

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

Full Year Results and Dividend Announcement for the Period Ended 31 December 2014

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 31 December 2014. The figures presented below have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	three months ended 31 December			year ended 31 December		
	2014	2013	%	2014	2013	%
	HK\$'000	HK\$'000 (Restated)	Increase / (Decrease)	HK\$'000	HK\$'000 (Restated)	Increase / (Decrease)
Revenue	132,496	12,982	920.61	168,542	12,982	1,198.27
Cost of sales	(131,068)	(12,113)	982.04	(164,873)	(12,113)	1,261.12
Gross profit	1,428	869	64.33	3,669	869	322.21
Other income	500	1,220	(59.02)	796	1,381	(42.36)
Administrative expenses	(23,977)	(8,842)	171.17	(49,799)	(25,956)	91.86
Other operating income	-	-	N.M.	-	215	(100.00)
Finance costs	31	(229)	(113.54)	(291)	(706)	(58.78)
Loss before taxation from continuing operations	(22,018)	(6,982)	215.35	(45,625)	(24,197)	88.56
Income tax expense	-	-	N.M.	-	-	N.M.
Loss from continuing operations attributable to owners of the Company	(22,018)	(6,982)	215.35	(45,625)	(24,197)	88.56
Profit/(loss) for the period/year from discontinued operations attributable to owners of the Company	435,216	(38,501)	1,230.40	486,988	1,421	34,170.80
Profit/(loss) for the financial period/year	413,198	(45,483)	1,008.47	441,363	(22,776)	2,037.84
Other comprehensive income:						
Components of other comprehensive income that will be reclassified to profit or loss, net of taxation						
Exchange differences on translating foreign operations	4,556	7,439	(38.76)	(5,089)	53,024	(109.60)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	(150,215)	-	N.M.	(150,215)	-	N.M.
Available-for-sale financial assets:						
Fair value gains	54,618	-	N.M.	54,618	-	N.M.
Total other comprehensive income that will be reclassified to profit or loss, net of taxation	(91,041)	7,439	1,323.83	(100,686)	53,024	(289.89)
Total other comprehensive income, net of taxation	(91,041)	7,439	1,323.83	(100,686)	53,024	(289.89)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	322,157	(38,044)	946.80	340,677	30,248	1,026.28

1 (a)(ii) Explanatory Notes:

Other income comprises:

	The Group (Continuing operations)			
	Three months ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	477	162	585	313
Exchange gain	-	824	-	828
Gain on disposal of fixed assets	-	236	-	236
Sundry income	23	(2)	211	4
	500	1,220	796	1,381

	The Group (Discontinued operations)			
	Three months ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	31	511	163	1,170
Exchange gain	-	1,480	-	1,515
Government grants	334	1,672	3,440	3,723
Refund of value-added tax	4,882	8,626	26,648	26,683
Reimbursement income from a contractor	-	-	-	7,509
Reversal of impairment loss of value-added tax receivables	16,842	-	20,348	-
Sundry income	14	337	54	830
	22,103	12,627	50,653	41,430

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

	The Group (Continuing operations)			
	Three months ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortisation	209	111	598	322
Interest on bank loans	(48)	216	216	668
Interest on finance lease	17	13	75	38
Gain on financial liability at fair value through profit or loss	-	-	-	215

	The Group (Discontinued operations)			
	Three months ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortisation	21,725	33,040	124,087	132,001
Interest on bank loans	20,314	42,272	130,140	133,213
Impairment loss of trade receivables	31,473	-	31,473	-
Indemnity liabilities *	66,446	-	66,446	-
Impairment loss on value-added tax receivables	-	20,598	-	20,598
Loss on disposal of fixed assets	-	86	-	61

*included in gain on disposal of subsidiaries

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Fixed assets	2,479	10,113	-	-
Intangible assets	176,499	4,041,219	-	-
Long term prepayment	11,673	-	11,673	-
Available-for-sale financial assets	1,328,283	-	-	-
Investment in subsidiaries	-	-	575,396	575,396
Investment in a joint venture	71	71	-	-
	1,519,005	4,051,403	587,069	575,396
Current assets				
Inventories	-	7,743	-	-
Trade receivables	410	140,901	-	-
Gross amounts due from customers for contract work	35,767	237,335	-	-
Other deposits and other receivables	1,313,311	483,842	13	-
Trade deposits and prepayments	1,855	21,726	1,797	-
Due from subsidiaries	-	-	1,060,675	906,203
Pledged bank deposits	34,305	44,044	9,316	-
Bank and cash balances	1,490	54,930	216	134
	1,387,138	990,521	1,072,017	906,337
TOTAL ASSETS	2,906,143	5,041,924	1,659,086	1,481,733
Capital and reserves				
Share capital	97,302	97,302	97,302	97,302
Reserves	1,986,531	1,645,026	1,363,222	1,372,657
Equity attributable to owners of the Company	2,083,833	1,742,328	1,460,524	1,469,959
Non-current liabilities				
Interest-bearing borrowings	120,194	1,984,086	120,194	-
Finance lease payables	809	1,136	-	-
Deferred income	-	24,257	-	-
Deferred tax liabilities	-	97,059	-	-
	121,003	2,106,538	120,194	-
Current liabilities				
Trade payables	323	42,434	-	-
Gross amounts due to customers for contract work	-	53,001	-	-
Accruals and other payables	385,493	345,159	3,020	2,255
Advance payment received	315,165	317,075	-	-
Due to subsidiaries	-	-	75,348	9,519
Deferred income	-	1,097	-	-
Finance lease payables	326	257	-	-
Interest-bearing borrowings	-	432,369	-	-
Current tax liabilities	-	1,666	-	-
	701,307	1,193,058	78,368	11,774
Total liabilities	822,310	3,299,596	198,562	11,774
TOTAL EQUITY AND LIABILITIES	2,906,143	5,041,924	1,659,086	1,481,733

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 31 December 2014		As at 31 December 2013	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	432,369	Nil

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
120,194	Nil	1,984,086	Nil

Details of any collateral

The Group's interest-bearing borrowings of HK\$120,194,000 as at 31 December 2014 are secured by the following:

- (i) Share pledge of 75,183,993 shares in its wholly-owned subsidiary, C&G Environmental Protection (Thailand) Company Limited ("C&G (Thailand)");
- (ii) Corporate guarantee provided by C&G (Thailand); and
- (iii) Pledged bank deposit of US\$1,200,000 (equivalent to approximately HK\$ 9,316,000).

1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	three months ended 31 December		year ended 31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before tax				
- Continuing operations	(22,018)	(6,982)	(45,625)	(24,197)
- Discontinued operations	439,593	(27,627)	511,033	17,044
Adjustments for:				
Depreciation and amortisation	21,934	33,151	124,685	132,323
Interest expenses	20,284	42,502	130,431	133,919
Profit from construction services	(1,193)	(690)	(8,328)	(1,104)
Amortisation of deferred income	(182)	(232)	(1,000)	(1,026)
Interest income	(508)	(673)	(748)	(1,483)
Gain on disposal of subsidiaries	(403,421)	-	(403,421)	-
Gain on financial liability at fair value through profit or loss	-	-	-	(215)
Written off of construction in progress and fixed assets	-	(3,912)	-	-
Impairment loss of value-added tax receivables	-	20,598	-	20,598
Impairment loss of trade receivables	31,473	-	31,473	-
Reversal of impairment loss of value-added tax receivables	(16,842)	-	(20,348)	-
Net gain on disposals of fixed assets	-	(150)	-	(175)
Share based payment expenses	182	249	828	629
Operating profit before working capital changes	69,302	56,234	318,980	276,313
Increase in long term prepayment	(658)	-	(11,673)	-
Decrease/(increase) in inventories	93	(1,694)	(2,355)	(4,131)
(Increase)/decrease in trade receivables	(22,453)	(698)	(39,620)	4,656
(Increase)/decrease in other deposits and other receivables	(4,639)	(45,988)	64,044	(50,317)
Decrease/(increase) in trade deposits and prepayments	1,651	9,876	6,625	(10,274)
Increase in trade payables	3,657	15,070	400	22,920
(Decrease)/increase in accruals and other payables	(24,982)	16,807	(35,432)	1,089
Increase in deferred income	4	524	1,706	7,343
Effect on foreign exchange rate changes	(545)	12,111	58,038	32,610
Cash generated from operations	21,430	62,242	360,713	280,209
Interest paid	4,291	(42,446)	(123,538)	(163,272)
Net cash generated from operating activities	25,721	19,796	237,175	116,937
CASH FLOWS FROM INVESTING ACTIVITIES				
(Payments)/refund for construction work for BOT projects	(100,705)	136,480	(345,487)	58,399
Investment in a joint venture	-	-	-	(71)
Net cash outflow from disposal of subsidiaries	(51,823)	-	(51,823)	-
Proceeds from disposal of fixed assets	-	253	7	353
Purchase of fixed assets	(813)	(1,741)	(1,959)	(3,404)
Interest received	508	673	748	1,483
Net cash (used in)/generated from investing activities	(152,833)	135,665	(398,514)	56,760
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment to a contractor	-	(107,558)	-	(174,852)
Advance from/(to) ultimate holding company and a related company	35,452	37,221	169,723	(19,294)
Decrease/(increase) in pledged bank deposits	7,872	1,094	(1,632)	1,061
Repayment of finance lease payables	(63)	(40)	(257)	(125)
Repayment of interest-bearing borrowings	(8,198)	(754,367)	(431,363)	(1,064,673)
Drawdown of Interest-bearing borrowings	49,036	382,689	371,628	1,128,319
Net cash generated from/(used in) financing activities	84,099	(440,961)	108,099	(129,564)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(43,013)	(285,500)	(53,240)	44,133
Effect on foreign exchange rate changes	(219)	(12,367)	(200)	804
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	44,722	352,797	54,930	9,993
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	1,490	54,930	1,490	54,930
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	1,490	54,930	1,490	54,930

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share premium	Contributed surplus	Statutory reserve	Share-based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings	Attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group									
For the three months ended									
31 December 2014									
At 1 October 2014	97,302	786,115	102,151	39,768	1,275	213,568	-	521,315	1,761,494
Dividend paid for FY2013	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	182	-	-	-	182
Transfer to contributed surplus	-	(600,000)	600,000	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	(39,768)	-	-	-	39,768	-
Total comprehensive income for the financial period	-	-	-	-	-	(145,659)	54,618	413,198	322,157
Profit for the period	-	-	-	-	-	-	-	413,198	413,198
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	4,556	-	-	4,556
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	-	(150,215)	-	-	(150,215)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	-	54,618	-	54,618
Total other comprehensive income, net of taxation	-	-	-	-	-	(145,659)	54,618	-	(91,041)
At 31 December 2014	97,302	186,115	702,151	-	1,457	67,908	54,618	974,281	2,083,833
For the three months ended									
31 December 2013									
At 1 October 2013	97,302	786,115	102,151	39,768	380	215,774	-	538,633	1,780,123
Dividend paid for FY2012	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	249	-	-	-	249
Total comprehensive income for the financial period	-	-	-	-	-	7,439	-	(45,483)	(38,044)
At 31 December 2013	97,302	786,115	102,151	39,768	629	223,213	-	493,150	1,742,328
For the year ended									
31 December 2014									
At 1 January 2014	97,302	786,115	102,151	39,768	629	223,213	-	493,150	1,742,328
Dividend declared for FY2013	-	-	-	-	-	-	-	-	-
Dividend paid for FY2013	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	828	-	-	-	828
Transfer to contributed surplus	-	(600,000)	600,000	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	(39,768)	-	-	-	39,768	-
Total comprehensive income for the financial year	-	-	-	-	-	(155,304)	54,618	441,363	340,677
Profit for the year	-	-	-	-	-	-	-	441,363	441,363
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	(5,089)	-	-	(5,089)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	-	(150,215)	-	-	(150,215)
Available-for-sale financial assets:									
Fair value gains	-	-	-	-	-	-	54,618	-	54,618
Total other comprehensive income, net of taxation	-	-	-	-	-	(155,304)	54,618	-	(100,686)
At 31 December 2014	97,302	186,115	702,151	-	1,457	67,909	54,618	974,281	2,083,833
For the year ended									
31 December 2013									
At 1 January 2013	97,302	786,115	102,151	39,768	-	170,189	-	515,926	1,711,451
Dividend declared for FY2012	-	-	-	-	-	-	-	-	-
Dividend paid for FY2012	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	629	-	-	-	629
Total comprehensive income for the financial year	-	-	-	-	-	53,024	-	(22,776)	30,248
At 31 December 2013	97,302	786,115	102,151	39,768	629	223,213	-	493,150	1,742,328

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	Share capital	Share premium	Contributed surplus	Share- based payment reserve	Foreign currency translation reserve	Retained earnings	Attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company							
For the three months ended							
31 December 2014							
At 1 October 2014	97,302	786,115	102,151	1,275	125,755	349,578	1,462,176
Share-based payment	-	-	-	182	-	-	182
Total comprehensive income for the financial period	-	-	-	-	-	(1,834)	(1,834)
At 31 December 2014	97,302	786,115	102,151	1,457	125,755	347,744	1,460,524
For the three months ended							
31 December 2013							
At 1 October 2013	97,302	786,115	102,151	380	125,755	360,601	1,472,304
Share-based payment	-	-	-	249	-	-	249
Total comprehensive income for the financial period	-	-	-	-	-	(2,594)	(2,594)
At 31 December 2013	97,302	786,115	102,151	629	125,755	358,007	1,469,959
For the year ended							
31 December 2014							
At 1 January 2014	97,302	786,115	102,151	629	125,755	358,007	1,469,959
Share-based payment	-	-	-	828	-	-	828
Total comprehensive income for the financial year	-	-	-	-	-	(10,263)	(10,263)
At 31 December 2014	97,302	786,115	102,151	1,457	125,755	347,744	1,460,524
For the year ended							
31 December 2013							
At 1 January 2013	97,302	786,115	102,151	-	125,755	364,572	1,475,895
Share-based payment	-	-	-	629	-	-	629
Total comprehensive income for the financial year	-	-	-	-	-	(6,565)	(6,565)
At 31 December 2013	97,302	786,115	102,151	629	125,755	358,007	1,469,959

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 31 December 2013 and 31 December 2014	0.10	973,023,354	97,302,335

Note:

There were no changes in the Company's share capital since the end of the previous period reported on.

(i) Employee Share Option Plan

As at 31 December 2014, the number of outstanding share options was 2,778,000 (31 December 2013: 2,585,000).

(ii) Performance Share Plan ("PSP")

As at 31 December 2014, the number of shares outstanding under the Company's PSP was 1,665,800 (31 December 2013: 1,550,000).

(iii) Restricted Share Plan ("RSP")

There were 95,000 shares forfeited during Q4 2014. As at 31 December 2014, the number of shares outstanding under the Company's RSP was 1,016,200 (31 December 2013: 1,034,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Par value HK\$	Number of shares
Issued and fully paid-up ordinary shares and balance as at 1 January and 31 December 2014	0.10	973,023,354

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation adopted in the preparation of financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Three months ended 31 December 2014 HK\$ cents	Three months ended 31 December 2013 HK\$ cents	Year ended 31 December 2014 HK\$ cents	Year ended 31 December 2013 HK\$ cents
Earnings per share				
- Basic ⁽¹⁾				
Continuing operations	(2.26)	(0.72)	(4.69)	(2.49)
Discontinued operations	44.73	(3.96)	50.05	0.15
- Diluted ⁽²⁾				
Continuing operations	N/A	N/A	N/A	N/A
Discontinued operations	N/A	N/A	N/A	N/A

Explanatory notes:

1. Basic earnings per share ("EPS") is calculated based on the profit attributable to shareholders for the period ended 31 December 2014 and 2013 and the weighted average number of shares 973,023,354 (2013:973,023,354).

2. No diluted earnings per share is presented as the Company did not have any diluted potential ordinary shares during the period ended 31 December 2014 and 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

(a) current financial period reported on; and

(b) immediately preceding financial year.

	The Group 31.12.2014	The Group 31.12.2013	The Company 31.12.2014	The Company 31.12.2013
Net asset value (HK\$'000)	2,083,833	1,742,328	1,460,524	1,469,959
Number of issued shares	973,023,354	973,023,354	973,023,354	973,023,354
Net asset value per share (HK\$ cents)	214.16	179.06	150.10	151.07

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Operating Results of the Group

8.1 Continuing operations

8.1.1 Revenue

Revenue from continuing operations comprised of construction income of the Bangkok Nong Khaem Municipal Solid Waste Incineration Power Plant (the “Bangkok WTE Project”) and equipment sales. The revenue mix is shown in the table below:

	Three months ended 31 December 2014	Three months ended 31 December 2013	Increase / (decrease)	Year ended 31 December 2014	Year ended 31 December 2013	Increase / (decrease)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue from construction services	131,549	12,982	913.3	166,501	12,982	1,182.6
Revenue from equipment sales	947	-	N.M.	2,041	-	N.M.
Total	132,496	12,982	920.6	168,542	12,982	1,198.3

Construction services revenue is recognised according to the percentage of completion for construction of Waste-to-Energy (“WTE”) plants. During the period under review, the revenue from construction services was solely generated from the Thailand project. The higher construction revenue for the Thailand recognised in Q4 2014 was in line with the progress of the construction work.

With the establishment of the Group’s wholly owned subsidiary, C&G Green Energy (Shenzhen) Company Limited (“C&G SZ”) started to generate revenue from the sales of environmental protection related equipment (such as the sludge dewatering system) in Q4 2014.

8.1.2 Gross profit

Gross profit margin decreased from 6.7% in Q4 2013 to 1.1% in Q4 2014 was mainly due to zero gross profit for the construction work of the equipment of Bangkok WTE plant which was the main source of the revenue in Q4 2014. The percentage of completion of the civil part and equipment part of the construction work as at 31 December 2014 was 65% and 54% respectively compared to 14% of the civil part completed as at 31 December 2013.

8.1.3 Other income

Other income decreased mainly because there was no exchange gain recognised in Q4 2014 compared to HK\$0.8 million being recognised mainly due to the exchange retranslation of balances in United States dollars into Thai Baht in Q4 2013.

8.1.4 Administrative expenses

Administrative expenses which include payroll expenses, legal and professional expenses, travelling and business development-related expenses amounted to HK\$24.0 million for Q4 2014. The balance increased by HK\$15.5 million mainly due to the re-charge of certain prior periods’ administrative expenses of HK\$ 17.7 million from discontinued operations to continuing operations in Q4 2014.

8.1.5 Net loss

The increase in net loss of the continuing operations of the Group of HK\$15.4 million was mainly due to the re-charge of some prior periods’ administrative expenses of HK\$ 17.7 million from the discontinued operations to the continuing operations in Q4 2014. With the disposal of the PRC WTE plants, the revenue source was mainly from the construction revenue of the Bangkok WTE Project which was still under construction in Q4 2014.

8.2 Discontinued operations

On 29 January 2014, the Group had through its wholly-owned subsidiary, C&G (HK) and Grandblue Environment Company Limited, (the “Purchaser”), a company listed on the Shanghai Stock Exchange (the “SSE”) in the PRC, had entered into a conditional acquisition agreement in relation to

the Group's WTE business and assets (including concession rights) and the principal operating subsidiaries of the Group in the PRC (the "Acquisition Agreement"). The aggregate consideration for the disposal is the sum of RMB1.85billion. Of which, a sum of RMB1.1 billion to be satisfied in cash and the balance of RMB0.75billion to be satisfied by way of an allotment and issue of new shares of par value RMB1 in the share capital of the Purchaser as listed and quoted on the SSE ("Consideration Shares"). By 15 December 2014, the China Securities Regulatory Commission ("CSRC") issued the formal approval to the Purchaser for the issue and allotment of 91,019,417 shares to C&G (HK) as part consideration for acquisition of the Group's discontinued operations by the Purchaser. Since then, the Group has already obtained all the approvals from all the relevant authorities for the disposal.

As at 31 December 2014, the Purchaser has allotted and issued 91,019,417 Consideration Shares to C&G HK. The Consideration Shares are subject to a moratorium period of thirty six months. C&G HK holds 12.7% of the enlarged share capital of the Purchaser.

For the Cash Consideration, the net Tranche 1 Payment of RMB759.5million (equivalent to approximately HK\$957.5 million) was received by 16 January 2015. As stated in the circular to shareholders dated 14 April 2014 ("the Circular"), the gross Tranche 1 Payment is RMB800 million (equivalent to approximately HK\$1,008.5 million). Of the payment, the tax amount of approximately RMB24.8 million (equivalent to approximately HK\$31.2 million) was deducted and paid to the Tax Bureau of Guangdong Province, PRC and the additional capital expenditure of approximately RMB15.7million (equivalent to approximately HK\$19.8 million) incurred for the WTE projects post 30 September 2013 ("the Valuation Date") was also deducted from the Cash Consideration. The Tranche 2 Payment of the Cash Consideration is conditional upon fulfilment of the agreed conditions necessary for the commencement of construction works for each of the Guiyang BOT project, Xiaogan BOT project and the Dalian BOT project.

The results of discontinued operations for the period from 1 January 2014 to 30 November 2014 were as follows.

	Discontinued operations	
	year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Revenue	644,478	509,625
Cost of sales	(373,623)	(313,199)
Gross profit	270,855	196,426
Other income	50,653	41,430
Administrative expenses	(52,283)	(67,002)
Other operating expense	(31,473)	(20,598)
Profit from discontinued operations	237,752	150,256
Finance costs	(130,140)	(133,212)
Profit/(loss) before tax	107,612	17,044
Income tax expense	(24,045)	(15,623)
Profit/(loss) for the period/year attributable to the owners of the Company	83,567	1,421
The profit/(loss) for the period/year from the discontinued operations is analysed as follows:		
	year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) from discontinued operations	83,567	1,421
Gain on disposal of discontinued operations	403,421	-
	486,988	1,421

The net profit for the discontinued operations for 2014 increased by HK\$82.1 million mainly due to the following:

- (i) Reversal of impairment loss of value-added tax receivables of HK\$20.3 million in 2014 compared to the impairment loss on value-added tax receivables of HK\$20.6 million was recognised in 2013;
- (ii) Four WTE plants having gone through overhauls of HK\$23.1million in 2014; and
- (iii) Increase in revenue from waste handling fee and electricity generation due to the improving operating efficiencies of the WTE plants.

Gain on disposal of subsidiaries of HK\$403.4 million is calculated as the sum of cash consideration and fair value of shares consideration less net assets of the discontinued operations of HK\$18.90 billion as at date of disposal, reclassification adjustments of exchange reserve of discontinued operations, direct transaction costs (such as taxes, interest and professional fee) and indemnity liabilities.

8.3 Financial Position of the Group

ASSETS

8.3.1 Fixed assets

Fixed assets decreased by HK\$7.6 million mainly due to the disposal of fixed assets of the discontinued operations of HK\$6.3 million.

8.3.2. Intangible assets

Intangible assets represented the service concession rights for WTE BOT projects in Bangkok. The intangible assets were stated at amortised cost with the initial measurement at the fair value, which was assessed by an independent valuer with reference to the replacement cost and the percentage of completion of the construction of the work for the project. The decrease of HK\$3,864.7 million in intangible assets was due to the movement below:

	HK\$'000
Net book value as at 1 January 2014	4,041,219
Add: Addition during the year	347,659
Less: Amortisation for the year	(121,487)
Less: Disposal of subsidiaries	(4,073,609)
Exchange loss	(17,283)
Net book value as at 31 December 2014	<u>176,499</u>

8.3.3 Long term prepayment

Long term prepayment of HK\$11.7 million represented the unamortised portion of the paid upfront fee and insurance fee for the 9-year term loan facility in the amount of US\$24.0 million with China Development Bank Corporation for financing the equipment cost for the Bangkok WTE Project.

8.3.4 Available-for-sale financial assets

Available-for-sale financial assets represented the 91,019,417 Consideration Shares allotted and issued by the Purchaser to C&G HK. The Consideration Shares are classified as available-for-sale financial assets under IAS 32 and measured at fair value by an external independent valuer as at 17 December 2014. A fair value gain on available-for-sale financial assets of HK\$54.6 million was subsequently recognised in other comprehensive income as at 31 December 2014 due to the increase in the fair value of the Consideration Shares.

8.3.5 Gross amounts due (to)/from customers for contract work

Gross amounts due (to)/from customers for contract work represented the amount prepaid or payable to the contractors and suppliers, calculated based on the percentage of completion of construction work. The decrease in gross amounts due from customers for contract work was mainly due to the disposal of subsidiaries partially offset with the increase in prepaid amount for the

construction cost for the Bangkok WTE Project. The decrease in gross amounts due to customers for contract work was mainly due to disposal of subsidiaries.

8.3.6 Other deposits and other receivables

	31.12.2014 HK\$'000	31.12.2013 HK\$'000	Changes
Other receivables	4,865	54,666	(91.1%)
Deposits	651	44,774	(98.5%)
Due from a joint venture	5	5	-
Value-added tax receivables	3,919	42,334	(90.7%)
Cash consideration receivable	988,706	-	N.M.
Amount due from a related company	315,165	342,063	(7.9%)
	<u>1,313,311</u>	<u>483,842</u>	171.4%

Other deposits and other receivables mainly represented cash consideration receivable upon the completion of the disposal of subsidiaries, amount due from a related company and prepaid expenses paid to contractors.

The balance of other deposits and other receivables increased by HK\$829.5 million was mainly because of the following:

- (i) Increase in the cash consideration receivable of RMB784.3 million before tax deduction of RMB24.8 million (equivalent to approximately HK\$988.7 million); and
- (ii) The decrease in other receivables, deposits, value-added tax receivables and amount due from a related company due to the disposal of subsidiaries. For amount due from a related company, the amount represented the advance payment of the cash consideration of RMB250 million (equivalent to HK\$315.2 million) paid by the Purchaser for the disposal according to the Framework Agreement entered into on 23 December 2013. The full amount has been subsequently repaid in January 2015.

8.3.7 Pledged bank deposits

The pledged bank deposits represented deposit of HK\$25.0 million placed in the bank to facilitate the arrangement of performance guarantee to the Thailand government for the Bangkok WTE Project and 12-month fixed deposit of US\$1.2 million (equivalent to approximately HK\$9.3 million) pledged to secure the bank loan of the Bangkok WTE Project. The balance decreased by HK\$9.7 million mainly due to the disposal of subsidiaries offset with the increase of the deposit pledged to secure the bank loan of the Bangkok WTE Project in year 2014.

8.3.8 Bank and cash balances

Bank and cash balances decreased by HK\$53.4 million as at 31 December 2014 mainly because of the disposal of subsidiaries. For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes in page 16.

LIABILITIES

8.3.9 Accruals and other payables

	31.12.2014 HK\$'000	31.12.2013 HK\$'000	Changes
Bills payable	-	38,049	(100.0%)
Indemnity liabilities	66,446	-	N.M.
Tax payable for cash consideration	31,218	-	N.M.
Amounts due to contractors	3,104	154,097	(98.0%)
Due to the ultimate holding company	241,681	99,168	143.7%
Due to a related company	37,735	460	8,103.3%
Others	5,714	53,385	(89.3%)
	<u>385,898</u>	<u>345,159</u>	11.8%

Others mainly comprised of accrued salaries, other tax payables, retirement benefit payable and value-added tax payable.

Accruals and other payables increased by HK\$40.7 million mainly due to the net effect of the following:

- (i) Increase in indemnity liabilities of HK\$66.4 million. The indemnity liabilities comprised of provision of HK\$31.5 million made regarding the long outstanding trade receivables of year 2011 and provision of estimated inspection cost to be incurred of HK\$35.0 million for Huian phase 2 and Jinjiang Sludge projects and Langfang project;
- (ii) Capital gain tax of RMB24.8 million (equivalent to approximately HK\$31.2 million) payable to the Tax Bureau of Guangdong Province, PRC;
- (iii) Increase in amount due to the ultimate holding company of HK\$142.5 million to finance the construction cost for Thailand WTE project and daily expenses for the continuing operation;
- (iv) Increase in amount due to a related company of HK\$37.3 million because certain expenses were paid by the related company on behalf of the Group during the year; and
- (v) The decrease in bills payable, amounts due to contractors and others due to the disposal of subsidiaries.

8.3.10 Advance payment received

The amount represented the brought forward balance of the advance payment of the cash consideration of RMB250 million (equivalent to HK\$315.2 million) paid by the Purchaser for the disposal according to the Framework Agreement entered into on 23 December 2013. The balance decreased by HK\$1.9 million due to the exchange retranslation difference of Renminbi to Hong Kong dollars as at 31 December 2014. Please also refer to 8.3.6.

8.3.11 Finance lease payables

	31.12.2014 HK\$'000	31.12.2013 HK\$'000	Changes
Non-current portion	809	1,136	(28.8%)
Current portion	326	257	26.8%
	<u>1,135</u>	<u>1,393</u>	(18.5%)

The finance lease payables represented the payable for the purchase of vehicles under hire purchase agreements. The balance decreased by 18.5% due to the repayment of the finance lease payables for the year.

8.3.12 Interest-bearing borrowings

	31.12.2014 HK\$'000	31.12.2013 HK\$'000	Changes
Non-current portion	120,194	1,984,086	(93.9%)
Current portion	-	432,369	(100.0%)
	<u>120,194</u>	<u>2,416,455</u>	(95.0%)

The interest-bearing borrowings of HK\$120.2 million as at 31 December 2014 represented the bank loans for financing the equipment cost for the Bangkok WTE Project. The balance decreased by 95.0% upon the disposal of the subsidiaries.

In 2014, HK\$371.6 million was drawn down and HK\$431.4 million was repaid. For the details of collaterals of the bank loan, please refer to 1(b)(ii). As at 31 December 2014, the Group's gearing ratio dropped to 28.3% after the disposal of the subsidiaries compared to 65.4% as at 31 December 2013.

Financial Position of the Company

8.3.14 Long term prepayment

For details, please refer to 8.3.3.

8.3.15 Trade deposits and prepayments

Trade deposits and prepayments represented the current portion of the long term prepayment. For details, please refer to 8.3.3.

8.3.16 Due from subsidiaries

Due from subsidiaries represented amounts due from its wholly-owned subsidiaries, C&G Environmental Protection International Limited of HK\$906.2 million and C&G (Thailand) of HK\$154.5 million. The balance increased by HK\$154.5 million due to construction payment of equipment cost for the Bangkok WTE Project paid by the Company on behalf of C&G (Thailand) in 2014.

8.3.17 Pledged bank deposits

The pledged bank deposits represented a 12-month fixed deposit of US\$1.2 million (equivalent to HK\$9.3 million) pledged to secure the bank loan of the Bangkok WTE Project which was drawdown in 2014.

8.3.18 Interest-bearing borrowings

For details, please refer to 8.3.12.

8.3.19 Due to subsidiaries

Due to subsidiaries mainly represented amounts due to its wholly-owned subsidiary, C&G (HK) of HK\$75.0 million. The balance increased by HK\$65.8 million due to increase in fund transfer from C&G (HK) for construction payment of HK\$32.9 million, insurance fee of the bank loan of HK\$11.1 million, bank pledged deposit in China Development Bank of HK\$9.3 million, upfront fee for the bank loan in China Development Bank Corporation of HK\$2.8 million and increase in HK\$9.7 million for the operating expenses for the Company during the year.

8.4 Statement of Cash Flows

Net cash generated from operating activities

The Group recorded a net cash inflow in operating activities for the period mainly because of decrease of trade deposits and prepayments and increase in trade payables.

Net cash (used in)/generated from investing activities

Net cash (used in)/generated from investing activities in this quarter mainly represented the payment of construction cost for the BOT projects and net cash outflow from disposal of subsidiaries.

Net cash generated from/(used in) financing activities

Net cash generated from/(used in) financing activities in this quarter mainly represented cash inflow from the drawdown of interest-bearing borrowings and advance from the ultimate holding company and related company.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The successful completion of the disposal of the Group's WTE business and assets in China marks a new chapter of C&G's transformative growth into a clear focus on an asset-light business model. In 2015, C&G intends to leverage on its existing knowledge and expertise in managing WTE plants in Bangkok to build its presence around the growing Asian market. The Bangkok WTE Project is currently under construction and is expected to be completed by 2015. The Group will also diversify to explore opportunities in Asian regions such as China and Taiwan, where C&G expects a buoyant market for environmental protection related business.

In February 2015, the Group's wholly owned subsidiary, C&G Green Energy (Shenzhen) Company

Limited (“C&G SZ”) has successfully won the bid of an equipment sale contract of sludge dewatering system with a contract sum of RMB37,341,000. As the Group secures more contracts in the future, the environmental related equipment sales business is expected to enhance its income base.

11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

None

(b) (i) Amount per share and (ii) previous corresponding period.

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders on Interested Person Transactions.

Part II Additional Information Required for Full Year Announcement

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

In 2014 and 2013, the Group had one reportable segment as follows:

Waste-to-energy power plant – electricity generation and construction service

During the financial year ended 31 December 2014, the Group's income from continuing operations was generated mainly from external customers who were based in Thailand and 87% of its non-current assets were based in Hong Kong. The Group's income from discontinued operations was generated solely from external customers who were based in PRC and all its non-current assets were also based in PRC.

During the financial year ended 31 December 2013, the Group's income from external customers was derived mainly from its operations in the PRC. Over 97% of the customers are located in the PRC. Over 99% of the non-current assets are located in the PRC.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 14.

16. A breakdown of sales as follows:—

	Continuing operations		
	31.12.2014	31.12.2013	% increase/
	HK\$'000	HK\$'000	(decrease)
		(Restated)	
(a) Turnover reported for first half year	14,625	-	100.0
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	(15,504)	(10,727)	(44.5)
(c) Turnover reported for second half year	153,917	12,982	1,085.6
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	(30,531)	(13,470)	(126.7)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

	31.12.2014	31.12.2013
	HK\$'000	HK\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying any managerial positions in the Company, or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lin Yan
Director
27 February 2015

Loo Cheng Guan
Director