

C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

Full Year Results and Dividend Announcement for the Period Ended 31 December 2015

The Board of Directors are pleased to announce the consolidated results of the Group for the three months ended 31 December 2015. 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			Twelve months ended 31 December		
	2015 HK\$'000	2014 HK\$'000	% Increase / (Decrease)	2015 HK\$'000	2014 HK\$'000	% Increase / (Decrease)
Revenue	132,423	132,496	(0.05)	287,477	168,542	70.57
Cost of sales	(162,177)	(131,068)	23.73	(308,650)	(164,873)	87.20
Gross profit	(29,754)	1,428	(2,184.18)	(21,173)	3,669	(677.08)
Other income	8,182	501	1,532.14	9,448	796	1,086.93
Administrative expenses	(75,101)	(23,978)	213.21	(125,237)	(49,799)	151.48
Loss from operations	(96,673)	(22,049)	338.45	(136,962)	(45,334)	202.12
Finance costs	(1,117)	31	(3,734.18)	(1,542)	(291)	429.90
Loss before taxation from continuing operations	(97,790)	(22,018)	344.13	(138,504)	(45,625)	203.57
Income tax expense	-	-	N.M	-	-	N.M
Loss from continuing operations attributable to the owners of the Company	(97,790)	(22,018)	344.13	(138,504)	(45,625)	203.57
(Loss)/gain from discontinuing operations attributable to the owners of the Company	(113,209)	435,216	(126.01)	(47)	486,988	(100.01)
Net Profit / (Loss)	(210,999)	413,198		(138,551)	441,363	
Other comprehensive income, net of tax:						
Items that may be reclassified to profit or loss:						
Exchange difference on translating foreign operations	6,102	4,556	33.93	(5,079)	(5,089)	(0.20)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	(150,215)	(100.00)	-	(150,215)	(100.00)
Available-for-sale financial assets: Fair value (losses)/gains	188,177	54,618	N.M	(72,356)	54,618	N.M
Total other comprehensive income that will be reclassified to profit or loss, net of taxation	194,279	(91,041)	(66)	(77,435)	(100,686)	(23.09)
Total other comprehensive income, net of taxation	194,279	(91,041)	(313.40)	(77,435)	(100,686)	(23.09)
Total comprehensive loss for the year attributable to the owners of the Company	(16,720)	322,157	(105.19)	(215,986)	340,677	(163.40)

1 (a)(ii) Explanatory Notes:

Other income/(loss) comprises:				
Continuing operations	The Group		The Group	
	Three months ended 31 December	Three months ended 31 December	Year ended 31 December	Year ended 31 December
	Continuing operations		Continuing operations	
	2015	2014	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000
Interest income	252	477	533	585
Other Income	7,930	24	8,915	211
	8,182	501	9,448	796
Profit/(Loss) before tax is arrived at after charging/(crediting)				
Discontinued operations	The Group		The Group	
	Three months ended 31 December	Three months ended 31 December	Year ended 31 December	Year ended 31 December
	Discontinued operations		Discontinued operations	
	2015	2014	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000
Depreciation and amortisation	315	209	1,105	598
Interest on bank loans	1,101	(48)	1,478	216
Interest on finance lease	16	17	64	75
Other income/(loss) comprises:				
Discontinued operations	The Group		The Group	
	Three months ended 31 December	Three months ended 31 December	Year ended 31 December	Year ended 31 December
	Discontinued operations		Discontinued operations	
	2015	2014	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000
Other Income	-	5,259	-	30,305
Reversal of impairment loss of value-added tax receivables	-	16,842	-	20,348
	-	22,101	-	50,653
Profit/(Loss) before tax is arrived at after charging/(crediting)				
Discontinued operations	The Group		The Group	
	Three months ended 31 December	Three months ended 31 December	Year ended 31 December	Year ended 31 December
	Discontinued operations		Discontinued operations	
	2015	2014	2015	2014
	HKD'000	HKD'000	HKD'000	HKD'000
Depreciation and amortisation	-	21,725	-	124,087
Interest on bank loans	-	20,315	-	130,140

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	
	31.12.2015 HK\$'000	31.12.2014 HK\$'000	31.12.2015 HK\$'000	31.12.2014 HK\$'000
Non-current assets				
Fixed assets	5,328	2,479	-	-
Intangible assets	385,128	176,499	-	-
Available-for-sale financial assets	1,255,926	1,328,283	-	-
Investment in subsidiaries	-	-	575,396	575,396
Investment in a joint venture	71	71	-	-
	1,646,453	1,507,332	575,396	575,396
Current assets				
Inventories	15,965	-	-	-
Trade receivables	13,320	410	-	-
Gross amounts due from customers for contract work	20,838	35,767	-	-
Other deposits and other receivables	39,541	1,313,311	-	13
Amount due from ultimate holding company	118,773	-	-	-
Trade deposits and prepayments	714	58	-	-
Due from a subsidiary	-	-	1,115,378	1,060,675
Pledged bank deposits	32,160	34,305	9,362	9,316
Bank and cash balances	13,406	1,490	252	216
	254,717	1,385,341	1,124,992	1,070,220
TOTAL ASSETS	1,901,170	2,892,673	1,700,388	1,645,616
Capital and reserves				
Share capital	97,776	97,302	97,776	97,302
Reserves	1,431,911	1,986,531	1,007,077	1,363,222
Equity attributable to owners of the Company	1,529,687	2,083,833	1,104,853	1,460,524
Non-current liabilities				
Interest-bearing borrowings	159,746	106,724	-	106,724
Finance lease payables	538	809	-	-
	160,284	107,533	-	106,724
Current liabilities				
Trade payables	51,957	323	-	-
Accruals and other payables	158,877	385,493	1,134	3,020
Advance payment received	-	315,165	-	-
Due to a subsidiary	-	-	594,401	75,348
Finance lease payables	365	326	-	-
	211,199	701,307	595,535	78,368
Total liabilities	371,483	808,840	595,535	185,092
TOTAL EQUITY AND LIABILITIES	1,901,170	2,892,673	1,700,388	1,645,616

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 2015		As at 31 December 2014	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured (HK\$'000)	Unsecured (HK\$'000)	Secured (HK\$'000)	Unsecured (HK\$'000)
159,746	Nil	106,274	Nil

Details of any collateral

The Group's interest-bearing borrowings of HK\$159,746,000 as at 31 December 2015 are secured by the following:

- (i) Share pledged of 33,650,000 shares of Grandblue Environment Co. Ltd ("Grandblue"). which held as available-for-sale financial assets.

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		Twelve months ended 31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operation	(97,790)	(22,018)	(138,504)	(45,625)
- Discontinued operation	(113,209)	439,592	(47)	511,033
Adjustments for:				
Depreciation and amortisation	311	22,114	1,101	124,865
Interest expenses	1,117	20,284	1,542	130,431
Profit from construction services	8	(1,193)	(538)	(8,328)
Amortisation of deferred income	-	(182)	-	(1,000)
Interest income	(252)	(508)	(533)	(748)
Gain on disposal of subsidiaries	-	(403,421)	-	(403,421)
Impairment loss of trade receivables	-	31,473	-	31,473
Impairment loss of goodwill	22,845	-	22,845	-
Reversal of impairment loss of value-added tax receivables	-	(16,842)	-	(20,348)
Share based payment expenses	(218)	182	(52)	828
Operating profit before working capital changes	(187,188)	69,481	(114,186)	319,160
Decrease/(increase) in inventories	49,538	93	6,016	(2,355)
Decrease/(increase) in trade receivables	103,052	(22,453)	85,892	(39,620)
Decrease/(increase) in other deposits and other receivables	(5,870)	(4,639)	973,738	64,044
Decrease/(increase) in trade deposits and prepayments	944	14,463	(656)	8,422
Increase in amount due from ultimate holding company	-	-	(118,773)	-
(Decrease)/increase in trade payables	(47,005)	3,657	(38,198)	400
(Decrease)/increase in accruals and other payables	57,917	(24,982)	(3,460)	(35,432)
Effect on exchange rate changes	(71,316)	57,982	(77,375)	57,982
Increase in deferred income	-	4	-	1,706
Cash generated from/(used in) operations	(99,928)	93,606	712,998	374,307
Tax paid	-	-	-	-
Interest paid	(3,420)	4,291	(9,152)	(123,538)
Net cash generated from/(used in) operating activities	(103,348)	97,897	703,846	250,769
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for construction work for Construction projects	3,031	(100,705)	(105,311)	(345,487)
Net cash outflow to acquisition of subsidiary	-	(51,823)	(57,635)	(51,823)
Proceeds from disposal of fixed assets	-	-	-	7
Purchase of fixed assets	(2,464)	(937)	(3,641)	(2,083)
Interest received	252	508	533	748
Net cash from investing activities	819	(152,957)	(166,054)	(398,638)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	10,049	-	(339,608)	-
Share issued upon exercise of share options and share awards	(1)	-	1,500	-
(Repayment to)/advance from ultimate holding company and a related company	35,450	35,452	(242,710)	169,723
(Increase)/decrease in pledged bank deposits	(289)	7,872	2,145	(1,632)
Repayment of finance lease payables	(58)	(63)	(376)	(257)
Repayment of interest-bearing borrowings	(145,507)	(21,668)	(145,507)	(444,833)
Draw down of interest-bearing borrowings	-	49,036	198,529	371,628
Net cash generated from/(used in) financing activities	(100,356)	70,629	(526,027)	94,629
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(202,885)	15,569	11,765	(53,240)
Effect on foreign exchange rate changes	965	(58,801)	151	(200)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	215,326	44,722	1,490	54,930
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	13,406	1,490	13,406	1,490
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	13,406	1,490	13,406	1,490

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.

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Statutory reserve	Share-based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings	Total reserve	Attributable to owners of the Company
	HK\$'000	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 2015										
At 1 Oct 2015	97,776	188,517	702,151	-	248	56,729	(205,915)	697,072	1,438,802	1,536,578
Dividend paid	-	-	-	-	-	-	-	10,051	10,051	10,051
Share based payment	-	-	-	-	(219)	-	-	-	(219)	(219)
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	6,100	188,177	(211,000)	(16,723)	(16,723)
Profit for the year	-	-	-	-	-	-	-	(211,000)	(211,000)	(211,000)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	6,100	-	-	6,100	6,100
Available-for-sale financial assets:										
Fair value gains	-	-	-	-	-	-	188,177	-	188,177	188,177
Total other comprehensive income, net of taxation	-	-	-	-	-	6,100	188,177	-	194,277	194,277
At 31 December 2015	97,776	188,517	702,151	-	29	62,829	(17,738)	496,123	1,431,911	1,529,687
For the three months ended										
31 December 2014										
At 1 Oct 2014	97,302	786,115	102,151	39,768	1,275	213,568	-	521,315	1,664,192	1,761,494
Share-based payment	-	-	-	-	182	-	-	-	182	182
Total comprehensive income for the financial year	-	(600,000)	600,000	(39,768)	-	(145,659)	54,618	452,966	322,157	322,157
At 31 December 2014	97,302	186,115	702,151	-	1,457	67,909	54,618	974,281	1,986,531	2,083,833
For the year ended										
31 December 2015										
At 1 January 2015	97,302	186,115	702,151	-	1,457	67,909	54,618	974,281	1,986,531	2,083,833
Dividend paid	-	-	-	-	-	-	-	(339,608)	(339,608)	(339,608)
Share-based payment	-	-	-	-	(52)	-	-	-	(52)	(52)
Share issued upon exercise of share options and share awards	474	2,402	-	-	(1,376)	-	-	-	1,026	1,500
Total comprehensive income for the financial year	-	-	-	-	-	(5,079)	(72,356)	(138,551)	(215,986)	(215,986)
Profit for the year	-	-	-	-	-	-	-	(138,551)	(138,551)	(138,551)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(5,079)	-	-	(5,079)	(5,079)
Available-for-sale financial assets:										
Fair value gains	-	-	-	-	-	-	(72,356)	-	(72,356)	(72,356)
Total other comprehensive income, net of taxation	-	-	-	-	-	(5,079)	(72,356)	-	(77,435)	(77,435)
At 31 December 2015	97,776	188,517	702,151	-	29	62,829	(17,738)	496,123	1,431,911	1,529,687
For the year ended										
31 December 2014										
At 1 January 2014	97,302	786,115	102,151	39,768	629	223,213	-	493,150	1,645,026	1,742,328
Share-based payment	-	-	-	-	828	-	-	-	828	828
Total comprehensive income for the financial year	-	(600,000)	600,000	(39,768)	-	(155,304)	54,618	481,131	340,677	340,677
At 31 December 2014	97,302	186,115	702,151	-	1,457	67,909	54,618	974,281	1,986,531	2,083,833
Company										
For the three months ended										
31 December 2015										
At 1 Oct 2015	97,776	188,517	702,151	-	248	125,747	-	(5,079)	1,011,584	1,109,360
Dividend paid	-	-	-	-	-	-	-	10,050	10,050	10,050
Share-based payment	-	-	-	-	(219)	-	-	-	(219)	(219)
Share issued upon exercise of share options and share awards	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	-	-	(14,338)	(14,338)	(14,338)
At 31 December 2015	97,776	188,517	702,151	-	29	125,747	-	(9,368)	1,007,077	1,104,853
For the three months ended										
31 December 2014										
At 1 Oct 2014	97,302	786,115	102,151	-	1,275	125,755	-	349,578	1,364,874	1,462,176
Share-based payment	-	-	-	-	182	-	-	-	182	182
Total comprehensive income for the financial year	-	-	-	-	-	-	-	(1,834)	(1,834)	(1,834)
At 31 December 2014	97,302	786,115	102,151	-	1,457	125,755	-	347,744	1,363,222	1,460,524
For the year ended										
31 December 2015										
At 1 January 2015	97,302	186,115	702,151	-	1,457	125,755	-	347,744	1,363,222	1,460,524
Dividend paid	-	-	-	-	-	-	-	(339,608)	(339,608)	(339,608)
Share-based payment	-	-	-	-	(52)	-	-	-	(52)	(52)
Share issued upon exercise of share options and share awards	474	2,402	-	-	(1,376)	-	-	-	1,026	1,500
Total comprehensive income for the financial year	-	-	-	-	-	(6)	-	(17,505)	(17,511)	(17,511)
At 31 December 2015	97,776	188,517	702,151	-	29	125,747	-	(9,368)	1,007,077	1,104,853
For the year ended										
31 December 2014										
At 1 January 2014	97,302	786,115	102,151	-	629	125,755	-	358,007	1,372,657	1,469,959
Share-based payment	-	-	-	-	828	-	-	-	828	828
Total comprehensive income for the financial year	-	(600,000)	600,000	-	-	-	-	(10,263)	(10,263)	(10,263)
At 31 December 2014	97,302	186,115	702,151	-	1,457	125,755	-	347,744	1,363,222	1,460,524

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 2015	0.10	977,755,354	97,775,535
	Par value HK\$	Number of shares	Issued and paid-up share capital HK\$
Issued and fully paid-up ordinary shares and balances as at 1 January 2015	0.10	973,023,354	97,302,335
New shares issued on 14 January 2015 (Note)	0.10	4,732,000	473,200
Issued and fully paid-up ordinary shares and balance as at 31 December 2015	0.10	<u>977,755,354</u>	<u>97,775,535</u>

Note:

The Board of Directors of the Company was authorized to allot and issue new ordinary shares ("new shares") from time to time in the capital of the Company to the exercise of options under the Employee Share Option Scheme ("CG ESOS"), to the vesting of awards under the Performance Share Plan ("CG PSP") and Restricted Share Plan ("CG RSP"). On 14 January 2015, there were 2,585,000 shares, 1,550,000 shares and 597,000 shares allotted and issued under CG ESOS, CG PSP and CG RSP respectively.

(i) CG ESOS

There were 2,585,000 shares exercised during Q1 2015. As at 31 December 2015, the number of outstanding share options under CG ESOS was 193,000 (31 December 2014: 2,778,000)

(ii) CG PSP

There were 1,550,000 shares vested during Q1 2015. As at 31 December 2015, the number of outstanding shares under CG PSP was 115,800 (31 December 2014: 1,665,800)

(iii) CG RSP

There were 597,000 shares vested during Q1 2015. As at 31 December 2015, the number of outstanding shares under CG PSP was 342,000 (31 December 2014: 1,016,200)

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 2015	0.10	973,023,354
New shares issued on 14 January 2015	0.10	4,732,000
Issued and fully paid-up ordinary shares and balance as at 31 December 2015	0.10	<u>977,755,354</u>

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 2014.

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		Twelve months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	HKD cents	HKD cents	HKD cents	HKD cents
Earnings per Share				
- Basic (1)				
Continuing operations	(10.00)	(2.26)	(14.17)	(4.69)
Discontinued operations	(11.58)	44.73	(0.00)	50.05
- Diluted (2)				
Continuing operations	N/A	N/A	N/A	N/A
Discontinued operations	(11.58)	44.49	(0.00)	49.78

Explanatory notes:

1. Basic earnings per share ("EPS") is calculated based on the profit attributable to shareholders for the period ended 31 December 2015 and 31 December 2014 and the weighted average number of shares for the period ended 31 December 2015 was 977,755,354 (2014: 973,023,354).

2. No diluted earnings per share for continuing operations were presented as the diluted potential ordinary shares were anti-dilutive during the periods ended 31 December 2015 and 31 December 2014.

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 31.12.2015	The Group 31.12.2014		The Company 31.12.2015	The Company 31.12.2014
Net asset value (HKD'000)	1,529,687	2,083,833		1,104,853	1,460,524
Number of issued shares	977,755,354	973,023,354		977,755,354	973,023,354
Net asset value per share (HKD cents)	156.45	214.16		113.00	150.10

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 and equipment sales. The revenue mix is shown in the table below:

	Three months ended 31 December 2015	Three months ended 31 December 2014	Increase / (decrease)	Year ended 31 December 2015	Year ended 31 December 2014	Increase / (decrease)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue from construction services	131,004	130,455	0.4	282,139	166,501	69.5
Revenue from equipment sales	1,419	2,041	(30.5)	5,337	2,041	161.5
Total	132,423	132,496	(0.1)	287,477	168,542	70.6

Construction services revenue is recognised according to the percentage of completion for construction projects. During the period under review, revenue from construction services was generated from the Thailand projects. The higher construction revenue for the Thailand recognised in Q4 2015 was in line with the progress of the construction work.

On 28 May 2015, the Group has acquired the entire share capital of New Sky (Thailand) Company Limited ("the EPC Company") which engages in equipment, procurement and construction of environmental related projects. Currently, the EPC Company completed 2 construction projects.

With the establishment of the Group's wholly owned subsidiary, C&G Green Energy (Shenzhen) Company Limited ("C&G SZ") in May 2014, the Group also generated revenue from the sales of environmental protection related equipment (such as the sludge dewatering system) in Q4 2015.

8.1.2 Gross (loss)/profit

	Three months ended 31 December 2015	Three months ended 31 December 2014	Increase / (decrease)	Year ended 31 December 2015	Year ended 31 December 2014	Increase / (decrease)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Gross profit						
Construction services	(30,312)	1,001	(3,129.4)	(22,869)	3,242	(805.4)
Equipment sales	559	427	30.9	1,696	427	297.2
Total	(29,754)	1,428	(2,184.2)	(21,173)	3,669	(677.1)
Gross profit margin						
Construction services	-23.1%	0.8%		-8.1%	1.9%	
Equipment sales	39.4%	N.M		31.8%	20.9%	
Total	-22.5%	1.1%		-7.4%	2.2%	

Gross profit margin decrease from 0.8% in Q4 2014 to -24.8% gross loss margin in Q4 2015 mainly due to the decrease of overall gross profit for the construction project from the new acquired EPC Company. The EPC Company suffers an over budget construction cost to catch up the completion deadline of two Bangkok projects.

8.1.3 Other income

Other income increased mainly due to increase in the amounts dividend income HK\$ 7.4 million from Grandblue and the claim to the subcontractors for consumption of water and electricity in the construction sites from the new acquired EPC Company.

8.1.4 Administrative expenses

	Three months ended 31 December 2015	Three months ended 31 December 2014	Increase / (Decrease)	
	HK\$'000	HK\$'000	HK\$'000	%
Entertainment	1,380	759	621	82%
Exchange loss	25,790	(877)	26,666	
Legal and Professional	1,247	(1,808)	3,055	-169%
Other expenses	15,632	20,896	(5,264)	-25%
Impairment in goodwill	22,846	0	22,846	N.M
Staff cost	7,481	4,327	3,155	73%
Travelling	725	682	44	6%
	75,101	23,978	51,123	213%

Administrative expenses rose 213% to HK\$75.1 million in Q4 2015, from HK\$23.9 million in Q4 2014, largely due to HK\$25.8 million exchange different loss in which approximate HK\$10 million is from the dividend paid and there is around HK\$10 million exchange loss arises from due to the depreciation of Renminbi. The impairment loss in goodwill represents for the Thailand EPC Company acquired in Q2 2015. For details, please refer to note 8.3.3.

8.1.5 Net loss

The increase in net loss of the continuing operations of the Group of HK\$75.8 million was mainly due to an increase of the administrative expenses explained in 8.1.4.

8.2 Discontinued operations

On 25 March 2015, the completion conditions for the Dalian project as stated in the Acquisition Agreement had been fulfilled and the gross sub-tranche payment of RMB100 million (equivalent to approximately HK\$125.7 million) out of the Tranche 2 payment had been duly received, of which, the tax amount of RMB10 million (equivalent to approximately HK\$12.6 million) was deducted and paid to the Tax Bureau of Guangdong Province, PRC. The net sub-tranche payment received was RMB90 million (equivalent to approximately HK\$113.2 million). In Q4 2015, the net loss for the discontinued operations for Q4 2015 of HK\$113.2 million.

	HK\$,000	
Provision of claw back profit guarantee	87,524	(i)
Paid of inspection cost	57,147	(ii)
Reverse of provision of long outstanding account receivable	(31,462)	(iii)
	<u>113,209</u>	

- (i) As disclosed in note 34 of FY 2014 Annual Report and the Circular dated 14 April 2014, C&G Hong Kong has entered into a Clawback Agreement with the Purchaser to compensate Grandblue in the event that C&G China (the Disposal Group) fails to meet the profit targets for the year ended/ending 31 December 2014, 2015 and 2016. Based on the management assessment and estimation, the Group has provided HK\$87.5 million (approximately RMB73 million) for the estimated shortfall for the financial year ended/ending 31 December 2015 and 2016. The actual amount will be ascertained until the audited results of C&G China is ready and be provided by Grandblue.
- (ii) As disclosed in note 31 of FY 2014 Annual Report, the Group has entered into the Asset Transfer Agreement with on 17 December 2014 to indemnify Grandblue if certain commitments and guarantees are not met. Inspection cost and excess capital expenditure of HK\$57.1 million (approximately RMB47.8 million) were incurred, in relation to Huian phase II, Jinjiang sludge and Langfang projects. The inspection of these projects are yet to be completed. The total inspection cost and excess capital expenditure amount can only be ascertained until the passing of the inspection tests conducted by relevant authorities.
- (iii) As disclosed in note 31 of FY 2014 Annual Report, the Group has entered into the Asset Transfer Agreement with on 17 December 2014 to indemnify Grandblue if certain commitments and guarantees are not met. In 2014, an indemnity liability of HK\$31.4 million was made for the long outstanding trade receivables. As at 31 December 2015, the long outstanding trade receivables are settled, therefore, the Group has reversed the indemnity liability.

8.3 Financial Position of the Group

ASSETS

8.3.1 Intangible assets

Intangible assets represented the service concession rights for WTE Construction projects in Bangkok. As disclosed in FY 2014 Annual Report, the service concession rights represented a BOT concession right for a period of 20 years for the Bangkok Nong khaem MSW Incineration Power Plant in Thailand with a daily treatment capacity of 500 tonnes. Under the BOT arrangement, the Group is responsible for the construction and operation of the plant during the concession period and the plant will be transferred to the government by the end of the concession period. 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 increase of HK\$208.6 million in intangible assets was due to the movement below:

	HK\$'000
Net book value as at 1 January 2015	176,499
Add: Addition during the period	224,106
Exchange loss	<u>(15,477)</u>
Net book value as at 31 December 2015	<u>385,128</u>

8.3.2 Available-for-sale financial assets

Available-for-sale financial assets represented the equity interest (i.e. 91,019,417 shares) in Grandblue Environment Company Limited ("Grandblue"). The shares are classified as available-for-sale financial assets under IAS 32 and measured at fair value. A fair value loss of HK\$195.6 million was subsequently recognised in other comprehensive income in Q4 2015. Although the market price per share increased from RMB14.47 as at 31 December 2014 to RMB16.05 as at 31 December 2015, PRC government sets several shares restrictions for the significant shareholders to sell out the shares. Although it is temporary restriction, we cannot estimate when this policy will be withdrawn and it harms the liquidity of trading value of the shares.

The fair values of the Group's available-for-sale financial assets as at 31 December 2015 have been determined by independent qualified professional valuers using the market approach.

8.3.3 Goodwill

Goodwill represents the excess of the cost of a business combination over, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

On 28 May 2015, the Group has acquired the entire share capital of the EPC Company which engages in equipment, procurement and construction of environmental related projects and the consideration is approximately RMB 50 million.

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. An impairment loss approximate HK\$ 22.8 million was recognised during the financial year. There is no carrying amount of goodwill as at 31 December 2015.

8.3.4 Inventories

Inventories represented the machinery and equipment for the equipment sales.

8.3.5 Trade receivables

Trade receivables represented the construction income receivable from Bangkok Metropolitan Administration and equipment sales.

8.3.6 Gross amounts due from/to customers for contract work

Gross amounts due from customers for contract work represented the amount prepaid/payable to the contractors and suppliers, calculated based on the percentage of completion of construction work. The decrease in gross amounts due from/to customers for contract work was mainly due to the decrease in prepaid/payable amount for the construction cost for the Bangkok construction projects.

8.3.7 Other deposits and other receivables

	31.12.2015	31.12.2014	Changes
	HK\$'000	HK\$'000	
Other receivables (i)	25,460	8,785	189.8%
Deposits	2,088	651	220.8%
Due from a joint venture	5	5	-1.1%
Cash consideration receivable (ii)	-	988,705	-100.0%
Amount due from a related company (iii)	-	315,165	-100.0%
Other tax receivable (iv)	11,988	-	100.0%
	39,541	1,313,311	-97.0%

The balance of other deposits and other receivables decreased by HK\$1,273 million was mainly because of the following:

- (i) Other receivables mainly represented prepaid expenses paid to contractors, other tax receivables including value-added tax receivables and approximately HKD 7.4 million dividend receivable from Grandblue. Increase in other receivable are mainly contributed by the new acquired EPC Company;
- (ii) The cash consideration receivable of HK\$988.7 million was received in January 2015;

- (iii) For amount due from a related company, the amount for 2014 represented the receipt of advance payment of RMB250 million (equivalent to approximately HK\$315.2 million) collected from Grandblue by a related company (a subsidiary of the ultimate holding company), Xiamen C&G Group Co., Ltd. ("Xiamen C&G") on behalf of the Group's wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited ("C&G (HK)") for the disposal of subsidiaries. Please also refer to 8.3.12 for details.
- (iv) Other tax receivable represents the Value Added Tax prepaid.

8.3.8 Amount due from ultimate holding company

As disclosed in Note 39 of FY 2014 Annual Report, the Group has terminated the contracts with a contractor for the construction projects in Xiaogan, Dalian and Guiyang as a result of the disposal of the WTE businesses in China. The Group has signed the compensation agreement with the contractor and the amount of RMB96,000,000 (approximately HK\$118.7 million) was fully paid. The ultimate holding company confirmed the undertaking letter signed on 28 March 2014 and will undertake the compensation. The balance represented the compensation receivable from the ultimate holding company.

8.3.9 Pledged bank deposits

The pledged bank deposits represented deposit of HK\$22.8 million placed in the bank to facilitate the arrangement of performance guarantee to the Thailand government for the Bangkok WTE Project and a fixed deposit of US\$1.2 million (equivalent to approximately HK\$9.2 million) pledged to secure the bank loan of the Bangkok WTE Project. There was no significant fluctuation for the period.

8.3.10 Bank and cash balances

Bank and cash balances increased by HK\$11.9 million as at 31 December 2015. For details of the cash movement, please refer to the Statement of Cash Flows and the explanation notes in page 15.

LIABILITIES

8.3.11 Trade payables

The trade payable represented the payable to suppliers regarding the equipment sales contracts and the subcontractor fee for construction projects. The balance increased was in line with an increase in cost from the sales.

8.3.12 Accruals and other payables

		31.12.2015	31.12.2014	Changes
		HK\$'000	HK\$'000	
Indemnity liabilities	(i)	87,524	66,446	31.7%
Tax payable for cash consideration	(ii)	-	31,280	-100.0%
Amounts due to contractors		3,947	3,104	27.2%
Due to the ultimate holding company	(iii)	36,706	241,681	-84.8%
Due to a related company	(iii)	-	37,734	-100.0%
Others	(iv)	30,700	5,248	485.0%
		158,877	385,493	-58.8%

Accruals and other payables decreased by HK\$226.6 million mainly due to the following reasons:

- (i) In 2015, the Group has provided the indemnity liability of HK\$87.5 million for the claw back of profit guarantee. Last year balances comprised provision of approximately HK\$31.5M made for the long outstanding trade receivables and provision for inspection costs of approximately HK\$34.9M.
- (ii) Settlement of capital gain tax of HKD31.3 million.
- (iii) Repayment to the ultimate holding company of HK\$204.9 million and a related company of HK\$37.7 million.
- (iv) The increase in amount HK\$25.2 million for other payables, approximate HK\$10.5 million due to equipment cost payable for equipment sales. The retention deposit integrated from the new acquired EPC Company in Q3 2015, approximate HK\$6.5 million. And the remain others payables mainly comprised of accrued salaries, other payables, bank interest payable, other tax payables, retirement benefit payable and value-added tax payable.

8.3.13 Advance payment received

In 2013, the Group had, through C&G (HK), entered into a framework acquisition agreement (the "Framework Agreement") with Grandblue for the disposal of subsidiaries. According to the acquisition agreement, Grandblue paid C&G (HK) a sum of RMB250 million (approximately HK\$315.2.1million) as the advance payment. However, due to the foreign exchange control policy in the PRC and limitation to remit the advance payment to Hong Kong before the approval of the disposal by the relevant authorities, C&G (HK) entrusted Xiamen C&G to collect the advance payment on its behalf. Once the disposal is approved, the related company will fully repay the advance payment to Grandblue.

The disposal transaction was already approved and completed, Xiamen C&G fully refunded RMB250 million to Grandblue on behalf of C&G (HK).

8.3.14 Finance lease payables

	31.12.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Non-current portion	538	809	(33.5%)
Current portion	365	326	11.9%
	<u>903</u>	<u>1,135</u>	(20.4)%

The finance lease payables represented the payable for the purchase of vehicles under hire purchase agreements. The balance decreased by 20.4% due to the payment of instalment for the period.

8.3.15 Interest-bearing borrowings

	31.12.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Non-current portion	<u>159,746</u>	<u>106,724</u>	49.7%

The interest-bearing borrowings of HK\$159.7 million as at 31 December 2015 represented the bank loans for ready money available to potential new projects. The balance increased by 49.7% mainly due to the drawdown the bank loan in this Q3 2015.

Financial Position of the Company

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\$209.2 million. The balance increased by HK\$54.7 million due to construction payment of equipment cost for the Bangkok WTE Project paid by the Company on behalf of C&G (Thailand).

8.3.17 Pledged bank deposits

The pledged bank deposits represented a 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 drawn down in 2014. There was no change in Q3 2015.

8.3.18 Interest-bearing borrowings

	31.12.2015 HK\$'000	31.12.2014 HK\$'000	Changes
Non-current portion	<u>-</u>	<u>106,724</u>	N.M

The interest-bearing borrowings of HK\$106.7 million as at 31 December 2014 is repaid during the year.

8.3.19 Due to subsidiaries

Due to subsidiaries mainly represented amounts due to its wholly-owned subsidiary, C&G (HK) of HK\$594 million. The balance increased by HK\$282.2 million due to the payment of first interim dividend by C&G (HK) of HK\$279.5 million.

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 settlement of cash consideration receivables.

Net cash used in investing activities

Net cash used in investing activities in this quarter mainly represented the payment of construction cost for the construction projects and the net cash outflow to acquisition of subsidiary.

Goodwill of HK\$ 22.8 million arising from the acquisition is attributable to the subsidiary.

Effects of the acquisition of the subsidiary on cash flows

	HK\$'000
Total consideration for 100% equity interest acquired	63,354
Consideration payable in cash	-
Consideration paid in cash	<u>63,354</u>
Less: Cash and cash equivalents of subsidiary acquired	<u>(5,719)</u>
Net cash outflow on acquisition during the financial year ended 31 December 2015	<u><u>57,635</u></u>

Net cash used in financing activities

Net cash used in financing activities in this quarter mainly represented the payment of special dividend.

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

The current results are in line with the Company's commentary on previous quarter outlook in paragraph 10 of its previous quarterly results announcement.

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.

In 2013, the Group has entered into a Clawback Agreement with Grandblue Environment Company Limited ("Grandblue") to provide, inter alia, an undertaking to compensate Grandblue in the event that the Disposal Group (C&G China) fails to meet the profit targets for the year ended/ending 2014, 2015 and 2016. Base on the management assessment and estimation, C&G China is unlikely to meet the profit targets for FY 2016 and a provision of indemnity liability was made in the financial statements of FY 2015 for the estimated shortfall amount. The actual shortfall will only be ascertained after the closing of FY2016.

Further, the Group has undertook to bear any excess capital expenditure related to Langfang and inspection cost for Huian phase II, Jingjian sludge and Langfang. The inspection of these projects are yet to be completed. The total inspection cost and excess capital expenditure amount can only be ascertained until the passing of the inspection tests conducted by relevant authorities.

In Thailand, the Bangkok WTE Project is currently under construction and is expected to be completed by the first quarter of 2016.

Business environment remains tough and the Group is in the process of a restructuring exercise to adopt new strategies to enhance shareholders' value. The Group will continue to tighten costs control.

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 2015 and 2014, 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 2015, the Group's 98% income from continuing operations was generated mainly from external customers who were based in Thailand and 69% 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 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..

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 15.

16. A breakdown of sales as follows:—

	Continuing operations		
	31.12.2015	31.12.2014	% increase/ (decrease)
	HK\$'000	HK\$'000	
		(Restated)	
(a) Turnover reported for first half year	123,469	14,625	744.2
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	(30,101)	(15,503)	(94.1)
(c) Turnover reported for second half year	155,159	153,917	0.8
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	(108,402)	(30,121)	(258.2)

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:—

	31.12.2015	31.12.2014
	HK\$'000	HK\$'000
Ordinary	339,608	-
Preference	-	-
Total	339,608	-

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

Lam Chik Tsan
Director

Tam Sau Fung
Director

29 February 2016