing. Such expenses had no material adverse impact on the results of operations of the Group for the Year.

Exchange risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the functional currencies adopted by the units. Approximately 2.4% of our sales for the Year were denominated in currencies other than the functional currencies of the operating units making the sale. At present, we do not intend to seek to hedge its exposure to foreign exchange fluctuations. However, our management constantly monitors the economic situation and the foreign exchange risk profile of the Group, and will consider appropriate hedging measures in the future should the need arise.

Major acquisitions and disposals

As at 31 December 2015, the Group did not have any material acquisition or disposals in the Year.

Significant investments

As at 31 December 2015, the Group did not have any significant investments in the Year.

Contingent liabilities

The Group is neither currently involved in any material legal proceedings nor aware of any pending or potential material legal proceedings involving us. If the Group were involved in such material legal proceedings, the Group would record any loss or contingent events when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

As at 31 December 2015, the Group did not have any material contingent liabilities or guarantees.

PROSPECTS

On 12 October 2015, the Group was successfully listed on the Main Board of the Stock Exchange. The net proceeds from the Listing was approximately RMB284.8 million. The Group will actively seek appropriate acquisition projects to expand its capabilities of research and development, manufacturing and sales, as well as to access new markets to complement existing business of the Group.

The Group believes that our established customer base in the PRC and our exposure to overseas markets could help us lay a solid foundation for future expansion in both domestic and overseas markets of the Group and place us in an ideal position to capture the growth in any of those markets. Looking forward, the Group will continue to enhance our research and development capabilities, develop new technologies and expand our product portfolio (such as ash conveyers), strengthen sales and capture the growing opportunities in the atmospheric pollution control solution industry in the PRC, enhance the Group’s national and international brand recognition, as well as develop potential overseas markets to expand our international market share.

MATTERS RELATING TO THE FINANCIAL REPORT

Approval of financial statements

The audited financial statements of the Group for the Year were approved by the Board on 14 March 2016.

Accounting policies, accounting estimates and other auditing methods

There are no change in accounting policies, accounting estimates and other auditing methods of the Group in the Year.

Material accounting error correction

There is no correction to material accounting errors for the Group in the Year.

Change in the scope of consolidation

There is no change in the scope of consolidation for the financial statements of the Group in the Year.

OTHER MATTERS

Directors' and chief executive's interest and/or short position in the shares, underlying shares and debentures of the Company

As at 31 December 2015, the interests and short positions of each of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**")), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") were as follows:

1. Long position in respect of domestic shares of the Company ("**Domestic Shares**") as at 31 December 2015:

Name of Director	**Capacity/ Nature of interest**	**Number of Domestic Shares**	**Approximate % of total issued Domestic Shares**	**Approximate % of Company's share capital**
Mr. Bian Yu *(Note 1)*	Beneficial owner	13,671,000	13.67	10.13
	Interest in a controlled corporation *(Note 2)*	70,000,000	70	51.85
Mr. Bian Jianguang *(Note 1)*	Beneficial owner	6,843,000	6.84	5.07
	Interest in a controlled corporation *(Note 2)*	70,000,000	70	51.85
Mr. Bian Weican	Beneficial owner	1,851,000	1.85	1.37
Ms. Bian Shu *(Note 1)*	Beneficial owner	3,933,000	3.93	2.91
	Interest in a controlled corporation *(Note 2)*	70,000,000	70	51.85
Mr. Zhang Yuanyuan *(Note 3)*	Family interest of spouse	73,933,000	73.93	54.76

Notes:

1. The Company is held as to approximately 51.85% by TGL, approximately 10.13% by Mr. Bian Yu, approximately 5.07% by Mr. Bian Jianguang, approximately 2.91% by Ms. Bian Shu, approximately 1.37% by Mr. He Jianmin, approximately 1.37% by Mr. Bian Weican and approximately 1.37% by Mr. Chen Jiancheng. TGL is held as to approximately 64.08% by Mr. Bian Yu, approximately 22.81% by Mr. Bian Jianguang and approximately 13.11% by Ms. Bian Shu.

2. The disclosed interest represents the interest in the Company held by TGL which is in turn approximately 64.08% owned by Mr. Bian Yu, approximately 22.81% owned by Mr. Bian Jianguang and approximately 13.11% owned by Ms. Bian Shu. Therefore, Mr. Bian Yu, Mr. Bian Jianguang and Ms. Bian Shu are deemed to be interested in TGL's interest in the Company by virtue of the SFO. The indirect interests in the Company's share capital owned by Mr. Bian Yu, Mr. Bian Jianguang and Ms. Bian Shu via their respective interests in TGL are approximately 33.23%, 11.83% and 6.80% respectively.

3. Mr. Zhang Yuanyuan, the spouse of Ms. Bian Shu, is deemed to be interested in Ms. Bian Shu's interest in the Company by virtue of the SFO.

Substantial Shareholders' Interests and/or Short Position in the Shares and Underlying Shares of the Company

In respect of the register of substantial shareholders (not being a director or chief executive of the Company) required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholders' interests and short positions. These interests are in addition to those disclosed above in respect of the directors and chief executive of the Company.

1. Long position in respect of Domestic Shares as at 31 December 2015:

Name	**Capacity/ Nature of interest**	**Number of Domestic Shares**	**Approximate % of total issued Domestic Shares**	**Approximate % of Company's share capital**
TGL *(Note 1)*	Beneficial owner	70,000,000	70	51.85
Ms. Bao Guo *(Note 2)*	Family interest of spouse	83,671,000	83.67	61.98
Ms. Xu You *(Note 3)*	Family interest of spouse	76,843,000	76.84	56.92

Notes:

1. TGL is directly interested in approximately 51.85% in the Company.

2. Ms. Bao Guo, the spouse of Mr. Bian Yu, is deemed to be interested in Mr. Bian Yu's interest in the Company by virtue of the SFO.

3. Ms. Xu You, the spouse of Mr. Bian Jianguang, is deemed to be interested in Mr. Bian Jianguang's interests in the Company by virtue of the SFO.

2. Long position in respect of H Shares of the Company ("**H-Shares**") as at 31 December 2015:

Name	Capacity/ Nature of interest	Number of H-Shares	Approximate % of total issued H-Shares	Approximate % of Company's share capital
Sinotak Limited	Interest in a controlled corporation	9,792,600	27.98	7.26
Zhang Wei *(Note 4)*	Beneficial owner	9,792,600	27.98	7.26
Hong Kong Joint Financial Investment Ltd	Interest in a controlled corporation	5,504,400	15.73	4.08
Zhao Kai Yuan *(Note 5)*	Beneficial owner	5,504,400	15.73	4.08
Kylin International (HK) Co., Ltd	Beneficial owner	1,834,800	5.24	1.36
凱銀投資管理有限公司 *(Note 6)*	Interest in a controlled corporation	1,834,800	5.24	1.36
德信控股集團有限公司 *(Note 7)*	Interest in a controlled corporation	1,834,800	5.24	1.36
Hu Yiping *(Note 8)*	Interest in a controlled corporation	1,834,800	5.24	1.36

Notes:

4. Mr. Zhang Wei, the controlling shareholder of Sinotak Limited, is deemed to be interested in Sinotak Limited's interests in the Company by virtue of the SFO.

5. Mr. Zhao Kai Yuan, the controlling shareholder of Hong Kong Joint Financial Investment Ltd, is deemed to be interested in Hong Kong Joint Financial Investment Ltd's interests in the Company by virtue of the SFO.

6. 凱銀投資管理有限公司, the controlling shareholder of Kylin International (HK) Co., Ltd ("**Kylin International**"), is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO.

7. 德信控股集團有限公司, the controlling shareholder of 凱銀投資管理有限公司, is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO and note 6 above.

8. Mr. Hu Yiping, the controlling shareholder of 德信控股集團有限公司, is deemed to be interested in Kylin International's interests in the Company by virtue of the SFO as well as note 6 and 7 above.

Purchase, sale or redemption of listed securities

From the date of Listing to 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Directors' Securities Transactions

The Group has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" under Appendix 10 to the Listing Rules ("**Model Code**") as the code of conduct on securities transactions entered into by the directors and supervisors of the Company, in order to govern such transactions. Having made specific written enquiries, all directors and supervisors of the Company confirmed their compliance with the provisions under the Model Code throughout the Year.

Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to ensure managerial optimisation and to safeguard the interests of all shareholders of the Company. The Group has always been emphasising on transparency and accountability to the shareholders. The Board believes that a high standard of corporate governance could maximise the benefits for the shareholders. Throughout the Year, the Group complied with all principles and code provisions as well as adopted the recommended best practices set out in the "Corporate Governance Code" under Appendix 14 to the Listing Rules.

Audit Committee

The Group's audit committee ("**Audit Committee**") has reviewed with the accounting principles and practices adopted by the Group, and discussed with the management the internal control and financial reporting matters. The Audit Committee also reviewed and confirmed the audited consolidated financial statements of the Group for the Year. The relevant financial information are prepared under the Hong Kong Financial Reporting Standards, in respect of which Ernst & Young issued an auditors' report with standard unqualified opinion.

Events of material impact

From the end of the Year to the date of this announcement, no important events had been occurred in a way of affecting the Company and any of its subsidiaries.

ANNUAL GENERAL MEETING

The registration of the transfer of shares of the Company will be suspended from 29 April 2016 to 1 June 2016 (both days inclusive) in order to ascertain the shareholders' entitlement to the attendance in the annual general meeting (the "**AGM"**). All shareholders who wish to attend the AGM must deliver their properly completed H-Shares transfer forms accompanied by the relevant share certificates to the Registrar of H-Shares in Hong Kong, Tricor Services Limited (the address of which is Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no later than 4:30 p.m. on 28 April 2016, for registration.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (http://www.tengy.com). The Company's annual report for the Year will be dispatched to the Company's shareholders and published on the aforementioned websites in due course.

By order of the Board
Zhejiang Tengy Environmental Technology Co., Ltd
Mr. BIAN Yu
Chairman

Zhejiang Province, the PRC, 14 March 2016

As at the date of this announcement, the executive Directors are Mr. BIAN Yu and Mr. BIAN Weican; the non-executive Directors are Mr. BIAN Jianguang and Mr. ZHANG Yuanyuan; and the independent non-executive Directors are Ms. TAM Hon Shan Celia, Mr. DANG Xiaoqing and Mr. ZHANG Bing.