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CAPITAL ENVIRONMENT HOLDINGS LIMITED
首創環境控股有限公司

(FORMERLY KNOWN AS NEW ENVIRONMENTAL ENERGY HOLDINGS LIMITED 新環保能源控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3989)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "Board") of Capital Environment Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	**2014** HK$'000	2013 HK$'000
Revenue	4	**963,608**	282,411
Cost of sales		**(841,063)**	(139,324)
Gross profit		**122,545**	143,087
Other income, gains and losses	5	**(104,263)**	45,880
Gain (loss) on fair value change of embedded derivatives	16	**86,762**	(117,410)
Gain on fair value change of warrants	17	**3,861**	–
Administrative expenses		**(103,164)**	(71,637)
Share of results of an associate		**4,102**	11,556
Finance costs	6	**(67,292)**	(55,884)
Loss before tax	7	**(57,449)**	(44,408)
Income tax (expense) credit	8	**(5,080)**	1,846
Loss for the year		**(62,529)**	(42,562)

	NOTE	**2014**	2013
		HK$'000	*HK$'000*
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation:			
Exchange difference arising during the year		**(21,012)**	13,015
Exchange difference arising from an associate during the year		**(6,112)**	3,332
Other comprehensive (expense) income for the year (net of tax)		**(27,124)**	16,347
Total comprehensive expense for the year		**(89,653)**	(26,215)
(Loss) profit for the year attributable to:			
Owners of the Company		**(68,266)**	(124,370)
Non-controlling interests		**5,737**	81,808
		(62,529)	(42,562)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(90,852)**	(108,476)
Non-controlling interests		**1,199**	82,261
		(89,653)	(26,215)
Loss per share	*10*		
Basic		**HK(1.46) cents**	HK(3.77)cents
Diluted		**HK(2.81) cents**	HK(3.77)cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**118,084**	63,850
Intangible assets		**360,210**	21,660
Goodwill		**13,810**	13,810
Prepaid lease payments		**69,121**	62,525
Amounts due from grantors for contract work	11	**1,330,171**	641,200
Interest in an associate		**108,090**	116,719
Deposits paid for construction of infrastructure in service concession arrangements	12	**101,658**	222,282
Deposits, prepayments and other receivables		**4,375**	10,256
		2,105,519	1,152,302
Current assets			
Inventories		**26,294**	23,972
Trade receivables	13	**217,656**	176,777
Deposits, prepayments and other receivables		**55,269**	94,414
Amounts due from grantors for contract work	11	**72,695**	15,682
Prepaid lease payments		**1,238**	1,270
Amount due from an associate		**23,141**	14,883
Pledged bank deposits		**22,077**	57,692
Bank balances and cash		**468,231**	575,932
		886,601	960,622
Current liabilities			
Trade payables	14	**132,297**	30,014
Other payables and accruals		**322,834**	100,183
Provisions		**9,038**	9,270
Deferred income		**945**	–
Taxation payable		**54,641**	47,469
Borrowings	15	**1,025,913**	384,045
Convertible notes		**–**	14,177
Convertible bonds	16	**63,674**	85,170
Embedded derivatives	16	**–**	149,112
Warrants	17	**79**	–
		1,609,421	819,440
Net current (liabilities) assets		**(722,820)**	141,182
Total assets less current liabilities		**1,382,699**	1,293,484

	NOTE	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred income		**42,805**	–
Borrowings	*15*	**636,919**	607,077
Deferred tax liabilities		**10,435**	6,903
		690,159	613,980
		692,540	679,504
Capital and reserves			
Share capital		**473,150**	465,564
Reserves		**15,739**	16,184
Equity attributable to owners of the Company		**488,889**	481,748
Non-controlling interests		**203,651**	197,756
		692,540	679,504

Note:

1. GENERAL

The Company was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on 27 May 2004 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006.

The principal activity of the Company and its subsidiaries is waste treatment and waste-to-energy business.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operates. As the Company is a listed entity on the Stock Exchange, the consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the readers.

At 31 December 2014, the Group's current liabilities exceeded its current assets by approximately HK$722,820,000. In view of these circumstances, the directors of the Company have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In preparing the consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group incurred a loss of approximately HK$62,529,000 for the year ended 31 December 2014 and had capital commitment of approximately HK$182,515,000 and other commitment of approximately HK$130,983,000 as at 31 December 2014. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future as a substantial shareholder, Beijing Capital (Hong Kong) Limited ("Beijing Capital (HK)"), a wholly owned subsidiary of a listed company in the People Republic of China ("PRC"), Beijing Capital Co., Ltd., has granted the Group a three-year term facility of RMB1,300,000,000 (approximately HK$1,625,000,000) in March 2015.

Taking into account the Group's cash flow projection, including the term facility, unutilised bank facilities, the Group's ability to renew of refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – Int 21 *Levies*

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consideration Exceptions[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company do not anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Changes in fair value of financial liabilities attributable to changes in credit risk of financial liabilities that are designated as at fair value through profit or loss are disclosed in note 16.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group has been operating with one reportable and operating segment, being the waste treatment and waste-to-energy business. Since there is only one reportable and operating segment, no segment information except for entity-wide disclosure is provided.

The revenue of services is set out in Note 4.

Geographical information

The Group's operations are principally located in the PRC (country of domicile) excluding Hong Kong.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (country of domicile)	**963,608**	282,411	**775,222**	510,274
Hong Kong	**–**	–	**126**	828
	963,608	282,411	**775,348**	511,102

Note: Non-current assets excluded financial instruments.

Information about major customers

During the year ended 31 December 2014, revenue from government authorities contributing over 98% (2013: 90%) of the total revenue of the Group amounted to approximately HK$940,374,000 (2013: HK$255,558,000) is attributable to the reportable segment of waste treatment and waste-to-energy business.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Provisions of construction services under service concession arrangements	**505,360**	202,807
Provisions of operation services under service concession arrangements	**60,244**	16,493
Effective interest income on amounts due from grantors for contract work *(Note)*	**52,410**	36,258
Provision of dismantling services	**322,360**	–
Consultancy fee income	**23,234**	26,853
	963,608	282,411

Note:

Effective interest income on amounts due from grantors for contract work has been reclassified from other income, gains and losses to the Group's revenue to conform with the industry practice for the classification of the revenue generated under the Build-Operate-Transfer ("BOT") arrangements. Comparative figures have been re-presented to achieve consistent presentation.

5. OTHER INCOME, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**1,973**	5,257
Interest income on amount due from an associate	**1,264**	1,124
Total interest income	**3,237**	6,381
Loss on disposal of property, plant and equipment	**(474)**	–
Impairment loss recognised in respect of deposits, prepayments and other receivables	**(6,023)**	(11,364)
Impairment loss recognised in respect of trade receivables *(Note 13)*	**–**	(7,526)
Impairment loss on deposits paid for construction of infrastructure in service concession arrangements *(Note 12)*	**(104,918)**	(1,237)
Reversal of penalty charges in relation to construction of waste-to-energy plant *(Note 11)*	**–**	103,409
Gain on redemption of convertible bonds *(Note 16)*	**–**	3,217
Impairment loss recognised in respect of amount due from an investee	**–**	(46,770)
Others	**3,915**	(230)
	(104,263)	45,880

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interests on:		
Borrowings wholly repayable within five years	**47,393**	20,482
Convertible bonds	**14,288**	24,212
Convertible notes	**1,682**	11,190
Bank charges	**3,929**	–
	67,292	55,884

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2014	2013
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**6,265**	4,783
Staff costs (excluding directors)		
– other staff costs	**28,898**	22,956
– retirement benefit scheme contribution	**5,845**	3,643
	34,743	26,599
Auditors' remuneration	**3,852**	3,706
Contract cost recognised for construction of waste treatment business (included in cost of sales)	**505,360**	202,807
Depreciation of property, plant and equipment	**12,946**	2,547
Amortisation of prepaid lease payments	**1,567**	55
Amortisation of intangible assets *(Note)*	**17,972**	1,171
Net exchange loss	**102**	492
Loss on disposal of property, plant and equipment	**474**	–
Reversal of provision for expected losses in relation to service concession arrangements (included in cost of sales) *(Note 11)*	**–**	(83,333)

Note: During the year ended 31 December 2014, approximately HK$17,099,000 and approximately HK$873,000 (2013: HK$nil and HK$1,171,000) of amortisation of intangible assets were included in cost of sales and administrative expenses, respectively.

8. INCOME TAX EXPENSE (CREDIT)

	2014	2013
	HK$'000	*HK$'000*
Current income tax:		
Other jurisdictions	**8,010**	–
Deferred tax	**(2,930)**	(1,846)
	5,080	(1,846)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

One of the Group's subsidiary operating in PRC is eligible for certain tax holidays and concessions and are exempted from PRC income taxes for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax expense (credit) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(57,449)**	(44,408)
Tax at the domestic income tax rate of 25%	**(14,362)**	(11,102)
Tax effect of expenses not deductible for tax purpose	**18,490**	53,498
Tax effect of income not taxable for tax purpose	**(35,545)**	(56,705)
Tax effect of tax losses not recognised	**19,827**	10,630
Tax effect of share of profit of an associate	**(1,026)**	(2,889)
Tax effect of other deductible temporary differences not recognised	**27,735**	4,722
Utilisation of tax loss not recognised in prior years	**(6,322)**	–
Overprovision in prior years	**(3,717)**	–
Income tax expense (credit) for the year	**5,080**	(1,846)

9. DIVIDENDS

No dividend was paid, or proposed during 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(68,266)**	(124,370)
Effect of dilutive potential ordinary shares:		
Convertible bonds	**(72,473)**	–
Loss for the year attributable to owners of the Company for the purpose of diluted loss per share	**(140,739)**	(124,370)

Number of shares

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,667,697**	3,301,638
Effect of dilutive potential ordinary shares:		
Convertible bonds	**332,773**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**5,000,470**	3,301,638

11. AMOUNTS DUE FROM GRANTORS FOR CONTRACT WORK

	2014	2013
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Current asset	**72,695**	15,682
Non-current asset	**1,330,171**	641,200
	1,402,866	656,882

Amounts due from grantors for contract work represent costs incurred by the Group for the construction and operation services rendered under service concession arrangements of waste treatment and waste-to-energy plant in the PRC on a BOT basis, plus attributable profits on the services provided. Revenues and costs relating to the construction phase of the contract are accounted for in accordance with HKAS 11. Revenues and costs relating to the operating phase of the contract are accounted for in accordance with HKAS 18.

Several subsidiaries of the Company entered into service concession arrangements with certain government authorities in the PRC ("Grantors") in respect of their waste treatment and waste-to-energy businesses. These subsidiaries acted as operators in these service concession arrangements to construct waste treatment and waste-to energy plants on a BOT basis, operate and maintain the waste treatment and waste-to-energy plants at a specified level of serviceability on behalf of the relevant government authorities over the relevant service concession periods. The effective interest rates ranged from 3.6% to 13.58% during the year ended 31 December 2014 and 2013.

As at 31 December 2014, the major terms of the Group's significant service concession arrangements are set out as follows:

Name of subsidiary as operator	**Name of waste treatment and waste-to-energy plant**	**Location**	**Name of grantor**	**Service concession period**	**Waste treatment**	**Electricity generation**	**Status**	**Balance as at 31 December 2014** *HK$'000*	**2013** *HK$'000*
北京市一清百瑪士綠色能源有限公司 (Beijing Yiqing Biomax Green Energy Park Co., Ltd.*)	北京市董村分類綜合處理廠 (Beijing Dongcun, Sorting Comprehensive Treatment Plant*) ("Beijing Plant")	Dongcun, Beijing	北京市市政管理委員會 (Beijing Municipal Administration Committee*)	January 2014 to December 2038 (25 years) *(Note 3)*	930 tonnes *(Note 3)*	36 million kWh	Under construction *(Note 3)*	**282,616**	194,358
南昌百瑪士綠色能源有限公司 (Nanchang Biomax Green Energy Co., Ltd.*)	南昌市垃圾焚燒發電廠 (Nanchang Solid Waste Incineration Power Generation Plant*)	Quanling, Nanchang	南昌市市環境管理局 (Nanchang City Environment Administration Bureau*)	27 years after obtaining the approval for commercial operation *(Note 2)*	1,200 tonnes	131 million kWh	Under construction *(Note 4)*	**681,006**	254,904
都勻市科林環保有限公司 (Duyun Kelin Environmental Company Limited*)	都勻市生活垃圾填埋場 (Duyun Municipal Solid Waste Landfill Site*)	Duyun, Guizhou	都勻市人民政府 (Duyun People's Government*)	June 2012 to June 2042 (30 years)	300 tonnes	N/A	Operating	**145,359**	141,914
甕安縣科林環保有限公司 (Weng'an Kelin Environmental Company Limited*)	甕安縣生活垃圾填埋場 (Weng'an Municipal Solid Waste Landfill Site*)	Weng'an, Guizhou	甕安縣人民政府 (Weng'an People's Government*)	30 years after obtaining the approval for commercial operation *(Note 2)*	150 tonnes	N/A	Operating	**58,061**	51,903
惠州廣惠能源有限公司 (Huizhou Guanghui Energy Company Limited*) ("Huizhou Guanghui") *(Note 1)*	惠州市生活垃圾焚燒發電廠 (Huizhou Municipal Solid Waste Incineration Power Generation Plant*)	Gonglian Village, Huizhou	惠州市市容環境衛生管理局 (Huizhou Environmental and Hygiene Control Authority*)	*(Note 5)*	1,600 tonnes	161 million kWh	Operating	**175,538**	N/A

Note 1: The subsidiaries were acquired during the year ended 31 December 2014 as detailed in Note 18.

Note 2: The subsidiaries have not yet obtained approval for commercial operation at 31 December 2014.

* *for identification purpose only*

Note 3: On 25 July 2013, the Company received a notice named "Notice of Accelerating the Construction of Dongcun Waste Sorting Comprehensive Treatment Plant" ("Notice") dated on 23 July 2013 from Beijing Municipal Administration Committee in relation to the amendments of the operational terms and conditions of Beijing Plant, in which the Group currently owns 60% interest. The Notice states that (i) the commencement of the concessionary period will be changed from 31 December 2008 to 1 January 2014 while the concession period will be ended at 31 December 2038 instead of 31 December 2034 as stated in the original concessionary agreement; (ii) the minimum guaranteed volume of municipal waste will increase from 360 tonnes to 500 tonnes per day; and (iii) the waste treatment capacity will increase from 650 tonnes per day to 930 tonnes per day.

Note 4: The waste treatment and waste-to-energy plant has started trail run after the year ended 31 December 2014.

Note 5: Under the cooperation agreement signed on 3 August 2001, the existing plant has a service concession period of 27 years. A new cooperation agreement in respect of the construction and operation of a new waste treatment plant has been signed on 20 August 2013, superseding the one signed on 3 August 2001. Pursuant to the new cooperation agreement, the existing waste treatment plant will continue to operate not more than three years following the signing of the new cooperation agreement, by then it will be demolished and replaced by the new treatment plant for a term of 30 years.

For the year ended 31 December 2014, the Group acquired the entire interest of 葫蘆島康達錦程環境治理有限公司 (Huludao Kangta Jincheng Environmental Management Company Limited*) ("Huludao Kangte") (Note 18), which has a service concession arrangement in Huludao. The project is still at a preliminary stage. Amount due from grantors for contract work of approximately HK$50,952,000 has been recognised at acquisition.

For the year ended 31 December 2013, the Group acquired 60% equity interest of 新鄉市首拓環保能源有限公司 (Xinxiang Capital Solid Energy Limited*) which has a service concession arrangement in Henan. The project is still at a preliminary stage. Amount due from grantors for contract work of approximately HK$13,803,000 has been recognised as at 31 December 2013.

During the operation phase of the respective service concession periods, the Group will receive guaranteed receipts of waste treatment fee from the grantors calculated by multiplying the minimum level of municipal waste to be processed per day at a pre-determined waste treatment fee per tonne as specified in all service concession agreements. In addition, for some services concession arrangements, the Group has the right to charge on-grid electricity tariff from users after commencement of operation phase of the waste-to-energy plants.

The Group recognised revenue from construction services of approximately HK$505,360,000 (2013: HK$202,807,000) by reference to the stage of completion of the construction work and revenue from operation services of approximately HK$60,244,000 (2013: HK$16,493,000).

* *for identification purpose only*

Provision for future loss in construction services is based on the difference between revenue and budgeted cost to be generated and incurred respectively from the commencement date of construction to the completion of construction of the Beijing Plant. Up to the year ended 31 December 2012, a total of approximately HK$90,088,000 was recognised as provision for expected loss in construction. Pursuant to the Notice received on 25 July 2013, the commencement of the concessionary period will be changed from 31 December 2008 to 1 January 2014 while the concessionary period will be ended at 31 December 2038 instead of 31 December 2034 as stated in the original concessionary agreement. Further, the minimum guaranteed volume of municipal waste will increase from 360 tonnes to 500 tonnes per day. The management has reassessed the revenue that is expected to be generated from the operation of Beijing Plant and the budgeted cost to be incurred and a reversal of approximately HK$83,333,000 provision for expected loss was thus made for the year ended 31 December 2013. No such reversal of provision was made for the year ended 31 December 2014.

Provision for penalty charge is based on penalty clause stated in the service concession agreement of Beijing Plant at RMB350,000 per week starting from the original commencement date of operation in January 2009 and up to the year ended 31 December 2012, provision of penalty of approximately HK$101,886,000 was recognised. Pursuant to the Notice, the concessionary period is now commencing from January 2014. After seeking legal opinion provided by an independent lawyer, the directors of the Company considers that it is not likely for the grantor to charge the penalty on the Company and therefore provision made in prior years of approximately HK$103,409,000 are fully reversed during the year ended 31 December 2013. No such a reversal of provision was made for the year ended 31 December 2014.

Pursuant to the service concession agreements, the Group is required to surrender these waste treatment and waste-to-energy plants to the grantors at a specified level of serviceability at the end of the respective service concession periods. As at 31 December 2014, provision of HK$1,000,000 (2013: HK$1,025,000) has been recognised in respect of the contractual obligations to maintain or restore these waste treatment and waste-to-energy plants to specified conditions.

12. DEPOSITS PAID FOR CONSTRUCTION OF INFRASTRUCTURE IN SERVICE CONCESSION ARRANGEMENTS

The amount represents advance payments to third party suppliers for purchase of materials and equipment, which have not yet been delivered to the Group at the end of the reporting period, for the construction of waste treatment and waste-to-energy plants in the PRC under service concession arrangements. Included in the deposits paid balance is advance payment to a third party supplier, 城市建設研究院 (Urban Construction Design & Research Institute*) ("Urban Construction Institute"), with aggregate carrying amount of approximately HK$50,063,000 (2013: HK$158,551,000). The Group has submitted a dispute with Urban Construction Institute to an arbitration committee, 南昌仲裁委員會 (Nanchang Arbitration Committee*), during the year ended 31 December 2012.

During the year ended 31 December 2013, the Nanchang Arbitration Committee issued the first order which determined that the contract entered into between the Group and Urban Construction Institute was invalid. In accordance with the legal opinion provided by a firm of independent lawyers not connected to the Group, the amount should be refunded to the Group taking into account the outcome of the first order. During the year ended 31 December 2013, Urban Construction Institute submitted a restitution to Nanchang Arbitration Committee for RMB5,980,000 (approximately HK$7,667,000) as a compensation of the expenses incurred.

* *for identification purpose only*

During the year ended 31 December 2014, the Nanchang Arbitration Committee further issued a verdict which determined that most of the deposit paid to Urban Construction Institute for the construction of waste treatment and waste-to-energy plant has been utilised by Urban Construction Institute and approximately HK$50,063,000 deposit can be refunded to the Company by means of transferring the construction contracts signed between Urban Construction Institute with two independent sub-contractors. The Company has lodged an appeal to the Nanchang Arbitration Committee and the final resolution is not yet released and the amount of deposits refundable from Urban Construction Institute is yet to be finalised. The Group has thus recognised an impairment loss on such deposit of RMB83,620,000 (approximately HK$104,918,000) in the profit or loss during the year ended 31 December 2014, after taking into account the verdict issued and the legal opinion provided by the independent lawyer.

13. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**226,397**	185,229
Less: allowance for doubtful debts	**(8,741)**	(8,452)
	217,656	176,777

The Group allows an average credit period normally 180 days to its trade customers for both years.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of reporting period is as follows.

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**76,898**	24,154
91 – 180 days	**55,446**	495
181 – 360 days	**84,468**	152,128
Over 360 days	**844**	–
	217,656	176,777

Before accepting any new customer, the Group assesses the potential customer's credit quality by respective sales team and defines credit limits by customer.

Included in the Group's trade receivable balance is government subsidies provided by the PRC government for treatment of certain waste electric and electronic products with an aggregate carrying amount of approximately HK$85,312,000 (2013: HK$152,128,000), which are past due as at the reporting date for which the Company has not provided for impairment loss. The Group does not hold any collateral over these balances. In the opinion of the directors of the Company, the credit risk on these balances are limited because the customer is state-owned government.

During the year ended 31 December 2013, an impairment loss of approximately HK$7,526,000 in respect of trade receivable due from 北京市大興區政府採購中心 (Beijing Da Xing Government Procurement Center*), is recognised in profit or loss after consideration of the credit quality of this individual customer based on the amounts subsequently settled after year end, the ongoing relationship with the Group and the aging of this receivable.

Aging of trade receivables which are past due but not impaired

	2014	2013
	HK$'000	*HK$'000*
Overdue by:		
181 – 360 days	**84,468**	152,128
Over 360 days	**844**	–
	85,312	152,128

Movement in the allowance for doubtful debts

	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning of the year	**8,452**	1,041
Exchange realignment	**289**	(115)
Impairment losses recognised	**–**	7,526
Balance at the end of the year	**8,741**	8,452

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$8,741,000 (2013: HK$8,452,000) that are considered irrecoverable by the management after consideration of the credit quality of those individual customers based on the amounts subsequently settled after year end, the ongoing relationship with the Group and the aging of these receivables. The Group does not hold any collateral over these balances.

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**91,823**	553
91 – 180 days	**171**	–
181 – 360 days	**18,697**	6,251
Over 360 days	**21,606**	23,210
	132,297	30,014

* *for identification purpose only*

The average credit period on purchases of goods ranges from 30 to 90 days unless for those over 360 days which are based on agreed contract terms. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. BORROWINGS

	2014	2013
	HK$'000	*HK$'000*
Bank loans	**1,107,082**	651,948
Other loans (*Note*)	**555,750**	339,174
Borrowings	**1,662,832**	991,122
Secured loan	**1,598,332**	936,307
Unsecured loan	**64,500**	54,815
	1,662,832	991,122

Note: Included in other loans, amounting to HK$553,250,000 (2013: HK$336,609,000), are loans advanced from related parties.

In October 2013, the Group entered into a fixed-rate long-term loan agreement with the substantial shareholder of the Company, Beijing Capital (HK) of HK$220,000,000, that will be due in October 2015. HK$160,000,000 has been drawn down as at 31 December 2013 and the remaining amount of HK$60,000,000 was drawn down during the current year. The balance is secured by the equity interest of subsidiaries and an associate held by the Group and carries interest at a fixed rate of 5.13% per annum.

During the year ended 31 December 2014, the Group entered into a fixed-rate short-term loan agreement of HK$150,000,000 with Beijing Capital (HK). The loan will be matured in September 2015. The balance is secured by the equity interest of a subsidiary held by the Group and carries interest at fixed rate of 5.50% per annum.

The Group entered has also into a fixed-rate short-term loan agreement of US$8,000,000 (approximately HK$62,000,000) with Beijing Capital (HK) during the year ended 31 December 2014. The loan will be repayable on demand as the Group and Beijing Capital (HK) have mutually agreed to extend the loan until Beijing Capital (HK) demands for repayment. The balance is unsecured and carries interest at a fixed rate of 5.50% per annum.

During the year ended 31 December 2012, the Group entered into three fixed-rate loan agreements ("Original Loan Agreements") with Beijing Capital (HK) of RMB40,000,000, RMB21,000,000 and RMB36,000,000 that will be due in December 2012, August 2013 and August 2013 respectively. The balance is unsecured and carries interest at fixed rate of 7.2%, 6.9% and 6.9% per annum respectively. In November 2012, the Group entered into three supplementary loan agreements which were approved by the independent shareholders in December 2012 (i) to extend the respective term of the Original Loan Agreements for another 24 months and (ii) the loans under the Original Loan Agreements are secured by the entire equity interest of a subsidiary held by the Group. The three fixed-rate loan amounted to RMB97,000,000 (approximately HK$121,250,000) as at 31 December 2014 will be repayable on demand as the Group and Beijing Capital (HK) have mutually agreed to extend the loan until Beijing Capital (HK) demands for repayment.

The remaining borrowing represents the variable-rate loan of HK$2,500,000, that will be repayable on demand with a non-controlling shareholder of a subsidiary. The balance is unsecured and carries interest at PRC Benchmark Loan Rate.

	2014	2013
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within one year	**1,025,913**	384,045
More than one year, but not exceeding two years	**74,263**	186,321
More than two years, but not exceeding three years	**87,650**	33,859
More than three years, but not exceeding four years	**116,975**	47,590
More than four years, but not exceeding five years	**120,525**	73,821
More than five years	**237,506**	265,486
	1,662,832	991,122
Less: Amounts due within one year shown under current liabilities	**(1,025,913)**	(384,045)
Amounts shown under non-current liabilities	**636,919**	607,077

The exposure of the Group's fixed-rate and variable-rate borrowings and the contractual maturity dates are as follows:

	2014	2013
	HK$'000	*HK$'000*
Fixed-rate borrowings:		
Within one year	**584,500**	374,878
More than one year, but not exceeding two years	**–**	160,000
	584,500	534,878
Variable-rate borrowings:		
Within one year	**441,413**	9,167
More than one year, but not exceeding two years	**74,263**	26,321
More than two years, but not exceeding three years	**87,650**	33,859
More than three years, but not exceeding four years	**116,975**	47,590
More than four years, but not exceeding five years	**120,525**	73,821
More than five years	**237,506**	265,486
	1,078,332	456,244

As at 31 December 2013, the Group's fixed rate bank borrowings of (i) approximately HK$40,577,000 was secured by the pledged bank deposit of approximately HK$57,692,000 held by a wholly-owned subsidiary; (ii) approximately HK$21,154,000 was secured by corporate guarantee of a related party of a former shareholder and (iii) approximately HK$25,641,000 was secured by land use rights of a former shareholder. With the repayment of the respective loans during the year ended 31 December 2014, these securities were released.

As at 31 December 2014, the Group's fixed rate bank borrowings of (i) approximately HK$31,250,000 (2013: HK$110,897,000) was secured by the prepaid lease payment with carrying amount of approximately HK$44,976,000 (2013: HK$47,104,000) and (ii) approximately HK$372,000,000 (2013: nil) was secured by the pledged deposit of approximately HK$22,077,000 (2013: nil) held by the Company.

As at 31 December 2014, the Group's variable rate borrowings of (i) approximately HK$375,000,000 (2013: nil) was secured by a cooperate guarantee from Beijing Capital Co., Ltd; (ii) approximately HK$60,900,000 (2013: approximately HK$69,064,000) was secured by a corporate guarantee of a non-controlling shareholder of a subsidiary; (iii) approximately HK$90,431,000 (2013: nil) was secured by the BOT contract that gives right to the Group to operate the waste treatment project in Beijing; (iv) approximately HK$177,500,000 (2013: nil) was secured by the BOT contract that gives right to the Group to receive waste treatment fee and electricity tariff in Huizhou; (v) approximately HK$121,250,000 (2013: approximately HK$124,359,000) was secured by the entire equity interest of a subsidiary held by the Group; (vi) approximately HK$220,000,000 (2013: HK$160,000,000) was secured by the equity interest of subsidiaries and an associate and (vii) HK$150,000,000 (2013: nil) was secured by the equity interest of a subsidiary held by the Group.

The range of effective interest rates on the Group's borrowings are as follows:

	2014	2013
Effective interest rate:		
Fixed-rate borrowings	**4.0% – 7.22%**	4.0% – 8.53%
Variable-rate borrowings	**PRC Benchmark Loan Rate**	PRC Benchmark Loan Rate

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2014	2013
	HK$'000	*HK$'000*
US$	**62,000**	–
HK$	**742,000**	212,250

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2014	2013
	HK$'000	*HK$'000*
Floating rate		
– expiring within one year	**34,569**	–
Fixed rate		
– expiring within one year	**–**	136,603
– expiring beyond one year	**–**	384,615
	34,569	521,218

16. CONVERTIBLE BONDS/EMBEDDED DERIVATIVES

On 13 April 2010, the Company issued convertible bonds with a principal amount of HK$156,000,000 to Waste Resources G.P. Limited ("Waste Resources"), an independent third party ("Convertible Bonds I").

The Convertible Bonds I can be converted into ordinary shares of the Company at HK$2.50 per share or ordinary shares of Smartview Investment Holdings Limited ("Smartview"), a wholly-owned subsidiary of the Company, at HK$271,000 per share, subject to anti-dilutive adjustments. Waste Resources has the right, from 30 days after the issue date of the Convertible Bonds I up to and including the seventh business day immediately before the maturity date, 13 April 2015, to convert the whole or part of the outstanding principal amount of the Convertible Bonds I into ordinary shares of the Company or Smartview at the option of the holder.

The Convertible Bonds I bear zero interest and was matured on 13 April 2015, the date on which the Convertible Bonds I shall be redeemed at an amount that will provide an internal rate of return of 10% per annum on the outstanding principal amount ("Redemption Amount") on the maturity date. The Company is entitled to, by giving not less than 30 but not more than 60 days' notice, redeem all of the outstanding Convertible Bonds I at the Redemption Amount if at least 90 percent in principal amount of the Convertible Bonds I have already been converted or redeemed.

Pursuant to the terms of the Convertible Bonds I, Waste Resources may request redemption of the Convertible Bonds I at the Redemption Amount on or before, 12 June 2013, the 60th day after the third anniversary of the date of issue, if the volume weighted average market price per share of the Company in a period of 30 consecutive trading days immediately before the third anniversary of the date of issue of the Convertible Bonds I is less than the conversion price of the Company.

The conversion price for the Convertible Bonds I was adjusted to HK$2.4 per share on 23 May 2011 upon completion of the placing of shares.

On 4 June 2013, the Group has paid a redemption amount of approximately HK$210,475,000 for the redemption of Convertible Bonds I with a principal amount of HK$156,000,000, which includes liability component of HK$191,242,000 and embedded derivatives of HK$22,450,000 as at 4 June 2013. Gain on redemption of Convertible Bonds I of HK$3,217,000 was resulted.

On 6 December 2011, the Company signed an agreement with Beijing Capital (HK) for the subscription of a convertible bond in the principal amount of HK$100,000,000 ("Convertible Bonds II"). The subscription money in the total sum of HK$100,000,000 shall be payable by two instalments of HK$50,000,000 each. The first instalment was paid on 11 September 2012 and the second instalment was paid on 31 December 2012.

The Convertible Bonds II can be converted into ordinary shares of the Company at HK$0.40 per share, subject to anti-dilutive adjustments. Beijing Capital (HK) shall have the rights to convert the whole or part of the outstanding principal amount of the Convertible Bonds II during the conversion period. The Convertible Bonds II bear zero interest and will matured on 31 December 2014.

The conversion price for the Convertible Bonds II was adjusted to HK$0.29 per share on 8 July 2013 upon the completion of rights issue.

The Convertible Bonds I and Convertible Bonds II contain two components for accounting purposes: a liability component and an embedded derivative component being the conversion options derivatives. The effective interest rate of the liability components is 15.85% per annum and 17.32% per annum, respectively. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

On 4 November 2014, Beijing Capital (HK) converted Convertible Bonds II with the principal amount of HK$22,000,000 at HK$0.29 per share.

On 19 November 2014, the Company entered into a supplemental deed with Beijing Capital (HK) to amend the terms and conditions of the Convertible Bond II, where (i) the maturity date of the Convertible Bond II will be extended for 12 months and the conversion period will accordingly be extended for 12 months to 31 December 2015; and (ii) the denominations of the Convertible Bond II will be amended such that the denomination of the principal amount, the conversation price of the Convertible Bond II, the integral multiple of the principal amount of conversion of the Convertible Bond II, will be converted from Hong Kong Dollars to RMB, and the principal amount, the conversation price and the integral multiple of the principal amount for conversion of the Convertible Bond II will be converted to the equivalent RMB amount calculated based on the official mid-exchange rate between Hong Kong Dollars and RMB as of the effective date of the amendment terms, as quoted on the China Foreign Exchange Trading System; and (iii) subject to the other terms and conditions of the Convertible Bond II, payment of the sums payable under the Convertible Bond II shall be made in RMB, unless otherwise agreed by Beijing Capital (HK).

The amendment on the terms and conditions of the Convertible Bonds II was passed on an extraordinary general meeting held on 29 December 2014. The conversation price of the Convertible Bonds II was adjusted to RMB0.229 by converted HK$0.29 by the exchange rate of HK$1 to RMB0.78861. For accounting purposes, the conversion option is classified as equity instrument and the changes in fair value are not recognised in profit or loss.

Under the amendment, the Convertible Bonds II are deemed as redemption and the amended Convertible Bonds II ("Convertible Bonds III") is deemed to be issued. Gain on fair value change of embedded derivatives amounted to approximately HK$86,762,000 was recognised upon the amendment on the terms and conditions of the Convertible Bonds II. The effective interest rate of the liability components of Convertible Bond III is 22% per annum.

The movement of the liability component and embedded derivatives of the Convertible Bonds for the year are set out as below:

	Convertible Bonds I	Convertible Bonds II	Convertible Bonds III	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities component				
At 1 January 2013	179,661	72,539	–	252,200
Redemption	(191,242)	–	–	(191,242)
Effective interest charged to profit or loss (*Note 6*)	11,581	12,631	–	24,212
At 31 December 2013	–	85,170	–	85,170
Conversion	–	(21,458)	–	(21,458)
Effective interest charged to profit or loss (*Note 6*)	–	14,288	–	14,288
Amendment *(Note)*	–	(78,000)	63,674	(14,326)
At 31 December 2014	–	–	63,674	63,674
Option component				
At 1 January 2013	26,508	27,644	–	54,152
Redemption	(22,450)	–	–	(22,450)
(Gain) loss on fair value change of embedded derivatives	(4,058)	121,468	–	117,410
At 31 December 2013	–	149,112	–	149,112
Conversion	–	(24,695)	–	(24,695)
Gain on fair value change of embedded derivatives	–	(86,762)	–	(86,762)
Amendment *(Note)*	–	(37,655)	–	(37,655)
At 31 December 2014	–	–	–	–

Note: Upon the amendment on the terms and conditions, Convertible Bonds II is deemed as redemption and Convertible Bonds III are deemed to be issued. The value of the liability component and conversion option component of Convertible Bonds II is adjusted to reflect the fair value at the date of amending the terms and conditions and a fair value gain of HK$86,762,000 has thus been recognised. The liability component of Convertible Bonds III is HK$63,674,000, and its conversion option component of HK$51,981,000 is classified as equity instrument and recognised in the convertible bond equity reserve.

The fair value of the liability component at the date of issue is calculated using discounted cash flow methodology.

The fair values of the embedded derivatives at 29 December 2014 (date of amendment of the terms and conditions of Convertible Bonds II) and 31 December 2013 were determined by reference to a valuation conducted by a firm of independent valuers using Binomial Option Pricing Model. The inputs and methodology used for the calculation of the fair values of the embedded derivatives were as follows:

Convertible Bonds I	**At redemption**
Share price	**HK$0.265**
Risk-free rate	**0.214%**
Time to maturity	**1.79 year**
Dividend yield	**0%**
Volatility	**69.56%**

Convertible Bonds II	**31 December 2013**
Share price	**HK$0.68**
Risk-free rate	**0.19%**
Time to maturity	**1 year**
Dividend yield	**0%**
Volatility	**76.68%**

Convertible Bonds III	**29 December 2014**
Share price	**HK$0.43**
Risk-free rate	**0.13%**
Time to maturity	**1 year**
Dividend yield	**0%**
Volatility	**48.5%**

17. WARRANTS

On 31 March 2014, the Company entered into a placing agreement with an independent placing agent ("Placing Agent") in relation to the private placing of up to 370,000,000 unlisted warrants ("Warrants"), with placing price ("Placing Price") of HK$0.01 per Warrant, conferring rights to subscribe for up to 370,000,000 new ordinary shares of the Company at a subscription price of HK$0.8 per share, which are exercisable immediately after the date of issue of the Warrants up to 22 December 2014.

On 1 April 2014, the Company and the Placing Agent entered into a supplemental agreement to (i) revise the Placing Price from HK$0.01 per Warrant to HK$0.012 per Warrant; (ii) extend the subscription period of the Warrants from a period from the date of issue of the Warrants up to 22 December 2014 to a period of 12 months from 14 April 2014 to 14 April 2015, both days inclusive.

The placing of the Warrants was completed on 14 April 2014 and was classified as derivatives. The proceeds from the placing of approximately HK$3,940,000 (net of issuance cost of HK$500,000), were used as general working capital of the Company.

The fair value of the Warrants was remeasured at the end of the reporting period at approximately HK$79,000 and gain of approximately HK$3,861,000 arising from the change in fair value was charged in the statement of profit or loss during the year ended 31 December 2014.

For the year ended 31 December 2014, no registered holders of the warrants exercised their right to subscribe any shares of the Company.

18. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2014, three acquisitions have been made and details are as follows:

A wholly owned subsidiary of the Company acquired 95% equity interest in 安徽鑫港環保科技有限公司 (Anhui Xin'gang Environmental Technology Company Limited) ("Anhui Xin'gang"), from independent third parties, for cash consideration of RMB27,740,000 (approximately HK$34,675,000 on 13 May 2014). Anhui Xin'gang is principally engaged in the recycling and dismantling of waste electrical and electronic equipment.

A wholly owned subsidiary of the Company acquired 97.85% equity interest in Huizhou Guanghui from Richways Investment Management Limited and Huizhou Energy(s) Pte. Ltd., independent third parties, for cash consideration of RMB20,000,000 (approximately HK$25,000,000) and the Group has agreed to acquire the liabilities of Huizhou Guanghui amounted to approximately RMB378,000,000 (approximately HK$472,500,000 on 1 July 2014).

A wholly owned subsidiary of the Company acquired 100% equity interest in Huludao Kangte, from independent third parties, for cash consideration of RMB3,650,000 (approximately HK$4,618,000 on 26 September 2014).

The acquisitions have been accounted for using purchase method. No goodwill arose from the acquisitions of Anhui Xin'gang, Huizhou Guanghui and Huludao Kangte.

Assets acquired and liabilities registered at the date of acquisitions are as follows:

	Anhui Xin'gang	**Huizhou Guanghui**	**Huludao Kangte**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	15,125	287	180	15,592
Inventories	–	794	–	794
Trade receivables	–	15,407	–	15,407
Intangible asset	28,500	328,022	–	356,522
Amounts due from grantors for contract work	–	162,065	50,952	213,017
Deposits, prepayment and other receivables	–	1,262	45	1,307
Bank balances and cash	–	718	5	723
Trade payables	–	(89,003)	–	(89,003)
Other payables and accruals	–	(31,120)	(46,564)	(77,684)
Amount due to related parties of vendor	–	(127,659)	–	(127,659)
Amounts due to group companies	–	(50,320)	–	(50,320)
Borrowings	–	(188,750)	–	(188,750)
Deferred tax liabilities	(7,125)	–	–	(7,125)
	36,500	21,703	4,618	62,821

Non-controlling interests

The non-controlling interests of 5% of Anhui Xin'gang and 2.15% of Huizhou Guanghui recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of Anhui Xin'gang and Huizhou Guanghui identifiable net assets and amounted to HK$1,825,000 and HK$467,000.

	Anhui Xin'gang *HK$'000*	**Huizhou Guanghui** *HK$'000*	**Huludao Kangte** *HK$'000*	**Total** *HK$'000*
Net cash outflow on acquisition:				
Cash consideration paid	(34,675)	(25,000)	(4,618)	(64,293)
Bank balances and cash	–	718	5	723
	(34,675)	(24,282)	(4,613)	(63,570)

The Group loss for the year were contributed by (i) Anhui Xin'gang's loss of approximately HK$656,000; (ii) Huizhou Guanghui's profit of approximately HK$6,158,000 and (iii) Huludao Kangte's profit of approximately HK$36,000 between the dates of acquisition and 31 December 2014.

If the acquisitions had been completed on 1 January 2014, total group loss for the year ended 31 December 2014 would have been HK$52,038,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the results of the operations of the Group that actually would have been achieved hand the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

BUSINESS AND FINANCIAL REVIEW

Business Review

In 2014, Europe and the U.S. experienced moderate economic recovery while emerging economies faced a slowdown in economic growth. As an important engine of the global economy, PRC has been actively transforming its economic structures while continuing to maintain stable economic growth, the development of green economy and environmental protection industry has become the cornerstone for PRC's future economic reforms and long-term development.

Since the State "12th Five-Year Plan" has identified the energy conservation and environmental protection industry as top priority among the seven strategic emerging industries, relevant government authorities in PRC successively issued a series of guidelines and policies for environmental governance in 2013, including the Action Plan on Prevention and Control of Air Pollution 2013-2017 and Ten Measures to Prevent and Control Air Pollution. The development blueprint for Building a Beautiful China laid out during the 18th National Congress of the Chinese Communist Party, in particular, has placed an unprecedentedly significant emphasis on the environmental protection industry. We believe that the PRC government will further step up its policy support and capital investments in environmental governance. In addition, the demand for environmental protection and alternative energy will continue to increase across the country, providing the Group with enormous market opportunities and development potentials.

During the year under review, projects of the Group continued to progress steadily. Benefiting from favorable national policies and growing market demand, the Group has made remarkable achievements in operating results, market expansion, internal management, fund raising and financing, and the extension of its business chain. Leveraging on its leading technology in environmental protection and alternative energy as well as highly effective management, the Group stood out from the keen competition by continuously tapping into new markets, hence laying a solid foundation for maintaining and reinforcing its leading position in the industry.

In 2014, the Group successfully acquired 7 environmental protection projects with a total investment of approximately RMB1,800 million, and continued to reinforce its leading position in the industry. Meanwhile, the Group also enhanced its co-operation with governments at all levels by entering into strategic co-operation agreements with provincial and municipal governments in Heilongjiang, Shanxi, Jiangsu, fostering investments in numerous new projects in new regions.

Riding on its valuable experiences, the Group will make thorough preparation for various projects at initial stage while commencing the construction of various new projects to boost revenue growth. With the completion and operation of projects acquired in previous years and the smooth progress of projects under construction, potential growth of the Group's profit can be expected.

Business Prospects

The Group actively explored business opportunities in all areas of the environmental protection and alternative energy industry to keep up with the rapid development. As of 31 December 2014, the Group secured a total of 18 environmental protection and alternative energy projects (including 6 waste-to-energy projects, 3 waste landfill projects, 3 Anaerobic Digestion Technology Treatment projects, 1 waste collection, storage and transportation project, 2 dismantling waste electronic appliances projects and 3 biomass resources electricity generation projects) with a total investment of approximately RMB5,100 million. Projects which had completed construction involved a total investment of approximately RMB1,700 million, while those which are under construction and at preparatory stage involved a total investment of approximately RMB3,400 million, respectively. The facilities are designed with an aggregate annual household waste processing capacity of approximately 4.6 million tonnes and annual electrical and electronic equipment dismantling volume of approximately 3.2 million units.

The Group, constantly learning from its experience, is always well prepared and well aware of the market pulse to concentrate its resources on developing the environmental energy sector. In 2014, the Group secured a total of 7 waste-to-energy projects, and an annual electrical and electronic equipment dismantling capacity of approximately 1.2 million units. The new projects add a total designed daily household waste processing capacity of 4,120 tonnes.

The Beijing Dongcun Sorting Comprehensive Treatment Plant of the Group is currently put into the debugging stage and is expected to be put into commercial trial operation at the end of July 2015. On 16 March 2015, the Group proposed to dispose of the 40% equity interest in Beijing Dongcun Project Company ("Proposed Disposal"). The Proposed Disposal will be made by way of public tender auction listing procedures conducted in strict compliance with relevant PRC laws and regulations in relation to transfer of state-owned assets and is subject to approvals from State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and other competent authorities. The reserve price for the 40% equity interest in Beijing Dongcun Project Company will be determined with reference to (among others) the valuation report on Beijing Dougcun Project Company to be prepared by an independent and qualified PRC valuer.

On 16 January 2015, the household waste incineration power plant project in Quanling, Nanchang (the "Nanchang Project"), which is wholly-owned by the Company, has successfully held the igniting ceremony and officially entered into the "72+24" experimental stage, which marked the commencement of operation of the first household waste incineration power generation project in Jiangxi Province, PRC.

The Nanchang Project is one of the representative projects that mark the high starting point of the Company, and helps to build up our first whole-chain treatment system, which integrates the waste receiving and storage system, waste incineration system, residual heat power generation boiler system, flue gas purification system, leachate treatment system, ash residue removal system and so on. The plant is designed to generate a maximum amount of energy, while reducing waste to the greatest degree. The heavily polluted water produced by the garbage power plant will be fully reprocessed, so that pollutants such as dioxins and heavy metals can be efficiently removed to realize the target of harmless emission. In addition, the resulting waste residual can be reused to produce products such as ceramic tiles. The Nanchang Project has been approved as an environmental demonstration base by the National Development and Reform Commission.

The Nanchang Project, which is principally equipped with two mechanical reciprocating grate boilers with a daily capacity of 600 tonnes and two 12MW steam turbine generator sets, is able to dispose of one-third of urban solid waste in Nanchang City in a hazard-free way by using leading domestic and international mature process technologies. The Nanchang Project is able to dispose of solid waste of approximately 1,200 tonnes per day and approximately 400,000 tonnes per year.

The change of industrial and commercial registration of Huizhou Project in Guangdong has been duly completed on 1 July 2014, and site selection for the New Waste Treatment Plant has been proceeded to the stage of public notice period; Huizhou project has been moved ahead significantly. According to the plan, it is expected to treat 1,600 tonnes of waste daily upon construction completion of the New Waste Treatment Plant.

The kitchen waste treatment project located in Yangzhou, Jiangsu was tendered by the Company on 6 November 2013. The project company has been incorporated and is currently carrying out preparation works for the project, which is anticipated to complete construction and commence normal commercial operation in the second half of 2015.

The solid waste landfill project in Huludao, Liaoning province was acquired by the Company in September 2014, with investment totaling RMB93.38 million. The waste treatment capacity is 424 tons per day, and the minimum guaranteed treatment capacity is 380 tons per day. The project is under construction currently, and it is expected that site construction will be completed in second half of 2015 and then operation will commence.

The project of village wastes collection, storage and transportation in Linyi county is the first project of the Company to collect and transport wastes. The unit price charged for providing collection and transportation service is RMB160 per ton, and the minimum guaranteed volume for wastes collection and transportation is 260 tons per day. With a total investment of RMB17 million, the project is expected to be put into operation in April 2015.

The projects located in Pinghu, Shenzhen, Huaian, Jiangsu and Duyun and Weng'an, Guizhou are all in normal commercial operation.

Looking ahead, with stronger supporting policies from the PRC government and the continued comprehensive support from the substantial shareholders, the Company is confident that the Company can realise the full potential of all the opportunities for future development. With rising growth momentum and strong competitive edge in the waste treatment industry, the management of the Group believes that once most of the existing projects commence operation, they will provide contribution to the Group. Thus, the management of the Group is confident of achieving sustained growth in the medium-to-long term.

The Group will further consolidate and improve its existing businesses and technologies, constantly seeking projects with growth potential and good opportunities for acquisitions and mergers, thereby making continuous contribution to the construction of beautiful China and global environmental protection. The Group is on target for getting three to four waste-to-energy projects per year in the future years. As at 31 December 2014, the Group is actively proposing and negotiating investments in four to five waste treatment projects by way of tender or acquisition. The Group will consider several sources of funding to finance the future investments, including equity financing, debt financing, bank loans and/or shareholders' loans.

Financial Review

Overview

The net loss attributable to the owners of the Company amounted to approximately HK$68.3 million for the year under review, among which the impairment loss recognised in respect of deposit paid for construction of infrastructure in service concession arrangements amounted to approximately HK$104.9 million.

Waste treatment and Waste-to-Energy Business

During the year under review, the Group's revenue from its waste treatment and waste-to-energy business reached approximately HK$963.6 million, representing an increase of approximately 241.2%, as compared to last year.

For the year under review, the Group's gross profit was approximately 12.7%. It was mainly because the cost of sales for the last year included reversal of provision for expected losses in relation to service concession arrangements in previous years of approximately HK$83.3 million.

Administrative Expenses

The Group's administrative expenses increased by approximately 44.0% to approximately HK$103.2 million during the year under review. This increase was mainly attributable to the consolidation of the administrative expenses increased by newly acquired subsidiaries.

Finance Costs

Finance costs increased by approximately 20.4% to approximately HK$67.3 million, as compared to last year. This increase was mainly attributable to the increase in the interests on borrowings.

Financial Position

As at 31 December 2014, the Group had total assets amounting to approximately HK$2,992.1 million, with approximately HK$488.9 million of net assets attributable to the owners of the Company. The net gearing ratio, which is calculated on the basis of total borrowings (net of pledged bank deposits and cash and bank balances) over the Group's total shareholders' equity, increased from approximately 0.74 as at 31 December 2013 to approximately 2.40 as at 31 December 2014. The current ratio, which is calculated on the basis of current assets over current liabilities, decreased from approximately 1.17 as at 31 December 2013 to approximately 0.55 as at 31 December 2014.

In order to maximise the shareholders' return and the market capitalisation, the Group has internal policies in place so as to maintain its gearing ratio at a reasonable and acceptable level and to ensure the debt-to-total investment ratio for each project shall not be more than 60%. The Group has adopted a capital preservation policy for managing the funds raised but has not been utilised.

Financial Resources

The Group finances its operations primarily with internally generated cash flow and loan facilities from shareholders and banks. As at 31 December 2014, the Group had cash and bank balances and pledged bank deposits of approximately HK$490.3 million, representing an decrease of approximately 143.3 million as compared to approximately HK$633.6 million as at the end of 2013. The decrease was mainly due to increase in investments on waste treatment projects during the year under review. Currently, most of the Group's cash is denominated in HK dollars and RMB.

Borrowings

As at 31 December 2014, the Group had outstanding borrowings of approximately HK$1,662.8 million, representing an increase of approximately HK$671.7 million as compared to approximately HK$991.1 million as at the end of 2013. The borrowings comprised secured loans of approximately HK$1,598.3 million and unsecured loans of approximately HK$64.5 million. The borrowings are denominated in HK dollars and RMB. Approximately 35.2% and 64.8% of the borrowings are at fixed rate and variable rate respectively.

Foreign exchange exposure

The majority of the Group's sales, purchase and operating expenses were denominated in RMB, HK dollars and US dollars. Although the Group has been and will continue to be exposed to foreign currency exchange risks, the board of Directors of the Company ("the Board") does not expect future currency fluctuations to materially impact the Group's operations. During the year, the Group has adopted no formal hedging policies and no instruments have been applied for foreign currency hedging purposes. The management will continue to monitor the foreign exchange exposure flexibly and engage in timely and appropriate hedging activities when needed.

Charges on Assets

As at 31 December 2014, the Group's prepaid lease payments of HK$45.0 million and pledged bank deposits of HK$22.1 million were pledged to secure banking facilities.

Capital Commitment

As at 31 December 2014, the Group had capital commitment of approximately HK$182.5 million in respect of the construction work under service concession arrangements, which were contracted but not provided for in the consolidated financial statements.

Contingent liabilities

As at 31 December 2014, the Group provided guarantees of approximately HK$11.9 million to a bank in respect of banking facilities granted to an associate.

Employment Information

As at 31 December 2014, the Group had about 1,093 employees in total, stationed mainly in the PRC, Hong Kong and Europe. The Group's emolument policies, which are reviewed periodically, are linked to the performance of individual employees and are based on the salary trends prevailing in the aforesaid regions.

In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to eligible participants based on their individual contributions to the Group.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2014 (the year ended 31 December 2013: nil).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**the Stock Exchange**") (the "**Listing Rules**") as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquires of all its directors regarding any noncompliance with the Model Code, and all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Board believes that high standards of corporate governance are essential to the success of the Company and is committed to maintain a high level of corporate governance standards and practices.

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the year under review.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on both the websites of the Company (www.neeh.com.hk) and of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2014 will be dispatched to shareholders and published on the aforesaid websites in due course.

By order of the Board of
Capital Environment Holdings Limited
Yu Changjian
Chairman

Hong Kong, 16 March 2015

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yu Changjian, Mr. Cao Guoxian, Mr. Liu Xiaoguang and Mr. Shen Jianping; and three independent non-executive directors; namely, Mr. Pao Ping Wing, Mr. Cheng Kai Tai, Allen and Ms. Chan Yee Wah, Eva.