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**北京發展（香港）有限公司**  
**BEIJING DEVELOPMENT (HONG KONG) LIMITED**  
*(incorporated in Hong Kong with limited liability)*  
**(Stock Code: 154)**

**ANNOUNCEMENT OF RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**HIGHLIGHTS**

- Revenue from continuing operations for the year amounted to HK\$1,246.71 million, jumped by 10.5 times as compared with HK\$108.52 million in last year, which was mainly derived from the construction services of a waste incineration plant in Beijing of HK\$1,077.87 million recognised during the year.
- EBITDA (excluding foreign exchange gain of HK\$27.22 million) from continuing operations for the year amounted to HK\$92.78 million, increased by 220% as compared with HK\$29.02 million in last year.
- Profit for the year amounted to HK\$83.99 million, increased by HK\$78.84 million as compared with HK\$5.15 million in last year. The profit was contributed by continuing operations of HK\$71.74 million (2014: HK\$7.53 million) and a discontinued operation of HK\$12.25 million (2014: loss of HK\$2.38 million).
- Profit for the year attributable to members of the Company amounted to HK\$83.28 million, increased by HK\$75.76 million as compared with HK\$7.52 million in last year
- Basic and diluted earnings per share for the year amounted to HK5.56 cents and HK4.27 cents, respectively.
- Net assets as at 31 December 2015 amounted to HK\$2.10 billion.
- The Board does not recommend the payment of any dividend for the year.

The board (the “Board”) of directors (the “Directors”) of Beijing Development (Hong Kong) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015, together with comparative figures for the last year, as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*Year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>1,246,706</b>	108,516
Cost of sales		<b>(1,161,936)</b>	(75,091)
Gross profit		<b>84,770</b>	33,425
Other income and gains, net	5	<b>52,832</b>	11,804
Administrative expenses		<b>(31,251)</b>	(31,749)
Other operating expenses, net		<b>(10,486)</b>	(280)
PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS	6	<b>95,865</b>	13,200
Finance costs	7	<b>(11,348)</b>	(4,233)
Share of loss of a joint venture		<b>(73)</b>	(33)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		<b>84,444</b>	8,934
Income tax	8	<b>(12,705)</b>	(1,401)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		<b>71,739</b>	7,533
<b>DISCONTINUED OPERATION</b>			
Profit/(loss) for the year from a discontinued operation	9	<b>12,246</b>	(2,386)
PROFIT FOR THE YEAR		<b>83,985</b>	5,147

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Attributable to:			
Members of the Company			
Continuing operations		<b>71,498</b>	7,681
Discontinued operation		<b>11,785</b>	(162)
		<b>83,283</b>	7,519
Non-controlling interests		<b>702</b>	(2,372)
		<b>83,985</b>	5,147
<b>EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>			
	<i>10</i>		
– Basic (HK cents)			
For profit for the year		<b>5.56</b>	0.58
For profit from continuing operations		<b>4.77</b>	0.60
– Diluted (HK cents)			
For profit for the year		<b>4.27</b>	0.57
For profit from continuing operations		<b>3.74</b>	0.59

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*Year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR		<u><b>83,985</b></u>	<u>5,147</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations:			
– Translation of foreign operations		<b>(66,226)</b>	(11,366)
– Release upon disposal of a subsidiary	17	<b>(2,425)</b>	–
– Release upon deemed disposal of interests in an associate		–	(2,222)
Share of other comprehensive loss of an associate		<u>–</u>	<u>(80)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u><b>(68,651)</b></u>	<u>(13,668)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u><b>15,334</b></u>	<u>(8,521)</u>
Attributable to:			
Members of the Company		<b>16,474</b>	(5,507)
Non-controlling interests		<u><b>(1,140)</b></u>	<u>(3,014)</u>
		<u><b>15,334</b></u>	<u>(8,521)</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		<b>218,829</b>	228,496
Investment properties		<b>93,592</b>	46,376
Prepaid land lease payments		<b>24,359</b>	25,868
Goodwill		<b>160,161</b>	160,161
Operating concessions		<b>711,820</b>	386,558
Other intangible assets		<b>95,211</b>	103,613
Investment in a joint venture		<b>5,894</b>	5,967
Receivables under service concession arrangement	<i>12</i>	<b>690,395</b>	—
Prepayments		<b>2,278</b>	32,000
Deferred tax assets		<b>2,629</b>	—
Total non-current assets		<b>2,005,168</b>	989,039
Current assets:			
Inventories		<b>3,913</b>	2,377
Receivables under service concession arrangement	<i>12</i>	<b>6,443</b>	—
Trade and bills receivables	<i>13</i>	<b>28,890</b>	44,484
Prepayments, deposits and other receivables		<b>16,522</b>	142,777
Cash and cash equivalents		<b>1,862,369</b>	1,692,467
		<b>1,918,137</b>	1,882,105
Assets of disposal groups classified as held for sale	<i>9(b)</i>	<b>342,193</b>	321,753
Total current assets		<b>2,260,330</b>	2,203,858
<b>TOTAL ASSETS</b>		<b>4,265,498</b>	3,192,897

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to members of the Company</b>			
Share capital	14	<b>2,225,723</b>	2,219,647
Equity component of convertible bonds	15	<b>11,658</b>	11,658
Other reserves		<b>(163,113)</b>	(177,636)
		<b>2,074,268</b>	2,053,669
Non-controlling interests		<b>24,657</b>	7,223
<b>TOTAL EQUITY</b>		<b>2,098,925</b>	2,060,892
<b>Non-current liabilities:</b>			
Convertible bonds	15	<b>783,385</b>	779,947
Deferred tax liabilities		<b>67,671</b>	60,463
<b>Total non-current liabilities</b>		<b>851,056</b>	840,410
<b>Current liabilities:</b>			
Trade payables	16	<b>1,010,695</b>	7,031
Other payables and accruals		<b>58,296</b>	49,443
Tax payables		<b>17,299</b>	16,420
		<b>1,086,290</b>	72,894
Liabilities directly associated with assets classified as held for sale	9(b)	<b>229,227</b>	218,701
<b>Total current liabilities</b>		<b>1,315,517</b>	291,595
<b>TOTAL LIABILITIES</b>		<b>2,166,573</b>	1,132,005
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,265,498</b>	3,192,897

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *Year ended 31 December 2015*

	Notes	Attributable to members of the Company										Non-controlling interests	Total equity
		Share capital	Share premium account	Capital redemption reserve	Equity component of convertible bonds	Share option reserve	Capital reserve	Exchange fluctuation reserve	PRC reserve funds	Accumulated losses	Total		
		HK\$'000 (note 14)	HK\$'000 (note 14)	HK\$'000 (note 14)	HK\$'000 (note 15)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014		854,960	192,892	9,721	31,971	27,653	1,878	89,936	36,781	(324,467)	921,325	7,737	929,062
Profit/(loss) for the year		-	-	-	-	-	-	-	-	7,519	7,519	(2,372)	5,147
Other comprehensive loss for the year:													
Exchange fluctuation reserve:													
Translation of foreign operations		-	-	-	-	-	-	(10,724)	-	-	(10,724)	(642)	(11,366)
Release upon deemed disposal of interests in an associate		-	-	-	-	-	-	(2,222)	-	-	(2,222)	-	(2,222)
Share of other comprehensive loss of an associate		-	-	-	-	-	-	(80)	-	-	(80)	-	(80)
Total comprehensive income/(loss) for the year		-	-	-	-	-	-	(13,026)	-	7,519	(5,507)	(3,014)	(8,521)
Transition to no-par value regime	14(a)	202,613	(192,892)	(9,721)	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	14(b), 15	329,119	-	-	(32,815)	-	-	-	-	-	296,304	-	296,304
Acquisition of subsidiaries	14(c)	818,920	-	-	-	-	-	-	-	-	818,920	-	818,920
Issue of shares upon exercise of share options		14,035	-	-	-	(3,910)	-	-	-	-	10,125	-	10,125
Issue of convertible bonds	15	-	-	-	12,502	-	-	-	-	-	12,502	-	12,502
Deemed disposal of interests in an associate		-	-	-	-	-	(1,757)	-	-	1,757	-	-	-
Capital contribution from a non-controlling interest		-	-	-	-	-	-	-	-	-	-	2,500	2,500
Transfer to PRC reserve funds		-	-	-	-	-	-	20	1,491	(1,511)	-	-	-
At 31 December 2014 and 1 January 2015		2,219,647	-	-	11,658	23,743*	121*	76,930*	38,272*	(316,702)*	2,053,669	7,223	2,060,892
Profit for the year		-	-	-	-	-	-	-	-	83,283	83,283	702	83,985
Other comprehensive loss for the year:													
Exchange fluctuation reserve:													
Translation of foreign operations		-	-	-	-	-	-	(64,384)	-	-	(64,384)	(1,842)	(66,226)
Release upon disposal of a subsidiary	17	-	-	-	-	-	-	(2,425)	-	-	(2,425)	-	(2,425)
Total comprehensive income/(loss) for the year		-	-	-	-	-	-	(66,809)	-	83,283	16,474	(1,140)	15,334
Issue of shares upon exercise of share options		6,076	-	-	-	(1,951)	-	-	-	-	4,125	-	4,125
Capital contribution from a non-controlling interest		-	-	-	-	-	-	-	-	-	-	1,354	1,354
Disposal of a subsidiary	17	-	-	-	-	-	-	-	-	-	-	17,220	17,220
Transfer to PRC reserve funds		-	-	-	-	-	-	-	1,480	(1,480)	-	-	-
At 31 December 2015		2,225,723	-	-	11,658	21,792*	121*	10,121*	39,752*	(234,899)*	2,074,268	24,657	2,098,925

\* These reserve accounts comprise the consolidated negative other reserves of HK\$163,113,000 (2014: negative other reserves of HK\$177,636,000) in the consolidated statement of financial position.

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

*Year ended 31 December 2015*

	<i>Notes</i>	<b>2015 HK\$'000</b>	<b>2014 HK\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax			
From continuing operations		<b>84,444</b>	8,934
From a discontinued operation	9(a)	<b>12,246</b>	(2,251)
Adjustments for:			
Gain on disposal of a subsidiary	17	<b>(10,937)</b>	–
Gains on deemed disposal of interests in an associate	9(a)	–	(22,878)
Share of profits and losses of joint ventures	4	<b>(713)</b>	(1,565)
Share of profits and losses of associates	4	<b>(42)</b>	999
Bank interest income	4	<b>(12,942)</b>	(13,726)
Imputed interest on interest-free trade and bills receivables with extended credit periods	4	<b>(1,892)</b>	(234)
Finance costs	4	<b>12,368</b>	4,664
Depreciation	4	<b>15,961</b>	13,659
Amortisation of other intangible assets	4	<b>4,908</b>	4,125
Gain on disposal of an item of other intangible assets	5	<b>(1,625)</b>	–
Fair value loss/(gain) on investment properties, net	6	<b>(9,158)</b>	185
Amortisation of prepaid land lease payments	6	<b>589</b>	387
Amortisation of operating concessions	6	<b>16,215</b>	11,497
Fair value loss on equity investments at fair value through profit or loss	9(a)	–	16,301
Loss on disposal of equity investments at fair value through profit or loss	9(a)	–	3,249
Impairment of an amount due from an associate	6	<b>32</b>	30
Impairment of trade and bills receivables, net		<b>7,347</b>	1,604
Impairment/(reversal of impairment) of other receivables, net		<b>2,152</b>	(511)
Loss on disposal of items of property, plant and equipment, net		<b>175</b>	254
		<b>119,128</b>	24,723
Decrease/(increase) in inventories		<b>12,843</b>	(11,423)
Decrease/(increase) in amounts due from contract customers		<b>(449)</b>	900
Decrease in trade and bills receivables		<b>14,665</b>	3,194
Decrease/(increase) in prepayments, deposits and other receivables		<b>135,232</b>	(141,337)
Increase in receivables under operating concession arrangement		<b>(696,838)</b>	–
Increase/(decrease) in trade and bills payables		<b>640,583</b>	(9,440)
Decrease in amounts due to contract customers		<b>(490)</b>	(707)
Increase in other payables and accruals		<b>49,849</b>	10,669
		<b>274,523</b>	(123,421)
Cash generated from/(used in) operations		<b>(4,259)</b>	(135)
PRC corporate income tax paid			
		<b>270,264</b>	(123,556)
Net cash flows from/(used in) operating activities			



	Notes	2015 HK\$'000	2014 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(13,696)	(17,213)
Proceeds from disposal of items of property, plant and equipment		118	186
Proceeds from disposal of an item of other intangible assets		1,875	–
Addition of operating concession		–	(516)
Purchases of items of other intangible assets		–	(27)
Investment in a joint venture		–	(6,000)
Acquisition of subsidiaries		–	(60,937)
Disposal of a subsidiary	17	6,704	–
Proceeds from disposal of equity investments at fair value through profit or loss		–	22,909
Increase in an amount due from an associate		(32)	(30)
Increase in time deposits with maturity of more than three months when acquired		(43,544)	(13,839)
Decrease in pledged deposits		74	2,815
Interest received		11,755	13,726
Net cash flows used in investing activities		(36,746)	(58,926)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares upon exercise of share options		4,125	10,125
Proceeds from issue of convertible bonds	15	–	813,600
Interest paid		(8,299)	(1,564)
Capital contribution by a non-controlling interest		1,354	2,500
Net cash flows from/(used in) financing activities		(2,820)	824,661
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		1,747,239	1,115,016
Effect of foreign exchange rate changes, net		(33,513)	(9,956)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>1,944,424</b>	<b>1,747,239</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances other than time deposits			
Placed in banks		831,051	1,092,244
Placed in a financial institution		54	–
Time deposits		1,031,264	600,223
Cash and cash equivalents as stated in the consolidated statement of financial position		1,862,369	1,692,467
Less: Time deposits with maturity of more than three months when acquired		(112,304)	(71,339)
Add: Cash and bank balances attributable to the disposal groups		194,359	126,111
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,944,424	1,747,239

*Notes:*

## **1. CORPORATE AND GROUP INFORMATION**

Beijing Development (Hong Kong) Limited (the “Company”) is a limited liability company incorporated in Hong Kong and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in (a) the solid waste treatment business which comprises the construction and operation of waste incineration plants, waste treatment and the sales of electricity and stream generated from waste incineration; and (b) the information technology (“IT”) business which comprises the provision of IT related services, which included system integration, the construction of information networks and sale of related equipment, the provision of IT technical support and consultation services and the development and sale of software (classified as a discontinued operation during the year, note 9).

At 31 December 2015, the immediate holding company of the Company is Idata Finance Trading Limited (“Idata”), a limited liability company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company of the Company is 北京控股集團有限公司 (“BEGCL”), which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and is wholly owned by The State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality (the “Beijing SASAC”).

## **2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

### **Basis of consolidation**

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

### **3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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

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

Details of impact of adoption of each amendment and interpretation on these financial statements will be disclosed in the Company's 2015 annual report.

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group’s reportable operating segments are summarised as follows:

- (a) the solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity and steam generated from waste incineration.
- (b) the IT segment comprises the sale of IT related products, the provision of system integration and maintenance services and software development (classified as a discontinued operation during the year, note 9).
- (c) the corporate and others segment comprises property investment and corporate income and expense items.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) for the period attributable to members of the Company, which is a measure of adjusted profit/(loss) for the period attributable to members of the Company from continuing operations. The adjusted profit/(loss) for the period attributable to members of the Company from continuing operations is measured consistently with the Group’s profit/(loss) attributable to members of the Company from continuing operations.

Segment assets and liabilities of each of the reportable operating segments are separately managed by each of the individual operating segments.

The following tables present revenue, profit/(loss), total assets and total liabilities regarding the Group's operating segments for the years ended 31 December 2015 and 2014.

	Continuing operations			Discontinued operation	
	Solid waste treatment HK\$'000	Corporate and others HK\$'000	Total HK\$'000	IT HK\$'000	Total HK\$'000
<b>Year ended 31 December 2015</b>					
Segment revenue	1,246,706	–	1,246,706	219,956	1,466,662
Cost of sales	(1,161,936)	–	(1,161,936)	(183,190)	(1,345,126)
Gross profit	<u>84,770</u>	<u>–</u>	<u>84,770</u>	<u>36,766</u>	<u>121,536</u>
Profit from operating activities	88,161	7,704	95,865	12,438	108,303
Finance costs	–	(11,348)	(11,348)	(1,020)	(12,368)
Share of profits and losses of:					
Joint ventures	(73)	–	(73)	786	713
Associates	–	–	–	42	42
Profit/(loss) before tax	88,088	(3,644)	84,444	12,246	96,690
Income tax	(11,716)	(989)	(12,705)	–	(12,705)
Profit/(loss) for the year	<u>76,372</u>	<u>(4,633)</u>	<u>71,739</u>	<u>12,246</u>	<u>83,985</u>
Segment profit/(loss) attributable to members of the Company	<u>76,018</u>	<u>(4,520)</u>	<u>71,498</u>	<u>11,785</u>	<u>83,283</u>
Segment assets	<u>2,544,792</u>	<u>1,378,513</u>	<u>3,923,305</u>	<u>342,193</u>	<u>4,265,498</u>
Segment liabilities	<u>1,120,613</u>	<u>816,733</u>	<u>1,937,346</u>	<u>229,227</u>	<u>2,166,573</u>
Other segment information:					
Bank interest income	3,503	7,878	11,381	1,561	12,942
Imputed interest on interest-free trade and bills receivables with extended credit periods	–	–	–	1,892	1,892
Gain on disposal of a subsidiary	–	–	–	10,937	10,937
Impairment/(reversal of impairment) of segment assets, net	10,259	32	10,291	(760)	9,531
Finance costs	–	11,348	11,348	1,020	12,368
Depreciation	13,782	482	14,264	1,697	15,961
Amortisation of prepaid land lease payments	589	–	589	–	589
Amortisation of operating concessions	16,215	–	16,215	–	16,215
Amortisation of other intangible assets	4,433	94	4,527	381	4,908
Investments in joint ventures	5,894	–	5,894	12,431	18,325
Investments in associates	–	–	–	2,887	2,887
Capital expenditure*	<u>367,261</u>	<u>40,538</u>	<u>407,799</u>	<u>687</u>	<u>408,486</u>

	Continuing operations			Discontinued operation	
	Solid waste treatment HK\$'000	Corporate and others HK\$'000	Total HK\$'000	IT HK\$'000	Total HK\$'000
<b>Year ended 31 December 2014</b>					
Segment revenue	108,516	–	108,516	239,994	348,510
Cost of sales	(75,091)	–	(75,091)	(203,145)	(278,236)
Gross profit	<u>33,425</u>	<u>–</u>	<u>33,425</u>	<u>36,849</u>	<u>70,274</u>
Profit/(loss) from operating activities	26,436	(13,236)	13,200	(2,419)	10,781
Finance costs	–	(4,233)	(4,233)	(431)	(4,664)
Share of profits and losses of:					
Joint ventures	(33)	–	(33)	1,598	1,565
Associates	–	–	–	(999)	(999)
Profit/(loss) before tax	26,403	(17,469)	8,934	(2,251)	6,683
Income tax	(1,401)	–	(1,401)	(135)	(1,536)
Profit/(loss) for the year	<u>25,002</u>	<u>(17,469)</u>	<u>7,533</u>	<u>(2,386)</u>	<u>5,147</u>
Segment profit/(loss) attributable to members of the Company	<u>25,009</u>	<u>(17,328)</u>	<u>7,681</u>	<u>(162)</u>	<u>7,519</u>
Segment assets	<u>1,609,559</u>	<u>1,261,585</u>	<u>2,871,144</u>	<u>321,753</u>	<u>3,192,897</u>
Segment liabilities	<u>105,169</u>	<u>808,135</u>	<u>913,304</u>	<u>218,701</u>	<u>1,132,005</u>
Other segment information:					
Bank interest income	1,930	9,483	11,413	2,313	13,726
Imputed interest on interest-free trade and bills receivables with extended credit periods	–	–	–	234	234
Gain on deemed disposal of interests in an associate	–	–	–	22,878	22,878
Fair value loss on equity investments at fair value through profit or loss	–	–	–	16,301	16,301
Loss on disposal of equity investments at fair value through profit or loss	–	–	–	3,249	3,249
Impairment of segment assets, net	–	30	30	1,093	1,123
Finance costs	–	4,233	4,233	431	4,664
Depreciation	11,417	456	11,873	1,786	13,659
Amortisation of prepaid land lease payments	387	–	387	–	387
Amortisation of operating concessions	11,497	–	11,497	–	11,497
Amortisation of other intangible assets	3,206	375	3,581	544	4,125
Investments in joint ventures	5,967	–	5,967	12,639	18,606
Investments in associates	–	–	–	2,952	2,952
Capital expenditure*	<u>769,035</u>	<u>1,227</u>	<u>770,262</u>	<u>740</u>	<u>771,002</u>

\* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, operating concessions and other intangible assets (including assets from the acquisition of subsidiaries).

### Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the non-current assets (other than financial assets) of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the financial statements.

### Information about major customers

During the year, the Group had transactions with an external customer (2014: three) which accounted for over 10% of the Group's total revenue from continuing operations. The revenue from continuing operations generated from sales to this customer is set out below:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Customer A	<b>#1,077,869</b>	N/A
Customer B	*	44,996
Customer C	*	32,903
Customer D	*	14,670

\* Less than 10% of the Group's total revenue from continuing operations

# The amount represented the deemed construction revenue from the provision of construction services to a government authority recognised according to HK(IFRIC)-12 *Service Concession Arrangements*.

## 5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts relating to solid waste treatment, income from solid waste treatment, sales of electricity and steam, net of value-added tax and government surcharges.

An analysis of the Group's revenue, other income and gains, net from continuing operations is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
Solid waste treatment	49,502	29,254
Sale of electricity	117,179	77,899
Sale of steam	2,156	1,363
Construction services	1,077,869	–
	<u>1,246,706</u>	<u>108,516</u>
<b>Other income</b>		
Bank interest income	11,381	11,413
Value added tax refund	2,733	–
Rental income	523	–
Others	188	149
	<u>14,825</u>	<u>11,562</u>
<b>Gains, net</b>		
Fair value gain on investment properties, net	9,158	–
Gain on disposal of an item of other intangible assets	1,625	–
Foreign exchange differences, net	27,224	242
	<u>38,007</u>	<u>242</u>
Other income and gains, net	<u>52,832</u>	<u>11,804</u>



## 6. PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS

The Group's profit from operating activities of continuing operations is arrived at after charging/ (crediting):

	2015 HK\$'000	2014 HK\$'000
Cost of raw materials consumed	42,008	31,659
Cost of waste treatment services rendered	34,570	18,203
Cost of construction services	1,051,013	–
Depreciation <sup>Ω</sup>	14,264	11,873
Minimum lease payments under operating leases	3,397	2,945
Fair value loss/(gain) on investment properties, net	(9,158)	185
Amortisation of prepaid land lease payments*	589	387
Amortisation of operating concessions*	16,215	11,497
Amortisation of other intangible assets*	4,527	3,581
Impairment of trade receivables <sup>#</sup>	7,860	–
Impairment of other receivables <sup>#</sup>	2,399	–
Impairment of an amount due from an associate <sup>#</sup>	32	30
Loss on disposal of items of property and equipment, net <sup>#</sup>	192	44
Auditors' remuneration	2,260	2,180
Employee benefit expense (including directors' remuneration):		
Wages and salaries	33,075	16,419
Pension scheme contributions (defined contribution scheme)	1,778	1,384
	<u>34,853</u>	<u>17,803</u>

<sup>Ω</sup> Depreciation amount of HK\$13,111,000 (2014: HK\$10,139,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

\* The amortisation of prepaid land lease payments, operating concession and other intangible assets, except computer software and golf club membership, are included in "Cost of Sales" in the consolidated statement of profit or loss.

<sup>#</sup> These items are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

## 7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2015 HK\$'000	2014 HK\$'000
Interest on convertible bonds	7,910	1,621
Imputed interest on convertible bonds (note 15)	3,438	2,612
	<u>11,348</u>	<u>4,233</u>

## 8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015 HK\$'000	2014 HK\$'000
Current – Mainland China		
Charge for the year	6,435	3,050
Overprovision in prior years	(663)	–
	<u>5,772</u>	<u>3,050</u>
Deferred – Mainland China	6,933	(1,649)
	<u>12,705</u>	<u>1,401</u>

## 9. DISCONTINUED OPERATION

The Group plans to focus its resources on its solid waste treatment business and had decided to cease its IT business during the year ended 31 December 2014. The Group's business in IT segment was mainly undertaken by the subsidiaries of Business Net (Hong Kong) Limited ("BNHK") and B E Information Technology Group Limited ("BEITG"), both are indirectly-owned subsidiaries of the Company.

On 9 October 2014 and 7 August 2015, Business Net Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement and an equity transfer supplemental agreement, respectively, with independent third parties for the disposal of its 60% equity interest in BNHK and its subsidiary (collectively, the "BNHK Group") and the shareholder's loan owed by BNHK to the Company for a total cash consideration of HK\$13,000,000. The disposal of BNHK was completed on 7 August 2015. Details of the transaction are disclosed in note 17 to this announcement.

On 23 December 2014, Prime Technology Group Limited ("PTG"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with a fellow subsidiary of the Company, Beijing Enterprises Group Information Limited ("BEGIL", a wholly-owned subsidiary of BEGCL), pursuant to which PTG conditionally agreed to dispose of its 72% equity interest in BEITG and its subsidiaries (collectively, the "BEITG Group") and the shareholders' loans owed by the BEITG Group to the Company for a total cash consideration of HK\$126,000,000 (the "BEITG Disposal"). The BEITG Disposal was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 May 2015 and the transaction was completed in March 2016 upon the settlement of the consideration by BEGIL (one of the condition precedents). A gain on the BEITG Disposal of approximately HK\$70 million is expected to be resulted from the disposal transaction in 2016.

The BEITG Group (2014: the BNHK Group and the BEITG Group) was classified as a disposal group held for sale and the IT segment was classified as a discontinued operation as at 31 December 2015.

- (a) The results of a discontinued operation dealt with in the consolidated financial statements for the years ended 31 December 2015 and 2014 are summarised as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Revenue	<b>219,956</b>	239,994
Other income and gains, net	<b>5,365</b>	3,868
Gain on disposal of a subsidiary ( <i>note 17</i> )	<b>10,937</b>	–
Gain on deemed disposal of interests in an associate <sup>#</sup>	–	22,878
Fair value loss on equity investments at fair value through profit or loss	–	(16,301)
Loss on disposal of equity investments at fair value through profit or loss	–	(3,249)
Cost of sales and operating expenses	<b>(224,840)</b>	(250,040)
	<b>11,418</b>	(2,850)
Share of profits and losses of		
A joint venture	<b>786</b>	1,598
Associates	<b>42</b>	(999)
Profit/(loss) before tax from a discontinued operation	<b>12,246</b>	(2,251)
Income tax	–	(135)
Profit/(loss) for the year from a discontinued operation	<b>12,246</b>	(2,386)
Attributable to:		
Members of the Company	<b>11,785</b>	(162)
Non-controlling interests	<b>461</b>	(2,224)
	<b>12,246</b>	(2,386)

- <sup>#</sup> The gain on deemed disposal of interest in China Information Technology Development Limited (“CITD”, an associate of the Group) was recognised as a result of the dilution of the Group’s equity interest in CITD from approximately 21.1% to 7.03% following the issuance of 1,796,981,272 new ordinary shares by CITD upon the completion of an open offer during the year ended 31 December 2014.

- (b) The major classes of assets and liabilities of the disposal groups classified as held for sale as at 31 December are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Assets</b>		
Property and equipment	5,688	7,282
Other intangible assets	1,120	1,547
Investment in a joint venture	12,431	12,639
Investments in associates	2,887	2,952
Inventories	7,947	23,497
Amounts due from contract customers	833	398
Trade receivables	64,907	74,450
Prepayments, deposits and other receivables	51,801	72,572
Pledged deposits	220	305
Cash and cash equivalents	194,359	126,111
	<hr/>	<hr/>
Assets of disposal groups classified as held for sale	342,193	321,753
	<hr/>	<hr/>
<b>Liabilities</b>		
Trade and bills payables	99,206	111,510
Amounts due to contract customers	319	839
Interest-bearing bank borrowings	6,024	–
Other payables and accruals	123,678	106,352
	<hr/>	<hr/>
Liabilities directly associated with the assets classified as held for sale	229,227	218,701
	<hr/>	<hr/>
Net assets directly associated with disposal groups classified as held for sale	112,966	103,052
	<hr/> <hr/>	<hr/> <hr/>

- (c) The net cash flows of a discontinued operation dealt with in the consolidated financial statements for the years ended 31 December 2015 and 2014 are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Operating activities	72,798	(51,106)
Investing activities	(4,635)	9,124
	<hr/>	<hr/>
Net cash inflow/(outflow) attributable to a discontinued operation	68,163	(41,982)
	<hr/> <hr/>	<hr/> <hr/>

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY

The calculations of the basic earnings per share amounts are based on the profit for the year attributable to members of the Company and the profit from continuing operations attributable to members of the Company, and the weighted average ordinary shares in issue during the year.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2015 is based on the profit for the year attributable to members of the Company, the profit from continuing operations attributable to members of the Company and the weighted average number of ordinary shares, adjusted to reflect the effect of the exercise of all dilutive share options and the deemed conversion of all convertible bonds at the beginning of the year.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2014 was based on the profit for the year attributable to members of the Company and the profit from continuing operations attributable to members of the Company, adjusted to reflected the effect of the exercise of all dilutive share options at the beginning of the year. No adjustment had been made to the deemed conversion of convertible bonds as the impact of the convertible bonds outstanding during the year had an anti-dilutive effect on the basic earnings per share amount presented.

The calculation of the basic and diluted earnings per share amounts is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
For profit for the year:		
Profit for the year attributable to members of the Company, used in the basic earnings per share calculation	83,283	7,519
Interest on convertible bonds	<u>11,348</u>	<u>–</u>
Profit for the year attributable to members of the Company, used in the diluted earnings per share calculation	<u><u>94,631</u></u>	<u><u>7,519</u></u>
For profit for the year from continuing operations:		
Profit for the year from continuing operations attributable to members of the Company, used in the basic earnings per share calculation	71,498	7,681
Interest on convertible bonds	<u>11,348</u>	<u>–</u>
Profit for the year from continuing operations attributable to members of the Company, used in the diluted earnings per share calculation	<u><u>82,846</u></u>	<u><u>7,681</u></u>

	2015	2014
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculations	1,498,022,890	1,290,298,232
Effect of dilution — weighted average number of ordinary shares		
Share options	17,552,955	22,627,440
Convertible bonds	700,000,000	—
	<u>2,215,575,845</u>	<u>1,312,925,672</u>
Weighted average number of ordinary shares, used in the diluted earnings per share calculations		
	<u>2,215,575,845</u>	<u>1,312,925,672</u>

#### 11. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2014: Nil).

#### 12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

An aged analysis of the Group's receivables under service concession arrangement as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2015 HK\$'000	2014 HK\$'000
Unbilled:		
Current portion	6,443	—
Non-current portion	690,395	—
	<u>696,838</u>	<u>—</u>

#### 13. TRADE AND BILLS RECEIVABLES

Various companies of the Group have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one to six months. An aged analysis of the trade and bills receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade and bills receivables are non-interest-bearing and the Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An aged analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 3 months	23,728	28,794
4 to 6 months	90	78
7 to 12 months	123	—
1 to 2 years	3,771	15,612
2 to 3 years	1,178	—
	<u>28,890</u>	<u>44,484</u>

## 14. SHARE CAPITAL

	2015 HK\$'000	2014 HK\$'000
Issued and fully paid:		
1,499,360,150 (2014: 1,496,060,150) ordinary shares	<b>2,225,723</b>	2,219,647

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

	Number of ordinary shares in issue	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
Notes					
At 1 January 2014	854,960,150	854,960	192,892	9,721	1,057,573
Transition to no-par value regime on 3 March 2014	(a) –	202,613	(192,892)	(9,721)	–
Conversion of convertible bonds	(b) 286,000,000	329,119	–	–	329,119
Issue of new shares for acquisition of subsidiaries	(c) 347,000,000	818,920	–	–	818,920
Issue of shares upon exercise of share options	8,100,000	14,035	–	–	14,035
At 31 December 2014 and 1 January 2015	<b>1,496,060,150</b>	<b>2,219,647</b>	–	–	<b>2,219,647</b>
Issue of shares upon exercise of share options	<b>3,300,000</b>	<b>6,076</b>	–	–	<b>6,076</b>
	<b>1,499,360,150</b>	<b>2,225,723</b>	–	–	<b>2,225,723</b>

Notes:

- (a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of share premium account and capital redemption reserve had become part of the Company's share capital.
- (b) On 25 April 2014, certain convertible bonds with an aggregate principal amount of HK\$323,180,000 were converted into 286,000,000 ordinary shares of the Company at the conversion price of HK\$1.13 per share by Idata (note 15).
- (c) On 29 April 2014, 347,000,000 ordinary shares of the Company were issued at the market price of HK\$2.36 per share as part of the consideration to acquire the entire equity interests in and shareholders loans of KCS Taian Investments Company Limited and KCS Changde Investments Company Limited.

## 15. CONVERTIBLE BONDS

A summary of the movements in the principal amount, liability and equity components of the Company's convertible bonds during the year ended 31 December 2015 is as follows:

	<b>Batch 1</b> <i>HK\$'000</i> <i>(note (a))</i>	<b>Batch 2</b> <i>HK\$'000</i> <i>(note (b))</i>	<b>Batch 3</b> <i>HK\$'000</i> <i>(note (d))</i>	<b>Total</b> <i>HK\$'000</i>
<b>Principal amount outstanding</b>				
At 1 January 2014	300,580	–	–	300,580
Issue of convertible bonds	–	113,000	700,600	813,600
Conversion into ordinary shares of the Company <i>(note (c))</i>	(300,580)	(22,600)	–	(323,180)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2014, 1 January 2015 and 31 December 2015	<u>          </u> <b>–</b>	<u>          </u> <b>90,400</b>	<u>          </u> <b>700,600</b>	<u>          </u> <b>791,000</b>
<b>Liability component</b>				
At 1 January 2014	272,541	–	–	272,541
Issue of convertible bonds	–	108,780	692,318	801,098
Imputed interest expenses <i>(note 7)</i>	2,007	584	21	2,612
Conversion into ordinary shares of the Company	(274,548)	(21,756)	–	(296,304)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2014 and 1 January 2015	<u>          </u> <b>–</b>	<u>          </u> <b>87,608</b>	<u>          </u> <b>692,339</b>	<u>          </u> <b>779,947</b>
Imputed interest expenses <i>(note 7)</i>	<u>          </u> <b>–</b>	<u>          </u> <b>864</b>	<u>          </u> <b>2,574</b>	<u>          </u> <b>3,438</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2015	<u>          </u> <b>–</b>	<u>          </u> <b>88,472</b>	<u>          </u> <b>694,913</b>	<u>          </u> <b>783,385</b>
<b>Equity component</b>				
At 1 January 2014	31,971	–	–	31,971
Issue of convertible bonds	–	4,220	8,282	12,502
Conversion to ordinary shares of the Company	(31,971)	(844)	–	(32,815)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2014, 1 January 2015 and 31 December 2015	<u>          </u> <b>–</b>	<u>          </u> <b>3,376</b>	<u>          </u> <b>8,282</b>	<u>          </u> <b>11,658</b>

*Notes:*

- (a) On 28 February 2013, pursuant to the conditional subscription agreement dated 15 September 2011 (as amended by the supplemental agreements in relation thereto, collectively the "Subscription Agreement") entered into between the Company, Idata, as subscriber, and Beijing Enterprises Holdings Limited ("BEHL", an intermediate holding company of the Company whose shares are listed on the Stock Exchange), as guarantor, inter alia, convertible bonds of the Company with an aggregate principal amount of HK\$300,580,000 and an initial conversion price of HK\$1.13 per share were issued to Idata.



The convertible bonds bear interest at 1% per annum and have a maturity ended on 28 February 2018. In addition, subject to the Company's satisfaction of certain pre-conditions to giving notice within one year from 28 February 2013, the Company shall have the discretion to notify Idata at any time during the term of the convertible bonds to require Idata to subscribe for such amount of standby convertible bonds of an aggregate principal amount of HK\$3,000,150,000 at the initial conversion price of HK\$1.13 per share, as the Company may, from time to time, consider appropriate. Further details of the transactions are set out in the Company's circular dated 21 December 2012 and the Company's announcement dated 28 February 2013. The convertible bonds had been fully converted into ordinary shares of the Company during the year ended 31 December 2014.

- (b) On 24 April 2014, pursuant to the Subscription Agreement, Idata subscribed for the issue of part of the standby convertible bonds in the principal amount of HK\$113,000,000. Further details of the transaction are set out in the Company's announcement dated 24 April 2014.
- (c) On 25 April 2014, certain convertible bonds with an aggregate principal amount of HK\$323,180,000 were converted into 286,000,000 ordinary shares of the Company at the conversion price of HK\$1.13 per share.
- (d) On 29 December 2014, pursuant to the Subscription Agreement, Idata subscribed for the issue of part of the standby convertible bonds in the principal amount of HK\$700,600,000. Further details of the transaction are set out in the Company's announcement dated 29 December 2014.

The Company's convertible bonds are bifurcated into liability and equity components for accounting purpose. The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The carrying amount of the liability component of the convertible bonds approximated to its fair value as at 31 December 2015.

## 16. TRADE PAYABLES

The trade payables are non-interest-bearing and normally settled within one to six months.

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Billed:		
Less than 3 months	6,638	5,963
4 to 6 months	109	786
7 to 12 months	171	138
Over 1 year	765	144
	<hr/>	<hr/>
	7,683	7,031
Unbilled	1,003,012	–
	<hr/>	<hr/>
	1,010,695	7,031
	<hr/> <hr/>	<hr/> <hr/>

## 17. DISPOSAL OF A SUBSIDIARY

On 9 October 2014 and 7 August 2015, Business Net Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement and an equity transfer supplemental agreement, respectively, with independent third parties for the disposal of its 60% equity interest in BNHK Group and the shareholder's loan owed by BNHK to the Company for a total cash consideration of HK\$13,000,000. The disposal of BNHK was completed on 7 August 2015.

	2015 <i>HK\$'000</i>
Net assets disposed of:	
Property and equipment	252
Inventories	236
Trade receivables	718
Prepayments, deposits and other receivables	1,298
Cash and cash equivalents	6,283
Trade payable	(686)
Other payables and accruals	(20,846)
Non-controlling interests	17,220
	<hr/>
	4,475
Exchange fluctuation reserve realised	(2,425)
Transaction costs	13
Gain on disposal of a subsidiary, including in a discontinued operation ( <i>note 9(a)</i> )	10,937
	<hr/>
Satisfied by cash	13,000
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An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>2015</b> <b>HK\$'000</b>
Cash consideration	<b>13,000</b>
Cash and cash equivalents disposed of	<b>(6,283)</b>
Transaction costs paid	<b>(13)</b>
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<b>6,704</b>
	<hr/> <hr/>

#### **18. CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2015 (2014: Nil).

#### **19. CAPITAL COMMITMENTS**

At the end of the reporting period, in addition to the operating lease commitments, the Group had capital commitments as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Contracted, but not provided for:		
Service concession arrangement	<b>111,446</b>	1,156,250
Property	<b>–</b>	8,000
	<hr/>	<hr/>
	<b>111,446</b>	1,164,250
	<hr/> <hr/>	<hr/> <hr/>

## **20. EVENTS AFTER THE REPORTING PERIOD**

- (a) In January 2016, 1,000,000 share options of the Company outstanding as at 31 December 2015 were exercised by a consultant of the Company.
- (b) In March 2016, the disposal of 72% equity interest in the BEITG Group and the shareholders' loans owed by the BEITG Group to the Company was completed (note 9).

## **21. COMPARATIVE AMOUNTS**

As further explained in note 3 to this announcement, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

## **22. OTHER FINANCIAL INFORMATION**

The net current assets and total assets less current liabilities of the Group as at 31 December 2015 amounted to HK\$944,813,000 (2014: HK\$1,912,263,000) and HK\$2,949,981,000 (2014: HK\$2,901,302,000), respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Following the strategic transformation in 2014, the Group has focused its resources on its solid waste treatment business.

During the year under review, the Changde Household Waste Incineration Power Generation Project (常德市生活垃圾焚燒發電項目, the “Changde Project”), in Hunan Province handled solid waste of 323,896 tonnes (full year of 2014: 304,425 tonnes) and generated electricity of 101.32 million kWh (full year of 2014: 90.33 million kWh), equivalent to the saving of approximately 67,000 tonnes of coal and reduction in CO<sub>2</sub> emission by approximately 176,000 tonnes. The Changde Project recorded a total revenue of HK\$97.33 million (full year of 2014: HK\$82.38 million) and contributed an EBITDA (excluding foreign exchange difference) of HK\$55.92 million (full year of 2014: HK\$42.28 million) and a net profit of HK\$39.79 million (full year of 2014: HK\$24.71 million).

The Taian Household Waste Incineration Power Generation Project (山東泰安生活垃圾焚燒發電項目, the “Taian Project”) in Shandong Province handled solid waste of 338,602 tonnes (full year of 2014: 284,869 tonnes) and generated electricity of 60.86 million kWh (full year of 2014: 60 million kWh), equivalent to the saving of approximately 62,000 tonnes of coal and reduction in CO<sub>2</sub> emission by approximately 162,000 tonnes. The Taian Project recorded a total revenue of HK\$71.51 million (full year of 2014: HK\$72.03 million) and contributed an EBITDA (excluding foreign exchange difference) of HK\$17.35 million (full year of 2014: HK\$26.38 million) and a net profit of HK\$2.24 million (full year of 2014: HK\$5.17 million). The decrease in net profit and EBITDA was mainly due to impairment of long aged trade and other receivables of approximately HK\$7.72 million during the year.

The Beijing Haidian District Cyclic Economy Industrial Park Renewable Energy Power Generation Plant PPP Project (北京市海澱區循環經濟產業園再生能源發電廠PPP項目, the “Haidian Project”) is still in the construction stage. The Haidian Project has built up a working team of 60 employees for its facilities installation and testing. In addition, the Group has established a joint venture with Suez Environnement, a world leader exclusively dedicated to waste management, for providing innovative solutions to the Group’s solid waste treatment business and technical monitoring services to the Haidian Project. During the year under review, it has recognised revenue of HK\$1,077.87 million and gross profit of HK\$26.86 million from the provision of construction services.

During the year under review, the existing information technology business of the Group has generated a total revenue of HK\$219.96 million (2014: HK\$239.99 million) and driven a minimal net operating profit contribution of HK\$0.85 million to the Group. The Group's disposal of its information technology business was in progress. During the year, a net gain of HK\$10.94 million was generated from the disposal of a subsidiary engaged in the operation of electronic payment cards in Mainland China. The disposals of the remaining subsidiaries engaged in the system integration, software development and total education solutions in Mainland China were completed in March 2016 and a net gain of approximately HK\$70 million is expected to be realised in 2016.

### **Business Prospects**

The Changde Project and the Taian Project have been operating smoothly and complied with all the relevant environmental regulations and standards in place. However, both projects have already reached their waste treatment capacities. In order to meet the increasing demand for waste treatment volume in Changde and Taian cities and the emission standards under the new environmental regulations, both projects have proactively conducted complete overhauls and technological upgrade of their existing fluidised bed boilers. The Group has also coordinated with local governments for the feasibility studies of their second phase of construction of additional 600 tonnes/day grate firing boilers.

The Group is well prepared for the trial operation of the Haidian Project to be expected commencing in the second half of 2016. The Company believes that with the commencement of the business operation of the Haidian Project, a remarkable waste incineration plant in Beijing, shall further enlarge the earnings base of the Group in the future.

In addition, the Group is intended for the acquisition of potential solid waste treatment business, and the relevant negotiation is currently underway. The group aims to rapidly capture the market share of the solid waste treatment industry in Mainland China and create values for the shareholders.

### **Financial Review**

During the year under review, prior to the completion of the disposal of its information technology segment (which has been classified as a discontinued operation) in March 2016, the Group's continuing operations comprised (i) the solid waste treatment segment; and (ii) the corporate and others segment.

#### ***Continuing operations***

##### ***Revenue and gross profit***

During the year under review, the revenue was represented by the provision of solid waste treatment, sales of electricity and sales of steam of the Changde Project and the Taian Project and the provision of construction services of the Haidian Project.

	12 months operation in 2015			8 months operation in 2014
	Changde and Taian Projects <i>HK\$' million</i>	Haidian Project <i>HK\$' million</i>	Total <i>HK\$' million</i>	Changde and Taian Projects <i>HK\$' million</i>
Revenue	168.84	1,077.87	1,246.71	108.52
Cost of sales	(110.93)	(1,051.01)	(1,161.94)	(75.09)
Gross profit	<u>57.91</u>	<u>26.86</u>	<u>84.77</u>	<u>33.43</u>
Gross profit margin	<u>34.3%</u>	<u>2.5%</u>	<u>6.8%</u>	<u>30.8%</u>

The total revenue of the Group was HK\$1,246.71 million in 2015, increased by HK\$1,138.19 million as compared with HK\$108.52 million of last year. The increase was mainly contributed by the revenue from the provision of construction services recognised under the Haidian Project of HK\$1,077.87 million during the year.

The Changde Project and the Taian Project contributed revenue of HK\$168.84 million during the year and recorded an annualised growth rate of 9.3%. It comprised the provision of waste treatment services of HK\$49.50 million (2014: HK\$29.26 million) and sale of electricity and steam generated from waste incineration of HK\$119.34 million (2014: HK\$79.26 million).

#### *Other income and gains, net*

The Group's other income and gains in 2015 amounted to HK\$52.83 million, as compared with HK\$11.80 million in 2014. The other income and gains mainly comprised bank interest income of HK\$11.38 million (2014: HK\$11.41 million), foreign exchange gain of HK\$27.22 million and fair value gain on investment properties of HK\$9.16 million.

#### *Administrative expenses*

The Group's administrative expenses in 2015 amounted to HK\$31.25 million, decreased by HK\$0.5 million as compared with HK\$31.75 million in 2014. The administrative expenses allocated to the solid waste treatment segment was HK\$13.30 million (2014: HK\$9.00 million) and the corporate and others segment was HK\$17.95 million (2014: HK\$22.75 million).

#### *Other operating expenses, net*

The Group's other operating expenses in 2015 amounted to HK\$10.49 million, as compared with HK\$0.28 million in 2014. The other operating expenses mainly comprised the impairment of long aged trade and other receivables of HK\$10.26 million.

#### *Finance costs*

The Group's finance costs in 2015 was wholly incurred from the convertible bonds subscribed by the immediate holding company of the Company, Idata Finance Trading Limited ("Idata"), of HK\$11.35 million, increased by HK\$7.12 million as compared with HK\$4.23 million in 2014. The increase was due to the issue of convertible bonds with principal amount of HK\$700.60 million at the end of December 2014.

#### *Income taxes*

The Group's income tax charge for 2015 comprised an income tax expense of HK\$5.77 million (2014: HK\$3.05 million) and a net deferred tax charge of HK\$6.94 million (2014: credit of HK\$1.65 million), totaling HK\$12.71 million, and increased by HK\$11.31 million as compared with HK\$1.40 million in 2014.

#### *Discontinued operation*

The financial performance of the Group's information technology segment in 2015 has a moderate improvement. The segment revenue was HK\$219.96 million, decreased by 8.3% as compared with HK\$239.99 million in 2014. The other income and gains was HK\$16.30 million (included a gain on disposal of a subsidiary of HK\$10.94 million). Cost of sales and operating expenses were HK\$224.84 million, decreased by 10.1% as compared with HK\$250.04 million in 2014. The segment profit was HK\$12.25 million, as compared with a loss of HK\$2.38 million in 2014.

#### *Profit for the year*

Profit for the year amounted to HK\$83.99 million, increased by HK\$78.84 million as compared with HK\$5.15 million in 2014. By excluding the abovementioned foreign exchange gain of HK\$27.22 million, fair value gain on investment properties of HK\$9.16 million and gain on disposal of a subsidiary in the disposal groups of HK\$10.94 million, the adjusted profit for the year amounted to HK\$36.67 million, increased by HK\$31.52 million as compared with 2014. The increase was resulted from the full year profit contribution from the Changde Project and the Taian Project (8 months for 2014) and the profit generated by the construction services from the Haidian Project of HK\$20.14 million during the year.



	Profit for the year		Profit for the year attributable to shareholders of the Company	
	2015	2014	2015	2014
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Continuing operations				
– Solid waste treatment segment	76.37	25.00	76.01	25.01
– Corporate and others segment	(4.63)	(17.47)	(4.52)	(17.33)
	<u>71.74</u>	<u>7.53</u>	<u>71.49</u>	<u>7.68</u>
Discontinued operation				
– Information technology segment	12.25	(2.38)	11.79	(0.16)
	<u>83.99</u>	<u>5.15</u>	<u>83.28</u>	<u>7.52</u>

The EBITDA (excluding foreign exchange gain of HK\$27.22 million) of the Group's continuing operations in 2015 was HK\$92.78 million, increased by 219.7% as compared with HK\$29.02 million in 2014. The Group's returns on total assets and net assets in 2015 were 1.97% (2014: 0.16%) and 4.00% (2014: 0.25%), respectively.

## Financial Position

### *Investing activities*

The Group has no acquisition of subsidiary engaged in the solid waste treatment business during the year under review. In May 2015, the Group has completed the second phase of registered capital injection of RMB107.256 million into its 99% equity owned subsidiary for the investment and operation of the Haidian Project.

In August 2015, the Group has completed the disposal of its 60% equity interest (with relevant shareholder's loan) in Business Net (Hong Kong) Limited and its subsidiary (the "BNHK Group") to an independent third party for a total cash consideration of HK\$13 million. The BNHK Group was engaged in the operation of electronic payment cards business and has sustained an operating loss of HK\$3.62 million during the 7 months ended 31 July 2015. A gain on disposal of HK\$10.94 million was realised by the Group in 2015.

In March 2016, the Group has completed the disposal of its 72% equity interest (with relevant shareholder's loans) in B E Information technology Group Limited and its subsidiaries (the "BEITG Group") to a fellow subsidiary, Beijing Enterprises Group Information Limited (a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, the ultimate holding company of the Company) for a total cash consideration of HK\$126 million. The BEITG Group was engaged in provision of system integration, software development and total education solutions services and has generated an operating profit of HK\$6.69 million for the year. A profit on disposal of approximately HK\$70 million is expected to be realised by the Group in 2016.

### ***Financing activities***

During the year ended 31 December 2015, the number of ordinary shares of the Company in issue has been increased by 3,300,000 to 1,499,360,150 upon the exercise of employees' share options.

Pursuant to the subscription agreement dated 15 September 2011 (as amended by the supplemental agreements in relation thereto) entered with Idata, as subscriber, the Company has totally raised HK\$1,312 million for its environmental protection projects in 2013 and 2014. By the end of 2015, approximately HK\$130 million has been utilised for the Changde Project and the Taian Project and approximately HK\$393 million has been utilised for the Haidian Project. The remaining balance of approximately HK\$789 million has been placed in a licensed bank in Hong Kong and will be allocated for the capital commitment and working capital of the Haidian Project.

### ***Financial position***

As at 31 December 2015, the Group's total assets increased by HK\$1,072.60 million to HK\$4,265.50 million (including those assets of disposal groups classified as held for sale of HK\$342.19 million) and total liabilities increased by HK\$1,034.57 million to HK\$2,166.57 million (including those liabilities directly associated with assets classified as held for sale of HK\$229.23 million) as compared with 31 December 2014. The increase in assets and liabilities was mainly resulted from the recognition of the operating concession of HK\$355.06 million, the receivables under services concession arrangement of HK\$696.84 million and the related trade payables of HK\$1,003.01 million for the construction of the Haidian Project. The Group's net assets increased by HK\$38.04 million to HK\$2,098.93 million, of which equity attributable to members of the Company amounted to HK\$2,074.27 million as at 31 December 2015. The net asset value per share attributable to members of the Company was HK\$1.38 (2014: HK\$1.37).

### ***Liquidity and financial resources***

As at 31 December 2015, the cash and bank balances held by the Group (excluded the disposal groups) amounted to HK\$1,862.37 million. During the year, net cash flows from operating activities amounted to HK\$270.26 million and the net cash flows used in investing and financing activities amounted to HK\$36.75 million and HK\$2.82 million, respectively. As at 31 December 2015, the Company has convertible bonds subscribed by Idata with an aggregate principal amount of HK\$791 million at an initial conversion price of HK\$1.13 per share. The convertible bonds are unsecured, bear interest at 1% per annum and will be matured in February 2018.

As at 31 December 2015, except for the pledged deposits of HK\$0.22 million in the disposal groups, the Group had no charge on its assets, did not have any bank borrowings, nor did it hold any financial derivatives. As at 31 December 2015, the Group had a net current assets of HK\$944.81 million and its current ratio decreased from 7.56 times to 1.72 times and its total liabilities to assets ratio increased from 35.4% to 50.8% as a result of the progression of the Haidian Project.

The Group adopts a prudent approach in cash and financial management to ensure proper risk control and low costs of funds. The Group finances its daily operations of the existing business primarily with internally generated cash flow. When the Group comes across with acquisition or investment opportunities, the Group will first utilise the internal funding and arrange for project finance from financial institutions. Depending on its investment needs, the Group may also consider raising fund from the shareholders and potential investors of the Company in compliance with relevant statutory requirements.

### ***Foreign exchange risks***

The Group's cash and bank balances were denominated as to 65% in Hong Kong dollars, 23% in Renminbi and 12% in United States dollars. The Group's businesses are principally located in Mainland China and the majority of its transactions are conducted in Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, the Group will be subject to translational foreign exchange risk. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss and the gains or losses arising on retranslation of foreign operations are recognised in the exchange fluctuation reserve. During the year ended 31 December 2015, the Group did not enter into any foreign currencies hedging arrangements.

### ***Capital expenditure and commitment and contingent liabilities***

During the year ended 31 December 2015, the total capital expenditures of the Group amounted to HK\$408.49 million. As at 31 December 2015, the Group had commitment of RMB92.5 million (equivalent to approximately HK\$111.45 million) for the service concession arrangement. Saved as disclosed above, the Group did not have any material capital commitment and contingent liabilities.

### **Employees and Remuneration Policy**

	Number of employees		Total expenses on employee benefits	
	2015	2014	2015	2014
			HK\$ million	HK\$ million
Continuing operations				
– Solid waste treatment segment	258	215	27.63	10.81
– Corporate and others segment	24	28	7.12	6.99
	<u>282</u>	<u>243</u>	<u>34.75</u>	<u>17.80</u>
Discontinued operation				
– Information technology segment	194	221	39.78	37.11
	<u>476</u>	<u>464</u>	<u>74.53</u>	<u>54.91</u>

The Group's employee remuneration policy and package are periodically reviewed by the management based on the employees' work performance, professional experiences and prevailing market practices. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance, ensuring all staff are reasonable remunerated.

Being people-oriented, the Group continues to improve and regularly review and update its policies on staff benefits, training, occupational health and safety. The Group encourages and finances its employees to attend training courses in the fields of their job responsibilities. Work life balance is also emphasised. Regular sports and leisure events were organised to strengthen the bonding with employees.

The Company operates a share option scheme for the Group's employees and directors. During the year ended 31 December 2015, 3,300,000 share options were exercised at an exercise price of HK\$1.25 per share. No share option was granted, forfeited or lapsed during the year. As at 31 December 2015, the Company had 39,520,000 share options outstanding, which were granted on 21 June 2011 at an exercise price of HK\$1.25 per share and represented approximately 2.6% of the Company's ordinary shares in issue as at 31 December 2015.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Save as disclosed below, in the opinion of the Directors, the Company has complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2015.

- (a) Under Code Provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation of a majority of directors entitled to present. However, the Company considers it is more efficient to hold Board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.
- (b) Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for non-executive directors to voice their views by individual communication with the chairman of the Board.
- (c) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, none of the existing non-executive Directors is appointed for a specific term, but they are subject to retirement by rotation in accordance with the Company's articles of association.

- (d) Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, all independent non-executive Directors were unable to attend the general meetings of the Company due to other business engagements.
- (e) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration and nomination committees to attend. However, the chairmen of the Board and its committees were unable to attend the annual general meeting due to other business engagements.

## **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 Listing Rules for securities transactions by the Directors. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision C.3. The current members of the Audit Committee comprise three independent non-executive Directors, namely Dr. Huan Guocang (committee chairman), Dr. Jin Lizuo and Dr. Wang Jianping. The role and function of the Audit Committee include (i) maintenance of the relationship with the Company's auditors; (ii) review of the Company's financial information; and (iii) oversight of the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the Group's results for the year ended 31 December 2015, internal control, impacts of the new accounting standards and management issues of the Company.

## **SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures set out in the preliminary announcement of the Group's results for the year ended 31 December 2015 in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position have been agreed by the Company's auditors, to the amounts set out in the Group's drafted consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

## **PURCHASE, REDEMPTION, OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **PUBLICATION OF FINANCIAL INFORMATION**

The Company's 2015 annual report containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bdhk.com.hk](http://www.bdhk.com.hk)) in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express my gratitude to all employees and partners from different sectors for their support to the Group over the past years and look forward to the future success of the Group's business transformation from which all shareholders will benefit.

By order of the Board  
**E Meng**  
Chairman

Hong Kong, 31 March 2016

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning, Ms. Qin Xuemin and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.*