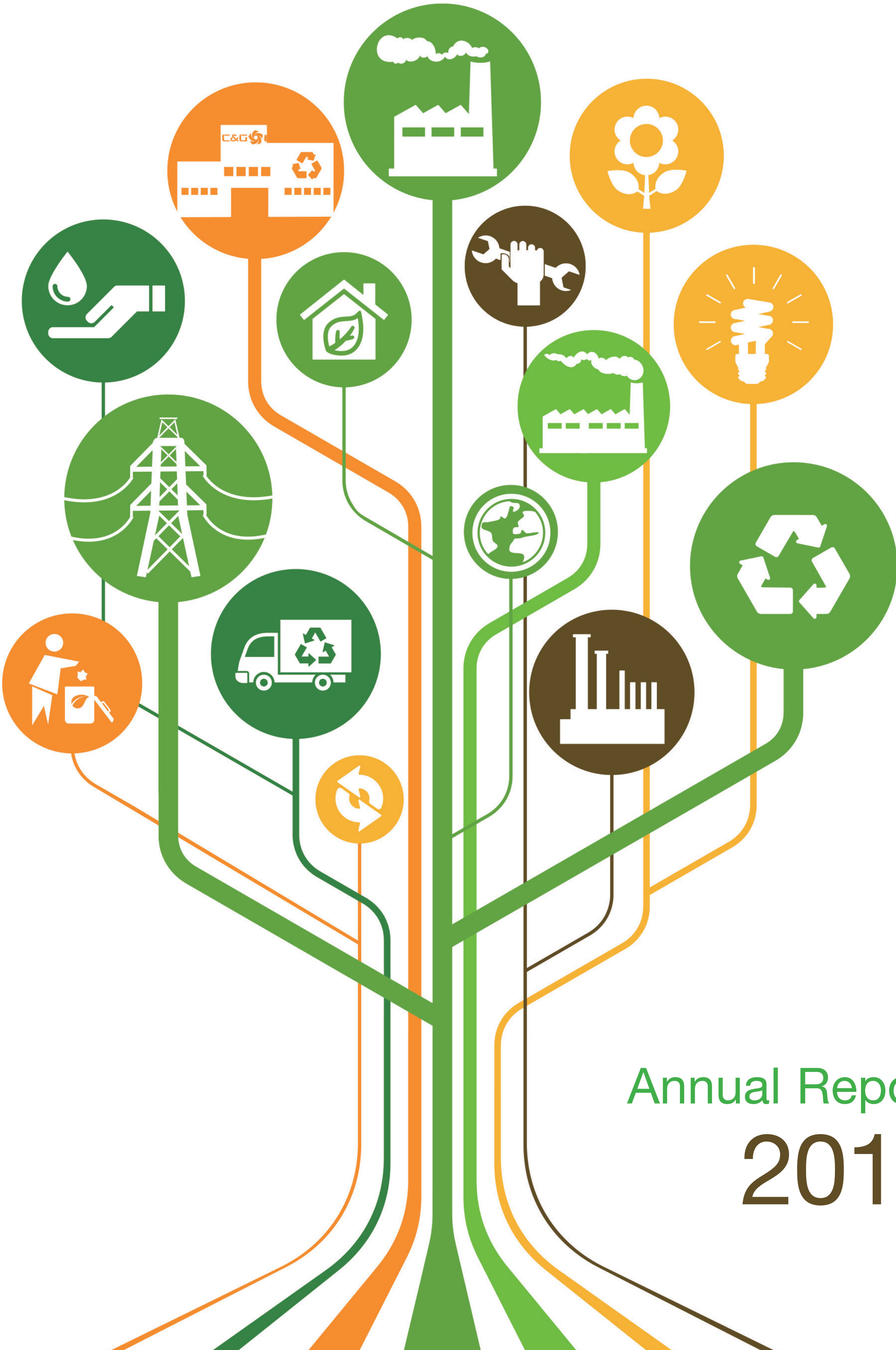
C&G Environmental Protection Holdings Limited
創冠環保股份有限公司



Annual Report 2014

Contents

Corporate Profile

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

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

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

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

The Group's interest in Southeast Asia includes a WTE plant in Bangkok, Thailand, which is currently under construction and is expected to complete construction by 2015. When operational, the Bangkok plant will have a daily waste treatment capacity of 500 tonnes. The Group intends to leverage on its existing knowledge and expertise in managing WTE plants in Bangkok to build its presence within the growing Asian market.

The successful completion of the disposal of the Group's WTE business and assets in China marks a new chapter of C&G's transformative growth into a clear focus on an asset-light business model. Besides deploying C&G's expertise to the WTE industry in Southeast Asia, the Group is also looking to diversify its business into other areas of environmental protection in Asian regions such as China and Taiwan.

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

In January 2015, C&G also incorporated two branches in Taipei, Taiwan and Kaohsiung, Taiwan, aiming to grow its business as an environmental technology solutions and industrial services provider.

Chairman's Statement

Mr. Lin Yan
Executive Chairman and Group CEO

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors, it is with pleasure that I present to you C&G's annual report for the financial year ended 31 December 2014 ("FY2014").

FY2014 marks the start of a new chapter of our corporate journey following the successful completion of the disposal of our WTE business and assets in China ("Divestment"). It has been about a year and a half since our first announcement in October 2013 on receiving the letter of intent before finally completing the Divestment in December 2014. The process has indeed been a rewarding one with C&G having successfully unlocked value for shareholders to reap a gain of HK$403.4 million. Through this Divestment to Grandblue, an established utility and environmental player listed on the Shanghai Stock Exchange, our net profit in FY2014 was boosted to HK$441.4 million.

各位尊敬的股东：

本人谨代表董事会欣然公布本集团截至二零一四年十二月三十一日止财政年度(「二零一四财政年度」)的年度报告。

二零一四财政年度标志着本集团的一个重要新里程，我们成功出售了集团在中国的垃圾发电业务及资产计划(「出售资产计划」)。自2013年10月宣布计划及收到意向书开始，至2014年12月正式完成出售资产计划，历时约一年半。整个计划为集团带来理想的成果，并成功地为本集团股东带来港币4亿零3百40万元的收益。透过出售资产计划，集团已将资产售予瀚蓝 —— 一家在上海证券交易所上市的环保及公用事业公司，令集团在二零一四财政年度的利润上达港币4亿4千1百40万元。

We are also delighted to have been able to share the monetary fruits of our labour with C&G's loyal shareholders through a first interim special dividend of RMB0.225 per share, totalling RMB220 million which was paid in February 2015.

我们很高兴能通过派发第一次每股人民币0.225元的第一次中期特别股息，把成果与集团忠诚的股东分享，于2015年2月派息总额为人民币2亿2千万元。

We are currently in the midst of fulfilling certain conditions required for the commencement of construction works for the Guiyang BOT project and the Xiaogan BOT project. Should we complete those conditions, we will be entitled to a remaining RMB200 million out of RMB300 million – the second tranche of the Divestment's cash consideration. We are glad to have received the initial gross sub-tranche payment of RMB100 million in March 2015 following the successfully completion of the conditions relating to the Dalian BOT project.

目前我们正努力完成为贵阳及孝感的BOT项目就展开建设工程施工所需的某些条件。待完成上述条件后，集团将获得出售资产计划的第二期现金对价款项人民币3亿元中馀下的人民币2亿元。于2015年3月，我们很高兴在成功完成大连BOT项目的交割条件后，已收到现金对价人民币1亿元。

Our revitalised direction as an experienced WTE player with a clear focus on asset-light businesses puts us in a good position to tap on the burgeoning renewable energy and environmental protection market in Southeast Asia.

集团在垃圾发电业务上积累了丰富的经验，我们计划未来业务将以轻资产为主，并将拓展我们的业务到正于东南亚地区蓬勃发展的可再生能源及环保领域上。

LEVERAGING ON OUR WTE HERITAGE

By leveraging on our extensive past experience in building and managing the WTE plants in China and our current plant in Thailand that is undergoing construction, we intend to broaden C&G's presence around the region. We believe our unparalleled transferrable skill set will shorten the learning curve and will provide a blueprint for C&G to achieve a faster pace of implementation and growth.

发挥集团在垃圾发电的优势

集团凭藉过往于中国及目前在泰国在建的垃圾发电厂的丰富经验，我们计划拓展集团在亚洲地区内的版图。集团拥有专业的技术团队，相信定能高效地扩展业务，划出充满前景的发展蓝图，以及为集团带来快速及可观的利润增长。

The progress of our Bangkok Nong Khaem MSW Incineration Power Plant remains on-track for completion by 2015. When completed, the plant, which has a BOT period of 20 years, will have the capacity to process 500 tonnes of MSW per day. We also successfully secured a term loan facility amounting to US$24 million in 2014 from the China Development Bank Corporation to finance the equipment cost for this project.

我们在曼谷市廊肯建立的垃圾发电厂进度理想，预计将在2015年竣工。项目为20年的BOT特许期，工程完成后，该厂房预计每日可处理500吨的都市固体垃圾。此外，集团于2014年成功从国家开发银行获取有期贷款融资美金2千4百万元，以购买上述项目所需的设备。

Globally, cities around the world are projected to generate approximately 2.2 billion tonnes of solid waste in 2022, up from 1.3 billion tonnes per year[1]. With this tailwind coupled with Asia's growing waste generation and energy demands, the trend is likely to bode well for C&G. In Thailand alone, where we have a presence, energy generation from the WTE industry is expected surge, with plants anticipated to generate 160MW by 2022 from just 13MW currently[2].

预计至2022年，全球城市的固体垃圾产生量将由现时每年13亿吨增加至约22亿吨[1]。此外，亚洲区的垃圾弃置量及能源需求将不断增加，为集团的业务发展提供利好环境因素。单是在我们设立厂房的泰国，垃圾发电需求正不断上升，发电厂的产电量由现时的13兆瓦将上升至2022年的160兆瓦[2]。

Part of the Divestment consideration entitled us to a 12.7% stake in Grandblue, propelling C&G to become the second largest shareholder in the company. As such, the platform of holding our divested business and assets in China through Grandblue allows us to retain an interest in our efforts that were invested in nurturing our WTE capabilities in China over the years. On the other hand, it provides our shareholders with the additional advantage of participating in Grandblue's growth of its diversified environmental-related and utility businesses.

出售资产计划中部份对价令集团获得瀚蓝12.7%的股权，并成为瀚蓝的第二大股东，因而通过瀚蓝作为持有我们已出售的中国业务及资产的平台，集团一方面将继续保留多年来在中国投资发展垃圾发电业务的优势和地位，另一方面可让集团股东共享瀚蓝持续增长的多元化环保相关及公用事业所带来的额外优势。

DIVERSIFYING INTO ASSET-LIGHT BUSINESSES

Going forward, the provision of asset-light environmental-related services will be another key strategy that we will be focusing on. As we further build our capabilities in this field, we anticipate tremendous opportunities in areas such as the provision of technology advice and industrial services, as well as equipment procurement, installation and construction services.

轻资产业务的多元化发展

展望未来，集团将把业务核心拓展至环保相关的轻资产业务。集团将会利用我们的专业技术朝这方向发展，并预计将会在提供技术顾问及工业服务、设备采购、安装及建设服务上获得可观的商机。

In that regard, we established our subsidiary, C&G SZ in May 2014 to provide environmental protection-related technical advisory and services as well as research and development.

为此，集团于2014年5月成立了全资子公司，创冠绿能深圳提供与环保相关的专业技术顾问及研究开发服务。

We kick-started the commencement of this strategic milestone with the securing of a RMB1 million equipment sales contract in July 2014 for the Deep Watering Double-membrane Filter Press for Sludge. Hot on the heels of the first contract win, in February 2015 subsequent to FY2014, we won the bid for an equipment sales contract for the sludge dewatering system worth a sizeable RMB37.3 million.

创冠绿能深圳于2014年7月成功取得价值人民币1百万元的高压双隔膜压滤机设备采购项目合同，为集团的业务发展展开全新里程。紧接着这首张合同，我们另一份污泥脱水系统设备采购合同于2015年2月中标，该项目价值人民币3千7百30万元。

1 *Waste to Energy – International Energy Agency Bioenergy, 2013*
2 *ASEAN Power Week – Renewable Energy World, 2014*

1 *垃圾发电 — 国际能源署生物能源，2013*
2 *东盟电力周 — 可再生能源世界，2014*

IN APPRECIATION

As we undergo a path of transformative growth and reflect on the achievements over the year, I would like to take this opportunity to thank all our stakeholders, including our bankers, partners, government officials and management who have supported us throughout this period.

I would also like to extend my heartfelt appreciation to our investors for placing their unwavering faith in us as we navigate the path of delivering and unlocking shareholders' value.

Last but not least, I would also like to thank the Board for their dedication, counsel and their efforts in crystalising C&G's strategy that will set us on a path of sustainable growth.

Yours Faithfully

Mr. Lin Yan
Executive Chairman and Group Chief Executive Officer
31 March 2015

致谢

回顾这一年，集团进行业务转型并取得一定的成就，本人希望藉此机会向我们的持份者，包括各银行、业务合作伙伴及政府官员们在过去一年来对我们的鼎力支持。

此外，本人要衷心感谢各投资者对集团坚定不移的信任，这份信任对我们在业务发展及积极为股东增值上发挥关键性的推动作用。

最后，本人要感谢董事会成员提供宝贵意见及全情投入的付出，他们竭力奉行集团的宗旨及经营策略，让我们实现可持续的长期增长。

林岩
执行主席兼集团行政总裁
二零一五年三月三十一日

Corporate Milestones

2014

JAN

Received a support letter from State's Economic Planning Unit for Malaysia WTE project

Entered into the acquisition agreement with Grandblue in respect of the proposed sale of its WTE business and assets (including concession rights) and principal operating subsidiaries in the PRC

MAY

Incorporated the subsidiary in Shenzhen, C&G SZ

JUL

C&G SZ secured its first equipment sales contract of the Deep Dewatering Double-membrane Filter Press for Sludge with a contract sum of RMB1 million

AUG

The Group's wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited ("C&G (HK)") approved to be a strategic foreign investor of Grandblue by the Ministry of Commerce of the PRC

Entered into a term loan facility amounting to US$24 million with China Development Bank Corporation for Bangkok Nong Khaem MSW Incineration Power Plant

DEC

C&G (HK) received 91,019,417 shares of Grandblue as part consideration for acquisition of C&G Environmental Protection (China) Company Limited ("C&G (China)") upon Grandblue's receipt of formal approval document from the China Securities Regulatory Commission

Obtained approval from the Xiamen Municipal Administration for Industry and Commerce of the PRC to transfer C&G China's entire shares to Grandblue

C&G (HK) holds 12.7% of the enlarged share capital of Grandblue

2015

JAN

Received the net first tranche of cash consideration of RMB759.5 million from Grandblue

Declared a first interim special dividend of S$47.36 million (equivalent to approximately RMB220 million) for the financial year ending 31 December 2015

Incorporated two branches in Taipei, Taiwan and Kaohsiung, Taiwan

FEB

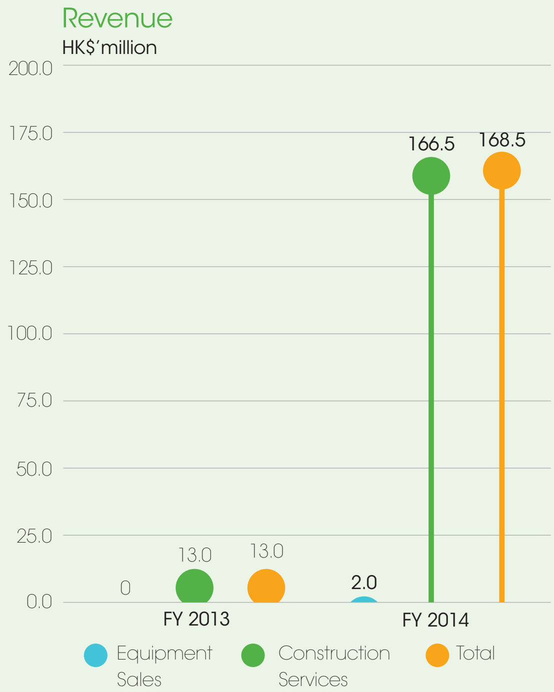
C&G SZ was awarded a sales contract for Sludge Dewatering System Procurement of the fourth sewage treatment plant expansion project in Xi'an with a contract sum of approximately RMB37.3 million

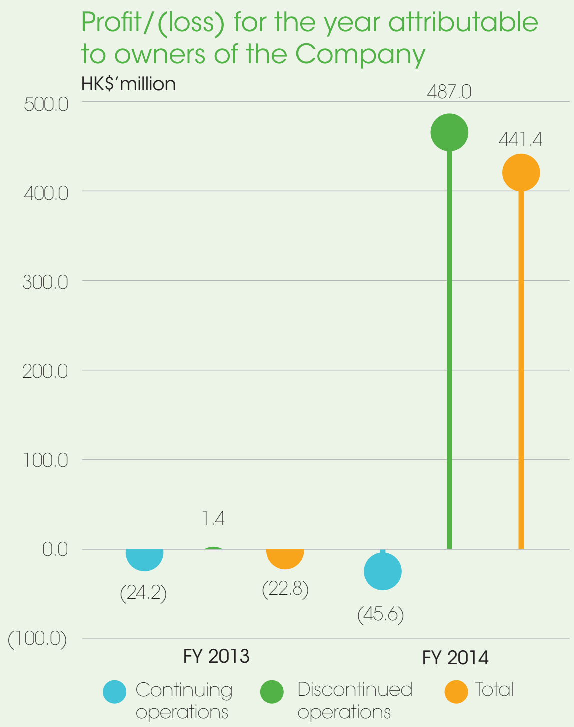
MAR

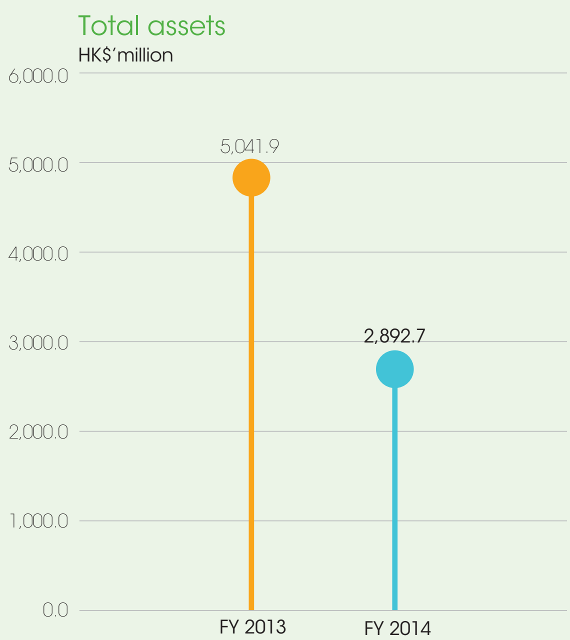
Received the net sub-tranche of RMB90 million out of the second tranche cash consideration for the Dalian BOT project from Grandblue

Financial Highlights

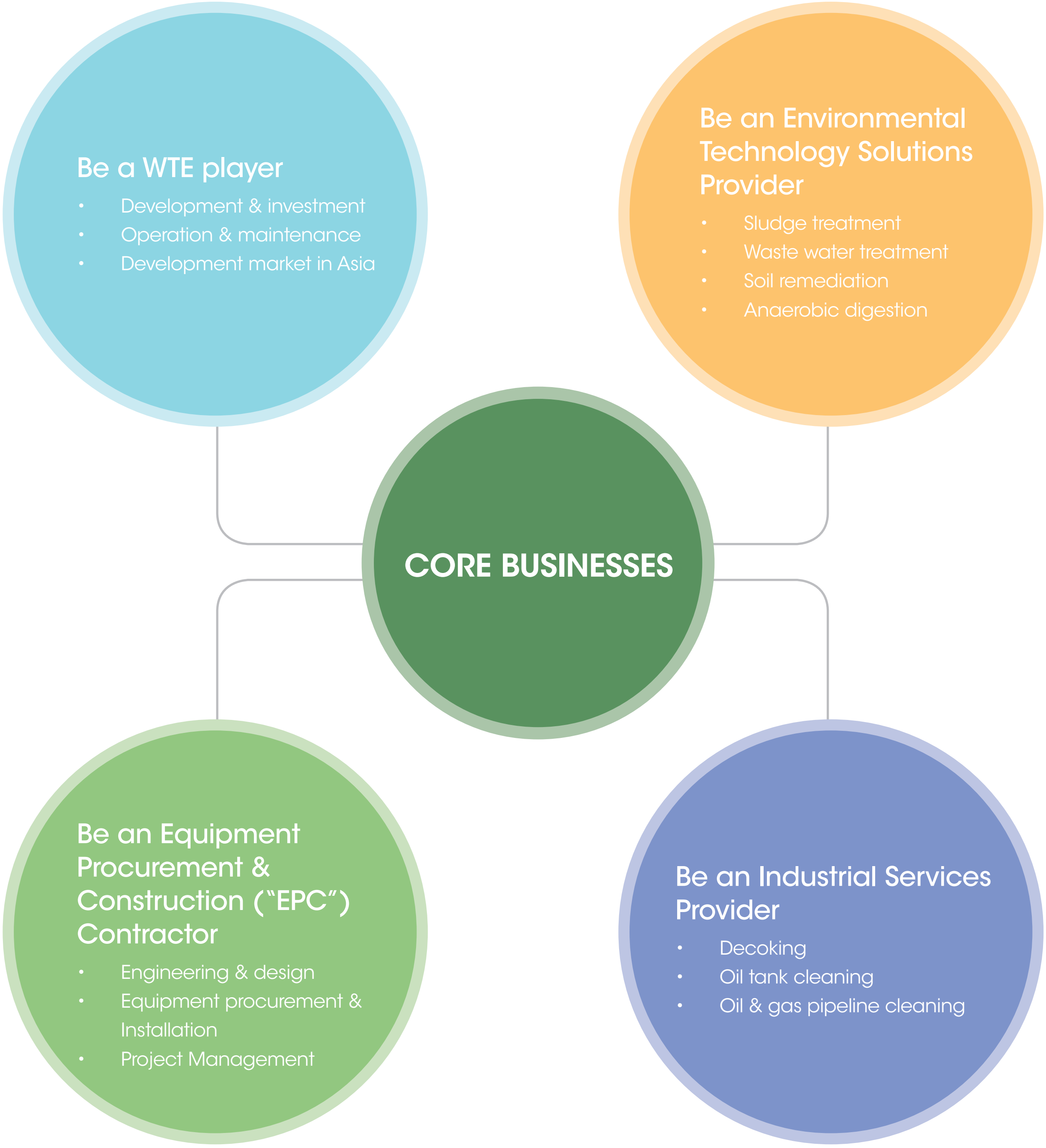
Revenue and Profitability	FY2014 (HK$' 000)	FY2013 (HK$' 000)	Changes
Revenue			
Equipment sales	2,041	–	N.M.
Construction services	166,501	12,982	1,182.6%
Total	168,542	12,982	1,198.3%
Profit/(loss) for the year attributable to owners of the Company			
– From continuing operations	(45,625)	(24,197)	88.6%
– From discontinued operations	486,988	1,421	34,170.8%
Total	441,363	(22,776)	(2,037.8%)
Financial Position			
Total assets	2,892,673	5,041,924	(42.6%)
Total liabilities	808,840	3,299,596	(75.5%)
Net assets	2,083,833	1,742,328	19.6%
Per share (HK$ cents)			
Basic earnings/(loss) per share			
– Continuing operations	(4.69)	(2.49)	88.4%
– Discontinued operations	50.05	0.15	33,266.7%
Total	45.36	(2.34)	(2,038.5%)
Net assets per share	214.16	179.06	19.6%
Key financial ratios			
Current ratio (%)	197.5	83.0	
Gearing ratio (%)	28.0	65.4	


Revenue
HK$'million
200.0
175.0
150.0
125.0
100.0
75.0
50.0
25.0
0.0
0
13.0
13.0
2.0
166.5
168.5
FY 2013
FY 2014
Equipment Sales
Construction Services
Total


Profit/(loss) for the year attributable to owners of the Company
HK$'million
500.0
400.0
300.0
200.0
100.0
0.0
(100.0)
487.0
441.4
1.4
(24.2)
(22.8)
(45.6)
FY 2013
FY 2014
Continuing operations
Discontinued operations
Total


Total assets
HK$'million
6,000.0
5,000.0
4,000.0
3,000.0
2,000.0
1,000.0
0.0
5,041.9
2,892.7
FY 2013
FY 2014

Core Businesses



Review of Operations

OVERVIEW

C&G's WTE business and assets in China have been classified as its discontinued operations with the completion of the Divestment to Grandblue in FY2014. The Group is now focused on expanding its WTE business in Southeast Asia and its asset-light environmental-related businesses in Asia.

On a continuing operations front, the Bangkok Nong Khaem MSW Incineration Power Plant in Thailand remains under construction. When fully completed by 2015, the plant, which has a BOT concessionary period of 20 years will have a daily processing capacity of 500 tonnes of municipal waste. As at 31 December 2014, the percentage of completion for the civil portion and equipment part of the construction was at 65% and 54% respectively. This compares to the civil portion's percentage of completion being at 14% as at 31 December 2013.

The Group incorporated C&G SZ in FY2014 as part of its plans to grow its asset-light segment in providing environmental protection-related technical advisory and services as well as research and development.

CONTINUING OPERATIONS

C&G recorded on a continuing operations basis, a revenue increase of over 10 times in FY2014 to HK$168.5 million compared to HK$13.0 million in FY2013. The Group's FY2014 revenue consisted mainly of the construction services segment which was derived from its Thailand plant. This segment contributed HK$166.5 million compared to HK$13.0 million in FY2013, in line with higher revenue recognition from the advancement of the construction work progress.

The Group also registered a new stream of revenue in FY2014 from environmental protection-related equipment sales, totalling HK$2.0 million through its newly established subsidiary, C&G SZ. In July 2014, C&G secured its first equipment sales contract worth RMB1 million for the Deep Dewatering Double-membrane Filter Press for Sludge.

The Group's gross profit margin was lower at 2.2% in FY2014 compared to 6.7% in FY2013. This was largely due to the lack of gross profit for the equipment construction work of the WTE plant in Thailand.

Mainly as a result of the re-charging of certain prior periods' administrative expenses from discontinued operations to continuing operations, administrative expenses rose 91.9% to HK$49.8 million in FY2014 from HK$26.0 million in FY2013.

Correspondingly, with the impact from the rise in administrative expenses, C&G recorded a FY2014 net loss from continuing operations of HK$45.6 million from a net loss of HK$24.2 million in FY2013.

In February 2015, subsequent to the year end, C&G won the bid for an equipment sales contract for the sludge dewatering system worth RMB37.3 million.

	FY2014 (HK$'000)	FY2013 (HK$'000)	% Change
Revenue comprises:			
Construction services	**166,501**	12,982	1,182.6
Revenue from equipment sales	**2,041**	–	N.M.
	168,542	12,982	1,198.3

N.M. – Not meaningful

Review of Operations

DISCONTINUED OPERATIONS

Following approvals from the relevant authorities, including the China Securities Regulatory Commission, the Group's discontinued operations consisting of the WTE business and assets in China were successfully divested during the year.

On a discontinued operations basis between 1 January 2014 to 30 November 2014, revenue rose 26.5% to HK$644.5 million in FY2014 from HK$509.6 million in FY2013. This was on the back of an increase in waste handling fees and a higher rate of electricity generation from the WTE plants' improved operating efficiencies.

A gain registered from the reversal of losses on value-added tax receivables, amounting to HK$20.3 million, was offset by costs of HK$23.1 million for four WTE plants that underwent overhauls during the year.

As a result, these factors drove profit from discontinued operations for FY2014 higher to HK$83.6 million from HK$1.4 million in FY2013.

OVERALL PROFIT FOR FY2014

Taking into account the loss from continuing operations of HK$45.6 million, the profit from discontinued operations of HK$83.6 million and the gain on disposal of discontinued operations totalling HK$403.4 million, C&G recorded an overall profit of HK$441.4 million in FY2014. This compares to a loss of HK$22.8 million in FY2013.

STATEMENTS OF FINANCIAL POSITION

With the first tranche of the cash consideration totalling RMB800 million or approximately HK$1.0 billion from the Divestment, the Group de-leveraged its balance sheet by paying down its borrowings. C&G's total interest-bearing borrowings were lower at HK$106.7 million as at 31 December 2014 compared to HK$2.4 billion as at 31 December 2013. Gearing ratio correspondingly improved to 28.0% as at 31 December 2014 from 65.4% as at 31 December 2013. As at year end, the Group has healthy cash and cash equivalents of HK$35.8 million as well as cash consideration receivables of HK$988.7 million from Grandblue.

As part of the consideration for the Divestment, C&G was also allotted 91,019,417 shares of the purchaser – Grandblue, with the Group owning 12.7% of the enlarged share capital. As at 31 December 2014, the Group recorded its HK$1.3 billion stake in Grandblue as available-for-sale shares and was its second largest shareholder.

Mainly due to the disposal of C&G's WTE business and assets in China which represents a large part of its financial position, most of the Group's line items from other assets and corresponding liabilities declined.

Board of Directors

Lin Yan, 51

Executive Chairman and Group Chief Executive Officer
Graduated from the Fujian Electric Industry School in 1982

Date of first appointment as director: 9 February 2010
Date of last re-election as director: 24 April 2012
Length of service: 4 years 11 months
(as at 31 December 2014)

Served on the following Board Committees

- Nominating Committee – Member
- Remuneration Committee – Member

Present directorships in other listed companies

Nil

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

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

Directorships in other listed companies held over the preceding three years

Nil

Background and experience

Lin Yan was appointed as Group Chief Executive Officer ("CEO") of C&G in August 2010 and assumed the additional role of Executive Chairman in March 2011.

As Executive Chairman and Group CEO, Mr. Lin has been driving the overall corporate strategies and business operations of the Group. With nearly 11 years of experience in the WTE business, Mr. Lin possesses the technical know-how and practical skills derived from his hands-on approach at C&G's plants. Devoting himself to the consolidation of C&G's business as more plants commence operations over these two years, Mr. Lin frequently visits the plants to keep abreast of the day-to-day operations.

Mr. Lin also has rich corporate management and marketing experience, having been Executive Director of Xiamen C&G Group Co., Ltd from 1998 to 2003; Vice General Manager of Xiamen Xiangyu Xingangcheng Import and Export Co., Ltd. from January 1997 to September 1998, where he was in charge of project management of the company; and a manager at Fujian Shishi Hanjiang Lianli Hualian Knitting Factory from November 1986 to January 1997, where he oversaw sales and marketing of products. Mr. Lin worked as a technician at Xiamen Electronic Instrument Factory from September 1982 to October 1986, where he assisted the Chief Engineer in product development and research and development. In the interest of focusing his energy on C&G, Mr. Lin presently does not hold directorships in any external companies. Within the past five years, he has sat on the board of Haikou China Power New Energy Environment Protection Power Company Limited.

Mr. Lin's network of contacts spans the Southeast Asian countries, particularly in Thailand, where he was appointed as the Honorary Chairman of the Thai Young Chinese Chamber of Commerce in July 2008.

Board of Directors

Loo Cheng Guan, 51

Executive Director and Group Deputy Chief Executive Officer
Bachelor of Economics (Honours) and MBA from Monash University in Melbourne
Fellow of Hong Kong Institute of Directors
Member of the Singapore Institute of Directors

Date of first appointment as director: 8 November 2011
Date of last re-election as director: 24 April 2012
Length of service: 3 years 2 months
(as at 31 December 2014)

Served on the following Board Committees

- Audit Committee – Member

Present directorships in other listed companies

Nil

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

Chairman of 1Rockstead GIP Fund II Pte Ltd
Director of Amalgam Capital Partners Pte Ltd
Director of Brash Asia Pte Ltd

Directorships in other listed companies held over the preceding three years

Nil

Background and experience

Loo Cheng Guan was appointed as C&G's Executive Director and Group Deputy CEO on 8 November 2011, to oversee the Group's assets growth and corporate finance strategies. Mr. Loo brings to C&G more than two decades of finance, management and business experience, having spent a significant portion of his career advising on mergers and acquisitions ("M&A"), growth strategies and structuring and negotiating investments that achieve capital appreciation for investors.

Prior to joining C&G, Mr. Loo was Managing Partner of F&H Fund Management Pte Ltd from August 2010 to May 2011, where he was responsible for its overall investment operation. His illustrious list of credentials also includes being the Managing Director of Tembusu Partners Pte Ltd from October 2008 to March 2010, where he oversaw the management of the fund; being the Founder/ Managing Partner of Blue Ocean Capital Partners Pte Ltd from November 2005 to October 2009, where he provided consultancy in acquisition strategies; holding the Senior Vice President position at Mitsubishi Securities (Singapore) Ltd from July 2003 to November 2005, where he provided clients with corporate and M&A advisory; holding the principal position at Advent International from 1999 to 2003, where he focused on late-stage growth investments and buyouts; and being the Deputy Managing Director of Nomura Securities from 1995 to 1998, where he was responsible for its investment banking operations in Malaysia. Mr. Loo started his career as a consultant with Arthur D. Little in 1990.

Alfred Cheong Keng Chuan, 46

Lead Independent Director

Bachelor's degree in Commerce (with majors in Accounting and Economics), Deakin University, Australia
Practising member of the Institute of Singapore Chartered Accountants
Certified Practising Member of the Australian Society of Certified Practising Accountants

Date of first appointment as director: 2 November 2004
Date of last re-election as director: 29 April 2014
Length of service: 10 years 2 months
(as at 31 December 2014)

Served on the following Board Committees

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

Present directorships in other listed companies

Sinotel Technologies Ltd.
Debao Property Development Ltd
China Hongxing Sports Limited

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

Executive Director of Crowe Horwath First Trust LLP

Directorships in other listed companies held over the preceding three years

Cacola Furniture International Limited

Background and experience

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

Board of Directors

Ng Li Yong, 43

Independent Director

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

Date of first appointment as director: 13 May 2013
Date of last re-election as director: 29 April 2014
Length of service: 1 year and 8 months
(as at 31 December 2014)

Served on the following Board Committees

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

Present directorships in other listed companies

WE Holdings Ltd.

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

Director of WNLEX LLC, Advocates & Solicitors

Directorships in other listed companies held over the preceding three years

Nil

Background and experience

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

Senior Management

Ms. Tam Sau Fung

Group Financial Controller

Tam Sau Fung joined our Group in August 2010 and is responsible for our Group's financial management and accounting functions. Prior to joining our Group, she was the Financial Controller of a Singapore-listed company from 2008 to 2010. Ms. Tam also worked as an auditor for international accounting firm, PricewaterhouseCoopers, in Hong Kong for seven years.

Ms. Tam holds a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Cheng Ming Tsung

Director, Environmental Department

Cheng Ming Tsung, Director of the Environmental Department, joined our Group in May 2014. He is responsible for setting and implementing the strategic direction and managing the overall operation of our Group's environmental protection business. Prior to joining our Group, Mr. Cheng was employed by New Sky (Hong Kong) Environmental Limited as the Vice President from 2011 to 2014. Mr. Cheng has 25 years of experience in industrial sewage treatment design and operation management in engineering projects. He graduated with a Master's degree of Science in Environmental Engineering from the New Jersey Institute of Technology.

Mr. Ning He

Chief Executive Officer, C&G Thailand

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

Mr. Zou Xinguo

Deputy Director, Engineering Department

Zou Xinguo joined our Group as the Deputy Director of the Engineering Department in January 2015 and is responsible for the project management of our WTE business. Mr. Zou has over 20 years of experience in engineering and project management. Prior to joining our Group, he worked from 2012 to 2014 as Maintenance Manager of VW-VES (HK) Ltd., a subsidiary of Veolia Environment, from 2006 to 2012 as Senior Project Engineer at Keppel Seghers Engineering Singapore Pte. Ltd, and from 1990 to 1999 as Deputy Manager and In-charge Engineer at China Hubei Electric Power Company. Mr. Zou obtained a Master's degree of Business Administration from the joint programme offered by Singapore's Nanyang Technological University and Shanghai Jiaotong University, and a Bachelor's degree of Thermal Power Engineering from Chongqing University.

Mr. Xu Chunliang

Director, Operation Management Department

Xu Chunliang joined our Group as the Director of the Operation Management Department in July 2014. His major responsibilities include managing the daily operation of all the subsidiaries of C&G, developing sustainable business models for new projects, and assisting with overall investment projects to achieve the Group's business goals. Prior to joining our Group, he has worked in various companies specialising in WTE and environmental protection-related businesses. From 2011 to 2013, he was employed by China Resources New Energy Group Co., Ltd. as the Senior Manager of the WTE department.

Mr. Xu holds a degree in Thermal Power Engineering from the Nanjing Normal University.

Corporate Social Responsibility

INTRODUCTION

With the publication of the Group's Sustainability Development Report, we continue to enhance our Corporate Social Responsibility ("CSR") initiatives. The Sustainability Development Report has been assessed and verified by an independent certification company, the Hong Kong Quality Assurance Agency ("HKQAA") according to the Global Reporting Initiative ("GRI")-based sustainability reporting standards, receiving a "B+" rating under the GRI Guideline 3.1. The verification process involved conducting testing at both corporate and plant operation level. HKQAA conducted comprehensive audit on verifying the process of data collection, aggregation, and reporting of information and data as well as its associated risks and controls.

To read the full version of C&G's Sustainability Development Report 2014, please visit C&G's Corporate Social Responsibility page: http://ir.cg-ep.com/csr.cfm.

CORPORATE SOCIAL RESPONSIBILITY POLICY

It is the Group's mission to develop a long-term, sustainable business that delivers economic, environmental and social values for all our stakeholders. The Sustainability Development Policy ("Policy") is established by the Sustainability Development Committee ("Committee") and applies to all C&G employees and stakeholders. We ensure the Policy is embedded into our business through our Committee members, who are accountable for the implementation and monitoring of the Policy. The Policy and its resulting actions are regularly reviewed and updated by the Committee and management on an annual basis to ensure the Policy is adequate in meeting our business needs, as well as those of our stakeholders:

Shareholders: We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. We maintain transparency and provide our shareholders and investors with timely and fair disclosure on our sustainability development and financial results.

Employees: We employ a diverse workforce and invest in our people, creating a safe and healthy workplace where our employees can reach their full potential.

Business Partners: We respect our business partners, such as contractors and suppliers, with whom we have long-term relationships based on mutual trust.

Environment: True to our mission of "To improve our lives, to improve the environment," we implement measures to reduce the environmental impact of our waste generation and emissions to the air, water, and land.

Community: As a corporate citizen, it is our responsibility to constantly maintain the highest level of environmental health and safety standards for the communities in which we operate.

On 29 January 2014, the Group through C&G (HK) and Grandblue had entered into a conditional acquisition agreement in relation to the Group's WTE business and assets (including concession rights) and the principal operating subsidiaries of the Group in the PRC. By 15 December 2014, the Group had already obtained all the approvals from all the relevant authorities for the disposal and consolidated the financial results of the WTE plants up to 30 November 2014.

ECONOMIC IMPACT

As a good corporate citizen, C&G's aim to add economic value goes beyond merely generating competitive returns to the shareholders. We also aim to create direct positive economic impact for the local communities where we operate through our business.

Impact on local communities: In 2014, C&G has created 106 new jobs for the local communities throughout China, Thailand and Shenzhen. In addition, other economic benefits we bring to the local communities include increased tax revenue, more contracting and business opportunities and effective waste management solutions.

Support from the government: In recent years, as Chinese government places more emphasis on improving the environment, it has implement measures to support the WTE industry. Authorities provide guaranteed minimum waste handling fee and recently implemented the national standardised electricity tariff at RMB0.65/kWh, effective 1 April, 2012. These favourable government policies enable C&G to continue serving the local communities by providing sustainable waste management solutions, which are a cleaner alternative to landfills.

Indirect economic impact: WTE plants, other than providing an alternative waste management solution over traditional waste disposal method, produce by-products that benefit the environment. Through the incineration process, power is being generated and slag, which can be used for construction materials such as bricks and materials for road paving, is produced.

In addition, the Huian and Huangshi projects have been approved by the United Nations Framework Convention on Climate Change as a CDM project in January 2013, allowing the project to reduce greenhouse gas emissions by selling Certified Emission Reduction units, or otherwise known as carbon credits, to the designated developed country.

ENVIRONMENTAL PROTECTION

C&G's environmental performance is measured through initiatives focused on specific environmental impacts of our operations, such as waste, electricity, water and flus gas. Our initiatives include:

1) Continuing to increase quantity of MSW handling;

2) Increasing the utilisation of electricity generation via the incineration process;

3) Recycling and reusing all the material as much as possible, in order to save cost during the operational process and ensure full use of the resources; and

4) Controlling of flus gas emissions.

Waste treatment: One of C&G's main operational goals is to continue to increase the volume of waste handling in each operating plant. In the eleven months of 2014, C&G processed 1,746,000 tonnes of waste.

Water: The industrial water is mainly used for machine cooling, Hot Water Boiler and Steam condensing system within the incineration process. As operational efficiency for the existing plants improved, the Group consumed 138.5 million m^3 of industrial water in 2014, as compared to 126.7 million m^3 in 2013. Although the volume of industrial water consumption increased, we were able to maintain the rate of recycling boiler water constant.

Electricity generation: During the year under review, the Group generated 534,056,000 kWh of electricity, which represented a more than 11.9% increment over the 477,322,000 kWh of electricity generated in FY2013. To generate the same amount of electricity, 211,633 and 189,151 tonnes of coal would have to be burnt in 2014 and in 2013 respectively. The average electricity generated per tonne, which has increased 12.8% from 2013 to 2014.

Emission: C&G's online emission monitoring system provides a continuous stream of information on emissions at the top of the stack. The data is simultaneously transferred to computers in the facility's central control room and the local environmental department. This online monitoring system operates 24 hours, seven days a week. The operations of all the C&G's WTE plants comply with the National Standard (MWS Incineration Control Standard). As a result, the average concentrations of the regulated criteria pollutants emitted from C&G's WTE plants were way below the national permitted limit.

HEALTH AND SAFETY

C&G has implemented a comprehensive governance system for health and safety in all its operating WTE plants. The "Site Health and Safety Guidance Manual" was developed by C&G to assist plant managers in protecting the health and safety of employees involved in different industrial processes.

Safety at work: Scald accidents commonly occur during routine operational inspections of equipment at the plants. The Company takes all such incidents seriously and is concerned about the frequency of scald accidents. Going forward, in order to reduce and eliminate such occurrences, the Company has instructed all plant managers to provide the necessary safety trainings to all new and existing staffs. This would help raise awareness and knowledge of plant safety among staff.

Training and Development: The Group believes that staff training is essential for operational efficiency and provides various training programmes to our employees at all levels each year, in the form of course, seminar and on-job-training. It equips our staff with essential skill required at work and facilitates their individual professional development.

Issuance of Verification Statement

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) has been commissioned by C&G Environmental Protection Holdings Limited (C&G) to conduct an independent verification of its 2014 Sustainability Development Report (herein referred to as "the Report"). The Report stated C&G's sustainability performance and efforts towards sustainable development for the period from 1st January 2014 to 31st December 2014.

The aim of this verification was to provide assurance on the completeness and accuracy of the information stated in the Report. The Report's coverage of the standard disclosures defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.1 (G3.1) was also assessed to confirm if the B+ application level was achieved.

Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness; and
- The Global Reporting Initiative (GRI) G3.1 Guidelines

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Conclusion

Based on the outcome of the verification process, it is opined that the Report fulfills the B+ application level of the GRI G3.1 Guidelines.

The information presented in the Report provided a structured, balanced and consistent representation of C&G's sustainability performance in the context of sustainable development. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of C&G's initiatives, targets, progress and performance on its sustainable development achievements.

Signed on behalf of Hong Kong Quality Assurance Agency

Bryan Peng
Assistant Director, Manufacturing & Service Business Division

March 2015

GRI CONTENT INDEX

APPLICATION LEVEL MAR 2015 SERVICE C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

GRI profile disclosure	Description	Reported	Relevant section in the full version of Sustainability Development Report 2014 ("CSR Report 2014") (http://ir.cg-ep.com/csr.cfm) or this annual report ("Annual Report 2014")
Strategy and analysis			
1.1	Message from Chief Executive Officer	Fully	CSR Report 2014 - Message from the Chief Executive Officer
1.2	Description of key impacts, risks, and opportunities	Fully	Annual Report 2014 - Risk Management Review
Organisational profile			
2.1, 2.4, 2.5	Scope of Sustainability Development Report	Fully	CSR Report 2014 - Scope of Sustainability Development Report
2.2, 2.3, 2.6, 2.7, 2.8, 2.9	About C&G	Fully	CSR Report 2014 - About C&G
2.10	Awards received in the reporting period	Fully	None in 2014
Report Parameters			
3.1, 3.3, 3.4, 3.6, 3.7, 3.9, 3.13	Scope of Sustainability Development Report	Fully	CSR Report 2014 - Scope of Sustainability Development Report
3.2	Date of most recent previous report (if any)	Fully	CSR Report 2013 (http://ir.cg-ep.com/csr.cfm)
3.5	Stakeholder Engagement, Material Issues for Our Business	Fully	CSR Report 2014 - Stakeholders Engagement CSR Report 2014 - Material Issues for Our Business
3.8	About C&G	Fully	CSR Report 2014 - About C&G
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statement of information provided in CSR Report 2014
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	The Group disposed its WTE business in the PRC in 2014 and only 11-month data for WTE business was disclosed in this report. In this report, Thailand and Shenzhen offices' data are also included.
3.12	Global Reporting Initiative (GRI) Content Index	Fully	CSR Report 2014 - Global Reporting Initiative (GRI) Content Index
Governance, Commitments, and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Annual Report 2014 - Board of Directors Annual Report 2014 - Corporate Governance Report

GRI profile disclosure	Description	Reported	Relevant section in the full version of Sustainability Development Report 2014 ("CSR Report 2014") (http://ir.cg-ep.com/csr.cfm) or this annual report ("Annual Report 2014")
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Annual Report 2014 - Director's Report
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/ or non-executive members.	Fully	2 Executive Directors and 2 Independent Directors in 2014
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Annual Report 2014 - Corporate Governance Report
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Fully	Annual Report 2014 - Corporate Governance Report
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Annual Report 2014 - Corporate Governance Report
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Annual Report 2014 - Corporate Governance Report
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	http://www.cg-ep.com/about.cg/vision.mission
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Annual Report 2014 - Corporate Governance Report

Corporate Social Responsibility

GRI profile disclosure	Description	Reported	Relevant section in the full version of Sustainability Development Report 2014 ("CSR Report 2014") (http://ir.cg-ep.com/csr.cfm) or this annual report ("Annual Report 2014")
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Annual Report 2014 - Chairman's statement
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Annual Report 2014 - Chairman's statement
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	CSR Report 2014 - Economic, Environmental Performance, Health and Safety
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	None in 2014
4.14, 4.15	Stakeholder Management	Fully	CSR Report 2014 - Stakeholder Management
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	CSR Report 2014 - Stakeholder Management
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	CSR Report 2014 - Stakeholder Management
Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	CSR Report 2014 - Economic Performance

GRI profile disclosure	Description	Reported	Relevant section in the full version of Sustainability Development Report 2014 ("CSR Report 2014") (http://ir.cg-ep.com/csr.cfm) or this annual report ("Annual Report 2014")
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	CSR Report 2014 - Economic Performance
EC4	Significant financial assistance received from government.	Fully	CSR Report 2014 - Economic Performance, Support from the Government
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	CSR Report 2014 - Economic Performance, Indirect Economic Impact
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	CSR Report 2014 - Economic Performance, Indirect Economic Impact
Environmental Performance			
EN1	Materials used by weight or volume.	Fully	CSR Report 2014 - Environmental Performance , Materials and Resources
EN2	Percentage of materials used that are recycled input materials.	Fully	CSR Report 2014 - Water Input and Output, Water Conservation and Reuse
EN4	Indirect energy consumption by primary source.	Fully	CSR Report 2014 - Energy
EN8	Total water withdrawal by source.	Partially	CSR Report 2014 - Water Input and Output, Water Input
EN10	Percentage and total volume of water recycled and reused.	Fully	CSR Report 2014 - Water Input and Output, Water Conservation and Reuse
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	CSR Report 2014 - Emission
EN21	Total water discharge by quality and destination.	Fully	CSR Report 2014 - Water Input and Output, Wastewater Discharge
EN23	Total number and volume of significant spills.	Fully	None in 2014
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	None in 2014
Social: Labour Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	CSR Report 2014 - Social Performance, Employee Profile

GRI profile disclosure	Description	Reported	Relevant section in the full version of Sustainability Development Report 2014 ("CSR Report 2014") (http://ir.cg-ep.com/csr.cfm) or this annual report ("Annual Report 2014")
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	CSR Report 2014 - Social Performance, Safety at Work C&G Environmental Protection (Huian) Company Limited (hereinafter "Huian Plant") had an accident on 10 June 2014 causing one death due to accidentally fell off the boiler room when cleaning garbage tank deodorant fan.
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	CSR Report 2014 - Social Performance, Training and Development, Social Performance Table
Social: Human rights			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	We are committed for not employing child labor, no conviction cases were reported.
Social: Society			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	100% - Annual Report 2014 Our Risk Management Team is responsible for conducting risk assessments to analyze risks related to corruption in all business units.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	100% - Annual Report 2014 - Corporate Governance
SO4	Actions taken in response to incidents of corruption.	Fully	No action required since there is no incident in 2014
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	None in 2014
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	We engaged in clean energy industry to improve the environment, our operations would not cause any significant potential or actual negative impacts on local communities.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	We engaged in clean energy industry to improve the environment, our operations would not cause any significant potential or actual negative impacts on local communities.
Social: Product responsibility			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Our business is to generate green electricity, there is no incompliance with regulations

Risk Management Review

RISK MANAGEMENT FRAMEWORK

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

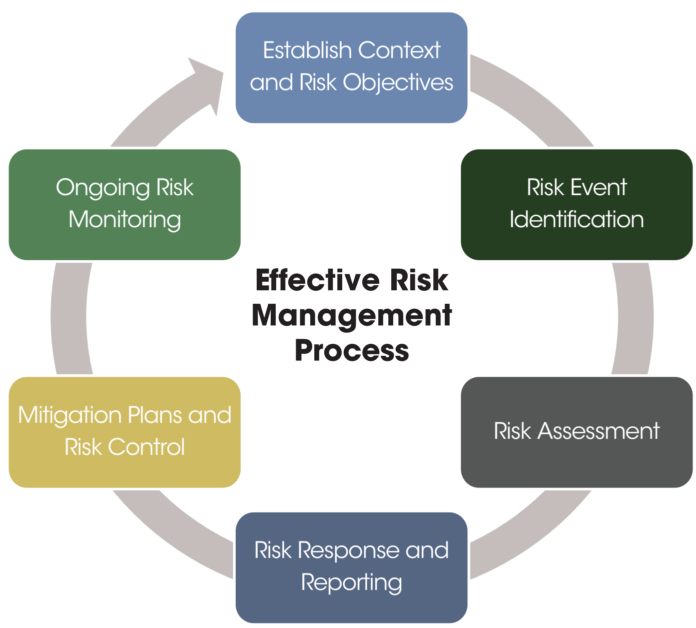
It is our understanding that risk is inherent in every business and investment activity, and can slow down the efficiency of a corporation, erode the profit and even destroy the foundation of continuity and sustainable growth of a business. Therefore, C&G is always mindful of proper risk management as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

As the WTE business is highly capital intensive and returns are generated over the long term, C&G places significant emphasis on risk management for the processes of financing, operation, strategy and compliance to ensure long-term, steady growth is achieved for the business. To facilitate the process of risk management, we adopted the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management Integrated framework ("COSO ERM Integrated framework") by formalising the Risk Management Team amongst management, report to and oversight by the Board, identifying risk owners on the corporate and operational levels within the Group, creating awareness among risk owners, and conducting risk assessment exercises. Once the risk events have been identified and ranked, implementation of risk mitigation strategies will be imposed on those ranked at the "top-tier risk" category. After the execution of risk mitigation strategies, internal assessment on the effectiveness of risk mitigation implementation will be conducted as a mechanism to reevaluate the effectiveness of the existing risk mitigation strategies, as well as to recommend additional steps to assess, mitigate, and report on the impact of residual risks on an ongoing basis.

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

RISK MANAGEMENT STRUCTURE AND PROCESS

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

<table>
<tr><td colspan="2">Risk Management Structure
• Facilitate risk identification whilst providing assurance to the Board;
• Assign clear roles and responsibilities to different risk owners throughout the risk management process; and
• Facilitate proper implementation of guidelines and reporting tools.</td></tr>
<tr><td colspan="2">Two layers of roles and responsibilities are listed below:</td></tr>
<tr><td>Oversight, Risk Reporting and Communication</td><td>Risk Management Team and Senior Management
• Oversee top-tier risks and supervise risk management process as part of good corporate governance.
• Communicate and assess the Group's risk profile and top-tier risks by corporate and operational levels.
• Identify top-tier risks considered material at the Group level.
• Monitor the progress of on-going mitigation plan and review the risk reporting process.</td></tr>
<tr><td>Risk and Control Ownership</td><td>Business Units, Support Functions, and Individuals
• Ensure the risk management processes and mitigation plans follow good practices and guidelines established by the Group.
• Executives to meet regularly to review the risk profiles and risk management activities.
• Risk owners and managers responsible to report risk events and status of mitigation plan on regular basis.</td></tr>
<tr><td colspan="2">Risk Management Process
• Embedded in C&G's strategy development, business planning, investment decisions, resource allocation and day-to-day operations.
• Involves establishing the context; identifying risks; assessing their consequences and likelihood; evaluating risk level, control gaps and priorities; and developing control and mitigation plans.
• A continuous process with periodic monitoring and review in place. An interactive process with cross-functional communication and consultation.</td></tr>
<tr><td colspan="2">
</td></tr>
</table>

Six key elements of each of the risk management components are listed out below:	
Establish Context and Risk Objectives	• In accordance with the Group's business strategy, a set of strategic risk objectives on the corporate and operational levels has been established by the management, which will be reviewed on an annual basis.
Risk Event Identification	• Every quarter, our business and functional units are required to submit their top-tier risks identified through their risk management process to the Risk Management Team in a prescribed reporting format. Risks identified will be categorised under corporate or operational levels.
Risk Assessment	• The Risk Management Team is responsible for conducting risk assessments with risk owners and managers using different assessment methodologies i.e. surveys, one-on-one interviews, scenario analysis. • Top-tier risks will be identified based on the levels of likelihood and impact on particular risk events. • Following review by the Risk Management Team, the Risk Assessment Report, with a summary of the top-tier risk findings, will be circulated to the Board of Directors.
Risk Response and Reporting	• Risk owners and managers are responsible for responding to the top-tier risks identified via the risk assessment. They come up with a mitigation plan on a particular risk item and submit it to the Risk Management Team for evaluation on a timely basis. • Risk owners and managers are responsible for reporting any risk events on a regular basis. • The Risk Management Team, through aggregation, filtering and prioritising processes, compiles an Internal Risk Management Report for discussion at the Risk Management Meeting. The Board reviews and examines the top-tier risks, and ensures the appropriate controls and mitigation measures are in place or in progress. Emerging risks that may have a material impact on the Group are monitored and discussed at the meeting.
Mitigation Plans and Risk Control	• Based on the proposed mitigation plan, risk owners and managers are responsible for reporting on the status of the mitigation plan on regular basis. • Ensure the risk management processes and mitigation plans follow good practices and guidelines established by the Group.
Ongoing Risk Monitoring	• Risk owners and managers are responsible for the continual monitoring of existing risk profiles and identifying emerging risk events on a regular basis. • The Risk Management Team is responsible for the supervision and facilitation of the ongoing risk monitoring process. • Executives to meet regularly to review the risk profiles and risk management activities.

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

OPERATIONAL RISKS

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

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

INVESTMENT AND PORTFOLIO RISKS

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

FINANCIAL RISKS

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

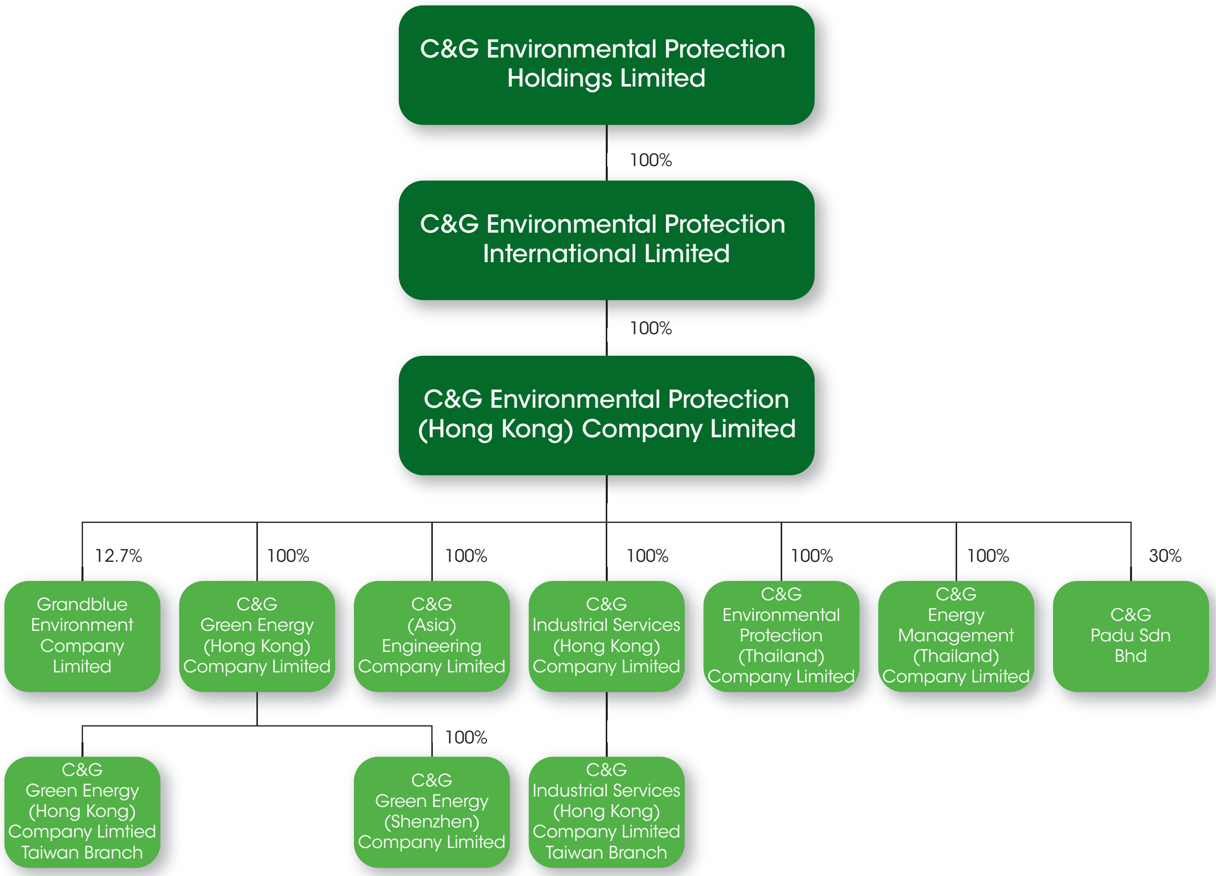
The Group has established policies, guidelines and control procedures to manage and report exposure to such risks. The Group's financial risk management is discussed in detail on pages 114 to 119 in Note 37 to the Financial Statements.

POLICY AND REGULATORY RISKS

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

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

Group Structure



Corporate Information

BOARD OF DIRECTORS

Mr. Lin Yan
(Executive Chairman and Group Chief Executive Officer)
Mr. Loo Cheng Guan
(Executive Director and Group Deputy Chief Executive Officer)
Mr. Alfred Cheong Keng Chuan
(Lead Independent Director)
Mr. Ng Li Yong
(Independent Director)

COMPANY SECRETARY

Mr. Lee Wei Hsiung, ACIS

ASSISTANT COMPANY SECRETARY

Codan Services Limited

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

Registration Number: 35842

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SINGAPORE SHARE TRANSFER AGENT

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

BERMUDA SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Development Bank Corporation
Xiamen International Bank

INDEPENDENT AUDITORS

Mazars LLP
Public Accountants and Chartered Accountants
133 Cecil Street
#15-02 Keck Seng Tower
Singapore 069535

Partner-in-charge:
Mr. Tan Chee Tyan
With effect from financial year ended
31 December 2014

INTERNAL INVESTOR RELATIONS

Ms. Tam Sau Fung
Group Financial Controller
Office F 23/F
MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong
T: (852) 2219 8555

EXTERNAL INVESTOR RELATIONS

Citigate Dewe Rogerson, i.MAGE
55 Market Street
#02-01
Singapore 048941
T: +65 6534-5122
F: +65 6534-4171

Corporate Governance Report

CORPORATE GOVERNANCE

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

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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

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

The Board also meets to consider the following corporate matters:

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

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

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

Below is the attendance of the Directors at meetings of the Board and its committees in 2014:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	5	4	1	1
No. of meetings attended				
Lin Yan	5	NA	1	1
Loo Cheng Guan	5	4	NA	NA
Alfred Cheong Keng Chuan	5	4	1	1
Ng Li Yong	5	4	1	1

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

Principle 2: Board Composition and Balance

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

(i) Mr Lin Yan (Executive Chairman and Group Chief Executive Officer)

(ii) Mr Loo Cheng Guan (Executive Director and Group Deputy Chief Executive Officer)

(iii) Mr Alfred Cheong Keng Chuan (Non-Executive and Lead Independent Director)

(iv) Mr Ng Li Yong (Non-Executive and Independent Director)

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

Key information regarding the Directors is given in Board of Directors on pages 13 to 16.

There is no alternate director on the Board.

Principle 3: Chairman and Chief Executive Officer

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

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

Principle 4: Board Membership

Nominating Committee

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

- Mr Alfred Cheong Keng Chuan (Chairman)
  Non-Executive and Lead Independent Director

- Mr Ng Li Yong
  Non-Executive and Independent Director

- Mr Lin Yan
  Executive Chairman and Group Chief Executive Officer

The NC's principal functions are as follows:

(a) recommend to the Board on all board appointments and re-appointments;

(b) determine independence of the Directors annually, and as and when circumstances require;

(c) determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;

(d) evaluate the performance and effectiveness of the Board as a whole;

(e) review of training and professional development programs for the Board; and

(f) review of Board succession plans.

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

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

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

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

Mr Lin Yan and Mr Loo Cheng Guan are retiring as Directors at the forthcoming annual general meeting of the Company pursuant to the Bye-laws of the Company. The NC and the Board had nominated them for re-election as Directors.

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

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out on pages 13 to 16 of this Annual Report.

Information regarding the Directors' shareholdings in the Company and related corporations is set out on page 42 of this Annual Report.

Principle 5: Board Performance

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

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

Principle 6: Access to Information

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

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

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

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

- Mr Ng Li Yong (Chairman)
  Non-Executive and Independent Director

- Mr Alfred Cheong Keng Chuan
  Non-Executive and Lead Independent Director

- Mr Lin Yan
  Executive Chairman and Group Chief Executive Officer

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

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

Principle 8: Level and Mix of Remuneration

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

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

Principle 9: Disclosure on Remuneration

The annual remuneration of non-executive Directors payable for 2014 is as follows:

Non-Executive Director	Position Held	Director's Fee
Mr Alfred Cheong Keng Chuan	Board member, Lead Independent Director, AC Chairman, NC Chairman and RC member	55,000
Mr Ng Li Yong	Board member, RC Chairman, AC member and NC member	50,000

In view of the competitive pressures in the talent market, the remuneration paid to the CEO, Executive Director and the top five key management personnel are not fully disclosed. In 2014, the level of mix of the annual remuneration of the CEO and Executive Director, and each of the top 5 members of Senior Management (who are not also Directors), in bands of S$250,000, are set out below:

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Total %
Executive Directors					
Lin Yan (CEO)	S$250,000 to below S$500,000	100	–	–	100%
Loo Cheng Guan	S$250,000 to below S$500,000	100	–	–	100%
Top 5 Key Executives					
Tam Sau Fung	Below S$250,000	100	–	–	100%
Cheng Ming Tsung	Below S$250,000	100	–	–	100%
Wang Zhangyong	Below S$250,000	100	–	–	100%
Lin Xinduo	Below S$250,000	100	–	–	100%
Ning He	Below S$250,000	100	–	–	100%

The total remuneration paid to the top 5 members of Senior Management (who are not Directors) for the financial year ended 31 December 2014 was approximately HK$4,700,000.

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

The C&G Environmental Protection Holdings Employee Share Option Scheme, Performance Share Plan and Restricted Share Plan (collectively known as the "Scheme") were implemented on 24 April 2013 primarily to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the Group's success. It is administered by the RC. Details of the Scheme are set out in the Directors' Report on pages 43 to 45.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

Principle 11: Risk Management And Internal Controls

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2014 within the current scope of the Group's business operations.

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

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

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

(1) the financial records have been properly maintained;

(2) the financial statements give a true and fair view of the Company's operations and finances; and

(3) an effective risk management and internal control systems have been put in place.

Principle 12: Audit Committee

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

- Mr Alfred Cheong Keng Chuan (Chairman)
  Non-Executive and Lead Independent Director

- Mr Ng Li Yong
  Non-Executive and Independent Director

- Mr Loo Cheng Guan
  Executive Director and Group Deputy Chief Executive Officer

The functions of the AC are as follows:

(a) review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;

(b) review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;

(c) review with the management, external and internal auditors the adequacy and effectiveness of the company's internal controls, business and service systems and practices;

(d) review related and interested party transactions;

(e) consider the appointment and re-appointment of the external auditors; and

(f) approve the hiring, removal, evaluation and compensation of the internal audit function.

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

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

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

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

The aggregate amount of fees paid to the external auditors amounted to approximately HK$1,543,000 for audit services and HK$182,000 for non-audit services.

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

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

Principle 13: Internal Audit

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

D. COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Shareholder Rights
Principle 15: Communications with Shareholders
Principle 16: Conduct of Shareholder Meetings

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

Information is disseminated to shareholders on a timely basis through:

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

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

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

Separate resolutions on each distinct issue are proposed at general meetings for approval. All resolutions were put to vote by poll at the last Annual General Meeting held on 29 April 2014. Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, were prepared and made available to shareholders upon request.

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

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

– the requirements of the Bermuda Companies Act and shareholders' approval;

– any banking or other funding covenants by which the Company is bound from time to time; and

– the investment and operating requirements of the Company.

No dividend was declared for the financial year ended 31 December 2014 as the Group reported a net operating loss on a full-year basis.

E. DEALING IN SECURITIES

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

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

F. MATERIAL CONTRACTS

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

G. INTERESTED PERSONS TRANSACTIONS

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

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2014.

REPORT OF THE DIRECTORS

For the financial year ended 31 December 2014

The directors of the Company are pleased to submit this annual report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. DIRECTORS

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

Executive Directors

Lin Yan (Executive Chairman and Group CEO)
Loo Cheng Guan (Group Deputy CEO)

Non-Executive and Independent Directors

Alfred Cheong Keng Chuan
Ng Li Yong

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and related corporations, except as follows:

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
The Company	**At 1.1.2014**	**At 31.12.2014**	**At 1.1.2014**	**At 31.12.2014**
No. of ordinary shares of HK$0.10 each				
Lin Yan	–	–	774,537,355	774,537,355

The directors' interests as at 21 January 2015 were the same as those at 31 December 2014.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. SHARE OPTIONS

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

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

Ng Li Yong
Alfred Cheong Keng Chuan
Lin Yan

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

During the financial year ended 31 December 2014, the Company granted 193,000 share options under CG ESOS, 115,800 shares under CG PSP and 77,200 shares under CG RSP. No share options and share awards have been granted to executive directors of the Company.

The Company also forfeited 95,000 shares under CG RSP during the financial year.

5. SHARE OPTIONS (CONTINUED)

Details of share options granted to CG ESOS participants (other than executive directors), who received 5% or more of the total number of options available under the CG ESOS during the financial year ended 31 December 2014 are as follows:

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

Details of shares granted to CG PSP participants (other than executive directors), who received shares pursuant to the vesting of awards granted under the CG PSP which, in aggregate, represent 5% or more of (1) the total number of new shares available under the CG PSP and (2) the total number of existing shares purchased for delivery of awards released under the CG PSP during the financial year ended 31 December 2014 are as follows:

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

5. SHARE OPTIONS (CONTINUED)

Details of shares granted to CG RSP participants (other than executive directors), who received shares pursuant to the vesting of awards granted under the CG RSP which, in aggregate, represent 5% or more of (1) the total number of new shares available under the CG RSP and (2) the total number of existing shares purchased for delivery of awards released under the CG RSP during the financial year ended 31 December 2014 are as follows:

Name of CG RSP participant (other than executive directors)	Aggregate number of shares comprised in awards granted during the financial year under review ('000)	Aggregate number of shares comprised in awards granted since the commencement of the CG RSP to the end of the financial year under review ('000)	Aggregate number of shares comprised in awards granted which have vested during the financial year under review and in respect of such awards, the proportion of shares issued or transferred upon the release of the vested awards ('000)	Aggregate number of shares comprised in awards granted which have not been released as at the end of the financial year under review ('000)
Cheng Ming Tsung	77	77	–	77
Lai Jian Bo	–	388	–	388
Wang Zhangyong	–	209	–	209
Lin Xinduo	–	95	(95)	–
Tam Sau Fung	–	200	–	200
Ning He	–	142	–	142
	77	1,111	(95)	1,016

Non-executive directors, controlling shareholders of the Company and their associates are not eligible to participate in the CG ESOS, CG PSP and CG RSP. Detailed terms of the CG ESOS, CG PSP and CG RSP have been set out in note 25 to the financial statements.

6. AUDIT COMMITTEE

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

Alfred Cheong Keng Chuan (Chairman and Lead Independent Director)
Ng Li Yong
Loo Cheng Guan

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

(a) Review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;

(b) Review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;

REPORT OF THE DIRECTORS

6. AUDIT COMMITTEE (CONTINUED)

(c) Review with the management, external and internal auditors the adequacy and effectiveness of the Company's internal controls, business and service systems and practices;

(d) Review related and interested party transactions;

(e) Consider the appointment and re-appointment of the external auditors;

(f) Approve the hiring, removal, evaluation and compensation of the internal audit function.

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

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

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

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

7. AUDITORS

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

On behalf of the Board of Directors

Lin Yan	Loo Cheng Guan
Executive Chairman and Group CEO	*Group Deputy CEO*

31 March 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

The Board of Directors is responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the Directors, the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Lin Yan
Executive Chairman and Group CEO

Loo Cheng Guan
Group Deputy CEO

31 March 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C&G ENVIRONMENTAL PROTECTION HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of C&G Environmental Protection Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Other matters

The financial statements of the Group and the Company for the financial year ended 31 December 2013 were audited by another firm of auditors who expressed an unmodified opinion on these statements on 4 April 2014.

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Revenue	5	168,542	12,982
Cost of sales		(164,873)	(12,113)
Gross profit		3,669	869
Other income	6	796	1,381
Administrative expenses		(49,799)	(25,956)
Other operating income		–	215
Finance costs	7	(291)	(706)
Loss before taxation from continuing operations	8	(45,625)	(24,197)
Income tax expense	9	–	–
Loss from continuing operations attributable to owners of the Company		(45,625)	(24,197)
Profit for the year from discontinued operations attributable to owners of the Company	10	486,988	1,421
Profit/(loss) for the financial year		441,363	(22,776)
Other comprehensive income:			
Components of other comprehensive income that will be reclassified to profit or loss, net of taxation			
Exchange differences on translating foreign operations		(5,089)	53,024
Reclassification of foreign currency translation reserve on disposal of subsidiaries		(150,215)	–
Available-for-sale financial assets:			
Fair value gains		54,618	–
Total other comprehensive income that will be reclassified to profit or loss, net of taxation		(100,686)	53,024
Total other comprehensive income, net of taxation		(100,686)	53,024
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		340,677	30,248
		HK Cents	HK Cents
Loss per share from continuing operations			
– Basic and diluted	11	(4.69)	(2.49)
Earnings per share from discontinued operations			
– Basic	10	50.05	0.15
– Diluted	10	49.77	0.15

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 2014 HK$'000	Group 2013 HK$'000	Company 2014 HK$'000	Company 2013 HK$'000
Non-current assets					
Fixed assets	12	2,479	10,113	–	–
Intangible assets	13	176,499	4,041,219	–	–
Available-for-sale financial assets	14	1,328,283	–	–	–
Investment in subsidiaries	15	–	–	575,396	575,396
Investment in a joint venture	16	71	71	–	–
		1,507,332	4,051,403	575,396	575,396
Current assets					
Inventories	17	–	7,743	–	–
Trade receivables	18	410	140,901	–	–
Gross amounts due from customers for contract work	19	35,767	237,335	–	–
Other deposits and other receivables	20	1,313,311	483,842	13	–
Prepayments	21	58	21,726	–	–
Due from subsidiaries	15	–	–	1,060,675	906,203
Pledged bank deposits	22	34,305	44,044	9,316	–
Bank and cash balances	22	1,490	54,930	216	134
		1,385,341	990,521	1,070,220	906,337
TOTAL ASSETS		2,892,673	5,041,924	1,645,616	1,481,733
Capital and reserves					
Share capital	23	97,302	97,302	97,302	97,302
Reserves	24	1,986,531	1,645,026	1,363,222	1,372,657
Equity attributable to owners of the Company		2,083,833	1,742,328	1,460,524	1,469,959
Non-current liabilities					
Interest-bearing borrowings	26	106,724	1,984,086	106,724	–
Finance lease payables	27	809	1,136	–	–
Deferred income	28	–	24,257	–	–
Deferred tax liabilities	29	–	97,059	–	–
		107,533	2,106,538	106,724	–
Current liabilities					
Trade payables	30	323	42,434	–	–
Gross amounts due to customers for contract work	19	–	53,001	–	–
Accruals and other payables	31	385,493	345,159	3,020	2,255
Advance payment received	32	315,165	317,075	–	–
Due to subsidiaries	15	–	–	75,348	9,519
Deferred income	28	–	1,097	–	–
Finance lease payables	27	326	257	–	–
Interest-bearing borrowings	26	–	432,369	–	–
Current tax liabilities		–	1,666	–	–
		701,307	1,193,058	78,368	11,774
Total liabilities		808,840	3,299,596	185,092	11,774
TOTAL EQUITY AND LIABILITIES		2,892,673	5,041,924	1,645,616	1,481,733

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Available-for-sale reserve HK$'000	Retained earnings HK$'000	Total reserves HK$'000	Attributable to owners of the Company HK$'000
Balance at 1 January 2014	97,302	786,115	102,151	39,768	629	223,213	–	493,150	1,645,026	1,742,328
Share based payment	–	–	–	–	828	–	–	–	828	828
Transfer to contributed surplus	–	(600,000)	600,000	–	–	–	–	–	–	–
Disposal of subsidiaries	–	–	–	(39,768)	–	–	–	39,768	–	–
Total comprehensive income for the financial year	–	–	–	–	–	(155,304)	54,618	441,363	340,677	340,677
Profit for the financial year	–	–	–	–	–	–	–	441,363	441,363	441,363
Other comprehensive income:										
Exchange differences on translating foreign operations	–	–	–	–	–	(5,089)	–	–	(5,089)	(5,089)
Reclassification of foreign currency translation reserve on disposal of subsidiaries	–	–	–	–	–	(150,215)	–	–	(150,215)	(150,215)
Available-for-sale financial assets: Fair value gains	–	–	–	–	–	–	54,618	–	54,618	54,618
Total other comprehensive income, net of taxation	–	–	–	–	–	(155,304)	54,618	–	(100,686)	(100,686)
Balance at 31 December 2014	97,302	186,115	702,151	–	1,457	67,909	54,618	974,281	1,986,531	2,083,833

Group	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Available-for-sale reserve HK$'000	Retained earnings HK$'000	Total reserves HK$'000	Attributable to owners of the Company HK$'000
Balance at 1 January 2013	97,302	786,115	102,151	39,768	–	170,189	–	515,926	1,614,149	1,711,451
Share based payment	–	–	–	–	629	–	–	–	629	629
Total comprehensive income for the financial year	–	–	–	–	–	53,024	–	(22,776)	30,248	30,248
Profit for the financial year	–	–	–	–	–	–	–	(22,776)	(22,776)	(22,776)
Other comprehensive income:										
Exchange differences on translating foreign operations	–	–	–	–	–	53,024	–	–	53,024	53,024
Total other comprehensive income, net of taxation	–	–	–	–	–	53,024	–	–	53,024	53,024
Balance at 31 December 2013	97,302	786,115	102,151	39,768	629	223,213	–	493,150	1,645,026	1,742,328

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
– Continuing operations		(45,625)	(24,197)
– Discontinued operations		511,033	17,044
		465,408	(7,153)
Adjustments for:			
Depreciation and amortisation		124,865	132,323
Interest expenses		130,431	133,919
Profit from construction services		(8,328)	(1,104)
Amortisation of deferred income		(1,000)	(1,026)
Interest income		(748)	(1,483)
Gain on disposal of subsidiaries		(403,421)	–
Gain on financial liability at fair value through profit or loss		–	(215)
Impairment loss of value-added tax receivables		–	20,598
Impairment loss of trade receivables		31,473	–
Reversal of impairment loss of value-added tax receivables		(20,348)	–
Net gain on disposals of fixed assets		–	(175)
Share based payment expenses		828	629
Operating profit before working capital changes		319,160	276,313
Increase in inventories		(2,355)	(4,131)
(Increase)/decrease in trade receivables		(39,620)	4,656
Decrease/(increase) in other deposits and other receivables		64,044	(50,317)
Decrease/(increase) in trade deposits and prepayments		8,422	(10,274)
Increase in trade payables		400	22,920
(Decrease)/increase in accruals and other payables		(35,432)	1,089
Increase in deferred income		1,706	7,343
Effect of foreign exchange rate changes		57,981	32,610
Cash generated from operations		374,306	280,209
Interest paid		(123,538)	(163,272)
Net cash generated from operating activities		250,768	116,937
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments)/refund for construction work for BOT projects		(345,487)	58,399
Investment in a joint venture		–	(71)
Net cash outflow from disposal of subsidiaries	15	(51,823)	–
Proceeds from disposal of fixed assets		7	353
Purchase of fixed assets		(2,082)	(3,404)
Interest received		748	1,483
Net cash (used in)/generated from investing activities		(398,637)	56,760

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment to a contractor		–	(174,852)
Advance from/(to) ultimate holding company and a related company		169,723	(19,294)
(Increase)/decrease in pledged bank deposits		(1,632)	1,061
Repayment of finance lease payables		(257)	(125)
Repayment of interest-bearing borrowings		(444,833)	(1,064,673)
Drawdown of interest-bearing borrowings		371,628	1,128,319
Net cash generated from/(used in) financing activities		94,629	(129,564)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(53,240)	44,133
Effect of foreign exchange rate changes		(200)	804
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		54,930	9,993
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	22	1,490	54,930
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	22	1,490	54,930

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 15 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2014, C&G Holdings (Hong Kong) Limited, a company incorporated in Hong Kong, is the immediate holding and ultimate holding company and Mr. Lam Chik Tsan is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current financial year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and has no material effect on the amounts reported for the current or prior financial years.

IFRSs issued but not yet effective

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

	Description	Effective date (annual periods beginning on or after)
IFRS 2	Amendments to IFRS 2 *Share-based Payments*	1 July 2014
IFRS 3	Amendments to IFRS 3 *Business Combinations*	1 July 2014
IFRS 7	Amendments to IFRS 7 *Financial Instruments: Disclosures*	1 January 2015
IFRS 8	Amendments to IFRS 8 *Operating Segments*	1 July 2014
IFRS 9	Amendments to IFRS 9 *Financial Instruments*	1 January 2015
IFRS 11	Amendments to IFRS 11 *Joint Arrangements*	1 January 2016
IFRS 13	Amendments to IFRS 13 *Fair Value Measurements*	1 July 2014
IFRS 14	*Regulatory Deferrals Accounts*	1 January 2016
IFRS 15	*Revenue from Contracts With Customers*	1 January 2017
IAS 16	Amendments to IAS 16 *Property, Plant and Equipment*	1 July 2014
IAS 19	Amendments to IAS 19 *Defined Benefits Plans: Employee Contributions*	1 July 2014
IAS 24	Amendments to IAS 24 *Related Party Disclosures*	1 July 2014
IAS 27	Amendments to IAS 27 *Equity Method in Separate Financial Statements*	1 January 2016
IAS 38	Amendments to IAS 38 *Intangible Assets*	1 July 2014
IAS 40	Amendments to IAS 40 *Investment Property*	1 July 2014
IAS 16, 41	Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*	1 January 2016
IAS 16, 38	Amendments to IAS 16 and IAS 38 *Clarifications of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

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

IFRSs issued but not yet effective (Continued)

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

The Group and the Company have not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in the financial year ended 31 December 2014. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will result.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs.

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

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

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

(a) Consolidation

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

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

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

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

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

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

(b) Business combination

Business combinations from 1 January 2010

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (Continued)

Business combinations from 1 January 2010 (Continued)

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (Continued)

Business combinations before 1 January 2010

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

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

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

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

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

(c) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Joint arrangement (Continued)

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency transactions and translation

(i) Functional and presentation currency

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

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency transactions and translation (Continued)

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

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

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

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

(f) Leases

The Group as lessee

(i) Operating leases

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

(ii) Finance leases

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Service concession arrangements

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

Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is made on a straight-line basis over its estimated useful life of 20 to 30 years. The estimated useful life of the intangible asset is the period when it is available for use to the end of the concession period.

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

(h) Inventories

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

(i) Construction contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments

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

Effective interest method

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

Financial assets

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

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

Loans and receivables

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

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

Available-for-sale financial assets (AFS)

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

Ordinary share capital

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

Financial liabilities

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

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

Other financial liabilities

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

Borrowings

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Dividends

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

(l) Cash and cash equivalents

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

(m) Discontinued operations

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

(n) Revenue recognition

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

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

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

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

(o) Employee benefits

(i) Employee leave entitlements

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (Continued)

(ii) Pension obligations

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

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

(iii) Termination benefits

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

(p) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(q) Borrowing costs

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Government grants

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

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

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

(s) Income tax

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (Continued)

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

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

(t) Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, except inventories and receivables, of which the impairment policies are set out in notes 3(h) and 3(j) respectively, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) Events after the reporting period

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

4.1 Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

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

Impairment of available-for-sale equity instrument

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

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Intangible assets

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

The Group carries out impairment assessment whenever there are impairment indicators. Determining whether intangible assets are impaired requires estimations of the recoverable amount which is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the Group estimates the future cash flows expected to arise from the cash-generating unit to which the intangible assets have been allocated for impairment assessment purpose, and a suitable discount rate in order to calculate the present value. No impairment loss was recognised during the financial year. The carrying amount of the Group's intangible assets as at 31 December 2014 was approximately HK$176,499,000 (2013: HK$4,041,219,000).

Revenue and profit recognition

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of the Group's construction contracts as at 31 December 2014 included in current assets and current liabilities were HK$35,767,000 (2013: HK$237,335,000) and HK$NIL (2013: HK$53,001,000) respectively.

Income taxes

The Group has exposure to income taxes in several jurisdiction. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax liabilities as at 31 December 2014 was HK$Nil (2013: HK$1,666,000).

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Impairment loss for bad and doubtful debts

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers or contractors to make required payments. If the financial conditions of the customers or contractors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of the Group's trade and other receivables (excluding prepayments) as at 31 December 2014 was HK$1,313,721,000 (2013: HK$624,743,000).

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's and Group's assessments are based on the estimation of the value-in-use of the assets defined in IAS 36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2014 was HK$575,396,000 (2013: HK$575,396,000).

Depreciation of fixed assets

The Group depreciates the fixed assets over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's fixed assets. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's fixed assets as at 31 December 2014 was HK$2,479,000 (2013: HK$10,113,000).

Provision for inspection costs

The Group has recognised provision for inspection costs associated with projects of C&G Environmental Protection (Huian) Company Limited ("Huian phase II project"), C&G Environmental Protection (Jinjiang) Company Limited ("Jinjiang sludge project") and C&G Environmental Protection (Langfang) Company Limited ("Langfang project"). In determining the provision, significant assumptions are used to estimate the total inspection costs. In making these estimates, the Group has relied on past experience. The carrying amount of the Group's provision for inspection costs as at 31 December 2014 was HK$34,984,000 (2013: HK$Nil).

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5. REVENUE

	Group	
	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Revenue from construction services	166,501	12,982
Revenue from equipment sales	2,041	–
	168,542	12,982

6. OTHER INCOME

	Group	
	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Gain on disposal of fixed assets	–	236
Interest income	585	313
Foreign exchange gain	–	828
Sundry income	211	4
	796	1,381

7. FINANCE COSTS

	Group	
	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations		
Interest expense on finance leases	75	38
Interest expense on bank borrowings	216	668
	291	706

8. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

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

	Group 2014 HK$'000	Group 2013 HK$'000 (Restated)
Auditors' remuneration		
Auditors of the Company	1,543	1,420
Other auditors	182	77
	1,725	1,497
Depreciation of fixed assets	598	322
Directors' fees:		
Directors of the Company	638	767
Directors' remuneration other than fees:		
Directors of the subsidiaries		
– Short-term benefits	3,353	3,372
– Post-employment benefits – Defined contribution scheme	33	44
	3,386	3,416
Gain on financial liability at fair value through profit or loss	–	(215)
Operating lease payments	873	103
Audit fees paid to previous auditors of the Company	221	515
Staff costs excluding directors' remuneration		
Short-term benefits	9,366	5,249
Post-employment benefits – Defined contribution scheme	240	189
Equity-settled share based payments	828	629
Other costs	113	221
	10,547	6,288

Notes to the Financial Statements

9. INCOME TAX EXPENSE

(a) The amount of tax represents:

	Group 2014 HK$'000	2013 HK$'000 (Restated)
Current tax		
Under-provision in previous years	–	576
Deferred tax (Note 29)	24,045	15,047
Income tax expense	24,045	15,623

Income tax expense attributable to the following:

	Group 2014 HK$'000	2013 HK$'000 (Restated)
– Continuing operations	–	–
– Discontinued operations (Note 10)	24,045	15,623
	24,045	15,623

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

(b) Pursuant to relevant laws and regulations in the PRC, C&G Environmental Protection (Jinjiang) Company Limited ("C&G Jinjiang"), a subsidiary in the PRC, is exempted from PRC enterprise income tax for the two years from its first profit-making year and thereafter are entitled to a 50% relief from PRC enterprise income tax for the following three years. C&G Jinjiang was in its sixth profit-making year for the financial year ended 31 December 2013 and the tax concession was therefore expired. The tax rate applicable to this subsidiary was 25%. Other subsidiaries, except C&G Environmental Protection (China) Company Limited ("C&G (China)") and C&G (Xiamen) Environmental Electricity Operation and Management Company Limited ("C&G Xiamen O&M"), are exempted from PRC enterprise income tax for the three years from its first income generating year and thereafter are entitled to a 50% relief from PRC enterprise income tax for the following three years.

No provision was made for other subsidiaries for the financial year ended 31 December 2013 as the subsidiaries have no taxable income or are still enjoying the tax holidays.

9. INCOME TAX EXPENSE (CONTINUED)

(b) (Continued)

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

In accordance with Caishui (2009) No.1 issued by State Tax Authorities, undistributed profits from the PRC subsidiaries up to 31 December 2007 will be exempted from withholding tax when they are distributed in future. As a result, provision for withholding tax has been made in previous years on the undistributed profits earned since 1 January 2008. Since 2011, the Company has applied exemption permitted by IAS 12 "Income taxes" as it can control the timing of reversal of the temporary difference and it is probable that such difference will not be reversed in the foreseeable future. The deferred tax liability not recognised is HK$Nil (2013: HK$11,949,000) as at 31 December 2014.

(c) The reconciliation between the income tax expense and the product of loss before income tax multiplied by the PRC enterprise income tax rate is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000 (Restated)
Loss before taxation from continuing operations	**(45,625)**	(24,197)
Profit before taxation from discontinued operations	**511,033**	17,044
Profit/(loss) before income tax	**465,408**	(7,153)
Tax at the applicable tax rate of 25% (2013: 25%)	**116,352**	(1,788)
Tax effect of expenses that are not deductible	**4,543**	8,618
Tax effect of income that is not taxable	**(100,856)**	(1,932)
Tax effect of tax losses not recognised	**1,647**	10,643
Tax effect of utilisation of tax losses not previously recognised	**–**	(2,329)
Tax effect of different tax rates of subsidiaries	**2,359**	1,835
Under-provision in previous years	**–**	576
Income tax expense	**24,045**	15,623

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. DISCONTINUED OPERATIONS

On 29 January 2014, the Group had, through its wholly-owned subsidiary, C&G Environmental Protection (Hong Kong) Company Limited ("C&G Hong Kong") entered into a conditional acquisition agreement with Grandblue Environment Company Limited, (the "Purchaser"), a company listed on the Shanghai Stock Exchange (the "SSE") in the PRC, in relation to a proposed sale ("Sale") of the Group's waste-to-energy ("WTE") business and assets (including concession rights) and the principal operating subsidiaries (the "Disposal Group") (Note 15) of the Group in the PRC. The aggregate consideration for the disposal is the sum of HK$2.33 billion (RMB1.85 billion), of which, a sum of HK$1.38 billion (RMB1.1 billion) shall be satisfied by cash and the remaining HK$0.95 billion (RMB0.75 billion) shall be satisfied by way of an allotment and issue of new shares of par value HK$1.26 (RMB1) in the share capital of the Purchaser as listed and quoted on the SSE ("Consideration Shares"). The disposal was completed on 17 December 2014 and on that date, control was passed to the Purchaser.

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

The results of the discontinued operations are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Revenue	**644,478**	509,625
Cost of sales	**(373,623)**	(313,199)
Gross profit	**270,855**	196,426
Other income	**50,653**	41,430
Administrative expenses	**(52,283)**	(67,002)
Other operating expenses	**(31,473)**	(20,598)
Profit from discontinued operations	**237,752**	150,256
Finance costs	**(130,140)**	(133,212)
Profit before taxation	**107,612**	17,044
Income tax expense (Note 9)	**(24,045)**	(15,623)
Profit for the year	**83,567**	1,421
Profit before taxation	**107,612**	17,044
Gain on disposal of discontinued operations	**403,421**	–
	511,033	17,044

10. DISCONTINUED OPERATIONS (CONTINUED)

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

	Group	
	2014	2013
	HK$'000	HK$'000
Profit from discontinued operations	**83,567**	1,421
Gain on disposal of discontinued operations (Note 15)	**403,421**	–
	486,988	1,421

Cash flow statement disclosures

	Group	
	2014	2013
	HK$'000	HK$'000
Operating	**248,721**	205,094
Investing	**(141,289)**	64,700
Financing	**(159,132)**	(226,861)
Net cash outflows	**(51,700)**	(42,933)

Earnings per share

	Group	
	2014	2013
Earnings per share from discontinued operations attributable to owners of the Company (HK cents):		
Basic	**50.05**	0.15
Diluted	**49.77**	0.15

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

11. (LOSS)/EARNINGS PER SHARE

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

	Group					
	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit/(loss) for the financial year	**(45,625)**	(24,197)	**486,988**	1,421	**441,363**	(22,776)

	2014	2013
Weighted average number of ordinary shares in issue during the financial year	**973,023,354**	973,023,354

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

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

	2014	2013
Weighted average number of:		
Ordinary shares used in the calculation of basic (loss)/earnings per share	**973,023,354**	973,023,354
Potential ordinary shares issuable under:		
– Share options under CG ESOS	**2,778,000**	2,585,000
– Share awards under CG PSP	**1,665,800**	1,550,000
– Share awards under CG RSP	**1,016,200**	1,034,000
Weighted average number of ordinary shares in issue and potential ordinary shares assuming full conversion	**978,483,354**	978,192,354

12. FIXED ASSETS

Group

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost					
At 1 January 2013	–	314	13,245	6,823	20,382
Additions	–	84	2,648	1,852	4,584
Disposals	–	–	(1,312)	(340)	(1,652)
Exchange difference	–	12	270	191	473
At 31 December 2013 and 1 January 2014	–	410	14,851	8,526	23,787
Additions	475	119	129	1,359	2,082
Disposals	–	–	(11)	(29)	(40)
Disposal of subsidiaries	–	(527)	(12,940)	(8,450)	(21,917)
Exchange differences	–*	(2)	(51)	(29)	(82)
At 31 December 2014	475	–	1,978	1,377	3,830
Accumulated depreciation					
At 1 January 2013	–	205	7,303	3,663	11,171
Charge for the year	–	48	2,181	1,416	3,645
Disposals	–	–	(1,249)	(225)	(1,474)
Exchange difference	–	8	223	101	332
At 31 December 2013 and 1 January 2014	–	261	8,458	4,955	13,674
Charge for the year	55	62	1,911	1,350	3,378
Disposals	–	–	(10)	(23)	(33)
Disposal of subsidiaries	–	(322)	(9,690)	(5,605)	(15,617)
Exchange difference	–*	(1)	(35)	(15)	(51)
At 31 December 2014	55	–	634	662	1,351
Carrying amount					
At 31 December 2014	420	–	1,344	715	2,479
At 31 December 2013	–	149	6,393	3,571	10,113

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

At 31 December 2014, the carrying amount of motor vehicles held by the Group under finance leases amounted to HK$1,344,000 (2013: HK$1,741,000) (Note 27).

The depreciation expense was charged to cost of sales and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Additions to property, plant and equipment during the year of HK$Nil (2013: HK$1,180,000) were financed by finance leases.

13. INTANGIBLE ASSETS

	Note	Group Waste-to-energy power plants concession rights HK$'000
Cost		
At 1 January 2013		4,129,113
Additions		178,127
Reduction due to changes in estimates	(b)	(84,434)
Exchange difference		140,800
At 31 December 2013 and 1 January 2014		4,363,606
Additions		347,659
Disposal of subsidiaries		(4,503,101)
Exchange difference		(31,665)
At 31 December 2014		176,499
Accumulated amortisation		
At 1 January 2013		184,401
Charge for the year		128,678
Exchange difference		9,308
At 31 December 2013 and 1 January 2014		322,387
Charge for the year		121,487
Disposal of subsidiaries	(c)	(429,492)
Exchange difference		(14,382)
At 31 December 2014		–
Carrying amount		
At 31 December 2014		176,499
At 31 December 2013		4,041,219

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

13. INTANGIBLE ASSETS (CONTINUED)

Notes:

(a) The Group has entered into a number of service concession arrangements with certain governmental authorities in the PRC and Thailand on a Build, Operate and Transfer ("BOT") basis in respect of its waste-to-energy power business. These service concession arrangements generally involve the Group as an operator (i) constructing waste-to-energy power plants for those arrangements on a BOT basis; and (ii) operating and maintaining the waste-to-energy power plants to generate electricity and transmit to local electricity grid for periods ranging from 20 to 30 years (the "service concession periods"). The Group will be paid for the garbage treatment and electricity transmitted to electricity grid over the service concession periods at prices stipulated through a pricing mechanism. The Group is entitled to use all the fixed assets of the waste-to-energy power plants. However, the relevant governmental authorities as grantors will retain the beneficial entitlement to any residual interest in the waste-to-energy power plants at the end of the term of the service concession periods. Those service concession arrangements do not contain a renewal option.

(b) The concession rights are measured by reference to the fair value of the construction services, which are recognised based on the estimated total contract costs and the stage of completion of the contract at the end of each reporting period. Due to the change in the estimation of the total contract costs of certain concession arrangements, the carrying amount of the concession rights was adjusted accordingly during the year ended 31 December 2013.

(c) As detailed in note 10, the Group completed the disposal of the WTE business and assets in the PRC on 17 December 2014.

(d) At 31 December 2014, the carrying amount of WTE power plants concession rights pledged as security for the Group's bank loans amounted to approximately HK$Nil (2013: HK$4,041,219,000).

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

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**–**	–
Additions (Note 15)	**1,273,665**	–
Fair value changes recognised in other comprehensive income	**54,618**	–
At 31 December	**1,328,283**	–

Details of the available-for-sale investments

	Group	
	2014	2013
	HK$'000	HK$'000
Quoted equity securities, at fair value	**1,328,283**	–

The investments in quoted equity securities are denominated in RMB.

The Group's available-for-sale financial assets are subject to a Moratorium Period of 36 months pursuant to the conditional acquisition agreement entered into between the Group and the Purchaser (Note 15).

The fair values of the Group's available-for-sale financial assets as at 31 December 2014 have been determined by independent qualified professional valuers using the market approach and discounted for lack of marketability due to the Moratorium Period, using the Black-Scholes Option Pricing Model. Details of valuation techniques and inputs used are described in note 38.

Available-for-sale financial assets of approximately HK$726,751,000 (49.8 million Consideration Shares) have been pledged to the Purchaser in relation to the disposal of subsidiaries (Note 15).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unquoted equity investments, at cost	**575,396**	575,396

The amounts due from/(to) subsidiaries represented advances to/(from) subsidiaries which are non-trade in nature, unsecured, interest-free and repayable on demand as at 31 December 2014 and 2013.

The balances due to subsidiaries are denominated in HK$.

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

	Company	
	2014	2013
	HK$'000	HK$'000
US$	**154,472**	-
HK$	**906,203**	906,203
	1,060,675	906,203

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Effective equity held by the Company 2014	2013	Principal activities
Held directly by the Company					
C&G Environmental Protection International Limited ("C&G EPIL") ****	BVI	85,868,000/ 200,000,000 ordinary shares of US$1 each	100%	100%	Investment holding
Held through C&G EPIL					
C&G Environmental Protection (Hong Kong) Company Limited ("C&G Hong Kong") **	Hong Kong	10,000 ordinary shares of HK$1 each	100%	100%	Investment holding
Held through C&G Hong Kong					
C&G Environmental Protection (China) Company Limited ("C&G China") (1)	The PRC	Registered capital of US$230,000,000	-	100%	Investment holding and provision of management services
C&G Environmental Protection (Jinjiang) Company Limited ("C&G Jinjiang") (1)	The PRC	Registered capital of RMB210,000,000	-	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Huangshi) Company Limited ("C&G Huangshi") (1)	The PRC	Registered capital of US$24,620,000	-	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Huian) Company Limited ("C&G Huian") (1)	The PRC	Registered capital of RMB179,611,021	-	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Anxi) Company Limited ("C&G Anxi") (1)	The PRC	Registered capital of US$16,160,000	-	100%	Construction, operation and management of waste-to-energy power plant

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15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Effective equity held by the Company 2014	Effective equity held by the Company 2013	Principal activities
C&G Environmental Protection (Fuqing) Company Limited ("C&G Fuqing") (1)	The PRC	Registered capital of US$14,660,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Langfang) Company Limited ("C&G Langfang") (1)	The PRC	Registered capital of US$30,230,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Jianyang) Company Limited ("C&G Jianyang") (1)	The PRC	Registered capital of US$13,630,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Xiaogan) Company Limited ("C&G Xiaogan") (1)	The PRC	Registered capital of US$18,160,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Yingkou) Company Limited ("C&G Yingkou") (1)	The PRC	Registered capital of US$21,890,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G (Xiamen) Environmental Electricity Operation and Management Company Limited ("C&G Xiamen O&M") (1)	The PRC	Registered capital of RMB3,000,000	–	100%	Provision of operation and maintenance services to waste-to-energy power plants
C&G Environmental Protection (Dalian) Company Limited ("C&G Dalian") (1)	The PRC	Registered capital of RMB10,000,000	–	100%	Construction, operation and management of waste-to-energy power plant
C&G Environmental Protection (Thailand) Company Limited ("C&G Thailand") *** (2)	Thailand	55,541,000 shares of THB5 each and 19,643,000 shares of THB3.29 each	100%	100%	Construction, operation and management of waste-to-energy power plant

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Effective equity held by the Company 2014	Effective equity held by the Company 2013	Principal activities
C&G Energy Management (Thailand) Company Limited ("C&G Thailand EM") *** (2)	Thailand	2,000,000 shares of THB5 each	100%	100%	Provision of operation and maintenance services to waste-to-energy power plants
C&G (Asia) Engineering Company Limited ("C&G Asia") (Formerly known as C&G Hong Kong (Dalian) Company Limited) **	Hong Kong	1 share/10,000 shares of HK$1 each	100%	100%	Inactive
C&G Green Energy (Hong Kong) Company Limited ("C&G Green Energy") (Formerly known as C&G Technology (Hong Kong) Company Limited) **	Hong Kong	1 share/10,000 shares of HK$1 each	100%	100%	Inactive
C&G Industrial Services (Hong Kong) Company Limited ("C&G Industrial Services") **	Hong Kong	1,000 shares/1,000 shares of HK$1 each	100%	-	Inactive
Held through C&G Green Energy					
C&G Green Energy (Shenzhen) Company Limited ("C&G Green Energy SZ") * (1)	The PRC	Registered capital of RMB10,000,000	100%	-	Provision of consultancy services and general trading of environmental equipment

* Audited by 深圳道勤会计师事务所

** Audited by Mazars CPA Limited (Hong Kong), a member firm of Mazars

*** Audited by A.A.C. Audit Corporation Co., Ltd.

**** Not required to be audited by law of country of incorporation

(1) Audited/reviewed by overseas member firm of Mazars CPA Limited (Hong Kong), a member firm of Mazars, for the purpose of the Group's consolidation

(2) Audited by Mazars (Thailand) Ltd, a member firm of Mazars, for the purpose of the Group's consolidation

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

During the financial year ended 31 December 2014, the Group disposed of its entire interest in C&G China and its subsidiaries for a consideration of approximately HK$2,262,371,000 (RMB1,794,592,000). Excluded from the consideration of HK$2,262,371,000 (RMB1,794,592,000) is an amount of approximately HK$378,198,000 (RMB300,000,000) which is the cash consideration deferred. According to the conditional acquisition agreement, this deferred cash consideration is subject to the satisfaction of certain conditions in relation to the BOT projects in Guiyang, Dalian and Xiaogan. As these conditions have not been met as at 31 December 2014, this cash consideration has been deferred. Details of the disposal are set out in this note below.

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

	Carrying amount HK$'000
Non-current assets	
Fixed assets	6,300
Intangible assets	4,073,609
	4,079,909
Current assets	
Inventories	10,098
Trade receivables	148,638
Gross amount due from customers for contract work	108,059
Other deposits and other receivables	115,541
Trade deposits and prepayments	13,246
Pledged bank deposits	11,371
Bank and cash balances	49,189
	456,142
Current liabilities	
Trade payables	42,511
Gross amount due to customers for contract work	43,526
Accruals and other payables	169,059
Current tax liabilities	1,660
	256,756
Non-current liabilities	
Interest-bearing borrowings	2,243,004
Deferred income	25,961
Deferred tax liabilities	120,777
	2,389,742
Net assets disposed of	1,889,553

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries (Continued)

	HK$'000
Gain on disposal:	
Total consideration satisfied by cash receivable (Note 20)	988,705
Total consideration satisfied by shares received (Note 14)	1,273,665
	2,262,370
Net assets derecognised	(1,889,553)
Cumulative exchange differences relating to discontinued operations reclassified from equity to profit or loss	150,215
Costs directly attributable to the disposal	(53,165)
Indemnity liabilities (Note 31)	(66,446)
Gain on disposal presented in discontinued operations (Note 10)	403,421

	HK$'000
Net cash outflow arising on disposal:	
Consideration received in cash and cash equivalents	–
Cash and cash equivalent of subsidiaries disposed	(49,189)
Costs directly attributable to the disposal	(2,634)
	(51,823)

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

Details of the Sale are set out below:

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

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries (Continued)

As announced by the Purchaser on 22 February 2014, the Purchaser obtained approval in principle from Guangdong Province SASAC for the restructuring of the Purchaser undertaken for the Sale. On 25 February 2014, the Purchaser obtained the approval in respect of the Sale from the shareholders at a special shareholder meeting. On 14 August 2014, C&G Hong Kong's application to the Ministry of Commerce of the PRC ("MOC") to be a strategic foreign investor of the Purchaser was approved. On 15 December 2014, the Purchaser received the formal approval document from the China Securities Regulatory Commission ("CSRC") for the issue and allotment of 91,019,417 shares to C&G Hong Kong as part consideration for acquisition of the Disposal Group by the Purchaser. With this, the Purchaser and the Company have obtained all the required consents, approvals, waivers, authorisations, submission and filings as may be necessary with any governmental or regulatory body or relevant competent authority. On 17 December 2014, the Company entered into an asset transfer agreement ("Asset Transfer Agreement") with the Purchaser in respect of the Sale. On 29 December 2014, the Purchaser as of the reporting date allotted and issued 91,019,417 Consideration Shares to C&G Hong Kong and C&G Hong Kong holds 12.7% of the enlarged share capital of the Purchaser as of the reporting date. The Consideration Shares are subject to moratorium period of 36 months. The Group undertakes to the Purchaser not to sell, assign, transfer or otherwise dispose of any of the consideration shares (other than the 30,000,000 consideration shares pledged to the Purchaser in accordance with the conditional acquisition agreement) allotted and issued to it on completion, for a period of 36 months (the "Moratorium Period") commencing from the completion date of the Sale (i.e. 17 December 2014).

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

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

Tranche 1

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

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries (Continued)

Tranche 2

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

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

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

(i) 12 million shares of the Purchaser will be pledged in relation to the Langfang project. The pledged shares will be released if Langfang commences operations within 12 months from the Completion date. Otherwise, C&G Hong Kong has to repurchase 100% equity interest of Langfang project at HK$216,077,000 (RMB171,400,000). For any excess capital expenditure incurred on Langfang project, with reference to the valuation report on 30 September 2013, it will be borne by C&G Hong Kong (Note 34a).

(ii) 1.4 million shares of the Purchaser will be pledged if the inspection approval from the relevant government authorities, in relation to the Langfang project, has not been obtained at the Completion date. The pledge will be released upon obtaining the required approval (Note 31).

(iii) 0.7 million shares of the Purchaser will be pledged in relation to the Huian phase II project. The pledged shares will be released upon timely completion of construction as well as obtaining the inspection approval from the relevant government authorities (Note 31).

(iv) 0.4 million shares of the Purchaser will be pledged in relation to the Jinjiang sludge project. The pledged shares will be released upon timely completion of construction as well as obtaining the inspection approval from the relevant government authorities (Note 31).

(v) 5.3 million shares of the Purchaser will be pledged in relation to value-added tax invoices not yet received from contractor, New Sky China. The pledged shares will be released progressively upon receipt of these validated value-added tax invoices. In addition, all future financial losses arising from tax penalties and tax risks associated with these value-added invoices will be borne by C&G Hong Kong (Note 34b).

(vi) All trade receivable balances of the Disposal Group as at 30 September 2013 should be settled within 3 years after signing of the Asset Transfer Agreement. Otherwise, C&G Hong Kong has to compensate the Purchaser for any outstanding receivables (Note 31).

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries (Continued)

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

In the event that the actual consolidated net profit after tax (based on the consolidated financial statements of the Disposal Group) in respect of any of the three years is less than the profit target of that year, C&G Hong Kong shall compensate the Purchaser the shortfall amount for that year. (Note 34c).

Incorporation of subsidiaries

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

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

16. INVESTMENT IN A JOINT VENTURE

	Group	
	2014	2013
	HK$'000	HK$'000
Unquoted equity investment at cost		
Share of net assets	**71**	71

The details of the joint venture are as follows:

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

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

16. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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

	2014 HK$'000	2013 HK$'000
At 31 December:		
Current assets	224	238
Current liabilities	(4)	(4)
Net assets	220	234
Group's share of net assets	66	70
Other adjustments	5	1
At 31 December	71	71
Cash and cash equivalents included in current assets	224	238

	2014 HK$'000	2013 HK$'000
Year ended 31 December:		
Expenses	–*	–*
Loss and total comprehensive loss	–*	–*

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

As at 31 December 2014, the bank and cash balances of the Group's joint venture in Malaysia denominated in Malaysian Ringgit ("MYR") amounted to approximately HK$224,000.

17. INVENTORIES

	Group 2014 HK$'000	Group 2013 HK$'000
Raw materials and spare parts	–	7,743

18. TRADE RECEIVABLES

	Group 2014 HK$'000	Group 2013 HK$'000
Trade receivables	410	140,901

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

At 31 December 2014, trade receivables of approximately HK$410,000 (2013: HK$95,586,000) were past due but not impaired. These relate to certain independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables, based on the due date, is as follows:

	Group 2014 HK$'000	Group 2013 HK$'000
0 to 90 days	221	95,586
91 to 180 days	189	–
	410	95,586

The carrying amounts of the Group's trade receivables are denominated in RMB.

18. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2013, included in trade receivables were amounts of approximately RMB24,957,000 (equivalent to approximately HK$31,654,000) relating to the renewable energy subsidy revenue of C&G Jinjiang, C&G Huangshi, C&G Huian and C&G Anxi for the period from May 2011 to December 2011. These receivables are long outstanding and there were no settlements during 2013. Pursuant to a memorandum issued by the National Energy Administration ("NEA") on 28 September 2012, C&G Jinjiang, C&G Huangshi, C&G Huian and C&G Anxi are qualified to receive the subsidy revenue from the National Development and Reform Commission ("NDRC"). Based on discussion between management and electricity companies, management believes that the settlement of these receivables for 2011 is only a matter of time and there is no recoverability issue.

As at 31 December 2014, pursuant to the terms of the Asset Transfer Agreement entered into between the Company and the Purchaser, the Group made a full provision of RMB24,957,000 (HK$31,462,000) on these long outstanding receivables (Note 15(vi) and 31).

19. GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	Group	
	2014	2013
	HK$'000	HK$'000
Contract costs incurred plus recognised profits (less recognised losses) to date	**35,767**	184,334
Less: Progress billings	**–**	–
	35,767	184,334

	Group	
	2014	2013
	HK$'000	HK$'000
Gross amounts due from customers for contract work	**35,767**	237,335
Gross amounts due to customers for contract work	**–**	(53,001)
	35,767	184,334

20. OTHER DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash consideration receivable (Note 15)	**988,705**	–	**–**	–
Other receivables	**8,648**	54,666	**13**	–
Deposits	**651**	44,774	**–**	–
Due from a joint venture	**5**	5	**–**	–
Due from a related company (Note)	**315,165**	342,063	**–**	–
Value-added tax receivables	**137**	42,334	**–**	–
	1,313,311	483,842	**13**	–

Notes to the Financial Statements

20. OTHER DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note:

The amounts are due from Xiamen C&G Group Co., Ltd. ("Xiamen C&G") which is a related company controlled by the ultimate controlling shareholder, Mr. Lam Chik Tsan. The amounts include:

(a) An advance payment of RMB250,000,000 (equivalent to approximately HK$315,165,000) (2013: RMB250,000,000 (equivalent to approximately HK$317,075,000)) arising from the Sale of the Disposal Group received on behalf of the Group by Xiamen C&G. Subsequent to the financial year end, the advance payment was fully refunded to the Purchaser by Xiamen C&G (Note 15).

(b) Amount of compensation of approximately HK$Nil (2013: HK$24,988,000) made by the Group to a contractor with respect to a litigation which was settled in 2011. On 20 March 2014, Xiamen C&G has agreed to undertake the compensation pursuant to a tripartite agreement among the ultimate holding company, Xiamen C&G and the Group.

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**1,304,656**	481,005	**–**	–
Thai Baht	**8,122**	2,658	**–**	–
Malaysian Ringgit	**175**	170	**–**	–
Taiwan dollars	**345**	–	**–**	–
Others	**13**	9	**13**	–
	1,313,311	483,842	**13**	–

21. PREPAYMENTS

In 2013, prepayments represent amounts paid by the Group to various contractors for the construction, operation and management of the waste-to-energy power plants.

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**514**	70,919	**15**	–
HK$	**317**	2,068	**50**	–
US$	**9,332**	136	**9,323**	–
Singapore dollars	**144**	134	**144**	134
Thai Baht	**25,487**	25,716	**–**	–
Others	**1**	1	**–**	–
	35,795	98,974	**9,532**	134

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES (CONTINUED)

Presented in the statements of financial position as:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Pledged bank deposits	**34,305**	44,044	**9,316**	–
Bank and cash balances	**1,490**	54,930	**216**	134
	35,795	98,974	**9,532**	134

The bank deposits are pledged as securities for the following:

(a) At 31 December 2013, deposit of RMB15,000,000 (equivalent to approximately HK$19,025,000) was to secure the repayment of bills payables of RMB30,000,000 (equivalent to HK$38,049,000) (Note 31) to certain subcontractors. The interest rate as at 31 December 2013 was 0.4% per annum. The pledge was discharged along with the disposal of subsidiaries during the current financial year;

(b) US$1,200,000 (equivalent to approximately HK$9,316,000) was pledged in relation to long term bank loan of US$13,709,000 (equivalent to approximately HK$106,274,000) (2013: US$Nil) as at 31 December 2014 (Note 26); and

(c) Thai Baht106,215,000 (equivalent to approximately HK$24,989,000) was pledged in relation to the issue of performance guarantee by the Bangkok Metropolitan Administration ("BMA") for the obligations under the BOT agreement signed with the BMA.

At 31 December 2013, included in cash and bank balances were balances of approximately HK$14,238,000 deposited in various bank accounts and the use of these bank accounts were subject to certain restrictions as follows:

– All the revenue from waste-to-energy power plant operation services of the subsidiaries, C&G Jinjiang, C&G Huangshi, C&G Huian, C&G Fuqing, C&G Anxi and C&G Jianyang should be deposited into these bank accounts;

– The bank accounts cannot be cancelled, transferred or pledged to other parties without the prior approval of the banks;

– The Group is required to submit budget for the use of fund in these bank accounts; and

– The banks have the right to withhold cash from these bank accounts due to default of repayment of bank loans as disclosed in note 26 to the financial statements.

These restrictions no longer apply as at 31 December 2014 as they relate to bank accounts of subsidiaries disposed of during the current financial year.

23. SHARE CAPITAL

	Company	
	Number	HK$'000
Authorised share capital		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014, ordinary shares of HK$0.10 each	2,000,000,000	200,000
Issued and fully paid share capital		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014, ordinary shares of HK$0.10 each	973,023,354	97,302

Capital management

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

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

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's total liabilities over its total assets, as at 31 December 2014 was 28.0% (2013: 65.4%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing to reduce debt.

The gearing ratio at 31 December 2014 and 2013 were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Total liabilities	**808,840**	3,299,596	**185,092**	11,774
Total assets	**2,892,673**	5,041,924	**1,645,616**	1,481,733
Gearing ratio	**28.0%**	65.4%	**11.2%**	0.8%

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

Apart from the above the Group is not subject to any other externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

24. RESERVES

(a) The Group

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

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

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

(b) The Company

	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2013	786,115	102,151	–	125,755	364,572	1,378,593
Total comprehensive income/(loss) for the financial year	–	–	–	–	(6,565)	(6,565)
Share-based payment	–	–	629	–	–	629
At 31 December 2013	786,115	102,151	629	125,755	358,007	1,372,657
Transfer to contributed surplus	(600,000)	600,000	–	–	–	–
Total comprehensive income/(loss) for the financial year	–	–	828	–	(10,263)	(9,435)
At 31 December 2014	186,115	702,151	1,457	125,755	347,744	1,363,222

(c) Nature and purpose of reserves

(i) Share premium

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

(1) the issue of 65,000,000 new ordinary shares at S$0.31 each pursuant to the listing of the Company's shares on the SGX-ST during the financial year ended 31 December 2005, net of the share issue expenses;

(2) the issue of 78,000,000 new ordinary shares at S$0.5791 each on 12 June 2007 pursuant to the placement agreement dated 28 May 2007, net of share issue expenses; and

(3) the issue of 505,023,354 new ordinary shares at S$0.24 each on 9 February 2011 for the acquisition of C&G EPIL and its subsidiaries.

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For the financial year ended 31 December 2014

24. RESERVES (CONTINUED)

(c) Nature and purpose of reserves (Continued)

(i) Share premium (Continued)

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

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

(ii) Statutory reserve

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

(iii) Share-based payment reserve

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

(iv) Foreign currency translation reserve

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

(v) Contributed surplus

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

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

25. EQUITY-SETTLED SHARE OPTION SCHEME

(a) Employee share option scheme

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

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

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

	Group and Company 2013		
	Number of share options	Weighted average exercise price	
	'000	S$	HK$ equivalent
Outstanding at the beginning of the year	–		
Granted during the year	2,585	0.100	0.627
Outstanding at end of the year	2,585		

The options outstanding at end of the financial year have a weighted average remaining contractual life of 8.37 to 9.435 years.

25. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(a) Employee share option scheme (Continued)

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

	2014	2013
Date of grant	19 June 2014	13 May 2013
Fair value of grant date	S$0.20079 (equivalent to HK$1.24233)	S$0.06981 (equivalent to HK$0.43741)
Share price	S$0.265 (equivalent to HK$1.640)	S$0.104 (equivalent to HK$0.652)
Expected volatility	69.192%	63.84%
Time-to-maturity	10 years	10 years
Risk free rate	2.37%	1.48%
Expected dividend yield	0.00%	0.64%

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

Details of share options granted and accepted by certain employees pursuant to the CG ESOS during the year ended 31 December 2014 are as follows:

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

25. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(b) Performance share plan

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

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

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

	The Group and Company	
	2014	2013
	Number of shares	Number of shares
	'000	'000
Outstanding at the beginning of the year	**1,550**	–
Granted during the year	**116**	1,550
Outstanding at the end of the year	**1,666**	1,550

25. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(b) Performance share plan (Continued)

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

	2014	2013
Date of grant	**19 June 2014**	13 May 2013
Fair value at grant date	**S$0.15307 (equivalent to HK$0.94708)**	S$0.07451 (equivalent to HK$0.46686)
Share price	**S$0.265 (equivalent to HK$1.640)**	S$0.104 (equivalent to HK$0.652)
Expected volatility	**80.05%**	51.03%
Time-to-maturity	**2 years**	2 years
Risk free rate	**0.44%**	0.22%
DLOM	**42.24%**	28.36%

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

Details of share award granted and accepted by certain employees pursuant to the CG PSP during the year ended 31 December 2014 are as follows:

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

25. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(c) Restricted share plan

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

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

	The Group and Company	
	2014 Number of shares '000	2013 Number of shares '000
Outstanding at the beginning of the year	**1,034**	–
Granted during the year	**77**	1,034
Forfeited during the year	**(95)**	–
Outstanding at the end of the year	**1,016**	1,034

25. EQUITY-SETTLED SHARE OPTION SCHEME (CONTINUED)

(c) Restricted share plan (Continued)

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

	2014	2013
Date of grant	19 June 2014	13 May 2013
Fair value at grant date	S$0.12222 (equivalent to HK$0.75614)	S$0.04354 (equivalent to HK$0.27281)
Share price	S$0.265 (equivalent to HK$1.640)	S$0.104 (equivalent to HK$0.652)
Expected volatility	69.19%	63.84%
Time-to-maturity	8.9 years	10 years
Risk free rate	2.37%	1.48%
DLOM	53.88%	58.13%

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

Details of share award granted and accepted by certain employees pursuant to the CG RSP during the year ended 31 December 2014 are as follows:

Date of grant	Vesting period	Beginning of year, number of outstanding award	Number of share award granted and accepted during the year	Number of share award released during the year	Number of share award forfeited during the year	End of year, number of outstanding award
13 May 2013	13 May 2013 – 28 July 2022	388,000	–	–	–	388,000
13 May 2013	13 May 2013 – 29 August 2023	209,000	–	–	–	209,000
13 May 2013	13 May 2013 – 28 August 2025	95,000	–	–	(95,000)	–
13 May 2013	13 May 2013 – 26 August 2025	200,000	–	–	–	200,000
13 May 2013	13 May 2013 – 28 October 2021	142,000	–	–	–	142,000
19 June 2014	19 June 2014 – 16 July 2022	–	77,200	–	–	77,200
		1,034,000	77,200	–	(95,000)	1,016,200

The Group recognised total expenses of approximately HK$828,000 during the year relating to CG ESOS, CG PSP and CG RSP.

26. INTEREST-BEARING BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Secured bank loans and other loans	106,274	2,416,455	106,274	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(432,369)	–	–
Amount due for settlement after 12 months	106,274	1,984,086	106,274	–

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

	Group		Company	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
US$	106,274	100,996	106,274	–
RMB	–	2,315,459	–	–
	106,274	2,416,455	106,274	–

Interest-bearing borrowings of approximately HK$Nil (2013: HK$1,084,739,000) and HK$106,274,000 (2013: HK$1,331,716,000) are arranged at fixed rates and floating rates respectively. Those borrowings arranged at fixed rate exposed the Group to fair value interest rate risk and those arranged at floating rate exposed the Group to cash flow interest rate risk.

Interest-bearing borrowings bear effective interest rate of 5.69% per annum (2013: ranging from 2.5% to 18.05%).

As at 31 December 2014, the Group's interest-bearing borrowings of US$13,709,000 (equivalent to approximately HK$106,274,000) are secured by the following:

(i) Share pledge of 75,183,993 shares in its wholly-owned subsidiary, C&G Thailand;

(ii) Corporate guarantee provided by a subsidiary; and

(iii) Pledged bank deposit of US$1,200,000 (equivalent to approximately HK$9,316,000).

26. INTEREST-BEARING BORROWINGS (CONTINUED)

As at 31 December 2013, the Group's interest-bearing borrowings were secured by the following:

(i) Interest-bearing borrowings of HK$2,147,806,000 were secured by the pledge of the Group's waste-to-energy power plant concession rights (Note 13);

(ii) Interest-bearing borrowings of HK$168,882,000 were secured by the production facilities of BOT power plants, the costs of which were recognised as construction costs and charged to profit or loss under IFRIC 12; and

(iii) Interest-bearing borrowings of HK$23,669,000 was secured by a bank guarantee of RMB20,000,000 (equivalent to approximately HK$25,366,000) which was in turn guaranteed by C&G Jinjiang to the bank. Interest-bearing borrowings of HK$76,098,000 was guaranteed by C&G China.

27. FINANCE LEASE PAYABLES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**389**	331	**326**	257
After one year but within five years	**918**	1,305	**809**	1,136
	1,307	1,636	**1,135**	1,393
Less: Future finance charges	**(172)**	(243)	**N/A**	N/A
Present value of lease obligations	**1,135**	1,393	**1,135**	1,393
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(326)**	(257)
Amount due for settlement after 12 months			**809**	1,136

The finance lease term is 5 years.

At 31 December 2014, the average effective borrowing rate ranged from 3.96% to 5.19% per annum (2013: 3.96% to 5.19%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicles at nominal prices.

All finance lease payables are denominated in Thai Baht.

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

28. DEFERRED INCOME

	Group 2013 HK$'000
Deferred income	25,354

In 2013, included in deferred income were subsidies received by C&G Huangshi and C&G Fuqing from the local governments of approximately RMB14,367,000 (equivalent to approximately HK$18,222,000) and RMB4,447,000 (equivalent to approximately HK$5,640,000) respectively. The amounts were amortised over the concession period of C&G Huangshi and C&G Fuqing of 24.5 years and 23.6 years respectively according to the accounting policy set out in note 3(g) to the financial statements.

The remaining balance as at 31 December 2013 represented government subsidies for the phase 2 waste-to-energy power plants of C&G Huangshi and C&G Xiaogan. These subsidies were to be amortised over the remaining concession period when the power plants commence operations.

The following is the analysis of deferred income for financial reporting purposes:

	2013 HK$'000
Carrying amount	25,354
Less: Amount to be amortised within one year (shown under the current liabilities)	(1,097)
Amount to be amortised after one year	24,257

The deferred income has been derecognised along with the disposal of subsidiaries.

29. DEFERRED TAX LIABILITIES

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

	Temporary differences on assets recognised under IFRIC 12	Tax losses	Others(*)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013	112,367	(32,203)	(1,044)	79,120
Charge/(credit) to profit or loss for the year (Note 9)	25,947	(8,047)	(2,853)	15,047
Exchange difference	4,153	(1,188)	(73)	2,892
At 31 December 2013	142,467	(41,438)	(3,970)	97,059
Charge/(credit) to profit or loss for the year (Note 9)	(6,555)	14,495	16,105	24,045
Exchange difference	(558)	185	46	(327)
Disposal of subsidiaries	(135,354)	26,758	(12,181)	(120,777)
At 31 December 2014	–	–	–	–

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

As at 31 December 2014, the Group has unused tax losses of approximately HK$16,206,000 (2013: HK$271,153,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$Nil (2013: HK$165,752,000) of such tax losses.

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

30. TRADE PAYABLES

	Group	
	2014	2013
	HK$'000	HK$'000
Third parties	**323**	42,434

Trade payables generally have credit terms ranging from 30 to 60 days. The carrying amounts of the Group's trade payables are denominated in RMB.

31. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals and other payables	**39,631**	44,793	**3,003**	2,238
Indemnity liabilities (Note 15)	**66,446**	–	**–**	–
Bill payables	**–**	38,049	**–**	–
Amounts due to contractors	**–**	154,097	**–**	–
Retirement benefit payable	**–**	3,041	**–**	–
Value-added tax payable	**–**	5,551	**–**	–
Due to the ultimate holding company (Note 36(a))	**241,681**	99,168	**17**	17
Due to a related company (Note 36(b))	**37,734**	460	**–**	–
	385,493	345,159	**3,020**	2,255

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**136,501**	235,494	**–**	–
HK$	**241,976**	100,615	**220**	1,387
US$	**1,803**	302	**1,369**	76
Singapore dollars	**1,431**	792	**1,431**	792
Thai Baht	**3,729**	7,935	**–**	–
Others	**53**	21	**–**	–
	385,493	345,159	**3,020**	2,255

Pursuant to an Asset Transfer Agreement made between the Group and the Purchaser on 17 December 2014, the indemnity liabilities represent contractual indemnities provided to the Purchaser if certain commitments and guarantees are not met. The indemnity liabilities comprise provision of approximately HK$31,462,000 (Note 15(vi)) made for the long outstanding trade receivables and provision for inspection costs of approximately HK$34,984,000 (Note 15(ii), 15(iii), 15(iv)), in relation to Huian phase II, Jinjiang sludge and Langfang projects. Details of this agreement are set out in note 15 to the financial statements.

32. ADVANCE PAYMENT RECEIVED

Advance payment received represents the fund received from the Purchaser as a result of the Sale of the Disposal Group. Details of the Sale are set out in note 15 to the financial statements. Subsequent to the financial year end, the advance payment was fully refunded to the Purchaser.

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For the financial year ended 31 December 2014

33. COMMITMENTS

(a) Capital and other commitments

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted but not provided for:		
Construction work	**92,979**	564,669

(b) Operating lease commitments

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

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**756**	2,056
After one year but within five years	**1,112**	16
	1,868	2,072

34. CONTINGENT LIABILITIES

(a) As at 31 December 2014, pursuant to the Asset Transfer Agreement entered into between C&G Hong Kong and the Purchaser in respect of the Sale, 12 million shares of the Purchaser has been pledged in relation to the Langfang project. The pledged shares will be released if Langfang commences operations within 12 months from the Completion date. Otherwise, C&G Hong Kong has to repurchase 100% equity interest of Langfang project at RMB171.4 million. In addition, for any excess capital expenditure incurred on Langfang project, it will be borne by C&G Hong Kong. As at the date of these financial statements, management is of the view that the probability of Langfang project commencing operations within the stipulated deadline is high and no material capital expenditure will arise in respect of the Langfang project. Details of the Asset Transfer Agreement are set out in note 15 to the financial statements.

(b) As at 31 December 2014, pursuant to the Asset Transfer Agreement, entered into between C&G Hong Kong and the Purchaser in relation to the Sale, 5.3 million shares have been pledged in relation to value-added tax invoices not yet received from contractor, New Sky China. The pledged shares will be released upon receipt of these validated value-added tax invoices. In addition, all future financial losses arising from tax penalties and tax risks associated with these value-added invoices will be borne by C&G Hong Kong. As at the date of these financial statements, based on management's representation, these value-added invoices have been partially received and they are confident of receiving the rest of the value-added tax invoices. Furthermore, the Group has not accrued for any liabilities in respect of the future financial losses arising from tax penalties and tax risks as the amount of possible obligation cannot be measured with sufficient reliability.

34. CONTINGENT LIABILITIES (CONTINUED)

(c) As at 31 December 2014, C&G Hong Kong has entered into a Clawback Agreement with the Purchaser to provide, inter alia, an undertaking to compensate the Purchaser in the event that the Disposal Group fails to meet the profit targets for the years ended/ending 31 December 2014, 2015 and 2016. Details of the Clawback Agreement are set out in note 15 to the financial statements.

Based on the unaudited management accounts, management is confident that the profit target for the year ended 31 December 2014 is attainable. Hence, no accruals have been made for the compensation as at 31 December 2014.

Management has not accrued for any liabilities in respect of the possible compensation for the years ending 31 December 2015 and 2016 as the amount of possible obligation will only be confirmed by the occurrence of future events which are not wholly within the control of the Group.

35. SEGMENT INFORMATION

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

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

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

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

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

Major customers

Continuing operations

During the financial year, revenue from one customer, amounting to approximately HK$166,501,000 (2013: HK$12,982,000), represents approximately 99% (2013: 100%) of total revenue.

Discontinued operations

During the financial year, revenue from two customers, amounting to approximately HK$359,424,000 (2013: HK$304,452,000), represents approximately 56% (2013: 60%) of total revenue.

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36. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

	2014 HK$'000	2013 HK$'000
Amount due to the ultimate holding company	**241,681**	99,168

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

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

	2014 HK$'000	2013 HK$'000
Amount due from Xiamen C&G	**315,165**	343,206
Amount due to Xiamen C&G	**37,734**	460

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

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

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

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

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

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(a) Credit risk

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

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

As at 31 December 2014, the Group has significant concentration of credit risk being (i) the other receivables of the Group were mainly due from the Purchaser (2013: a contractor) of approximately HK$988,705,000 (2013: HK$47,239,000) and a related company of approximately HK$315,165,000 (2013: HK$342,063,000) which accounted for 75% (2013: 10%) and 24% (2013: 71%) respectively of other deposits and receivables, and (ii) the trade receivables of the Group including mainly amounts due from two customers of approximately HK$410,000 which accounted for 100% of total trade receivables (2013: HK$85,259,000 due from two customers which accounted for 61%).

The amount of HK$988,705,000 due from the Purchaser and HK$315,165,000 due from a related company was received subsequent to the financial year end.

In 2013, the credit risk on trade and other receivables is limited because the Group has a long term relationship with the contractor which has no history of default, and the customers of the Group are companies controlled by the PRC government with a good credit record. No impairment had been made to the trade and other receivables.

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

(b) Foreign currency risk

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

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(b) Foreign currency risk (Continued)

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
US$	**9,332**	136	**108,527**	101,298	**163,795**	–	**108,093**	76
RMB	**1,304,656**	315,165	**–**	317,075	**–**	–	**–**	–

Foreign currency sensitivity analysis

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

If the relevant foreign currency strengthens by 1% (2013: 1%) against the functional currency of each Group entity, profit or loss will increase or (decrease) by:

	US$ impact		RMB impact	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Group				
Profit or loss	**992**	(1,012)	**13,047**	(19)
Company				
Profit or loss	**557**	(1)	**–**	–

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(c) Interest rate risk

The Group's exposure to interest rate risk relates principally to its bank balances, finance leases and interest-bearing borrowings. The other loans and finance leases bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank balances and long term bank loans bear floating interest rates and thus exposing the Group to cash flow interest rate risk. At 31 December 2014, the interest bearing borrowings bear effective interest rate of 5.69% (2013: ranging from 2.5% to 18.05%) per annum. The bank balances bear interest ranging from approximately 0.001% to 0.85% (2013: ranging from 0.001% to 0.875%) per annum as at 31 December 2014.

As at 31 December 2014, if interest rates for bank balances at that date had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$14,000 (2013: HK$318,000) lower/higher, arising mainly as a result of gain/loss on higher/lower interest income on bank balances.

As at 31 December 2014, if interest rates for interest-bearing borrowings at that date had been 100 basis points lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$1,063,000 (2013: HK$23,173,000) lower/higher, arising mainly as a result of gain/loss on lower/higher interest expenses on interest-bearing borrowings.

(d) Equity price risk

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

Further details of these equity investments can be found in note 14 to the financial statements.

At the 31 December 2014, if the prices for equity investments had been higher/lower by 2%, with all other variables held constant, the Group's other comprehensive income would have been HK$26,566,000 (2013: HK$Nil) higher/lower, arising as a result of an increase/decrease in the fair value of equity securities classified as available-for-sale.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(e) Liquidity risk

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

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

Group	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 3 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2014				
Trade payables	323	–	–	–
Accruals and other payables	385,493	–	–	–
Interest-bearing borrowings – secured	5,766	12,276	81,575	47,886
Advance payment received	315,165	–	–	–
Finance lease payables	389	389	529	–
Total	707,136	12,665	82,104	47,886
At 31 December 2013				
Trade payables	42,434	–	–	–
Accruals and other payables	345,159	–	–	–
Advance payment received	317,075			
Interest-bearing borrowings – secured	600,090	454,051	1,295,777	780,922
Finance lease payables	331	331	974	–
Financial guarantees contract liabilities	198,362	–	–	–
Total	1,503,451	454,382	1,296,751	780,922

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(e) Liquidity risk (Continued)

Company	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 3 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2014				
Accruals and other payables	3,020	–	–	–
Interest-bearing borrowings – secured	5,766	12,276	81,575	46,886
Due to subsidiaries	75,348	–	–	–
Total	84,134	12,276	81,575	46,886
At 31 December 2013				
Accruals and other payables	2,255	–	–	–
Interest-bearing borrowings – secured	–	–	–	–
Due to subsidiaries	9,519	–	–	–
Total	11,774	–	–	–

(f) Categories of financial instruments at are as follows:

	Group 2014 HK$'000	2013 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**1,349,516**	723,717
Available-for-sale financial assets	**1,328,283**	–
Financial liabilities:		
Financial liabilities carried at amortised cost	**822,310**	3,122,516

38. FAIR VALUE OF ASSETS AND LIABILITIES

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

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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

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

2014	Note	Group Level 2 HK$'000
Recurring fair value measurements		
Assets		
Available-for-sale	14	
– Quoted equity securities		1,328,283

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

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Level 2

Quoted equity securities

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

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

Valuation policies and procedures

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

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

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

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

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

39. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the financial year end, the Company declared and paid a first interim special dividend of S$0.04844 per ordinary share (equivalent to approximately HK$0.28391 per ordinary share) of the Company totaling S$47.36 million (equivalent to approximately HK$277.58 million) in respect of the financial year ending 31 December 2015.

(b) On 25 March 2015, the conditions for the Dalian project as stated in the conditional acquisition agreement had been fulfilled and the gross sub-tranche payment of HK$126,066,000 (RMB100,000,000) out of the Tranche 2 payment had been duly received. Of which, the tax amount of HK$12,607,000 (RMB10,000,000) was deducted and paid to the Tax Bureau of Guangdong Province, PRC. The net sub-tranche payment received was HK$113,459,000 (RMB90,000,000). In the event the construction of the Dalian project has not commenced within three years from 25 March 2015, C&G Hong Kong shall repay the gross sub-tranche with all interests (Note 15).

(c) As a result of the disposal of subsidiaries, the Group has terminated the contracts with a contractor for the construction projects in Xiaogan, Dalian and Guiyang. The Group has signed the compensation agreement with the contractor on 2 January 2015 and the compensation amount of RMB96,000,000 was fully paid subsequently. The ultimate holding company confirmed the undertaking letter signed on 28 March 2014 is valid and will continue to undertake the compensation.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

DISTRIBUTION OF SHAREHOLDINGS

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

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1 –	99	5	0.26	235	0.00
100 –	1,000	71	3.71	44,731	0.00
1,001 –	10,000	747	39.01	5,218,002	0.53
10,001 –	1,000,000	1,076	56.19	65,559,881	6.71
1,000,001	AND ABOVE	16	0.83	906,932,505	92.76
TOTAL		**1,915**	**100.00**	**977,755,354**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
C&G Holdings (Hong Kong) Limited	774,537,355	79.22		
Lin Yan			774,537,355[a]	79.22
Lam Chik Tsan			774,537,355[a]	79.22
Design Time Limited	–		774,537,355[b]	79.22
Central Huijin Investment Ltd.	–		774,537,355[b]	79.22
China Construction Bank Corporation	–		774,537,355[b]	79.22
CCB International Group Holdings Limited	–		774,537,355[b]	79.22
CCB Financial Holdings Limited	–		774,537,355[b]	79.22
CCB International (Holdings) Limited	–		774,537,355[b]	79.22
CCBI Investments Limited	–		774,537,355[b]	79.22
Hong Kong Investments Group Limited	68,274,000	6.98	–	
Cheung Chi Mang	–		68,274,000[c]	6.98

Notes:

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

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

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

[a] Deemed to be interested in all the shares held by Hong Kong Investments Group Limited.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

TWENTY LARGEST SHAREHOLDERS

	Shareholder's name	Number of shares held	%
1	RAFFLES NOMINEES (PTE) LTD	780,114,455	79.79
2	PHILLIP SECURITIES PTE LTD	52,891,200	5.41
3	OCBC SECURITIES PRIVATE LTD	35,306,350	3.61
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,685,000	0.79
5	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	7,521,900	0.77
6	ANG CHIN SAN	4,850,000	0.50
7	SEAH SEOW CHER	3,677,000	0.38
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,702,000	0.28
9	HL BANK NOMINEES (SINGAPORE) PTE LTD	2,285,000	0.23
10	DB NOMINEES (S) PTE LTD	2,199,000	0.22
11	YANG JIANHONG	1,400,000	0.14
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,372,600	0.14
13	BANK OF EAST ASIA NOMINEES PTE LTD	1,350,000	0.14
14	QUAH TECK HWA	1,320,000	0.14
15	DBS NOMINEES PTE LTD	1,210,000	0.12
16	KWAN TUCK LOCK MICHAEL	1,048,000	0.11
17	KOH SAN HO	900,000	0.09
18	MAYBANK KIM ENG SECURITIES PTE LTD	879,000	0.09
19	UOB KAY HIAN PTE LTD	776,000	0.08
20	KHOO TENG HUAT	750,000	0.08
	TOTAL	**910,237,505**	**93.11**

Percentage of Shareholding in Public's Hands

13.80% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Diamond All, Lower Lobby, Sheraton Towers Singapore, 39 Scotts Road, Singapore 228230 on Monday, 27 April 2015 at 1.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$106,800 for the financial year ending 31 December 2015, to be paid quarterly in arrears. (2014: S$105,000) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Bye-law 86 of the Company's Bye-laws: **(Resolution 3)**

   (i) Mr Loo Cheng Guan **(Resolution 3)**
   (ii) Mr Lin Yan **(Resolution 4)**

4. To re-appoint Messrs Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

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

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

   (a) shares in the Company (whether by way of bonus, rights or otherwise); or

   (b) convertible securities; or

   (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the events of rights, bonus or capitalization issues; or

   (d) shares arising from the conversion of convertible securities,

NOTICE OF ANNUAL GENERAL MEETING

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

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the issued share capital of the Company excluding treasury shares or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of issued share capital of the Company excluding treasury shares is based on the issued share capital of the Company excluding treasury shares as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date the general mandate is passed and any subsequent bonus issue consolidation or subdivision of the Company's shares;

(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and

(v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 1)

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

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

(See Explanatory Note 2)

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

BY ORDER OF THE BOARD
Lee Wei Hsiung
Company Secretary

9 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Ordinary Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law or the bye-laws of the Company to be held, or when revoked or varied by the Company at a general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company excluding treasury shares at the time the resolution is passed.

2. Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot and issue shares pursuant to the exercise of options under the CG ESOS and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the CG PSP and/or the CG RSP, not exceeding 10% of the Company's total number of issued shares excluding treasury shares from time to time.

Notes:

1. A registered Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a registered Shareholder is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.

3. A depositor registered and holding Shares through The Central Depository (Pte) Limited ("CDP") who/which is (i) an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Annual General Meeting.

4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.

5. A Depositor who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as CDP's proxy without the lodgement of any proxy form.

PERSONAL DATA PRIVACY

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

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

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