



C&G Environmental Protection Holdings Limited
創冠環保股份有限公司



2015 | ANNUAL
REPORT

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Corporate Profile



Headquartered in Hong Kong and listed on the SGX Mainboard since April 2005, C&G Environmental Protection Holdings Limited ("C&G" or "the Group"), is one of the leading Waste-to-Energy ("WTE") investors and operators.

Specialising in the investment, construction, operation and maintenance of WTE plants, C&G is led by professional industry veterans with a wealth of experience in WTE technology management, infrastructure development and are well-respected and connected with industry players.

The Group invests in, constructs, operates and maintains waste incineration power plants for the treatment of Municipal Solid Waste ("MSW") under the Build-Operate-Transfer ("BOT") investments schemes. Under the BOT scheme, recurring revenue from the Group's WTE business comprises mainly of Power Generation and Waste Handling Fee. The Group is committed to the preservation of its environment and the improvement of quality of living through the latest waste treatment technology.

In December 2014, the Group completed the disposal of its WTE business and assets in China to Grandblue Environment Company Limited ("Grandblue"), unlocking value for its shareholders. Grandblue is a publicly-listed company in Shanghai, the PRC, and is also one of the leading environmental business companies in China. Grandblue operates WTE plants as well as tap water supply, waste water treatment plants and piped gas businesses.

The Group's interest in Southeast Asia includes a WTE plant in Bangkok, Thailand, which is currently under construction and is expected to complete construction by 2016. When operational, the Bangkok plant will have a daily waste treatment capacity of 500 tonnes.

The 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. Besides deploying C&G's expertise to the WTE industry in Southeast Asia, the Group is also looking to diversify its business into other areas of environmental protection in China.

In May 2014, the Group incorporated a wholly-owned subsidiary, C&G Green Energy (Shenzhen) Company Limited ("C&G SZ") in Shenzhen, the PRC. The principal activity of the subsidiary is to provide technical advisory and services and conduct research and development on waste water, clean water, sludge and air pollution treatments. In July 2014, C&G SZ signed its first sales contract of the Deep Dewatering Double-membrane Filter Press for Sludge. Furthermore, in February 2015, C&G SZ successfully won the bid for an equipment sales contract of sludge dewatering system with a contract sum of RMB37.3 million. As the Group secures more contracts in the future, the environmental-related equipment sales business is expected to enhance its income base.

Chairman's Statement



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present C&G's annual report for the financial year ended 31 December 2015 ("FY2015").

2015 was a challenging year for the Group amidst weakening macroeconomic trends. Globally, the world was shaken by the Greek impasse, which threatened the stability of the European Monetary Union. The US Federal Reserve rate hike, a first time in almost a decade, led to a round of rising short-term interest rate around the world. The collapse in oil prices also incited more fears as markets grappled with the questions of the financial standing of oil producing countries and oil companies. In Asia, the stock market crash in China and subsequent depreciation of the Renminbi ("RMB"), in addition to other Asian currency volatilities, further shook financial markets worldwide.

PERFORMANCE REVIEW

Notwithstanding macro volatilities, the Group registered a 70.6% increase in revenue to HK\$287.5 million in FY2015, from HK\$168.5 million a year ago on the back of increased sales from our construction services and equipment sales divisions. However, our bottom line was impacted by exchange losses arising mainly from the depreciation of the RMB, an increase in staff costs and an impairment loss in goodwill for our engineering procurement & construction ("EPC") company, New Sky (Thailand) Company Limited ("New Sky"). As a result of the above, we ended the year with a net loss of HK\$138.6 million.

STAYING FOCUSED

With the successful disposal of our China waste-to-energy ("WTE") business in December 2014, we concentrated our efforts on developing our new WTE facility in Thailand.

We made progress in the construction of our Bangkok Nong Khaem Municipal Solid Waste ("MSW") Incineration Power Plant, which is expected to be completed by the first half of 2016. The plant is able to process 500 tonnes of municipal solid waste per day with a Build-Operate-Transfer ("BOT") period of 20 years. We expect it to contribute positively to our operations following its commencement.

On the EPC front, we acquired New Sky which engages in the EPC of environmental related projects in May 2015. This acquisition serves to enhance cost efficiency for the construction of the Group's WTE plant given that New Sky is the existing EPC contractor for our Nong Khaem MSW Incineration Power Plant in Bangkok, Thailand.

New Sky completed the construction and equipment procurement and installation for two environmental related projects in 2015. The addition of New Sky could potentially increase the revenue stream of the Group as the Thai government continues to place an emphasis on waste management and environmental issues.



Chairman's Statement



During the year, our wholly owned subsidiary, C&G Green Energy (Shenzhen) Company Limited ("**C&G SZ**"), secured a RMB37.3 million sales contract of Sludge Dewatering System Procurement of the fourth sewage treatment plant expansion project in Xi'an, Shaanxi province, the People's Republic of China (the "**PRC**"). C&G SZ is mainly engaged in the research & development, consulting, technology transfer, wholesale of energy-saving products and equipment, commission agency (excluding auction), import and export, and other related ancillary businesses in the market sectors such as water purification and industrial wastewater treatment, sludge treatment, waste gas treatment, clean energy and energy saving services.

OUTLOOK

We expect the business environment to remain tough and are in the process of implementing a restructuring exercise to adopt new strategies to enhance shareholders' value, whilst keeping a close watch on cost control measures.

As part of the sale of our WTE business and assets in the PRC to Grandblue Environment Co. Ltd ("Grandblue"), we entered into a Clawback Agreement in 2014 to undertake compensation in the event that the disposal companies are unable to meet the profit targets for FY2014, FY2015 and FY2016. Following an assessment, management estimates that C&G China is unlikely to meet the profit targets for FY2016 and made a provision of indemnity liability for the estimated shortfall amount in FY2015. A provision of clawback profit guarantee of HK\$87.5 million was made, which included HK\$15.9 million and HK\$71.6 million for FY2015 and FY2016 respectively. The guarantee has not been fully paid yet as the actual shortfall will only be ascertained after the closing of FY2016.

Nonetheless, prospects for the WTE market in Asia remains sound. With the completion of our Bangkok WTE project in 2016, we are looking forward to new recurring revenues and securing future WTE project investments in the region. We will also continue to seek ways to unlock value for our loyal shareholders.

DIVIDENDS

Earlier, the successful disposal of our WTE operations in China to Grandblue and unlock a special dividend payout. The Group paid out a second interim special dividend of S\$0.0121 per share, totaling approximately S\$11.83 million in June 2015. This follows the first interim special dividend of S\$0.04844 per share, amounting to approximately S\$47.36 million in February 2015.

LEADERSHIP TRANSITION

It is with great sadness and a heavy heart that we announced the demise of Mr. Lin Yan, Executive Chairman and Group Chief Executive Officer in February 2016. Mr. Lin was appointed to the Board since 9 February 2010, Group Chief Executive Officer in August 2010 and assumed the additional role of Executive Chairman in March 2011. He was also a member of the Nominating and Remuneration Committees. On behalf of the Board, management and staff, I would like to acknowledge the farsightedness of Mr. Lin's vision and invaluable contributions to the Group over the past years. Under his leadership, the Group has witnessed several milestones, including the diversification into the asset-light business and other areas of environmental protection in Asia.

I would be taking over Mr. Lin's roles and responsibilities to ensure continuity of operations of the Group, with the support of my strong management team. A key member of our team, Ms. Sandy Tam, who joined the Group in August 2010 as our Group Financial Controller was appointed Executive Director and Group Deputy Chief Executive Officer in May 2015. Together with the rest of our team, we will press ahead to restructure and focus on our existing business.

WORDS OF APPRECIATION

2015 was a challenging year for the Group and on behalf of the Board of Directors, I would like to thank our management team and employees for their hard work and unstinting commitment. I must also thank our valued shareholders, bankers and business partners for their continued support and confidence in the Group.

Additionally, I would like to thank my fellow Board members for their counsel and guidance in growing C&G, including a special mention of the past contributions of Mr. Loo Cheng Guan, who ceased to be our Non-Executive and Non-Independent Director with effect from 13 November 2015. We wish him all the best in his future endeavours.

As the Group continues to grow, we look forward to your sustained support as we seek opportunities in the WTE and EPC arenas.

Yours sincerely,

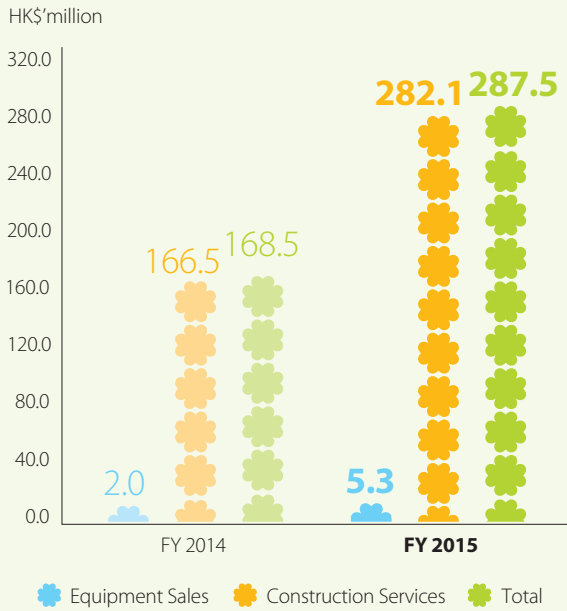
Mr. Lam Chik Tsan
Executive Chairman and Group Chief Executive Officer
31 March 2016

Financial Highlights

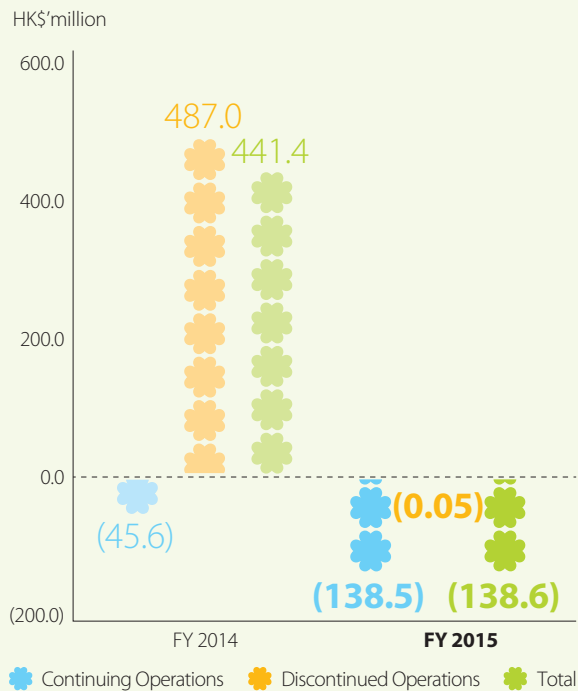


	FY2015 (HK\$' 000)	FY2014 (HK\$' 000)	Changes
Revenue and Profitability			
Revenue and Profitability			
Equipment sales	5,337	2,041	161.5%
Construction services	282,140	166,501	69.5%
Total	287,477	168,542	70.6%
Profit/(loss) for the year attributable to owners of the Company			
– From continuing operations	(138,504)	(45,625)	203.6%
– From discontinued operations	(47)	486,988	-100.0%
Total	(138,551)	441,363	-131.4%
Financial Position			
Total assets	1,901,170	2,892,673	-34.3%
Total liabilities	371,483	808,840	-54.1%
Net assets	1,529,687	2,083,833	-26.6%
Per share (HK\$ cents)			
Basic earnings/(loss) per share			
– Continuing operations	(14.17)	(4.69)	202.1%
– Discontinued operations	–	50.05	-100.0%
Total	(14.17)	45.36	-131.2%
Net assets per share	156.45	214.16	-26.9%
Key financial ratios			
Current ratio (%)	120.6	197.5	
Debt ratio (%)	19.5	28.0	

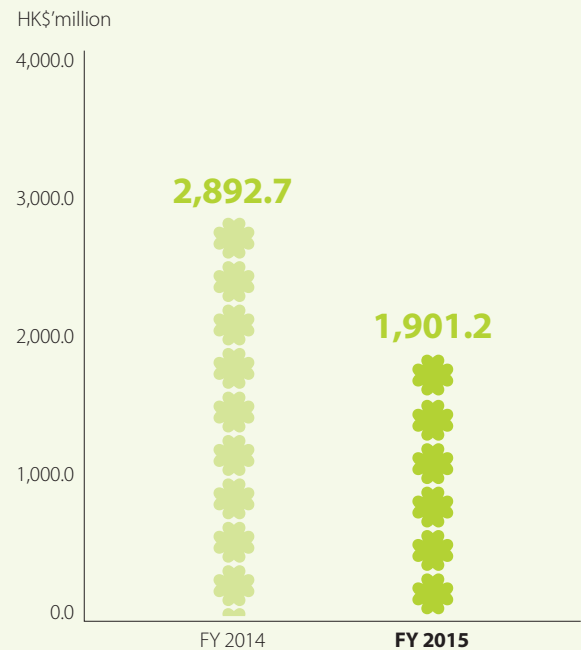
Revenue



Profit/(loss) for the year attributable to owners of the Company



Total Assets



Review of Operations



OPERATIONAL OVERVIEW

FY2015 remained a year of transition for C&G as the Group continued with developing its WTE business in Asia, and related operations in the provision of environmental protection-related solutions. Our existing businesses include:

- (i) A BOT WTE project in Thailand with a concessionary period of 20 years;
- (ii) New Sky, which is engaged in the provision of EPC and project management solutions, specialising in waste disposal and management, sustainable energy technology and environmental protection projects; and
- (iii) C&G SZ, which is mainly engaged in the provision of technical advisory and services, as well as environmental protection-related equipment sales

In FY2015, our maiden BOT WTE project in Thailand – the Bangkok Nong Khaem MSW Incineration Power Plant – remained under construction and will be completed in 2016. When operational, this facility will possess a daily waste processing capacity of 500 tonnes, generating recurring income streams for the Group.

FINANCIAL REVIEW

Following the divestment of the Group's WTE business and assets in China to Grandblue in 2014, the Group's construction services segment is presently the largest revenue contributor, accounting for approximately 98.1% or HK\$282.1 million of total Group revenue in FY2015. This represents a 69.5% increase from HK\$166.5 million a year ago, and was mainly due to a higher completion progress for the ongoing construction projects in Thailand.

C&G SZ, which was established in May 2014, also contributed to earnings during the year under review, achieving a 161.5% jump in contributions to HK\$5.3 million, from HK\$2.0 million in FY2014, backed by the sales of approximately HK\$1.4 million worth of environmental protection equipment in the fourth quarter of 2015.

The Group incurred an overall gross loss margin of 7.4% for FY2015, compared to a gross profit margin of 2.2% for FY2014. This was mainly attributable to budget overruns from the Group's EPC business, as it incurred additional costs to work towards the timely completion of two projects in Bangkok.

Other income rose to HK\$9.4 million in the year under review compared to HK\$0.8 million in FY2014, backed mainly by dividend income of HK\$7.4 million from Grandblue.

Administrative expenses rose to HK\$125.2 million in FY2015, from HK\$49.8 million in the preceding financial year, mainly due to high staff cost associated with increased headcount in line with the Group's plans to expand operations in Southeast Asia, goodwill impairment in relation to New Sky and exchange losses arising from the depreciation of the RMB and Thai Baht against the Hong Kong Dollar. As at 31 December 2015, the Group is unable to reliably estimate the future cash flows arising from New Sky and fully impaired the goodwill of HK\$22.8 million.

As a result of the above, the Group ended FY2015 with a net loss of HK\$138.6 million.

BALANCE SHEET

The Group's intangible assets rose by HK\$208.6 million to HK\$385.1 million as at 31 December 2015, from HK\$176.5 million a year ago, in line with the completion of the construction of the Group's WTE incineration power plant in Bangkok, Thailand.

Inventories which comprise of machinery and equipment in relation to the Group's equipment sales operations rose from nil to HK\$16.0 million as at 31 December 2015. The higher trade receivables of HK\$16.8 million as at 31 December 2015, from HK\$0.4 million as at 31 December 2014, was mainly associated with construction income receivables due from the Bangkok Metropolitan Administration and equipment sales business.

Trade payables amounted to HK\$52.0 million as at 31 December 2015, representing amounts payable to suppliers associated with the Group's equipment sales contracts and subcontractor fees for the EPC business' construction projects. Accruals and other payables decreased to HK\$158.9 million as at 31 December 2015, from HK\$385.5 million a year ago, due mainly to repayment of HK\$204.9 million to the Group's ultimate holding company. The repayment largely relates to the financing of the construction of the WTE project in Thailand and expenses necessary for continuous operations.

Advance payment received was reduced to zero as at 31 December 2015, from HK\$315.2 million a year ago, in line with the completion of the divestment transaction to Grandblue. According to the acquisition agreement of C&G (China), Grandblue paid C&G (HK) a sum of RMB250 million (approximately HK\$315.2 million) as advance payment.

As at 31 December 2015, the Group's bank and cash balances was HK\$13.4 million, an increase from HK\$1.5 million a year ago, and total borrowings amounted to HK\$159.7 million. Shareholders' equity was approximately HK\$1,529.7 million as at 31 December 2015 compared to HK\$2,083.8 million as at 31 December 2014.

Board of Directors



Lam Chik Tsan, 41

Executive Chairman and Group Chief Executive Officer

Graduated from Shishi Hanjiang Secondary School in 1990

Member of National Committee of the Chinese People's Political Consultative Conference

Date of first appointment as director: 25 September 2015

Date of last re-election as director: N/A

Length of service: 3 months

(as at 31 December 2015)

Present directorship in other listed companies

Nil

Present principal commitments

(other than directorships in other listed companies)

Executive Director of C&G Holdings (Hong Kong) Limited

Executive Director of C&G Trading (Hong Kong) Limited

Executive Director of Toptex Investment (Hong Kong) Limited

Executive Director of Kaibo Technology Environments Limited

Executive Director of Xiamen C&G Group Company Limited

Directorships in other listed companies held over the preceding three years

Nil

Background

Mr. Lam Chik Tsan is the founder of C&G Environmental Protection Holdings Limited (Formerly known as CG Technologies Holdings Limited). Prior to founding our Group, Mr. Lam worked in Shishi Hanjing Liandai Hualian Knitting Factory as an apprentice from August 1990 to August 1991. From August 1991 to December 1996, Mr. Lam held various position in Shishi Hanjian Knitting Co., Ltd., a company owned by his father, rising through the ranks from technician to marketing manager and subsequently assistant general manager.

In January 1997, Mr. Lam founded Xiamen Xiang Xinggangcheng Import Export Co., Ltd where he was the director in charge of the company's yarn and chemical fibre import and export business. In October 1998, Mr. Lam found Xiamen C&G Group Co. Ltd., an investment holding company. In 2000, Mr. Lam founded the Group by establishing Longyan Chemical Fiber.

Mr. Lam has rich management experience and strong business network. Mr. Lam is currently a member of National Committee of the Chinese People's Political Consultative Conference.

Tam Sau Fung, 37**Executive Director and Group Deputy Chief Executive Officer***Graduated from Hong Kong Polytechnic University in 2001**Member of the Hong Kong Institute of Certified Public Accountants***Date of first appointment as director:** 22 May 2015**Date of last re-election as director:** N/A**Length of service:** 7 months
(as at 31 December 2015)

Served on the following Board Committees

- Audit Committee – Member
- Nominating Committee – Member
- Remuneration Committee – Member

Present directorship in other listed companies

Nil

**Present principal commitments
(other than directorships in other listed companies)**

Nil

Directorships in other listed companies held over the preceding three years

Nil

Background

Tam Sau Fung joined the Group in August 2010 as the Group Financial Controller. In May 2015, Ms Tam was appointed as the Executive Director and Group Deputy Chief Executive Officer to monitor the Group's management and accounting function.

Prior to joining the Group, she was the Financial Controller of China New Town Development Company Limited, a company dually listed on the main board of The Stock Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited from 2008 to 2010.

Ms. Tam also worked as an auditor from international accounting firm, PricewaterhouseCoopers, in Hong Kong for seven years.

Board of Directors



Alfred Cheong Keng Chuan, 47

Lead Independent Director

Bachelor's degree in Commerce (with majors in Accounting and Economics), Deakin University, Australia

Practising member of the Institute of Singapore Chartered Accountants

Certified Practising Member of the Australian Society of Certified Practising Accountants

Date of first appointment as director: 2 November 2004

Date of last re-election as director: 29 April 2014

Length of service: 11 years 2 months
(as at 31 December 2015)

Served on the following Board Committees

- Audit Committee – Chairman
- Nominating Committee – Chairman
- Remuneration Committee – Member

Present directorships in other listed companies

Debao Property Development Ltd

China Hongxing Sports Limited

Present principal commitments

(other than directorships in other listed companies)

Executive Director of Crowe Horwath First Trust LLP

Directorships in other listed companies held over the preceding more than three years

Sinotel Technologies Ltd

Background and experience

Alfred Cheong is currently an Executive Director of Crowe Horwath First Trust LLP, a local firm of certified public accountants. He has over 20 years of experience in the audit and financial consulting services industry, including serving six years at Arthur Andersen from 1996 to 2001 and two years at Protiviti Pte Ltd from 2003 to 2005. Mr. Cheong also has extensive experience in commercial financial management having held the post of regional financial manager at Linklaters Allen & Gledhill Pte Ltd, an international legal firm from 2001 to 2002 and as the financial controller of Aztech Systems Ltd., a publicly-listed company in Singapore from June 2002 to October 2002.

Ng Li Yong, 44**Independent Director**

*Bachelor of Law, University of Kent, United Kingdom
Postgraduate Diploma in Singapore Law, National University of Singapore
Member of Law Society of Singapore and Singapore Academy of Law*

Date of first appointment as director: 13 May 2013

Date of last re-election as director: 29 April 2014

Length of service: 2 years and 8 months
(as at 31 December 2015)

Served on the following Board Committees

- Audit Committee – Member
- Nominating Committee – Member
- Remuneration Committee – Chairman

Present directorships in other listed companies

WE Holdings Ltd.

Present principal commitments**(other than directorships in other listed companies)**

Director of WNLEX LLC, Advocates & Solicitors

Directorships in other listed companies held over the preceding three years

Nil

Background and experience

Ng Li Yong is a lawyer with more than 10 years of experience and is currently a director of WNLEX LLC, a full service law practice. His area of practice includes corporate, commercial and intellectual property.

Senior Management



Mr. Yim Ka Chi

Group Financial Controller

Yim Ka Chi, the Group Financial Controller, joined our Group in June 2015 and is responsible for our Group's financial management and accounting functions. Prior to joining our Group, Mr. Yim was employed by South West Eco Development Limited, a public listed company in Hong Kong as the General Manager of Property Management and Finance Manager from 2013 to 2015. From 2008 to 2012, he was the Financial Controller of Liwayway China Group. Mr. Yim has over 20 years' experience in financial and accounting in various Hong Kong listed companies.

Mr. Yim holds a Higher Diploma in Accounting from Hong Kong Shue Yan University and is a Fellow Member of the Hong Kong Institute of Certified Public Accountants since 2006.

Mr. Wang Zhang Yong

Director of Investment and Financing Department & General Manager of C&G Green Energy (Shenzhen) Co. Ltd.

Wang Zhang Yong is the Director of Investment and Financing Department to oversee the Group's asset growth and corporate finance strategies. He is responsible for setting and implementing the strategic direction and managing the overall operation of our Group's environmental protection business in China.

From 2008 to 2013, Wang Zhangyong was the president of C&G China to overlook overall investment projects in China in the area of market development as well as financial management.

Mr. Wang has 16 years of experience in finance and operations management. Prior to joining our Group, he worked from July 2003 to August 2008 as Manager of the finance department of Dynagreen Holding Group Co. Ltd. and from May 1998 to June 2003 as Assistant Manager of the operations department of China Fortune Securities Shenzhen Co., Ltd.

Mr. Wang graduated with a Bachelor of Arts (English Literature) from the Northwest University of China and obtained a Master of Economics from the Beijing University of China.

Mr. Ning He

Chief Executive Officer, C&G Thailand

Ning He, the Chief Executive Officer of C&G Environmental Protection (Thailand) Company Limited ("C&G Thailand"), joined C&G Thailand in 2006 and is responsible for the management and business development of C&G Thailand. Prior to joining C&G Thailand, Mr. Ning was the Sales Director of Biodegradable Packaging for Environment Public Co., Ltd. He holds a degree in Engineering from Shenyang University. He is also the Executive Vice President of the Thai Young Chinese Chamber of Commerce and the member of Steering Committee of the Thai-Chinese Strategic Research Center of National Research Council of Thailand.

Risk Management Review



RISK MANAGEMENT FRAMEWORK

C&G formalised the risk management framework for the Group's organisation, business and strategic planning. The Group integrated a risk management reporting system into our daily operations to cultivate a vigilant culture in the containment of risks and to establish a comprehensive risk reporting and evaluation mechanism.

It is our understanding that risk is inherent in every business and investment activity, and can slow down the efficiency of a corporation, erode the profit and even destroy the foundation of continuity and sustainable growth of a business. Therefore, C&G is always mindful of proper risk management as a crucial element in delivering values to our stakeholders. After years of development, the Board of Directors has established a set of strategic risk objectives.

As the WTE business is highly capital intensive and returns are generated over the long term, C&G places significant emphasis on risk management for the processes of financing, operation, strategy and compliance to ensure long-term, steady growth is achieved for the business. To facilitate the process of risk management, we adopted the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk

Management Integrated framework ("COSO ERM Integrated framework") by formalising the Risk Management Team amongst management, report to and oversight by the Board, identifying risk owners on the corporate and operational levels within the Group, creating awareness among risk owners, and conducting risk assessment exercises. Once the risk events have been identified and ranked, implementation of risk mitigation strategies will be imposed on those ranked at the "top-tier risk" category. After the execution of risk mitigation strategies, internal assessment on the effectiveness of risk mitigation implementation will be conducted as a mechanism to reevaluate the effectiveness of the existing risk mitigation strategies, as well as to recommend additional steps to assess, mitigate, and report on the impact of residual risks on an ongoing basis.

The Group believes that by implementing an effective risk management system, C&G can reduce the down side of the business and bring about tangible and quantifiable benefits, such as higher earnings and lower capital volatility, improved credit ratings, the satisfying of regulatory compliance, and higher shareholder value.

Risk Management Review



RISK MANAGEMENT STRUCTURE AND PROCESS

C&G's risk management framework comprises two key elements: risk management structure and risk management process.

Risk Management Structure <ul style="list-style-type: none"> Facilitate risk identification whilst providing assurance to the Board; Assign clear roles and responsibilities to different risk owners throughout the risk management process; and Facilitate proper implementation of guidelines and reporting tools. 	
Two layers of roles and responsibilities are listed below:	
Oversight, Risk Reporting and Communication	Risk Management Team and Senior Management <ul style="list-style-type: none"> Oversee top-tier risks and supervise risk management process as part of good corporate governance. Communicate and assess the Group's risk profile and top-tier risks by corporate and operational levels. Identify top-tier risks considered material at the Group level. Monitor the progress of on-going mitigation plan and review the risk reporting process.
Risk and Control Ownership	Business Units, Support Functions, and Individuals <ul style="list-style-type: none"> Ensure the risk management processes and mitigation plans follow good practices and guidelines established by the Group. Executives to meet regularly to review the risk profiles and risk management activities. Risk owners and managers responsible to report risk events and status of mitigation plan on regular basis.
Risk Management Process <ul style="list-style-type: none"> Embedded in C&G's strategy development, business planning, investment decisions, resource allocation and day-to-day operations. Involves establishing the context; identifying risks; assessing their consequences and likelihood; evaluating risk level, control gaps and priorities; and developing control and mitigation plans. A continuous process with periodic monitoring and review in place. An interactive process with cross-functional communication and consultation. 	
<pre> graph TD A[Establish Context and Risk Objectives] --> B[Risk Event Identification] B --> C[Risk Assessment] C --> D[Risk Response and Reporting] D --> E[Mitigation Plans and Risk Control] E --> F[Ongoing Risk Monitoring] F --> A </pre>	

Six key elements of each of the risk management components are listed out below:	
Establish Context and Risk Objectives	<ul style="list-style-type: none"> In accordance with the Group's business strategy, a set of strategic risk objectives on the corporate and operational levels has been established by the management, which will be reviewed on an annual basis.
Risk Event Identification	<ul style="list-style-type: none"> Every quarter, our business and functional units are required to submit their top-tier risks identified through their risk management process to the Risk Management Team in a prescribed reporting format. Risks identified will be categorised under corporate or operational levels.
Risk Assessment	<ul style="list-style-type: none"> The Risk Management Team is responsible for conducting risk assessments with risk owners and managers using different assessment methodologies i.e. surveys, one-on-one interviews, scenario analysis. Top-tier risks will be identified based on the levels of likelihood and impact on particular risk events. Following review by the Risk Management Team, the Risk Assessment Report, with a summary of the top-tier risk findings, will be circulated to the Board of Directors.
Risk Response and Reporting	<ul style="list-style-type: none"> Risk owners and managers are responsible for responding to the top-tier risks identified via the risk assessment. They come up with a mitigation plan on a particular risk item and submit it to the Risk Management Team for evaluation on a timely basis. Risk owners and managers are responsible for reporting any risk events on a regular basis. The Risk Management Team, through aggregation, filtering and prioritising processes, compiles an Internal Risk Management Report for discussion at the Risk Management Meeting. The Board reviews and examines the top-tier risks, and ensures the appropriate controls and mitigation measures are in place or in progress. Emerging risks that may have a material impact on the Group are monitored and discussed at the meeting.
Mitigation Plans and Risk Control	<ul style="list-style-type: none"> Based on the proposed mitigation plan, risk owners and managers are responsible for reporting on the status of the mitigation plan on regular basis. Ensure the risk management processes and mitigation plans follow good practices and guidelines established by the Group.
Ongoing Risk Monitoring	<ul style="list-style-type: none"> Risk owners and managers are responsible for the continual monitoring of existing risk profiles and identifying emerging risk events on a regular basis. The Risk Management Team is responsible for the supervision and facilitation of the ongoing risk monitoring process. Executives to meet regularly to review the risk profiles and risk management activities.

Risk Management Review



The Group's risk management framework has categorised its risks into the following main risk types:

OPERATIONAL RISKS

Operational risk reflects the effectiveness of our business, the integrity of internal control systems and processes and externalities that affect day-to-day operations. Operational risk management is integrated into day-to-day business operations and projects across all business units to facilitate early risk detection for proactive risk prevention and mitigation management. Formalised guidelines, procedures, internal training and tools are used to provide guidance in the assessment, mitigation and monitoring of risks.

Health, safety and environmental risks are key areas that are subject to close monitoring and oversight by dedicated risk owners and the Risk Management Team.

INVESTMENT AND PORTFOLIO RISKS

Balancing risk and return across asset types and geographic regions are primary considerations to achieve sustainable profitability and portfolio growth. Risk analyses on macro and project specific risks encompassed rigorous due diligence, feasibility studies and sensitivity analysis on key investment assumptions and variables. Each investment proposal is objectively evaluated to fit the Group's investment strategy and objective. Potential business synergies including collaboration risks assessments are identified early to ensure business partnership objectives and visions are well-aligned and collaboration partners are like-minded and compatible.

FINANCIAL RISKS

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit risks, liquidity risks, currency risks and interest rate risks. The Group's policies and financial authority limits are reviewed periodically to incorporate changes in the operating and control environment.

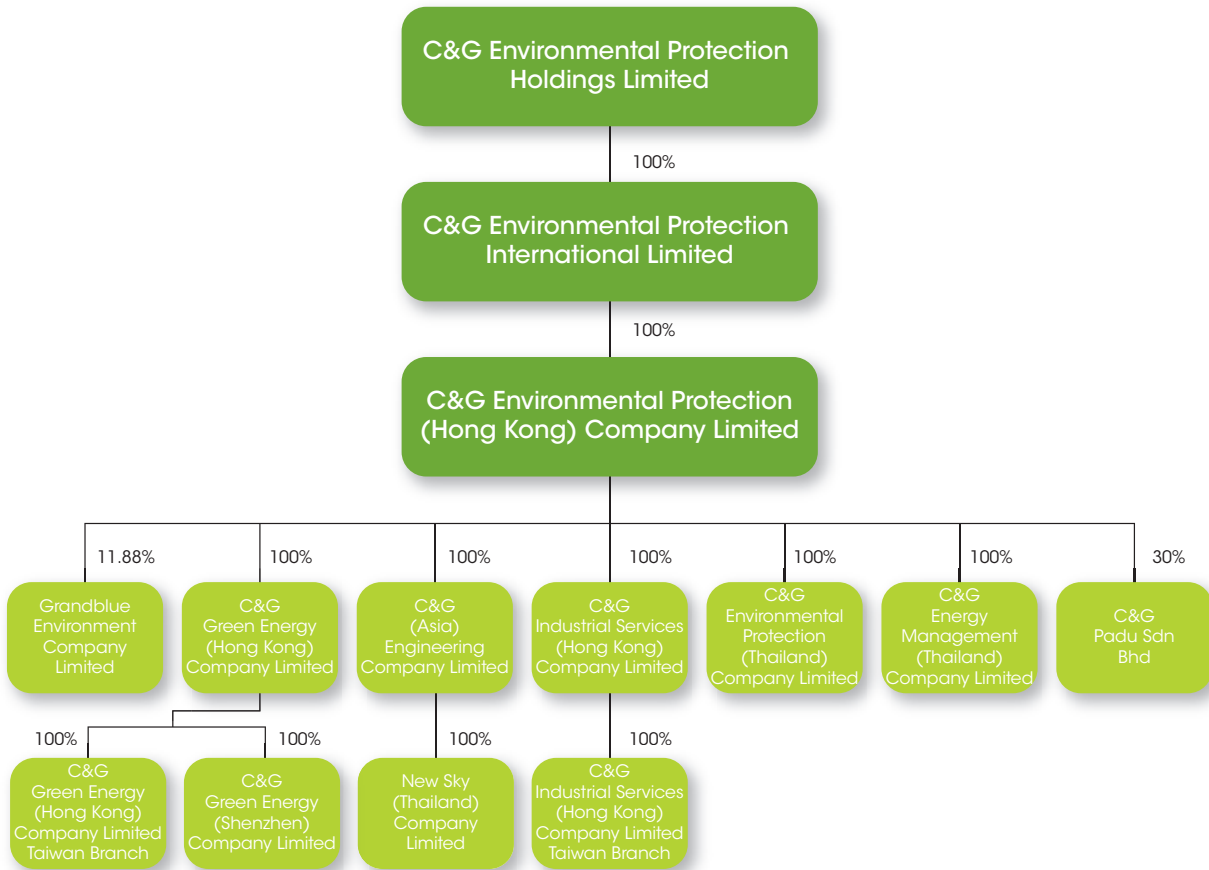
The Group has established policies, guidelines and control procedures to manage and report exposure to such risks. The Group's financial risk management is discussed in detail on pages 107 to 111 in Note 38 to the Financial Statements.

POLICY AND REGULATORY RISKS

The Group's operations are subject to extensive government regulations, such as electricity tariffs, which may impact or limit our flexibility to respond to market conditions, competition or changes in cost structures. Governments may alter their policies relating to landfill and related waste management industries. Such changes could have a material adverse effect on the Group's financial performance and operations.

Our operations are required to meet the National's environmental standards on greenhouse gas emissions, regulated by governmental authorities. The Group has access to appropriate regulatory expertise and staffing resources in each WTE plant to ensure the Group strictly adheres to the National's environmental standards. In addition, we regularly participate in discussions and consultations with the respective regulatory authorities to propose changes and provide feedback on regulatory reforms and developments in the WTE and waste management industry.

Group Structure



Corporate Information



BOARD OF DIRECTORS

Mr. Lam Chik Tsan

(Executive Chairman and Group Chief Executive Officer)

Ms. Tam Sau Fung

(Executive Director and Group Deputy Chief Executive Officer)

Mr. Alfred Cheong Keng Chuan

(Lead Independent Director)

Mr. Ng Li Yong

(Independent Director)

COMPANY SECRETARY

Mr. Lee Wei Hsiung, ACIS

ASSISTANT COMPANY SECRETARY

Codan Services Limited

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

Registration Number: 35842

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Office F 23/F
MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong
<http://www.cg-ep.com/>

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00
Singapore 068898

BERMUDA SHARE REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

China Development Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited

INDEPENDENT AUDITORS

Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge:

Mr. Tan Chee Tyan
With effect from financial year ended
31 December 2014

INVESTOR RELATIONS

Mr. Yim Ka Chi
Group Financial Controller
Office F 23/F
MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong
T: (852) 2219 8555

Corporate Governance Report



CORPORATE GOVERNANCE

C&G Environmental Protection Holdings Limited (the "Company") is committed to high standards of corporate governance so as to ensure greater transparency and protection of shareholders' interests. This report outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance 2012 (Code).

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board has the responsibility for the overall management of the Group. It establishes the corporate strategies of the Group, sets direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Interested Persons Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:

- Approval of quarterly and year end result announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholder's Meetings;
- Approval of Corporate Strategies; and
- Material Acquisitions and disposal of assets.

To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, namely Audit, Nominating and Remuneration Committees. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board.

The Board conducts regular scheduled meetings on a quarterly basis and as when necessary to address any specific significant matters that may arise. To ensure meetings are held regularly with maximum director participation, the Company's Bye-laws allow for the telephone and video-conferencing meetings.

Corporate Governance Report



Below is the attendance of the Directors at meetings of the Board and its committees in 2015:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended				
Lin Yan ¹	3	NA	1	1
Lam Chik Tsan ²	1	NA	NA	NA
Loo Cheng Guan ³	3	3	1	1
Tam Sau Fung ⁴	2	0	0	0
Alfred Cheong Keng Chuan	4	4	1	1
Ng Li Yong	4	4	1	1

NA Not a member

¹ The late Mr Lin Yan passed away on 4 February 2016.

² Appointed on 25 September 2015

³ Resigned on 13 November 2015.

⁴ Appointed on 22 May 2015. Appointed to the Audit Committee on 13 November 2015. Appointed to the Remuneration Committee and Nominating Committee on 14 March 2016.

Directors are provided with continuing education in areas such as changes in financial reporting standards, corporate governance, as well as receive regular updates on relevant new laws and regulations, and evolving commercial risks and business conditions from the Company's relevant advisors. New directors, upon appointment, will be provided with a formal letter setting out the Directors' duties and responsibilities. They will undergo a comprehensive orientation programme including management presentations on the businesses, strategic plans and objectives of the Company and its Group. Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operation.

Principle 2: Board Composition and Balance

The Board of Directors comprises 4 directors, two of whom are independent directors. The Directors of the Company as at the date of this statement are:

- (i) Mr Lam Chik Tsan (Executive Chairman and Group Chief Executive Officer)
- (ii) Ms Tam Sau Fung (Executive Director and Group Deputy Chief Executive Officer)
- (iii) Mr Alfred Cheong Keng Chuan (Non-Executive and Lead Independent Director)
- (iv) Mr Ng Li Yong (Non-Executive and Independent Director)

The Board examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. As a team, the Board collectively provides core competencies in the areas of legal, accounting, finance, business and management experience.

Key information regarding the Directors is given in Board of Directors on pages 10 to 13.

There is no alternate director on the Board.

Principle 3: Chairman and Chief Executive Officer

Mr Lam Chik Tsan is the Executive Chairman and Group Chief Executive Officer. Although the roles of the chairman and chief executive officer are not separated, the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC") are chaired by independent directors. His performance and remuneration are reviewed periodically by the NC and RC. In addition, Mr Alfred Cheong Keng Chuan has been appointed as the Lead Independent Director of the Company and is available to shareholders should they have concerns which cannot be resolved through the normal channel of the Chairman or for which such contact is inappropriate. As such, the Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision-making without Mr Lam Chik Tsan being able to exercise considerable concentration of power or influence.

As the Executive Chairman and Group Chief Executive Officer, Mr Lam Chik Tsan has full responsibilities over the business directions and operational decisions of the Group and is also responsible for the effective workings of the Board, ensuring the integrity and effectiveness of its governance process.

The late Mr Lin Yan, previous Executive Chairman and Group Chief Executive Officer, passed away on 4 February 2016. Mr Lin had been appointed to the Board since 9 February 2010. He was appointed as Group Chief Executive Officer in August 2010 and assumed the additional role of Executive Chairman in March 2011. Mr Lin was also a member of the Nominating and Remuneration Committees.

Principle 4: Board Membership**Nominating Committee**

The Nominating Committee ("NC") comprises three members, majority of whom, including the Chairman, are independent. The members of the NC are:

- Mr Alfred Cheong Keng Chuan (Chairman)
Non-Executive and Lead Independent Director
- Mr Ng Li Yong
Non-Executive and Independent Director
- Ms Tam Sau Fung
Executive Director and Group Deputy Chief Executive Officer

The NC's principal functions are as follows:

- (a) recommend to the Board on all board appointments and re-appointments;
- (b) determine independence of the Directors annually, and as and when circumstances require;
- (c) determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company; and
- (d) evaluate the performance and effectiveness of the Board as a whole.
- (e) review of training and professional development programs for the Board.
- (f) review of Board succession plans.

Corporate Governance Report



The NC reviews the independence of each director annually. Each independent director is required to complete a Director's Independence Form annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The NC and the Board consider Mr Alfred Cheong Keng Chuan and Mr Ng Li Yong to be Independent Directors.

The NC noted that under the Code, the independence of a director who has served more than nine years since the date of first appointment should be subject to rigorous review, and that Mr Alfred Cheong Keng Chuan (who was first appointed to the Board on 2 November 2004) has been with the Company for over nine years. The Board concurred with the NC that Mr Alfred Cheong Keng Chuan had retained strong independent-mindedness in the Board and Committee functions, notwithstanding his long tenure of service, and that Mr Alfred Cheong Keng Chuan had been exercising independent judgement in the best interests of the Company in the discharge of his director's duties and should be deemed independent.

With respect to the appointment of any new Director to the Board, candidates are identified through various sources and the NC reviews the expertise and experience of the candidates, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

The Bye-laws of the Company require that any director appointed by the Board shall retire at the next annual general meeting of the Company. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Mr Lam Chik Tsan and Ms Tam Sau Fung are retiring as Directors at the forthcoming annual general meeting of the Company pursuant to the Bye-laws of the Company. The NC and the Board had nominated them for re-election as Directors.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his contributions to the Company's affairs taking into account his other commitments including his directorships in other listed companies. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company.

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 10 to 13 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 32 of this Annual Report.

Principle 5: Board Performance

The NC uses objective and appropriate quantitative and qualitative criteria to assess the performance of individual directors, and the Board as a whole. Assessment parameters include the attendance records of the directors at Board or Committee meetings, the level of participation at such meetings, the quality of Board processes and the business performance of the Group. The performance of a Director is taken into account in the review of his re-election.

The NC is of the opinion that the Board is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process.

Principle 6: Access to Information

The Board has separate and independent access to senior management and the company secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. The management provides the Board with quarterly reports of the Company's performance. The management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings.

The Company Secretary attends all board meetings. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Memorandum of Association and Bye-Laws and the relevant rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the Board's approval.

Board members are aware that they, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

B. REMUNERATION MATTERS**Principle 7: Procedures for Developing Remuneration Policies**

The Remuneration Committee ("RC") comprises three members, majority of whom, including the Chairman, are independent. The Company is of the view that the size of the Group's present business and operations does not justify the appointment of a third non-executive director for the purpose

of reconstituting the RC to comprise solely of non-executive directors. The members of the RC are:

- Mr Ng Li Yong (Chairman)
Non-Executive and Independent Director
- Mr Alfred Cheong Keng Chuan
Non-Executive and Lead Independent Director
- Ms Tam Sau Fung
Executive Director and Group Deputy Chief Executive Officer

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors, CEO and key executives of the Company, oversee and review the administration of the Employee Share Option Scheme, Performance Share Plan and Restricted Share Plan, and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors' fees and allowances.

The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

In setting the remuneration packages of the Executive Directors, the RC takes into account the respective performances of the Group and the individual. In its deliberation, the RC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each of these committees is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company at the annual general meeting of the Company.

Corporate Governance Report



Principle 9: Disclosure on Remuneration

The annual remuneration of non-executive Directors payable for 2015 is as follows:

Non-Executive Director	Position Held	Director's Fee
Mr Alfred Cheong Keng Chuan	Board member, Lead Independent Director, AC Chairman, NC Chairman and RC member	S\$56,800
Mr Ng Li Yong	Board member, RC Chairman, AC member and NC member	S\$50,000

In view of the competitive pressures in the talent market, the remuneration paid to the CEO, Executive Director and the top five key management personnel are not fully disclosed. In 2015, the level of mix of the annual remuneration of the CEO and Executive Director, and each of the top 5 members of Senior Management (who are not also Directors), in bands of S\$250,000, are set out below:

Name	Remuneration Band S\$	Salary %	Bonus %	Fringe Benefits %	Total %
Executive Directors					
Lam Chik Tsan (CEO)	Below S\$500,000	100	–	–	100%
Lin Yan ¹	S\$250,000 to below S\$500,000	100	–	–	100%
Tam Sau Fung	S\$250,000 to below S\$500,000	100	–	–	100%
Top 5 Key Executives					
Yim Ka Chi	Below S\$250,000	100	–	–	100%
Wang Zhang Yong	Below S\$250,000	100	–	–	100%
Ning He	Below S\$250,000	100	–	–	100%
Cheng Ming Tsung	Below S\$250,000	100	–	–	100%
Xu Chun Liang	Below S\$250,000	100	–	–	100%

¹ The late Mr Lin Yan passed away on 4 February 2016.

The total remuneration paid to the top 5 members of Senior Management (who are not Directors) for the financial year ended 31 December 2015 was approximately HK\$3,300,000.

The Company does not have any employee who is an immediate family member of a Director or CEO whose remuneration exceeds S\$50,000 during the year.

The C&G Environmental Protection Holdings Employee Share Option Scheme, Performance Share Plan and Restricted Share Plan (collectively known as the "Scheme") were implemented on 24 April 2013 primarily to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the Group's success. It is administered by the RC. Details of the Scheme are set out in the Directors' Statement on page 32.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

The Management currently provides the Board with a continual flow of relevant information on a timely basis so that it may effectively discharge its duties. The Board members are also provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

Principle 11: Risk Management And Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets. The Board regularly reviews the effectiveness of all internal controls, including financial, operational, compliance and information technology controls, and risk management system.

The Company outsources its internal audit function to an external professional firm, who reports directly to the Chairman of AC. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2015 within the current scope of the Group's business operations.

The Company has also adopted an enterprise risk management framework to enhance its risk management capabilities.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The Board receives assurance from the Group Chief Executive Officer and Group Financial Controller that:

- (1) the financial records have been properly maintained;
- (2) the financial statements give a true and fair view of the Company's operations and finances; and
- (3) an effective risk management and internal control systems have been put in place.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises three members, majority of whom, including the Chairman, are independent. The Company considers that it is not necessary for the time being, for all 3 members of the AC to be non-executive directors taking into account the nature of the scope of the Company's operations and the additional costs to be incurred in appointing an additional non-executive director. The Company will review the need to appoint another non-executive director when necessary. At the date of this report, the Audit Committee comprises the following members:

- Mr Alfred Cheong Keng Chuan (Chairman)
Non-Executive and Lead Independent Director
- Mr Ng Li Yong
Non-Executive and Independent Director
- Ms Tam Sau Fung
Executive Director and Group Deputy Chief Executive Officer

Corporate Governance Report



The functions of the AC are as follows:

- (a) review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;
- (b) review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;
- (c) review with the management, external and internal auditors the adequacy and effectiveness of the company's internal controls, business and service systems and practices;
- (d) review related and interested party transactions;
- (e) consider the appointment and re-appointment of the external auditors.
- (f) approve the hiring, removal, evaluation and compensation of the internal audit function.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibility. The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The AC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meetings may be carried out from time to time, as circumstances require.

The AC, having reviewed the range and value of non-audit services performed by the external auditors, Mazars LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The aggregate amount of fees paid to the auditors amounted to approximately HK\$960,000 for audit services and HK\$84,000 for non-audit services.

In appointing the audit firm for the Group, the Company has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group.

Principle 13: Internal Audit

The internal auditors will report to the Chairman of the AC on any material weaknesses and risks identified in the course of the audit which will also be communicated to management. Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the internal auditor's scope of work on an annual basis.

D. COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Shareholder Rights

Principle 15: Communications with Shareholders

Principle 16: Conduct of Shareholder Meetings

In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news release
- Annual Report prepared and issued to all shareholders

The Company participated in several investor conferences and roadshows during the year, and discussions were based on publicly available materials and information. The Company does not practise selective disclosure, and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure.

At the Company's annual general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. If shareholders are unable to attend the meeting, the Company's Bye-laws allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. The Company is not implementing absentia voting methods such as voting via mail, facsimile or email until security, integrity and other pertinent issues are satisfactory resolved.

Separate resolutions on each distinct issue are proposed at general meetings for approval. All resolutions were put to vote by poll at the last Annual General Meeting held on 27 April 2015. Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, were prepared and made available to shareholders upon request.

The Board members and chairpersons of the Audit, Remuneration and Nominating Committees are present and available to address shareholders' questions at general meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company has previously established a formal dividend policy in March 2011 to distribute at least 20% of the Group's operating net profit (excluding all the one-off items, if any) as dividend for the next three financial years commencing from financial year ended 31 December 2011, as determined by the Board, and subject to:

- the requirements of the Bermuda Companies Act and shareholders' approval;
- any banking or other funding covenants by which the Company is bound from time to time; and
- the investment and operating requirements of the Company.

The Board would consider a new dividend policy according to its financial and business development requirements at an appropriate time.

Except for the First interim special dividend of S\$0.04844 per share (equivalent to approximately HK\$0.2776 per share) and Second interim special dividend of S\$0.0121 per share (equivalent to approximately HK\$0.0694 per share) which were declared by the Board and paid on 6 February 2015 and 22 June 2015 respectively. No final dividend was proposed for the financial year ended 31 December 2015 as the Group reported a net operating loss on a full-year basis.

Corporate Governance Report



E. DEALING IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealing in the Company's securities during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements.

Directors, officers and employees are also reminded not to trade in the Company's securities at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

F. MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder.

G. INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2015.

Directors' Statement



The directors of the Company are pleased to submit this statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Executive Directors

Lam Chik Tsan

(Executive Chairman & Group Chief Executive Officer) (Appointed on 25 September 2015)

Tam Sau Fung

(Executive Director & Group Deputy Chief Executive Officer) (Appointed on 22 May 2015)

Non-Executive and Independent Directors

Alfred Cheong Keng Chuan

Ng Li Yong

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 6 below.

Directors' Statement



4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors shareholdings, an interest in the share capital of the Company and related corporations as stated below:

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
	At 1.1.2015	At 31.12.2015	At 1.1.2015	At 31.12.2015
The Company				
No. of ordinary shares of HK\$0.10 each				
Lam Chik Tsan	–	–	774,537,355	774,537,355
Lin Yan	–	–	774,537,355	774,537,355
Tam Sau Fung	–	798,000	–	–

The directors' interests as at 21 January 2016 were the same as those at 31 December 2015. The late Mr. Lin Yan passed away on 4 February 2016.

5. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

6. SHARE OPTIONS

On 24 April 2013, the shareholders of the Company approved and adopted an Employee Share Option Scheme (the "CG ESOS"), a Performance Share Plan (the "CG PSP") and a Restricted Share Plan (the "CG RSP"). The CG ESOS, CG PSP and CG RSP will provide eligible participants, such as the executive directors and employees of the Group who are not controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of new shares over which options may be granted under the CG ESOS, the aggregate number of new shares to be issued under the CG PSP and the CG RSP, on any date shall not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares, if any) on the day preceding the date of the relevant grant. The number of options and number of shares to be granted to the eligible participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

The CG ESOS, CG PSP and CG RSP are administered by the Remuneration Committee whose members are:

Ng Li Yong
Alfred Cheong Keng Chuan
Tam Sau Fung

A member of the Remuneration Committee who is also a participant of the CG ESOS, CG PSP and CG RSP must not be involved in its deliberation in respect of the options and shares granted or to be granted to him.

6. SHARE OPTIONS (CONTINUED)

During the financial year ended 31 December 2015, the Company did not grant any share options under CG ESOS, CG PSP and CG RSP. In the previous financial year, the Company granted 193,000 share options under CG ESOS, 115,800 shares under CG PSP and 77,200 shares under CG RSP.

The Company also forfeited 193,000 shares under CG ESOS, 116,000 shares under CG PSP and 77,200 shares under CG RSP (2014: 95,000 shares under CG RSP).

Details of share options granted to CG ESOS participants, who received 5% or more of the total number of options available under the CG ESOS during the financial year ended 31 December 2015 are as follows:

Name of CG ESOS participant	Options granted during the financial year under review ('000)	Aggregate number of options granted since commencement of the CG ESOS to the end of the financial year under review ('000)	Aggregate number of options exercised/ forfeited since commencement of the CG ESOS to the end of the financial year under review ('000)	Aggregate number of options outstanding as at the end of the financial year under review ('000)
Cheng Ming Tsung	–	193	(193)	–
Lai Jian Bo	–	970	(970)	–
Wang Zhangyong	–	524	(524)	–
Lin Xinduo	–	238	(238)	–
Tam Sau Fung	–	499	(499)	–
Ning He	–	354	(354)	–
	–	2,778	(2,778)	–

Directors' Statement



6. SHARE OPTIONS (CONTINUED)

Details of shares granted to CG PSP participants, who received shares pursuant to the vesting of awards granted under the CG PSP which, in aggregate, represent 5% or more of (1) the total number of new shares available under the CG PSP and (2) the total number of existing shares purchased for delivery of awards released under the CG PSP during the financial year ended 31 December 2015 are as follows:

Name of CG PSP participant	Aggregate number of shares comprised in awards granted during the financial year under review ('000)	Aggregate number of shares comprised in awards granted since the commencement of the CG PSP to the end of the financial year under review ('000)	Aggregate number of shares comprised in awards granted which have exercised/forfeited during the financial year under review and in respect of such awards, the proportion of shares issued or transferred upon the release of the vested awards ('000)	Aggregate number of shares comprised in awards granted which have not been released as at the end of the financial year under review ('000)
Cheng Ming Tsung	–	116	(116)	–
Lai Jian Bo	–	582	(582)	–
Wang Zhangyong	–	314	(314)	–
Lin Xinduo	–	142	(142)	–
Tam Sau Fung	–	299	(299)	–
Ning He	–	213	(213)	–
	–	1,666	(1,666)	–

6. SHARE OPTIONS (CONTINUED)

Details of shares granted to CG RSP participants, who received shares pursuant to the vesting of awards granted under the CG RSP which, in aggregate, represent 5% or more of (1) the total number of new shares available under the CG RSP and (2) the total number of existing shares purchased for delivery of awards released under the CG RSP during the financial year ended 31 December 2015 are as follows:

Name of CG RSP participant	Aggregate number of shares comprised in awards granted during the financial year under review (‘000)	Aggregate number of shares comprised in awards granted since the commencement of the CG RSP to the end of the financial year under review (‘000)	Aggregate number of shares comprised in awards granted which have exercised/forfeited during the financial year under review and in respect of such awards, the proportion of shares issued or transferred upon the release of the vested awards (‘000)	Aggregate number of shares comprised in awards granted which have not been released as at the end of the financial year under review (‘000)
Cheng Ming Tsung	–	77	(77)	–
Lai Jian Bo	–	388	(388)	–
Wang Zhangyong	–	209	(209)	–
Tam Sau Fung	–	200	–	200
Ning He	–	142	–	142
	–	1,016	(674)	342

Non-executive directors, controlling shareholders of the Company and their associates are not eligible to participate in the CG ESOS, CG PSP and CG RSP. Detailed terms of the CG ESOS, CG PSP and CG RSP have been set out in Note 26 to the financial statements.

Directors' Statement



7. AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following directors:

Alfred Cheong Keng Chuan (Chairman and Lead Independent Director)
Ng Li Yong
Tam Sau Fung

The AC performs the functions specified in the Listing Manual of the SGX-ST and the Code of Corporate Governance. The functions performed are as follows:

- (a) Review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;
- (b) Review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;
- (c) Review with the management, external and internal auditors the adequacy and effectiveness of the Company's internal controls, business and service systems and practices;
- (d) Review related and interested party transactions;
- (e) Consider the appointment and re-appointment of the external auditors; and
- (f) Approve the hiring, removal, evaluation and compensation of the internal audit function.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC is kept abreast by the management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The AC meets with the external and internal auditors, without the presence of the management at least once a year. Ad-hoc meetings may be carried out from time to time, as circumstances require.

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group.

8. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Lam Chik Tsan

Executive Chairman & Group Chief Executive Officer

Tam Sau Fung

Group Deputy Chief Executive Officer

Independent Auditors' Report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of C&G Environmental Protection Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out in pages 39 to 113.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

MAZARS LLP

Public Accountants and
Chartered Accountants
Singapore

31 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	5	287,477	168,542
Cost of sales		(308,650)	(164,873)
Gross (loss)/profit		(21,173)	3,669
Other income	6	9,448	796
Administrative expenses		(125,237)	(49,799)
Finance costs	7	(1,542)	(291)
Loss before taxation from continuing operations	8	(138,504)	(45,625)
Income tax expense	9	-	-
Loss from continuing operations attributable to owners of the Company		(138,504)	(45,625)
(Loss)/profit for the year from discontinued operations attributable to owners of the Company	10	(47)	486,988
(Loss)/profit for the financial year		(138,551)	441,363
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		(5,078)	(5,089)
Reclassification of foreign currency translation reserve on disposal of subsidiaries		-	(150,215)
Available-for-sale financial assets:			
Fair value (losses)/gains		(72,357)	54,618
Total other comprehensive loss that will be reclassified to profit or loss, net of taxation		(77,435)	(100,686)
Total other comprehensive income, net of taxation		(77,435)	(100,686)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(215,986)	340,677
		HK Cents	HK Cents
Loss per share from continuing operations			
– Basic and diluted	11	(14.17)	(4.69)
Earnings per share from discontinued operations			
– Basic	10	-	50.05
– Diluted	10	-	49.77

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Financial Position

As at 31 December 2015

	Note	Group		Company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Non-current assets					
Fixed assets	12	5,328	2,479	–	–
Goodwill	13	–	–	–	–
Intangible assets	14	385,128	176,499	–	–
Available-for-sale financial assets	15	1,255,926	1,328,283	–	–
Investment in subsidiaries	16	–	–	575,396	575,396
Investment in a joint venture	17	71	71	–	–
		1,646,453	1,507,332	575,396	575,396
Current assets					
Inventories	18	15,965	–	–	–
Trade receivables	19	16,777	410	–	–
Gross amounts due from customers for contract work	20	17,381	35,767	–	–
Other deposits and other receivables	21	39,541	1,313,311	–	13
Amount due from ultimate holding company	22	118,773	–	–	–
Prepayments		714	58	–	–
Due from subsidiaries	16	–	–	1,115,378	1,060,675
Pledged bank deposits	23	32,160	34,305	9,362	9,316
Bank and cash balances	23	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	24	97,776	97,302	97,776	97,302
Reserves	25	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	27	159,746	106,724	–	106,724
Finance lease payables	28	538	809	–	–
Deferred tax liabilities	29	–	–	–	–
		160,284	107,533	–	106,724
Current liabilities					
Trade payables	30	51,957	323	–	–
Accruals and other payables	31	158,877	385,493	1,134	3,020
Advance payment received	32	–	315,165	–	–
Due to subsidiaries	16	–	–	594,401	75,348
Finance lease payables	28	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

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

Group	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Available-for-sale reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Attributable to owners of the Company HK\$'000
Balance 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 (Note 33)	-	-	-	-	-	-	(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 loss for the financial year	-	-	-	-	(5,078)	(72,357)	(138,551)	(215,986)	(215,986)
Loss for the financial year	-	-	-	-	-	-	(138,551)	(138,551)	(138,551)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	(5,078)	-	-	(5,078)	(5,078)
Available-for-sale financial assets: Fair value loss (Note 15)	-	-	-	-	-	(72,357)	-	(72,357)	(72,357)
Total other comprehensive income, net of taxation	-	-	-	-	(5,078)	(72,357)	-	(77,435)	(77,435)
Balance at 31 December 2015	97,776	188,517	702,151	29	62,831	(17,739)	496,122	1,431,911	1,529,687

Group	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Available-for-sale reserve HK\$'000	Retained earnings HK\$'000	Total reserves HK\$'000	Attributable to owners of the Company HK\$'000
Balance 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
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	340,677
Profit for the financial year	-	-	-	-	-	-	-	441,363	441,363	441,363
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	(5,089)	-	-	(5,089)	(5,089)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	-	-	-	-	(150,215)	-	-	(150,215)	(150,215)
Available-for-sale financial assets: Fair value gains (Note 15)	-	-	-	-	-	-	54,618	-	54,618	54,618
Total other comprehensive income, net of taxation	-	-	-	-	-	(155,304)	54,618	-	(100,686)	(100,686)
Balance at 31 December 2014	97,302	186,115	702,151	-	1,457	67,909	54,618	974,281	1,986,531	2,083,833

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
– Continuing operations		(138,504)	(45,625)
– Discontinued operations		(47)	511,033
		(138,551)	465,408
Adjustments for:			
Depreciation and amortisation		1,528	124,865
Interest expenses		1,542	130,431
Loss/(Profit) from construction services		3,704	(8,328)
Amortisation of deferred income		–	(1,000)
Interest income		(533)	(748)
Dividend income		(7,417)	–
Gain on disposal of subsidiaries		–	(403,421)
Impairment loss of goodwill		22,845	–
Impairment loss of trade receivables		–	31,473
Reversal of impairment loss of value-added tax receivables		–	(20,348)
Share based payment expenses		(52)	828
Operating (loss)/profit before working capital changes		(116,934)	319,160
Decrease/(Increase) in inventories		6,016	(2,355)
Decrease/(Increase) in trade receivables		82,435	(39,620)
(Increase)/Decrease in other deposits and other receivables		(14,968)	64,044
(Increase)/Decrease in trade deposits and prepayments		(656)	8,422
Increase in amount due from ultimate holding company		(118,773)	–
(Decrease)/Increase in trade payables		(38,198)	400
Decrease in accruals and other payables		(16,592)	(35,432)
Increase in deferred income		–	1,706
Effect of foreign exchange rate changes		(11,531)	57,981
Cash (used in)/generated from operations		(229,201)	374,306
Interest paid		(9,152)	(123,538)
Net cash (used in)/generated from operating activities		(238,353)	250,768
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for construction work for BOT projects		(179,270)	(345,487)
Net cash outflow on acquisition of a subsidiary	16	(57,635)	–
Net cash inflow/(outflow) from disposal of subsidiaries	16	1,009,736	(51,823)
Proceeds from disposal of fixed assets		–	7
Purchase of fixed assets		(4,535)	(2,082)
Dividend received		7,417	–
Interest received		533	748
Net cash generated from/(used in) investing activities		776,246	(398,637)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	33	(339,608)	–
Shares issued upon exercise of share options and share awards		1,500	–
(Repayment to)/Advances from ultimate holding company and a related company		(242,709)	169,723
Decrease/(increase) in pledged bank deposits		2,145	(1,632)
Repayment of finance lease payables		(376)	(257)
Repayment of interest-bearing borrowings		(145,507)	(444,833)
Drawdown of interest-bearing borrowings		198,529	371,628
Net cash (used in)/generated from financing activities		(526,026)	94,629
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes		49	(200)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,490	54,930
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	13,406	1,490
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	23	13,406	1,490

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

1. GENERAL INFORMATION

The Company (Registration number 35842) is incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Office F, 23/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2015, C&G Holdings (Hong Kong) Limited, a company incorporated in Hong Kong, is the immediate holding and ultimate holding company and Mr. Lam Chik Tsan is the ultimate controlling party of the Company.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors on 31 March 2016.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current financial year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and has no material effect on the amounts reported for the current or prior financial years.

IFRSs issued but not yet effective

At the date of authorisation of these statements, the following IFRSs were issued but not yet effective:

IFRS	Description	Effective date
IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 11	Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	1 January 2016
IFRS 10, IFRS 12, IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Editorial corrections in June 2015)	1 January 2016
IAS 1	Amendments to IAS 1: Disclosure Initiative	1 January 2016
IAS 7	Amendments to IAS 7: Disclosure Initiative	1 January 2017
IAS 12	Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IAS 27	Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
IAS 16, IAS 38	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16, IAS 41	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1 January 2016

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company have not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in the financial year ended 31 December 2015. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will result.

IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in IAS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Group does not intend to early adopt IFRS 9. The Group is still assessing the potential impact of IFRS 9 on its financial statements in the initial year of adoption.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRS 15 *Agreements for the Construction of Real Estate*, IFRS 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (Continued)

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt IFRS 15. The Group is still assessing the potential impact of IFRS 15 on its financial statements in the initial year of adoption.

IFRS 16 Leases

IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosures of leases. The objective is to ensure that the lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased assets and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis, and subsequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, IFRS 16 requires enhanced disclosures to be provided by the lessor. Early adoption is permitted in certain circumstances.

The Group does not intend to early adopt IFRS 16. The Group is still assessing the potential impact of IFRS 16 on its financial statements in the initial year of adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from them through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (Continued)

Business combinations from 1 January 2010 (Continued)

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

(c) Joint arrangement

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint arrangement (Continued)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the reporting period in which the investment is acquired.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, from the date on which the investees become a joint venture. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. Distributions received from the joint venture reduce the carrying amount of the investment.

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

(d) Foreign currency transactions and translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and statement of financial position of the Company are presented in Hong Kong dollar (HK\$), which is also the Company's functional currency, and all values presented are rounded to the nearest thousand ("HK\$'000"), unless otherwise indicated.

(ii) Transactions and balances in each entity's financial statements

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency transactions and translation (Continued)

(iii) Translation on consolidation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of fixed assets includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of fixed assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the fixed assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates appropriate to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvements	3 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	2 to 5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed and adjusted, as appropriate, at the end of each reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fixed assets (Continued)

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use.

(f) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

(g) Intangible assets

(i) Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. The intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided.

Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is made on a straight-line basis over its estimated useful life of 20 years. The estimated useful life of the intangible asset is the period when it is available for use to the end of the concession period.

No amortisation is charged on construction-in-progress as they are not yet in use at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (Continued)

(ii) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories, comprise mainly of machineries and equipments used in the repairs and maintenance of the waste-to-energy power plants, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Construction contracts (Continued)

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the statement of financial position as "Gross amounts due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the statement of financial position as "Gross amounts due to customers for contract work". Progress billings not yet paid by the customer are included in the statement of financial position under "Trade receivables". Amounts received before the related work is performed are included in the statement of financial position under "Trade payables".

(j) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, amount due from subsidiaries, pledged bank deposits and bank and cash balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (AFS)

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables, amount due to subsidiaries and finance lease payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with IFRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with IFRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

(l) Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

(m) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is re-presented as if the operation had been discontinued from the start of the comparative period.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue relating to the construction services under a service concession arrangement is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract.

Revenue relating to construction contracts are recognised on a percentage of completion method. Percentage of completion is determined based on completion of physical proportion of the contract work. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contracts costs are recognised as an expense in the period in which they are incurred.

Revenue from waste-to-energy power plant operation services is recognised when the electricity is generated and transmitted to the power grid.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition (Continued)

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the shareholder's right to receive the payment has been established.

(o) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The Group participates in the national pension schemes as defined by the laws of the People's Republic of China ("PRC"). Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(s) Income tax

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgements made in applying the Group's accounting policies

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgements made in applying the Group's accounting policies (Continued)

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Impairment of available-for-sale equity instrument

At the end of each financial year, the Group assesses the available-for-sale equity investments for any objective evidence that they are impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the investment is impaired. Judgement is used in determining what a significant or prolonged decline is. As a Group's policy, available-for-sale investments in equity securities are assessed as impaired when the market value of the investment as at the end of the financial year is 5% or more below cost, or the market value remained below cost for the previous 12 months or longer.

Acquisition accounting

The Group accounts for entities acquired in accordance with IFRS 3. The application of this accounting standard requires certain estimates and assumptions especially concerning the determination of fair values of acquired intangible assets, property, plant and equipment, other assets and the liabilities assumed at the date of the acquisition.

The judgement made in the context of the purchase price allocation can materially impact the Group's future results of operations. Management used subjective assumptions and estimates to determine the fair values of the identified net assets of the acquired company. Changes in the assumptions and estimates in the fair values may potentially affect fair values of the identified assets and liabilities. The valuations are based on information available at the acquisition date. Please refer to Note 16 to the financial statements. The goodwill recognised at acquisition date was HK\$22,845,000 (2014: HK\$ Nil).

4.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

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. As a result, impairment of goodwill amounting to HK\$22,845,000 has been provided in the current financial year. The carrying amount of goodwill as at 31 December 2015 was HK\$ Nil (2014: HK\$ Nil) (Note 13).

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Intangible assets

The intangible assets are stated in accordance with IFRIC Interpretation 12 “Service Concession Arrangements” (“IFRIC 12”). The Group appointed an independent professional valuer to assess the costs of the intangible assets. In determining the costs, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

The Group carries out impairment assessment whenever there are impairment indicators. Determining whether intangible assets are impaired requires estimations of the recoverable amount which is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the Group estimates the future cash flows expected to arise from the cash-generating unit to which the intangible assets have been allocated for impairment assessment purpose, and a suitable discount rate in order to calculate the present value. No impairment loss was recognised during the financial year. The carrying amount of the Group’s intangible assets at 31 December 2015 was approximately HK\$385,128,000 (2014: HK\$176,499,000).

Revenue and profit recognition

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of the Group’s construction contracts as at 31 December 2015 included in current assets were HK\$13,434,000 (2014: HK\$35,767,000).

Income taxes

The Group has exposure to income taxes in several jurisdiction. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group’s current tax liabilities as at 31 December 2015 was HK\$Nil (2014: HK\$Nil) respectively.

Impairment of trade and other receivables

The Group assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group’s trade and other receivables as at 31 December 2015 were HK\$175,091,000 (2014: HK\$1,313,721,000). The carrying amount of the Company’s other receivables, representing amounts due from subsidiaries as at 31 December 2015 were HK\$1,115,378,000 (2014: HK\$1,060,675,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's and Group's assessments are based on the estimation of the value-in-use of the assets defined in IAS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2015 was HK\$575,396,000 (2014: HK\$575,396,000).

Depreciation of fixed assets

The Group depreciates the fixed assets over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's fixed assets. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's fixed assets as at 31 December 2015 was HK\$5,328,000 (2014: HK\$2,479,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2015 was HK\$15,965,000 (2014: HK\$Nil).

Provision for costs if inspection approval not granted

The Group has recognised provision for costs if inspection approval not granted is associated with projects of C&G Environmental Protection (Huian) Company Limited ("Huian phase II project"), C&G Environmental Protection (Jinjiang) Company Limited ("Jinjiang sludge project") and C&G Environmental Protection (Langfang) Company Limited ("Langfang project"). During the year, Langfang project and Huian Phase II project has commenced operations. As a result, management has reversed the provision for costs if inspection approval not granted. The carrying amount of the Group's provision for costs if inspection approval not granted as at 31 December 2015 was HK\$Nil (2014: HK\$34,984,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY(CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Provision for profit guarantee clawback

The Group has recognised provision for profit guarantee clawback. In determining the provision, significant assumptions are used to estimate the total profit guarantee clawback. In making these estimates, the Group has relied on the actual performance of the Disposal Group in the financial year 2015. In arriving at the estimate for financial year 2016, management has relied on past experience, understanding from the Purchaser and the assumption that the operational scale of the Disposal Group in financial year 2016 will be similar to financial year 2015. The carrying amount of the Group's provision for profit guarantee clawback as at 31 December 2015 was HK\$87,524,000 (2014: HK\$Nil).

Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, the Group has relied on past experience and the work of its project engineers.

If the contract costs of uncompleted contracts to be incurred were 5% higher than the Group's estimates, the Group's loss from continuing operations would have been higher by HK\$6,809,000 (2014: HK\$2,947,000).

5. REVENUE

	Group	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Revenue from construction services	282,140	166,501
Revenue from equipment sales	5,337	2,041
	287,477	168,542

6. OTHER INCOME

	Group	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Interest income	533	585
Dividend income	7,417	–
Sundry income	1,498	211
	9,448	796

Notes to the Financial Statements

For the financial year ended 31 December 2015

7. FINANCE COSTS

	Group	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Interest expense on finance leases	64	75
Interest expense on bank borrowings	1,478	216
	1,542	291

8. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

The Group's loss for the year attributable to the owners of the Company is stated after charging the following:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Auditors' remuneration		
Auditors of the Company	960	1,543
Other auditors	84	182
	1,044	1,725
Depreciation of fixed assets	1,528	598
Directors' fees		
Directors of the Company	595	638
Directors' remuneration other than fees:		
Directors of the subsidiaries		
– Short-term benefits	2,926	3,353
– Post-employment benefits – Defined contribution scheme	54	33
	2,980	3,386
Operating lease payments	1,735	873
Audit fees paid to previous auditors of the Company	–	221
Impairment of goodwill	22,845	–
Staff costs excluding directors' remuneration:		
Short-term benefits	22,759	9,366
Post-employment benefits – Defined contribution scheme	847	240
Equity-settled share based payments	–	828
Other costs	–	113
	23,606	10,547

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. INCOME TAX EXPENSE

- (a) The amount of tax represents:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current tax	-	-
Deferred tax (Note 29)	-	24,045
Income tax expense	-	24,045

Income tax expense attributable to the following:

	Group	
	2015	2014
	HK\$'000	HK\$'000
- Continuing operations	-	-
- Discontinued operations (Note 10)	-	24,045
	-	24,045

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law became effective from 1 January 2008.

- (b) Dividends declared by the PRC subsidiaries to parent companies incorporated in the British Virgin Islands ("BVI") are subject to withholding tax of 10%. As the entire Group's foreign-invested enterprises are directly or indirectly owned by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax on dividend according to Comprehensive Arrangement for the Avoidance of Double Taxation on Income and Prevention of Fiscal Evasion between the PRC and Hong Kong, and Guoshihan (2009) No. 81.

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. INCOME TAX EXPENSE (CONTINUED)

(c) Reconciliation of effective tax rate is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Loss before taxation from continuing operations	(138,504)	(45,625)
(Loss)/Profit before taxation from discontinued operations	(47)	511,033
(Loss)/Profit before income tax	(138,551)	465,408
Tax at the applicable tax rate of 25% (2014: 25%)	(34,638)	116,352
Tax effect of expenses that are not deductible	–	4,543
Tax effect of income that is not taxable	–	(100,856)
Tax effect of tax losses not recognised	24,625	1,647
Tax effect of different tax rates of subsidiaries	10,013	2,359
Income tax expense	–	24,045

10. DISCONTINUED OPERATIONS

On 29 January 2014, the Group had, through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited (“C&G Hong Kong”) entered into a conditional acquisition agreement with Grandblue Environment Company Limited, (the “Purchaser”), a company listed on the Shanghai Stock Exchange (the “SSE”) in the PRC, in relation to a proposed sale (“Sale”) of the Group’s waste-to-energy (“WTE”) business and assets (including concession rights) and the principal operating subsidiaries (the “Disposal Group”) of the Group in the PRC. The aggregate consideration for the disposal is the sum of HK\$2.97 billion (RMB2.36 billion), of which, a sum of HK\$1.38 billion (RMB1.1 billion) shall be satisfied by cash and the remaining HK\$1.59 billion (RMB1.26 billion) shall be satisfied by way of an allotment and issue of new shares of par value HK\$1.26 (RMB1) in the share capital of the Purchaser as listed and quoted on the SSE (“Consideration Shares”). The disposal was completed on 17 December 2014 and on that date, control was transferred to the Purchaser.

On 25 March 2015, the conditions for the Dalian project as stated in the conditional acquisition agreement had been fulfilled and the gross sub-tranche payment of HK\$125,736,000 (RMB100,000,000) out of the Tranche 2 payment had been duly received. Of which, the tax amount of HK\$12,574,000 (RMB10,000,000) was deducted and paid to the Tax Bureau of Guangdong Province, PRC. The net subtranche payment received was HK\$113,162,000 (RMB90,000,000). In the event the construction of the Dalian project has not commenced within three years from 25 March 2015, C&G Hong Kong shall repay the gross sub-tranche with all interests (Note 16). As disclosed in the 2015 Annual Report of the Purchaser, Dalian has commenced construction during the financial year.

The results of the discontinued operations have been presented separately in the consolidated statement of profit or loss and other comprehensive income as this segment represents a major line of geographical area of operations that has been disposed.

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. DISCONTINUED OPERATIONS (CONTINUED)

The results of the discontinued operations are as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Revenue	–	644,478
Costs of sales	–	(373,623)
Gross profit	–	270,855
Other income	–	50,653
Administrative expenses	–	(52,283)
Other operating expenses	–	(31,473)
Profit from discontinued operations	–	237,752
Finance costs	–	(130,140)
Profit before taxation	–	107,612
Income tax expense (Note 9)	–	(24,045)
Profit for the year	–	83,567
Profit before taxation	–	107,612
(Loss)/Gain on disposal of discontinued operations	(47)	403,421
	(47)	511,033

The profit for the period from the discontinued operations is analysed as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Profit from discontinued operations	–	83,567
(Loss)/Gain on disposal of discontinued operations	(47)	403,421
	(47)	486,988

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. DISCONTINUED OPERATIONS (CONTINUED)

The details of the (loss)/gain on disposal of discontinued operations during the financial year is analysed as follows:

	2015 HK\$'000	2014 HK\$'000
Gain on disposal:		
Total consideration satisfied by cash receivable (Note 21)	–	988,705
Total consideration satisfied by shares received (Note 16)	–	1,273,665
Gross sub-tranche 2 payment received	125,736	–
	125,736	2,262,370
Less:		
Net assets derecognised	–	(1,889,553)
Cumulative exchange differences relating to discontinued operations reclassified from equity to profit or loss	–	150,215
Costs directly attributable to the disposal	(12,574)	(53,165)
Additional capital expenditure claimed by the Purchaser	(92,131)	–
(Provision for)/Reversal of indemnity liabilities (Note 31)		
– Profit guarantee clawback	(87,524)	–
– Trade receivables	31,462	(31,462)
– Provision for costs if inspection approval not obtained	34,984	(34,984)
(Loss)/Gain on disposal presented in discontinued operations	(47)	403,421

Cash flows of discontinued operations

	2014 HK\$'000
Operating	248,721
Investing	(141,289)
Financing	(159,132)
Net cash outflows	(51,700)

Earnings per share

	Group 2014
Earnings per share from discontinued operations attributable to owners of the Company (HK cents):	
Basic	50.05
Diluted	49.77

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. DISCONTINUED OPERATIONS (CONTINUED)

The basic and diluted earnings per share from discontinued operations are calculated by dividing the profit from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. The loss/earnings and share data are presented in Note 11 to the financial statements.

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the year is based on the following data:

	Continuing operations		Group Discontinued operations		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit for the financial year	(138,504)	(45,625)	(47)	486,988	(138,551)	441,363
					2015	2014
Weighted average number of ordinary shares in issue during the financial year					977,755,354	973,023,354

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and share awards into ordinary shares, with the potential ordinary shares weighted for the period outstanding.

The effects of the adjustment for dilutive effect of the CG ESOS, CG PSP and CG RSP on the weighted average number of ordinary shares in issue are as follows:

	2015	2014
Weighted average number of:		
Ordinary shares used in the calculation of basic (loss)/earnings per share	977,755,354	973,023,354
Potential ordinary shares issuable under:		
– Share options under CG ESOS	–	2,778,000
– Share awards under CG PSP	–	1,665,800
– Share awards under CG RSP	342,000	1,016,200
Weighted average number of ordinary shares in issue and potential ordinary shares assuming full conversion	978,097,354	978,483,354

342,000 (2014: 5,460,000) potential share options granted to employees under the existing CG ESOS, CG PSP and CG RSP plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. FIXED ASSETS

The Group

	Leasehold improvement HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost					
At 1 January 2014	–	410	14,851	8,526	23,787
Additions	475	119	129	1,359	2,082
Disposals	–	–	(11)	(29)	(40)
Disposal of subsidiaries	–	(527)	(12,940)	(8,450)	(21,917)
Exchange differences	–*	(2)	(51)	(29)	(82)
At 31 December 2014 and 1 January 2015	475	–	1,978	1,377	3,830
Additions	33	–	417	3,415	3,865
Acquisition of a subsidiary	261	–	182	400	843
Exchange differences	(40)	–	(212)	(235)	(487)
At 31 December 2015	729	–	2,365	4,957	8,051
Accumulated depreciation					
At 1 January 2014	–	261	8,458	4,955	13,674
Charge for the year	55	62	1,911	1,350	3,378
Disposals	–	–	(10)	(23)	(33)
Disposal of subsidiaries	–	(322)	(9,690)	(5,605)	(15,617)
Exchange differences	–*	(1)	(35)	(15)	(51)
At 31 December 2014 and 1 January 2015	55	–	634	662	1,351
Charge for the year	164	–	434	601	1,199
Acquisition of a subsidiary	130	–	73	126	329
Exchange differences	(16)	–	(81)	(59)	(156)
At 31 December 2015	333	–	1,060	1,330	2,723
Carrying amount					
At 31 December 2015	396	–	1,305	3,627	5,328
At 31 December 2014	420	–	1,344	715	2,479

* Denotes an amount of less than HK\$1,000

At 31 December 2015, the carrying amount of motor vehicles held by the Group under finance leases amounted to HK\$1,305,000 (2014: HK\$1,344,000) (Note 28).

Additions to fixed assets during the year of HK\$173,000 (2014: HK\$Nil) were financed by finance leases.

Notes to the Financial Statements

For the financial year ended 31 December 2015

13. GOODWILL

	Group 2015 HK\$'000
Cost:	
At 1 January	–
Arising on acquisition of a subsidiary	22,845
Impairment loss	(22,845)
Exchange differences	–
At 31 December	–
Carrying amount:	
At 31 December	–

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from the business combination.

During the financial year ended 31 December 2015, goodwill of HK\$22,845,000 was acquired through the purchase of the entire issued and paid up share capital of New Sky (Thailand) Company Limited (Note 16) (the "CGU").

The Group tests cash-generating units for impairment annually, or more frequently when there is an indication for impairment. Based on management's annual impairment assessment for goodwill, management concluded that there is uncertainty in obtaining future project pipelines.

In view of this, management has assessed that the recoverable amount (value-in-use) of the CGU to be negligible due to absence of contracted future projects. As a result, goodwill has been fully impaired during the financial year. The carrying amount of goodwill as at 31 December 2015 was HK\$Nil. (2014: HK\$Nil)

Notes to the Financial Statements

For the financial year ended 31 December 2015

14. INTANGIBLE ASSETS

	Note	Group Waste-to-energy power plants concession rights HK\$'000
Cost		
At 1 January 2014		4,363,606
Additions		347,659
Disposal of subsidiaries	(c)	(4,503,101)
Exchange difference		(31,665)
At 31 December 2014 and 1 January 2015		176,499
Additions		224,106
Exchange difference		(15,477)
At 31 December 2015		385,128
Accumulated amortisation		
At 1 January 2014		322,387
Charge for the year		121,487
Disposal of subsidiaries	(c)	(429,492)
Exchange difference		(14,382)
At 31 December 2014 and 1 January 2015		-
Charge for the year		-
Exchange difference		-
At 31 December 2015		-
Carrying amount		
At 31 December 2015		385,128
At 31 December 2014		176,499

The amortisation expense in the previous financial year was charged to cost of sales in the consolidated statement of profit or loss and other comprehensive income which is presented in discontinued operations (Note 10).

Notes to the Financial Statements

For the financial year ended 31 December 2015

14. INTANGIBLE ASSETS (CONTINUED)

Note:

- (a) The Group has entered into a service concession arrangements with the governmental authority in Thailand on a Build, Operate and Transfer (“BOT”) basis in respect of its waste-to-energy power business. The service concession arrangement generally involve the Group as an operator (i) constructing waste-to-energy power plants for those arrangements on a BOT basis; and (ii) operating and maintaining the waste-to-energy power plants to generate electricity and transmit to local electricity grid for a period of 20 years (the “service concession period”). The Group will be paid for the garbage treatment and electricity transmitted to electricity grid over the service concession period at prices stipulated through a pricing mechanism. The Group is entitled to use all the fixed assets of the waste-to-energy power plant. However, the relevant governmental authority as grantor will retain the beneficial entitlement to any residual interest in the waste-to-energy power plant at the end of the term of the service concession period. The service concession arrangement may be extended by the governmental authority for 2 terms of 5 years each.
- (b) The concession right is measured by reference to the fair value of the construction services, which are recognised based on the estimated total contract costs plus margin and the stage of completion of the contract at the end of each reporting period.
- (c) As detailed in Note 10, the Group completed the disposal of the WTE business and assets in the PRC on 17 December 2014.
- (d) During the current financial year, the plant is still under construction. Hence, no amortisation is charged as the plant is not yet in use.
- (e) The intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided, have been determined by independent qualified professional valuers using the Replacement Cost New approach plus margin, in accordance with IFRIC 12. Replacement cost item is the estimated amount of money needed to acquire in like kind and in new condition an asset or group of assets taking into consideration current prices of materials, manufacturing equipment, labour, contractor’s overhead, profit and fees, and all other attendant costs associated with its acquisition, but without provision for overtime or bonuses for labour and premium for materials.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2015	2014
	HK\$’000	HK\$’000
At 1 January	1,328,283	–
Additions (Note 16)	–	1,273,665
Fair values changes recognised in other comprehensive income	(72,357)	54,618
At 31 December	1,255,926	1,328,283

Details of the available-for-sale investments

	Group	
	2015	2014
	HK\$’000	HK\$’000
Quoted equity securities, at fair value	1,255,926	1,328,283

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For the financial year ended 31 December 2015

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The investments in quoted equity securities are denominated in RMB.

The Group's available-for-sale financial assets are subject to a Moratorium Period of 36 months from 25 December 2014 till 24 December 2017 pursuant to the conditional acquisition agreement entered into between the Group and the Purchaser (Note 16).

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 and discounted for lack of marketability due to the Moratorium Period, using the Black-Scholes Option Pricing Model. Details of valuation techniques and inputs used are described in Note 39.

As disclosed in Note 16, in the previous financial year, available-for-sale financial assets of approximately HK\$726,751,000 (49.8 million consideration shares) have been pledged to the Purchaser in accordance with the conditional acquisition agreement and Asset Transfer Agreement. In the current financial year, the Purchaser has released the pledges of 25.5 million consideration shares to the Group. As a result, approximately HK\$336,192,000 (24.3 million consideration shares) is still being pledged as at the reporting date.

Available-for-sale financial assets of approximately HK\$275,968,000 (33.65 million Consideration Shares) (2014: Nil) have been pledged to a bank to secure bank borrowings (Note 27).

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	HK\$'000	HK\$'000
Unquoted equity investments, at cost	575,396	575,396

The amounts due from/(to) subsidiaries represented advances to/(from) subsidiaries which are non-trade in nature, unsecured, interest-free and repayable on demand as at 31 December 2015 and 2014.

The balances due to subsidiaries are denominated in HK\$.

The carrying amounts of balances due from subsidiaries are denominated in the following currencies:

	Company	
	2015	2014
	HK\$'000	HK\$'000
US\$	209,174	154,472
HK\$	906,204	906,203
	1,115,378	1,060,675

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For the financial year ended 31 December 2015

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Effective equity held by the Company		Principal activities
			2015	2014	
Held directly by the Company					
C&G Environmental Protection International Limited ("C&G EPIL") ****	BVI	85,868,000/200,000,000 ordinary shares of US\$1 each	100%	100%	Investment holding
Held through C&G EPIL					
C&G Environmental Protection (Hong Kong) Company Limited ("C&G Hong Kong") ** (1)	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	100%	Investment holding
Held through C&G Hong Kong					
C&G Environmental Protection (Thailand) Company Limited ("C&G Thailand") *** (2)	Thailand	55,541,000 shares of THB5 each and 19,643,000 shares of THB3.29 each	100%	100%	Construction, operation and management of waste-to-energy power plant
C&G Energy Management (Thailand) Company Limited ("C&G Thailand EM") *** (2)	Thailand	2,000,000 shares of THB5 each	100%	100%	Provision of operation and maintenance services to waste-to-energy power plants
C&G (Asia) Engineering Company Limited ("C&G Asia") ** (1)	Hong Kong	1 share/10,000 shares of HK\$1 each	100%	100%	Inactive
C&G Green Energy (Hong Kong) Company Limited ("C&G Green Energy") ** (1)	Hong Kong	1 share/10,000 shares of HK\$1 each	100%	100%	Inactive
C&G Industrial Services (Hong Kong) Company Limited ("C&G Industrial Services") ** (1)	Hong Kong	1,000 share/1,000 shares of HK\$1 each	100%	100%	Inactive
Held through C&G Green Energy					
C&G Green Energy (Shenzhen) Company Limited ("C&G Green Energy SZ") * (1)	The PRC	Registered capital of RMB10,000,000	100%	100%	Provision of consultancy services and general trading of environmental equipment
Held through C&G Asia					
New Sky (Thailand) Company Limited ("NSTH") *** (2)	Thailand	12,800,000 shares of THB 5 each	100%	–	Construction, operation and management of waste-to-energy power plant

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- * Audited by 深圳道勤會計師事務所
- ** Audited by Mazars CPA Limited (Hong Kong), a member firm of Mazars
- *** Audited by A.A.C. Audit Corporation Co., Ltd.
- **** Not required to be audited by law of country of incorporation
- ⁽¹⁾ Audited/reviewed by overseas member firm of Mazars CPA Limited (Hong Kong), a member firm of Mazars, for the purpose of the Group's consolidation
- ⁽²⁾ Audited by Mazars (Thailand) Ltd, a member firm of Mazars, for the purpose of the Group's consolidation

Acquisition of a subsidiary in the financial year ended 2015

On 28 May 2015, the Company had, through its indirect wholly-owned subsidiary, C&G Asia acquired the entire issued and paid-up share capital of New Sky (Thailand) Company Limited ("NSTH") from New Sky (Hong Kong) Environmental Limited for a cash consideration of HK\$63,353,000 (RMB50,000,000). Accordingly, the Group has recognised goodwill of HK\$22,845,000.

Fair values of the identifiable assets and liabilities of NSTH as at the date of acquisition

	Fair value recognised on date of acquisition HK\$'000
Fixed assets	458
Trade and other receivables	113,935
Inventories	21,981
Cash and cash equivalents	5,718
	142,092
Trade and other payables	(101,584)
Income tax payable	-
	(101,584)
Net identifiable assets at fair value	40,508
Goodwill arising from acquisition (Note 13)	22,845
Total consideration paid in cash	63,353

The fair value of trade and other receivables is approximately HK\$113,935,000 and which includes trade receivables of HK\$98,802,000.

From the date of acquisition, NSTH has contributed revenue of HK\$45,859,000 and a net profit of HK\$22,336,000 to the Group respectively. If the combination taken place at beginning of the financial year, the Group's revenue and loss, net of tax, would have been HK\$352,073,000 and HK\$159,998,000 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of a subsidiary in the financial year ended 2015 (Continued)

Effects of the acquisition of the subsidiary on cash flows

	HK\$'000
Total consideration for 100% equity interest acquired	63,353
Consideration payable in cash	–
Consideration paid in cash	63,353
Less: Cash and cash equivalents of subsidiary acquired	(5,718)
Net cash outflow on acquisition during the financial year ended 31 December 2015	57,635

Winding up of Taiwan branches in the financial year ended 2015

In November 2015, the Group is in the process of winding up the Taiwan branches of C&G Green Energy (Hong Kong) Company Limited and C&G Industrial Services (Hong Kong) Company Limited.

Disposal of subsidiaries in the financial year ended 2014

During the financial year ended 31 December 2014, the Group disposed of its entire interest in C&G China and its subsidiaries for a consideration of approximately HK\$2,262,370,000 (RMB1,794,592,000). Excluded from the consideration of HK\$2,262,370,000 (RMB1,794,592,000) is an amount of approximately HK\$378,198,000 (RMB300,000,000) which is the cash consideration deferred. According to the conditional acquisition agreement, this deferred cash consideration is subject to the satisfaction of certain conditions in relation to the BOT projects in Guiyang, Dalian and Xiaogan. As these conditions have not been met as at 31 December 2014, this cash consideration has been deferred. Details of the disposal are set out in this note below.

Carrying amounts of the assets and liabilities as at the date of disposal are as follows:

	Carrying amount HK\$'000
Non-current assets	
Fixed assets	6,300
Intangible assets	4,073,609
	4,079,909
Current assets	
Inventories	10,098
Trade receivables	148,638
Gross amount due from customers for contract work	108,059
Other deposits and other receivables	115,541
Trade deposits and prepayments	13,246
Pledged bank deposits	11,371
Bank and cash balances	49,189
	456,142

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16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries in the financial year ended 2014 (Continued)

	Carrying amount HK\$'000
Current liabilities	
Trade payables	42,511
Gross amount due to customers for contract work	43,526
Accruals and other payables	169,059
Current tax liabilities	1,660
	256,756
Non-current liabilities	
Interest-bearing borrowings	2,243,004
Deferred income	25,961
Deferred tax liabilities	120,777
	2,389,742
Net assets disposed of	1,889,553
Net cash outflow arising on disposal:	
Consideration received in cash and cash equivalents	–
Cash and cash equivalent of subsidiaries disposed	(49,189)
Costs directly attributable to the disposal	(2,634)
	(51,823)

The gain on disposal is recognised in “profit for the year from discontinued operations attributable to owners of the Company” in the statement of profit or loss and other comprehensive income.

During the financial year, the Group has received total proceeds amounting to HK\$1 billion, representing proceeds received for the disposal of discontinued and sub-tranche 2 payment, net of tax and capital expenditure for Langfang project claimed by the Purchaser, amounting to HK\$988,705,000 and HK\$21,031,000 respectively.

Details of the Sale are set out below:

On 23 December 2013 and 29 January 2014, C&G Hong Kong and the Purchaser entered into a framework agreement and a conditional acquisition agreement respectively in respect of the Sale. The consideration, based on the valuation by a valuer appointed by the Purchaser in the PRC on 30 September 2013, is HK\$2.33 billion (RMB1.85 billion), of which HK\$1.38 billion (RMB1.1 billion) shall be satisfied by cash, and the remaining HK\$0.95 billion (RMB0.75 billion) shall be satisfied by way of allotment and issue of consideration shares.

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries in the financial year ended 2014 (Continued)

As announced by the Purchaser on 22 February 2014, the Purchaser obtained approval in principle from Guangdong Province SASAC for the restructuring of the Purchaser undertaken for the Sale. On 25 February 2014, the Purchaser obtained the approval in respect of the Sale from the shareholders at a special shareholder meeting. On 14 August 2014, C&G Hong Kong's application to the Ministry of Commerce of the PRC ("MOC") to be a strategic foreign investor of the Purchaser was approved. On 15 December 2014, the Purchaser received the formal approval document from the China Securities Regulatory Commission ("CSRC") for the issue and allotment of 91,019,417 shares to C&G Hong Kong as part consideration for acquisition of the Disposal Group by the Purchaser. With this, the Purchaser and the Company have obtained all the required consents, approvals, waivers, authorisations, submission and filings as may be necessary with any governmental or regulatory body or relevant competent authority. On 17 December 2014, the Company entered into an asset transfer agreement ("Asset Transfer Agreement") with the Purchaser in respect of the Sale. On 25 December 2014, the Purchaser issued 91,019,417 Consideration Shares to C&G Hong Kong and C&G Hong Kong holds 12.7% of the enlarged share capital of the Purchaser as of the reporting date. The Consideration Shares are subject to moratorium period of 36 months. The Group undertakes to the Purchaser not to sell, assign, transfer or otherwise dispose of any of the consideration shares (other than the 30,000,000 consideration shares pledged to the Purchaser in accordance with the conditional acquisition agreement) allotted and issued to it on completion, for a period of 36 months (the "Moratorium Period") commencing from the date of the transfer of shares, i.e. 25 December 2014.

During the financial year ended 31 December 2013, the Group recorded a receivable from a related company, Xiamen C&G, and a corresponding liability relating to advance payment received from the Purchaser of HK\$317,075,000 (RMB250,000,000). As part of the agreement, subsequent to the financial year ended 31 December 2014, consequent to the completion of the Sale, upon the receipt of the advance payment of HK\$315,165,000 (RMB250,000,000) by Xiamen C&G, the Purchaser has settled the consideration due to the Group directly.

Pursuant to the conditional acquisition agreement, the Purchaser shall pay the cash consideration in 2 tranches. Tranche 1 payment, being the sum of HK\$1,008,528,000 (RMB800,000,000), will be paid within 15 days from the date of the change in shareholder. Tranche 2 payment, being the sum of HK\$378,198,000 (RMB300,000,000) will be paid within 30 days from the satisfaction of certain conditions in relation to the BOT projects in Guiyang, Dalian and Xiaogan.

Tranche 1

In 2015, the advance payment of HK\$315,165,000 (RMB250,000,000) was fully refunded by Xiamen C&G to the Purchaser. By 16 January 2015, an amount of HK\$957,488,000 (RMB759,514,000), forming part of the cash consideration of HK\$1,008,528,000 (RMB800,000,000) was paid to C&G Hong Kong by the Purchaser after deducting (i) taxes of approximately HK\$31,218,000 (RMB24,763,000) paid to the Tax Bureau of Guangdong Province, PRC and (ii) additional capital expenditure of approximately HK\$19,822,000 (RMB15,723,000) incurred for the WTE projects.

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries in the financial year ended 2014 (Continued)

Tranche 2

The balance cash consideration of HK\$378,198,000 (RMB300,000,000) shall be paid in three separate sub-tranches of HK\$126,066,000 (RMB100,000,000) each. Each Sub-tranche shall be paid within thirty days from the satisfaction of the conditions (various approvals and permits from the relevant authorities) for the completion of each of the BOT projects in Guiyang, Dalian and Xiaogan.

In the event that construction of any of the aforesaid BOT projects has not commenced within three years from the receipt of the respective sub-tranche payment, C&G Hong Kong shall repay the sum of HK\$126,066,000 (RMB100,000,000) for that respective BOT project to the Purchaser with all interests accrued from the date of the payment of that Sub-tranche in respect of the respective project to the Purchaser, within sixty days from the expiry of the said three year period.

Pursuant to the Asset Transfer Agreement, an additional 19,800,000 shares have been pledged to the Purchaser's designated third party escrow agent. The pledged shares will be released gradually upon the discharge of the following commitments and guarantees:

- (i) 12 million shares of the Purchaser will be pledged in relation to the Langfang project. The pledged shares will be released if Langfang commences operations within 12 months from the Completion date. Otherwise, C&G Hong Kong has to repurchase 100% equity interest of Langfang project at HK\$216,077,000 (RMB171,400,000). For any excess capital expenditure incurred on Langfang project, with reference to the valuation report on 30 September 2013, it will be borne by C&G Hong Kong (Note 35(b)).
- (ii) 1.4 million shares of the Purchaser will be pledged if the inspection approval from the relevant government authorities, in relation to the Langfang project, has not been obtained at the Completion date. The pledge will be released upon obtaining the required approval (Note 31).
- (iii) 0.7 million shares of the Purchaser will be pledged in relation to the Huian phase II project. The pledged shares will be released upon timely completion of construction as well as obtaining the inspection approval from the relevant government authorities (Note 31).
- (iv) 0.4 million shares of the Purchaser will be pledged in relation to the Jinjiang sludge project. The pledged shares will be released upon timely completion of construction as well as obtaining the inspection approval from the relevant government authorities (Note 31).
- (v) 5.3 million shares of the Purchaser will be pledged in relation to value-added tax invoices not yet received from contractor, New Sky China. The pledged shares will be released progressively upon receipt of these validated value-added tax invoices. In addition, all future financial losses arising from tax penalties and tax risks associated with these value-added invoices will be borne by C&G Hong Kong (Note 35(a)).
- (vi) The trade receivable balances of the Disposal Group as at 30 September 2013 should be settled within 3 years after signing of the Asset Transfer Agreement. Otherwise, C&G Hong Kong has to compensate the Purchaser for any outstanding receivables (Note 31).

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For the financial year ended 31 December 2015

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries in the financial year ended 2014 (Continued)

C&G Hong Kong has entered into a clawback agreement (the "ClawBack Agreement") with the Purchaser to provide, inter alia, an undertaking to compensate the Purchaser in the event that the Disposal Group fails to meet the profit targets for the years ended/ending 31 December 2014, 2015 and 2016 as set out in the ClawBack Agreement. The profit targets set out in the ClawBack Agreement are RMB68,442,300 (approximately HK\$86,282,000), RMB105,046,900 (approximately HK\$132,428,000) and RMB163,799,500 (approximately HK\$206,495,000) for the years ended/ending 31 December 2014, 2015 and 2016 respectively. The determination of the actual consolidated net profit after tax of the Disposal Group for the purpose of the ClawBack Agreement shall be based on the consolidated financial statements of the Disposal Group prepared in accordance with the generally accepted accounting principles in the PRC.

In the event that the actual consolidated net profits after tax (based on the consolidated financial statements of the Disposal Group) in respect of any of the three years is less than the profit target of that year, C&G Hong Kong shall compensate the Purchaser the shortfall amount for that year (Note 31).

Incorporation of subsidiaries in the financial year ended 2014

On 14 May 2014, C&G Green Energy, a subsidiary, incorporated a wholly-owned subsidiary, C&G Green Energy SZ, a company incorporated in the PRC, for a cash consideration of RMB1,500,000 (HK\$1,891,000).

On 17 November 2014, C&G Hong Kong, a subsidiary, incorporated a wholly-owned subsidiary, C&G Industrial Services, a company incorporated in Hong Kong, for a cash consideration of HK\$1,000.

17. INVESTMENT IN A JOINT VENTURE

	Group 2015 HK\$'000	2014 HK\$'000
Unquoted equity investment at cost		
Share of net assets	71	71

The details of the joint venture are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interests and profit sharing/ voting power	Principal activity
C&G Padu Sdn Bhd	Malaysia	100,000 ordinary shares of MYR1 each	30%/50%	Inactive

The Group has joint control over the joint venture under contractual agreement, pursuant to which unanimous consent is required from all parties to the arrangement for all relevant activities.

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17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The following tables show information of the joint venture. The joint venture is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the unaudited financial statements of the joint venture.

	2015 HK\$'000	2014 HK\$'000
At 31 December:		
Current assets	182	224
Current liabilities	(4)	(4)
Net assets	178	220
Group's share of net assets	53	66
Other adjustments	18	5
At 31 December	71	71
Cash and cash equivalents included in current assets	182	224

	2015 HK\$'000	2014 HK\$'000
Year ended 31 December:		
Expenses	—*	—*
Loss and total comprehensive loss	—*	—*

* Denotes an amount of less than HK\$1,000

18. INVENTORIES

	Group	
	2015 HK\$'000	2014 HK\$'000
Machineries and equipments	15,965	—

19. TRADE RECEIVABLES

	Group	
	2015 HK\$'000	2014 HK\$'000
Trade receivables	16,777	410

The Group's trading terms with customers are mainly on credit. The credit terms are generally 30 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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19. TRADE RECEIVABLES (CONTINUED)

At 31 December 2015, trade receivables of approximately HK\$6,096,000 (2014: HK\$410,000) were past due but not impaired. These relate to certain independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current	10,681	–
Past due but not impaired		
– 0 to 90 days	–	221
– 91 to 180 days	6,096	189
	16,777	410

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group	
	2015	2014
	HK\$'000	HK\$'000
RMB	1,623	410
THB	15,154	–
	16,777	410

20. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2015	2014
	HK\$'000	HK\$'000
Contract costs incurred plus recognised profits (less recognised losses) to date	409,496	35,767
Less: Progress billings	(396,062)	–
	13,434	35,767

	Group	
	2015	2014
	HK\$'000	HK\$'000
Represented by:		
Gross amounts due from customers for contract work	17,381	35,767
Gross amounts due to customers for contract work (Note 31)	(3,947)	–
	13,434	35,767

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21. OTHER DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash consideration receivable (Note 16)	–	988,705	–	–
Other receivables	25,460	8,648	–	13
Deposits	2,088	651	–	–
Due from a joint venture	5	5	–	–
Due from a related company (Note)	–	315,165	–	–
Value-added tax receivables	11,988	137	–	–
	39,541	1,313,311	–	13

Note:

During the financial year ended 31 December 2014, the amounts are due from Xiamen C&G Group Co., Ltd. ("Xiamen C&G") which is a related company controlled by the ultimate controlling shareholder, Mr. Lam Chik Tsan. The amounts include an advance payment of RMB250,000,000 (equivalent to approximately HK\$315,165,000) arising from the Sale of the Disposal Group received on behalf of the Group by Xiamen C&G. The advance payment was fully refunded to the Purchaser by Xiamen C&G in 2015 (Note 16).

The carrying amounts of other deposits and other receivables are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
RMB	10,541	1,304,656	–	–
Thai Baht	28,660	8,122	–	–
Hong Kong dollars	169	–	–	–
Malaysian Ringgit	170	175	–	–
Taiwan dollars	1	345	–	–
Others	–	13	–	13
	39,541	1,313,311	–	13

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22. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

	Group	
	2015	2014
	HK\$'000	HK\$'000
Amount due from ultimate holding company	118,773	–

In the previous financial year, 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. In January 2015, the Group has signed the compensation agreement with the contractor and the amount of RMB96,000,000 (approximately HK\$118,800,000) was fully paid. The ultimate holding company has confirmed via an undertaking letter to undertake the compensation. The balance represented the compensation receivable from the ultimate holding company.

23. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The carrying amounts of pledged bank deposits and bank and cash balances are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	1,440	514	15	15
HK\$	627	317	50	50
US\$	15,637	9,332	9,442	9,323
Singapore dollars	107	144	107	144
Thai Baht	27,746	25,487	–	–
Others	9	1	–	–
	45,566	35,795	9,614	9,532

Presented in the statements of financial position as:

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pledged bank deposits	32,160	34,305	9,362	9,316
Bank and cash balances	13,406	1,490	252	216
	45,566	35,795	9,614	9,532

The bank deposits are pledged as securities for the following:

- (a) US\$1,200,000 (equivalent to approximately HK\$9,360,000) was pledged in relation to long term bank loan which was fully repaid during the year. The pledge was released subsequent to the year end. (2014: US\$1,200,000) (Note 27); and
- (b) In the current and previous financial year, Thai Baht 106,215,000 (equivalent to approximately HK\$22,800,000) was pledged in relation to the issue of performance guarantee by the Bangkok Metropolitan Administration ("BMA") for the obligations under the BOT agreement signed with the BMA.

Notes to the Financial Statements

For the financial year ended 31 December 2015

24. SHARE CAPITAL

	Group and Company	
	Ordinary shares (of HK\$0.10 each)	
	('000)	HK\$'000
Authorised share capital		
At 1 January 2014 and 31 December 2014 and 2015	2,000,000	200

	Group and Company	
	Ordinary shares (of HK\$0.10 each)	
	('000)	HK\$'000
Issued and fully paid:		
At 1 January 2014 and 31 December 2014	973,023	97,302
At 1 January 2015	973,023	97,302
Share options exercised	4,732	474
At 31 December 2015	977,755	97,776

The Company issued 4,732,000 (2014: Nil) pursuant to share options scheme at a weighted average price of S\$0.23 (approximately HK\$1.27) during the year (2014: HK\$Nil).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's total liabilities over its total assets, as at 31 December 2015 was 19.5% (2014: 28.0%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2015

24. SHARE CAPITAL (CONTINUED)

The gearing ratio at 31 December 2015 and 2014 were as follows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Total liabilities	371,483	808,840	595,535	185,092
Total assets	1,901,170	2,892,673	1,700,388	1,645,616
Gearing ratio	19.5%	28.0%	35.0%	11.2%

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of public. In the opinion of directors, the Company has complied with the Rule 723.

Except as otherwise disclosed in the financial statements, the Group is not subject to any other externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

25. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and statement of changes in equity.

In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the accumulated total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

During the previous financial year, as a result of the disposal of subsidiaries in PRC, the statutory reserves have been reclassified to retained earnings in the consolidated statement of changes in equity.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. RESERVES (CONTINUED)

(b) The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Share- based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2014	786,115	102,151	629	125,755	358,007	1,372,657
Transfer to contributed surplus	(600,000)	600,000	–	–	–	–
Total comprehensive income/(loss) for the financial year	–	–	828	–	(10,263)	(9,435)
At 31 December 2014	186,115	702,151	1,457	125,755	347,744	1,363,222
Dividend paid	–	–	–	–	(339,608)	(339,608)
Share-based payment	–	–	(52)	–	–	(52)
Share issued upon exercise of share options and share awards	2,402	–	(1,376)	–	–	1,026
Total comprehensive loss for the financial year	–	–	–	(6)	(17,505)	(17,511)
At 31 December 2015	188,517	702,151	29	125,749	(9,369)	1,007,077

(c) Nature and purpose of reserves

(i) Share premium

The share premium of the Group and the Company includes the premium arising from:

- (1) the issue of 65,000,000 new ordinary shares at S\$0.31 each pursuant to the listing of the Company's shares on the SGX-ST during the financial year ended 31 December 2005, net of the share issue expenses;
- (2) the issue of 78,000,000 new ordinary shares at S\$0.5791 each on 12 June 2007 pursuant to the placement agreement dated 28 May 2007, net of share issue expenses;
- (3) the issue of 505,023,354 new ordinary shares at S\$0.24 each on 9 February 2011 for the acquisition of C&G EPIL and its subsidiaries; and
- (4) the issue of 4,732,000 new ordinary shares at an average of S\$0.23 each pursuant to CG ESOS, CG PSP and CG RSP (Note 26).

The share premium was also reduced by HK\$13,000,000 (equivalent to approximately RMB12,740,000) which was applied in paying up in full the bonus shares issued on 18 May 2007.

In the previous financial year, the share premium was also reduced by HK\$600,000,000 and transferred to contributed surplus as authorised by a special resolution passed at the special general meeting of the Company on 7 May 2014, and effective on 8 May 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(ii) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Group established in the PRC are required to transfer 10% of its profit after tax prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options and share rewards granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3(p) to the financial statements.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(d) to the financial statements.

(v) Contributed surplus

Contributed surplus of the Group and the Company arose as a result of the restructuring exercise on 3 March 2005 to rationalise the structure of the Group in preparation for the listing of the Company's shares on the SGX-ST, and represents the difference between the consolidated net asset value of subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore.

Under the Companies Act of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME

(a) Employee share option scheme

On 24 April 2013, the shareholders of the Company approved and adopted a share options scheme known as the CG ESOS. The CG ESOS is administered by a committee appointed by the board of director of the Company (the "Committee"). The CG ESOS will provide eligible participants who are employees of the Group and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of options to be granted to the eligible participants, exercise period and the timing of such grant are to be determined at the absolute discretion of the Committee. The exercise prices are set at the market prices which is equivalent to the average of the last dealt prices of the shares for five consecutive market days immediately preceding the date of their grant. The CG ESOS shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG ESOS at the general meeting, provided always that the proposed CG ESOS may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG ESOS, any outstanding options made to CG ESOS participants prior to such expiry or termination will continue to remain valid.

Details of the share options outstanding during the year are as follows:

	Group and Company		
	2015		
	Number of share options '000	Weighted average exercise price	
		S\$	HK\$ equivalent
Outstanding at the beginning of the year	2,778	0.111	0.627
Exercised during the year	(2,585)	0.100	0.627
Forfeited during the year	(193)		
Outstanding at end of the year	-		

	Group and Company		
	2014		
	Number of share options '000	Weighted average exercise price	
		S\$	HK\$ equivalent
Outstanding at the beginning of the year	2,585	0.100	0.627
Granted during the year	193	0.261	1.615
Outstanding at end of the year	2,778		

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(a) Employee share option scheme (Continued)

The fair value was calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	2015 & 2014
Date of grant	19 June 2014
Fair value of grant date	S\$0.20079 (equivalent to HK\$1.24233)
Share price	S\$0.265 (equivalent to HK\$1.640)
Expected volatility	69.192%
Time-to-maturity	10 years
Risk free rate	2.37%
Expected dividend yield	0.00%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 466 weeks.

Details of share options granted and accepted by certain employees pursuant to the CG ESOS during the year ended 31 December 2015 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	HK\$ S\$ equivalent	Beginning	Number of	Number	Number	End of year,
					number of outstanding options	options granted and accepted during the year	of options exercised during the year	of options forfeited during the year	number of outstanding options
13 May 2013	13 May 2013 - 13 May 2014	14 May 2014 - 13 May 2023	0.100	0.627	861,667	-	(861,667)	-	-
13 May 2013	13 May 2013 - 13 May 2015	14 May 2015 - 13 May 2023	0.100	0.627	861,667	-	(861,667)	-	-
13 May 2013	13 May 2013 - 13 May 2016	14 May 2016 - 13 May 2023	0.100	0.627	861,666	-	(861,666)	-	-
19 June 2014	19 June 2014 - 19 June 2015	20 June 2015 - 19 June 2024	0.261	1.615	64,333	-	-	(64,333)	-
19 June 2014	19 June 2014 - 19 June 2016	20 June 2016 - 19 June 2024	0.261	1.615	64,333	-	-	(64,333)	-
19 June 2014	19 June 2014 - 19 June 2017	20 June 2017 - 19 June 2024	0.261	1.615	64,334	-	-	(64,334)	-
					2,778,000	-	(2,585,000)	(193,000)	-

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(b) Performance share plan

Under the rules of the CG ESOS, the above share options granted and accepted by grantee could only be exercised after the first anniversary of the date of grant and in accordance with the vesting schedule and the conditions, if any, to be determined by the Committee at the date of offer of the relevant options, and all expiring on the tenth anniversary of such date of grant or otherwise set out in the CG ESOS.

On 24 April 2013, the shareholders of the Company approved a performance share plan known as the CG PSP. The CG PSP is administered by the Committee. The CG PSP will provide eligible participants who are employees of the Group and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The awards granted under the CG PSP represent the right of a PSP participant to receive fully paid shares free of charge upon achieving prescribed performance targets. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of shares to be granted to the eligible participants, the performance targets, the prescribed vesting periods, the extent to which shares shall be released at the end of the vesting period, the extent to which shares shall be released on the prescribed performance targets being satisfied upon the expiry of the vesting period, and the timing of such grant are to be determined at the absolute discretion of the Committee. The CG PSP shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG PSP at the general meeting, provided always that the CG PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG PSP, any outstanding award made to CG PSP participants prior to such expiry or termination will continue to remain valid.

Details of the shares outstanding under CG PSP during the year are as follows:

	The Group and Company	
	2015	2014
	Number of shares	Number of shares
	'000	'000
Outstanding at the beginning of the year	1,666	1,550
Granted during the year	–	116
Exercised during the year	(1,550)	–
Forfeited during the year	(116)	–
Outstanding at the end of the year	–	1,666

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(b) Performance share plan (Continued)

The fair value was calculated using the share price of the Company at the grant date and discount by lack of marketability ("DLOM"). DLOM is regarded as a put option of which the share price equals exercise price. It is calculated using the Black-Scholes Option Pricing Model. The time-to-maturity and the volatility are replicated by the expected time to vesting of the CG PSP shares and the historical volatility of the Company. The inputs into the model were as follows:

	2015 & 2014
Date of grant	19 June 2014
Fair value at grant date	S\$0.15307 (equivalent to HK\$0.94708)
Share price	S\$0.265 (equivalent to HK\$1.640)
Expected volatility	80.05%
Time-to-maturity	2 years
Risk free rate	0.44%
DLOM	42.24%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 104 weeks.

Details of share award granted and accepted by certain employees pursuant to the CG PSP during the year ended 31 December 2015 are as follows:

Date of grant	Vesting period	Beginning of year, number of outstanding award	Number of share award granted and accepted during the year	Number of share award released during the year	Number of share award forfeited during the year	End of year, number of outstanding award
13 May 2013	13 May 2013 - 13 May 2015	1,550,000	–	(1,550,000)	–	–
19 June 2014	19 June 2014 - 19 June 2016	115,800	–	–	(115,800)	–
		1,665,800	–	(1,550,000)	(115,800)	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(c) Restricted share plan

On 24 April 2013, the shareholders of the Company approved a restricted share plan known as the CG RSP. The CG RSP is administered by the Committee. The CG RSP will provide eligible participants who are employees of the Group and who are not non-executive directors and controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The awards granted under the CG RSP represent the right of a RSP participant to receive fully paid shares free of charge upon achieving prescribed vesting conditions, including services condition. The aggregate number of shares over which the Committee may grant options on any date shall not exceed 10% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of shares to be granted to the eligible participants, the prescribed vesting conditions, the prescribed vesting periods, the extent to which shares shall be released at the end of the vesting period, the extent to which shares shall be released on the prescribed vesting conditions being satisfied upon the expiry of the vesting period, and the timing of such grant are to be determined at the absolute discretion of the Committee. The CG RSP shall continue to be in force at the discretion of the Committee subject to maximum period of 10 years commencing from the approval date of the CG RSP at the general meeting, provided always that the CG RSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the CG RSP, any outstanding award made to CG RSP participants prior to such expiry or termination will continue to remain valid.

Details of the shares outstanding under CG RSP during the year are as follows:

	The Group and Company	
	2015	2014
	Number of shares '000	Number of shares '000
Outstanding at the beginning of the year	1,016	1,034
Granted during the year	–	77
Exercised during the year	(597)	–
Forfeited during the year	(77)	(95)
Outstanding at the end of the year	342	1,016

The fair value was calculated using the share price of the Company at the grant date and discount by DLOM. DLOM is regarded as a put option of which the share price equals exercise price. It is calculated using the Black-Scholes Option Pricing Model. The time-to-maturity and the volatility are replicated by the expected time to vesting of the CG RSP shares and the historical volatility of the Company. The inputs into the model were as follows:

	2015 & 2014
Date of grant	19 June 2014
Fair value at grant date	S\$0.12222 (equivalent to HK\$0.75614)
Share price	S\$0.265 (equivalent to HK\$1.640)
Expected volatility	69.19%
Time-to-maturity	8.9 years
Risk free rate	2.37%
DLOM	53.88%

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(c) Restricted share plan (Continued)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 466 weeks.

Details of share award granted and accepted by certain employees pursuant to the CG RSP during the year ended 31 December 2015 are as follows:

Date of grant	Vesting period	Beginning of year, number of outstanding award	Number of share award granted and accepted during the year	Number of share award released during the year	Number of share award forfeited during the year	End of year, number of outstanding award
13 May 2013	13 May 2013 - 28 July 2022	388,000	-	(388,000)	-	-
13 May 2013	13 May 2013 - 29 August 2023	209,000	-	(209,000)	-	-
13 May 2013	13 May 2013 - 28 August 2025	-	-	-	-	-
13 May 2013	13 May 2013 - 26 August 2025	200,000	-	-	-	200,000
13 May 2013	13 May 2013 - 28 October 2021	142,000	-	-	-	142,000
19 June 2014	19 June 2014 - 16 July 2022	77,200	-	-	(77,200)	-
		1,016,200	-	(597,000)	(77,200)	342,000

During the financial year, the Group recognised total expenses of approximately HK\$1,376,000 (2014: HK\$828,000), relating to CG ESOS, CG PSP and CG RSP.

Notes to the Financial Statements

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27. INTEREST-BEARING BORROWINGS

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Secured bank loans and other loans	159,746	106,724	–	106,724
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	–	–	–
Amount due for settlement after 12 months	159,746	106,724	–	106,724

The Group's interest-bearing borrowings are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
US\$	159,746	106,724	–	106,724

Interest-bearing borrowings of the Group and Company of approximately HK\$159,746,000 (2014: HK\$106,724,000) are arranged at floating rates. The borrowings arranged at floating rate exposed the Group to cash flow interest rate risk.

Interest-bearing borrowings bear effective interest rate of 2.62% per annum (2014: 5.69%).

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

- (i) Share pledge of 33,650,000 shares of Grandblue Environment Co. Ltd which held as available-for-sale financial assets
- (ii) Pledged bank deposit of US\$1,200,000 (equivalent to approximately HK\$9,316,000). The pledge was released subsequent to the year end.

As at 31 December 2014, the Group's interest-bearing borrowings of US\$13,709,000 (equivalent to approximately HK\$106,724,000) were secured by the followings:

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

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28. FINANCE LEASE PAYABLES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Within one year	410	389	365	326
After one year but within five years	587	918	538	809
	997	1,307	903	1,135
Less: Future finance charges	(94)	(172)	N/A	N/A
Present value of lease obligations	903	1,135	903	1,135
Less: Amount due for settlement within 12 months (shown under current liabilities)			(365)	(326)
Amount due for settlement after 12 months			538	809

The finance lease term is 5 years.

At 31 December 2015, the average effective borrowing rate ranged from 3.96% to 5.19% per annum (2014: 3.96% to 5.19%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicles at nominal prices.

All finance lease payables are denominated in Thai Baht.

The Group's finance lease payables are secured by the lessor's title to the leased assets (Note 12).

Notes to the Financial Statements

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29. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group:

	Temporary differences on assets recognised under IFRIC 12 HK\$'000	Tax losses HK\$'000	Others(*) HK\$'000	Total HK\$'000
At 1 January 2014	142,467	(41,438)	(3,970)	97,059
Charge/(credit) to profit or loss for the year (Note 9)	(6,555)	14,495	16,105	24,045
Exchange difference	(558)	185	46	(327)
Disposal of subsidiaries	(135,354)	26,758	(12,181)	(120,777)
At 31 December 2014 and 2015	–	–	–	–

* Others represent the deferred tax arising from the GAAP adjustments other than adjustments on intangible assets under IFRIC 12

As at 31 December 2015, the Group has unused tax losses of approximately HK\$74,865,000 (2014: HK\$16,206,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses (2014: HK\$Nil).

The tax losses are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which the Company and certain subsidiaries operate. Deferred tax assets have not been recognised in respect of the tax losses due to uncertainty in the availability of future taxable profit against which the Group and the Company can utilise the tax losses.

30. TRADE PAYABLES

	Group 2015 HK\$'000	2014 HK\$'000
Third parties	51,957	323

Trade payables generally have credit terms ranging from 30 to 60 days.

The carrying amounts of trade payables are denominated in the following currencies:

	Group 2015 HK\$'000	2014 HK\$'000
RMB	1,604	–
Thai Baht	50,353	323
	51,957	323

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31. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Accruals and other payables	30,700	39,632	1,134	3,003
Indemnity liabilities (Note 16)	87,524	66,446	-	-
Amounts due to customers for contract works (Note 20)	3,947	-	-	-
Due to the ultimate holding company (Note 37(a))	36,706	241,681	-	17
Due to a related company (Note 37(b))	-	37,734	-	-
	158,877	385,493	1,134	3,020

The carrying amounts of accruals and other payables are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
RMB	108,967	136,501	-	-
HK\$	38,220	241,976	-	220
US\$	-	1,803	-	1,369
Singapore dollars	-	1,431	1,134	1,431
Thai Baht	11,690	3,729	-	-
Others	-	53	-	-
	158,877	385,493	1,134	3,020

During the current financial year:

- (1) the provision made for long outstanding trade receivables amounting to HK\$31,462,000 has been reversed as majority of trade receivables have been received;
- (2) the provision for costs if inspection approval is not obtained amounting to HK\$34,984,000 has been reversed as 2 out of 3 of the projects, namely Langfang and Huian phase II has commenced operations; and
- (3) a provision for profit guarantee clawback amounting to HK\$87,524,000 has been made in respect of the profit targets as prescribed in the Clawback Agreement for the financial years 2015 and 2016 (Note 16).

In the previous financial year, pursuant to an Asset Transfer Agreement made between the Group and the Purchaser on 17 December 2014, the indemnity liabilities represent contractual indemnities provided to the Purchaser if certain commitments and guarantees are not met. The indemnity liabilities comprise provision of approximately HK\$31,462,000 (Note 16(vi)) made for the long outstanding trade receivables and provision for costs if inspection approval is not obtained of approximately HK\$34,984,000 (Note 16(ii), 16(iii), 16(iv)), in relation to Huian phase II, Jinjiang sludge and Langfang projects.

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32. ADVANCE PAYMENT RECEIVED

In the previous financial year, advance payment received represents the fund received from the Purchaser as a result of the Sale of the Disposal Group. Details of the Sale are set out in Note 16 to the financial statements. During the current financial year, the advance payment was fully refunded to the Purchaser.

33. DIVIDENDS

- (a) On 21 January 2015, the Company declared a first interim special dividend of S\$0.04844 per ordinary share (equivalent to approximately HK\$0.2776 per ordinary share) of the Company totalling S\$47.36 million (equivalent to approximately HK\$271 million) in respect of the financial year ended 31 December 2015. The dividend is paid on 6 February 2015
- (b) On 3 June 2015, the Company declared a second interim special dividend of S\$0.0121 per ordinary share (equivalent to approximately HK\$0.0694 per ordinary share) of the Company totalling S\$11.83 million (equivalent to approximately HK\$ 68 million) in respect of the financial year ended 31 December 2015. The dividend is paid on 22 June 2015.

34. COMMITMENTS

(a) Capital and other commitments

	Group	
	2015	2014
	HK\$'000	HK\$'000
Contracted but not provided for:		
Construction work	2,804	92,979

(b) Operating lease commitments

The Group leases offices and staff quarters under non-cancellable operating lease agreements. The leases have varying terms of 1 to 3 years. The rentals are fixed over the lease terms and do not include contingent rental.

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Within one year	1,438	756
After one year but within five years	341	1,112
	1,779	1,868

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For the financial year ended 31 December 2015

35. CONTINGENT LIABILITIES

- (a) As at 31 December 2014, pursuant to the Asset Transfer Agreement, entered into between C&G Hong Kong and the Purchaser in relation to the Sale, 5.3 million shares have been pledged in relation to value-added tax invoices not yet received from contractor, New Sky China. The pledged shares will be released upon receipt of these validated value-added tax invoices. In addition, all future financial losses arising from tax penalties and tax risks associated with these value-added invoices will be borne by C&G Hong Kong. As at the date of these financial statements, based on management's representation, these value-added invoices have been substantially received and they are confident of receiving the rest of the value-added tax invoices. Furthermore, the Group has not accrued for any liabilities in respect of the future financial losses arising from tax penalties and tax risks as the amount of possible obligation cannot be measured with sufficient reliability.
- (b) In accordance to the Asset Transfer Agreement, the Group has undertaken to the Purchaser to repay any excess capital expenditure incurred to obtain approval from the government for the Langfang project. During the year, the Group has compensated the Purchaser HK\$92 million for the additional claim on capital expenditure from the Purchaser. No further provision was provided due to the uncertain outcome which is not under the control of the Group.

36. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

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 income from continuing operations was generated mainly from external customers who were based in Thailand and 76% (2014: 88%) of its non-current assets were based in Hong Kong. The WTE Plant in Thailand is still under construction and has not generated WTE revenue. Construction service revenue generated represents construction projects secured by the newly acquired subsidiary, New Sky (Thailand) Co. Ltd.

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 88% 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.

Major customers

Continuing operations

During the financial year, revenue from one customer, amounting to approximately HK\$38,143,000 (2014: HK\$166,501,000), represents approximately 12% (2014: 99%) of total revenue.

Discontinued operations

During the financial year, revenue from two customers, amounting to approximately HK\$NIL (2014: HK\$359,424,000), represents approximately Nil% (2014: 56%) of total revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2015

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into between the Group and related parties at rates and terms agreed between the parties:

- (a) During the year, the ultimate holding company made advances to the Group. Details of the balance at the end of the reporting period are as follows:

	2015 HK\$'000	2014 HK\$'000
Amount due from the ultimate holding company – compensation receivable	118,773	–
Amount due to the ultimate holding company	36,706	241,681

The amount is unsecured, interest-free and repayable on demand.

- (b) In the previous financial year, Xiamen C&G made advances to and received on behalf of the Group. Details of the balance at the end of the reporting period are as follows:

	2015 HK\$'000	2014 HK\$'000
Amount due from Xiamen C&G	–	315,165
Amount due to Xiamen C&G	–	37,734

The amounts are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risk, foreign currency risk, interest rate risk, equity price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial assets mainly include trade and other receivables, pledged bank deposits and bank and cash balances. The Group's financial liabilities mainly include trade payables, accruals and other payables, advance payment received, interest-bearing borrowings and finance lease payables.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the management.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The carrying amount of the trade and other receivables, pledged bank deposits and bank and cash balances included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

As at 31 December 2015, the Group has significant concentration of credit risk being (i) the other receivables of the Group were mainly due from third party receivables (2014: the Purchaser) of approximately HK\$25,460,000 (2014: HK\$988,705,000) which accounted for 64% of total trade receivables (2014: 75%), and (ii) the trade receivables of the Group including mainly amounts due from two customers of approximately HK\$11,697,000 which accounted for 88% of total trade receivables (2014: HK\$410,000 which accounted for 100%).

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Notes to the Financial Statements

For the financial year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(b) Foreign currency risk

The Group is exposed to foreign currency risks on certain income, expenses, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily US\$, RMB and THB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt and bank balances. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	15,637	9,332	159,746	108,527	218,616	163,795	–	107,643
RMB	132,377	1,304,656	110,571	–	15	–	–	–
THB	71,560	–	62,945	–	–	–	–	–

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% increase or decrease in various foreign currencies against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 1% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in US\$, RMB and THB are included in the analysis.

If the relevant foreign currency strengthens by 1% (2014: 1%) against the functional currency of each Group entity, profit or loss will increase or (decrease) by:

	THB impact		US\$ impact		RMB impact	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group						
Profit or loss	86	–	(1,441)	992	218	13,047
Company						
Profit or loss	–	–	2,186	562	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(c) Interest rate risk

The Group's exposure to interest rate risk relates principally to its bank balances, finance leases and interest-bearing borrowings. The other loans and finance leases bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank balances and long term bank loans bear floating interest rates and thus exposing the Group to cash flow interest rate risk. At 31 December 2015, the interest bearing borrowings bear effective interest rate of 2.62% (2014: 5.69%) per annum.

As at 31 December 2015, if interest rates for interest-bearing borrowings at that date had been 100 basis points lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$1,597,000 (2014: HK\$1,063,000) lower/higher, arising mainly as a result of gain/loss on lower/higher interest expenses on interest-bearing borrowings.

(d) Equity price risk

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade in available-for-sale investments.

Further details of these equity investments can be found in Note 15 to the financial statements.

As at 31 December 2015, if the prices for equity investments had been higher/lower by 2%, with all other variables held constant, the Group's other comprehensive income would have been HK\$25,118,000 (2014: HK\$26,566,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity securities classified as available-for-sale.

Notes to the Financial Statements

For the financial year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(e) Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and related parties. Due to the nature of the Group's underlying business, management aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses non-derivative financial liabilities of the Group into relevant maturing groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes both interest and principal cash flows.

Group	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 3 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2015					
Trade payables	51,957	–	–	–	51,957
Accruals and other payables	158,877	–	–	–	158,877
Interest-bearing borrowings – secured	4,304	4,413	166,166	–	174,883
Finance lease payables	410	277	310	–	997
Total	215,548	4,690	166,476	–	386,714
At 31 December 2014					
Trade payables	323	–	–	–	323
Accruals and other payables	385,493	–	–	–	385,493
Interest-bearing borrowings – secured	5,766	12,276	81,575	47,886	147,503
Advance payment received	315,165	–	–	–	315,165
Finance lease payables	389	389	529	–	1,307
Total	707,136	12,665	82,104	47,886	849,791

Notes to the Financial Statements

For the financial year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(e) Liquidity risk (Continued)

Company	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 3 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2015					
Accruals and other payables	1,134	–	–	–	1,134
Due to subsidiaries	594,401	–	–	–	594,401
Total	595,535	–	–	–	595,535
At 31 December 2014					
Accruals and other payables	3,020	–	–	–	3,020
Interest-bearing borrowings – secured	5,766	12,276	81,575	47,886	147,503
Due to subsidiaries	75,348	–	–	–	75,348
Total	84,134	12,276	81,575	47,886	225,871

Categories of financial instruments at the reporting date are as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	220,657	1,349,516
Available-for-sale financial assets	1,255,926	1,328,283
Financial liabilities:		
Other financial liabilities carried at amortised cost	371,483	808,840

Notes to the Financial Statements

For the financial year ended 31 December 2015

39. FAIR VALUE OF ASSETS AND LIABILITIES

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

Group		2015	2014
Level 2	Note	HK\$'000	HK\$'000
Recurring fair value measurements			
Financial assets			
Available-for-sale	15		
– Quoted equity securities		1,255,926	1,328,283
Non-financial assets			
Intangible assets			
– Service concession agreement	14	385,128	176,499

The carrying amounts of the financial assets and financial liabilities, including trade and other receivables, pledged bank deposits, bank and cash balances, trade payables, accruals and other payables, advance payment received, interest-bearing borrowings and finance lease payables and the above financial assets, approximate their respective fair values.

Notes to the Financial Statements

For the financial year ended 31 December 2015

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Level 2

Quoted equity securities

Level 2 fair value of the Group's available-for-sale financial assets have been derived using closing quoted market prices on the last market day of the financial year, discounted by 28% (2014: 20%) and is performed in accordance with International Valuation Standards issued by International Valuation Standards Committee. As these quoted shares are subject to a Moratorium Period of 36 months from 25 December 2014 till 24 December 2017, it constitutes a lack of marketability of the shares. The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner choose to sell.

Discount for the lack of marketability of the available-for-sale financial assets has been assessed by adopting the Black-Scholes Option Pricing Model.

Service concession agreements

The intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided, have been determined by independent qualified professional valuers using the Replacement Cost New approach plus margin, in accordance with IFRIC 12. Replacement cost item is the estimated amount of money needed to acquire in like kind and in new condition an asset or group of assets taking into consideration current prices of materials, manufacturing equipment, labour, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition, but without provision for overtime or bonuses for labour and premium for materials.

Valuation policies and procedures

The Group's Financial Controller ("FC") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures and reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The FC is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and IFRS 13 *Fair Value Measurement* guidance.

The FC also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2016

DISTRIBUTION OF SHAREHOLDINGS

Authorised share capital	:	HK\$200,000,000
Issued and fully paid-up capital	:	HK\$97,775,535
Class of shares	:	Ordinary share of HK\$0.10 each
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1 –	99	4	0.21	185	0.00
100 –	1,000	69	3.73	42,031	0.00
1,001 –	10,000	724	39.16	4,989,702	0.51
10,001 –	1,000,000	1,038	56.14	65,760,281	6.73
1,000,001	AND ABOVE	14	0.76	906,963,155	92.76
TOTAL		1,849	100.00	977,755,354	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
C&G Holdings (Hong Kong) Limited	774,537,355	79.22	–	–
Lam Chik Tsan	–	–	774,537,355 ^(a)	79.22
Lin Yan	–	–	774,537,355 ^(a)	79.22
Design Time Limited	–	–	774,537,355 ^(b)	79.22
Central Huijin Investment Ltd.	–	–	774,537,355 ^(b)	79.22
China Construction Bank Corporation	–	–	774,537,355 ^(b)	79.22
CCB International Group Holdings Limited	–	–	774,537,355 ^(b)	79.22
CCB Financial Holdings Limited	–	–	774,537,355 ^(b)	79.22
CCB International (Holdings) Limited	–	–	774,537,355 ^(b)	79.22
CCBI Investments Limited	–	–	774,537,355 ^(b)	79.22

Notes:

^(a) Deemed to be interested in all the shares held by C&G Holdings (Hong Kong) Limited.

^(b) The 774,537,355 shares beneficially owned by C&G Holdings (Hong Kong) Limited are charged in favour of Design Time Limited pursuant to an investment agreement dated 28 September 2012.

Central Huijin Investment Ltd. ("CHI") holds 57.13% of the total equity interest of China Construction Bank Corporation (CCB). CCB indirectly wholly owns Design Time Limited ("DTL") through its wholly owned subsidiaries, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCBI Investments Limited. Accordingly, the parties are deemed to have an interest in all the ordinary shares in the capital of the Company in which DTL has an interest.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2016

TWENTY LARGEST SHAREHOLDERS

	Shareholder's name	Number of shares held	%
1	RAFFLES NOMINEES (PTE) LTD	777,776,255	79.55
2	OCBC SECURITIES PRIVATE LTD	69,486,800	7.11
3	PHILLIP SECURITIES PTE LTD	30,744,100	3.14
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,925,200	0.71
5	ANG CHIN SAN	4,850,000	0.50
6	SEAH SEOW CHER	4,196,000	0.43
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,310,000	0.24
8	HL BANK NOMINEES (SINGAPORE) PTE LTD	2,260,000	0.23
9	DB NOMINEES (S) PTE LTD	2,199,000	0.22
10	YANG JIANHONG	1,400,000	0.14
11	QUAH TECK HWA	1,320,000	0.14
12	DBS NOMINEES PTE LTD	1,230,500	0.13
13	CITIBANK NOMINEES SINGAPORE PTE LTD	1,165,000	0.12
14	KWAN TUCK LOCK MICHAEL	1,100,300	0.11
15	KOH SAN HO	900,000	0.09
16	UOB KAY HIAN PTE LTD	875,500	0.09
17	KHOO TENG HUAT	750,000	0.08
18	LIM CHIN ENG	700,000	0.07
19	CHNG HENG MOI	658,000	0.07
20	TAN THONG TEE	640,000	0.07
	TOTAL	911,486,655	93.24

Percentage of Shareholding in Public's Hands

20.78% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Concorde 1, 3rd Level (Lobby Level), Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 on Monday, 25 April 2016 at 2:00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the Directors' fees of S\$106,800 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (2015: S\$106,800) **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Bye-law 85(6) of the Company's Bye-laws:
 - (i) Mr Lam Chik Tsan **(Resolution 3)**
 - (ii) Ms Tam Sau Fung (*See Explanatory Note 1*) **(Resolution 4)**
4. To re-appoint Messrs Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

5. Authority to issue shares and convertible securities **(Resolution 6)**

"That in accordance with Rule 806 of the Listing Manual of the SGX-ST, approval be and is given to the Directors to issue:

- (a) shares in the Company (whether by way of bonus, rights or otherwise); or
- (b) convertible securities; or
- (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the events of rights, bonus or capitalization issues; or
- (d) shares arising from the conversion of convertible securities,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:

- (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
- (ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;
- (iii) for the purpose of determining the aggregate number of shares that may be issued under subparagraphs (i) and (ii) above, the percentage of issued share capital of the Company excluding treasury shares is based on the issued share capital of the Company excluding treasury shares as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date the general mandate is passed and any subsequent bonus issue consolidation or subdivision of the Company's shares;
- (iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
- (v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 2)

NOTICE OF ANNUAL GENERAL MEETING

6. Authority to issue shares under the Employee Share Option Scheme ("CG ESOS"), Performance Share Plan ("CG PSP") and Restricted Share Plan ("CG RSP") (Resolution 7)

"That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the CG ESOS and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the CG PSP and/or the CG RSP, provided that the aggregate number of new shares to be allotted and issued, and existing shares which may be delivered in respect of the above, shall not exceed 10% of the Company's total number of issued shares excluding treasury shares from time to time."

(See Explanatory Note 3)

7. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Wei Hsiung

Company Secretary

8 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Ms Tam Sau Fung will, upon re-election as a Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees. She will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Directors who have offered themselves for re-election have each confirmed that, they do not have any relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorships in other listed company (if any) and details of other principal commitments held by each of these Directors are set out on page 10 to 11 of this Annual Report.

2. Ordinary Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law or the bye-laws of the Company to be held, or when revoked or varied by the Company at a general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company excluding treasury shares at the time the resolution is passed.
3. Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot and issue shares pursuant to the exercise of options under the CG ESOS and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the CG PSP and/or the CG RSP, not exceeding 10% of the Company's total number of issued shares excluding treasury shares from time to time.

Note:

1. A registered Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If a registered Shareholder is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
3. A depositor registered and holding Shares through The Central Depository (Pte) Limited ("CDP") who/which is (i) an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.
4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.
5. A Depositor who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as CDP's proxy without the lodgement of any proxy form.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.



C&G Environmental Protection Holdings Limited
創冠環保股份有限公司

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