北京發展(香港)有限公司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 154)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- During the year, upon the acquisition of two solid waste incineration plants in Mainland China, the Group has commenced its strategic transformation, plans to focus its resources on its solid waste treatment business and has decided to cease its information technology business.
- Revenue and EBITDA from continuing operations for the year amounted to HK$108.52 million and HK$40.51 million, respectively.
- Profit for the year from continuing operations amounted to HK$7.53 million and loss for the year from a discontinued operation amounted to HK$2.38 million.
- Profit attributable to shareholders of the Company amounted to HK$7.52 million, and compared with that loss of HK$24.48 million in last year.
- Basic earnings per share amounted to HK0.58 cents.
- Net assets as at 31 December 2014 amounted to HK$2,060.89 million, increased by HK$1,131.83 million as compared with HK929.06 million as at 31 December 2013.
- The Board does not recommend the payment of any dividend for the year ended 31 December 2014.

The board (the "Board") of directors (the "Directors") of Beijing Development (Hong Kong) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	4	**108,516**	—
Cost of sales		**(75,091)**	—
Gross profit		**33,425**	—
Other income and gains, net	4	**11,804**	10,203
Administrative expenses		**(31,749)**	(22,300)
Other operating expenses, net		**(280)**	(1,957)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS	5	**13,200**	(14,054)
Finance costs	6	**(4,233)**	(7,649)
Share of loss of a joint venture		**(33)**	—
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**8,934**	(21,703)
Income tax	7	**(1,401)**	40
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**7,533**	(21,663)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	**(2,386)**	(7,449)
PROFIT/(LOSS) FOR THE YEAR		**5,147**	(29,112)
ATTRIBUTABLE TO:			
Shareholders of the Company			
Continuing operations		**7,681**	(21,521)
Discontinued operation		**(162)**	(2,963)
		7,519	(24,484)
Non-controlling interests		**(2,372)**	(4,628)
		5,147	(29,112)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
— Basic (HK cents)			
For profit/(loss) for the year		**0.58**	(2.96)
For profit/(loss) from continuing operations		**0.60**	(2.60)
— Diluted (HK cents)			
For profit for the year		**0.57**	N/A
For profit from continuing operations		**0.59**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**5,147**	(29,112)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve:		
— Translation of foreign operations	**(11,366)**	17,815
— Release upon disposal of a subsidiary	**—**	(706)
— Release upon deemed disposal of interests in an associate	**(2,222)**	—
Share of other comprehensive loss of an associate	**(80)**	(1,028)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(13,668)**	16,081
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(8,521)**	(13,031)
ATTRIBUTABLE TO:		
Shareholders of the Company	**(5,507)**	(10,291)
Non-controlling interests	**(3,014)**	(2,740)
	(8,521)	(13,031)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		**228,496**	9,747
Investment properties		**46,376**	47,752
Prepaid land lease payments		**25,868**	—
Goodwill	*13*	**160,161**	—
Operating concession		**386,558**	—
Other intangible assets		**103,613**	2,857
Investments in joint ventures		**5,967**	11,986
Investments in associates		**—**	25,910
Trade receivables	*11*	**—**	7,678
Prepayment		**32,000**	32,821
Total non-current assets		**989,039**	138,751
Current assets:			
Inventories		**2,377**	9,609
Amounts due from contract customers		**—**	1,331
Trade receivables	*11*	**44,484**	68,101
Prepayments, deposits and other receivables		**142,777**	36,894
Pledged deposits		**—**	3,200
Cash and cash equivalents		**1,692,467**	1,173,990
		1,882,105	1,293,125
Assets of disposal groups classified as held for sale	*8*	**321,753**	—
Total current assets		**2,203,858**	1,293,125
TOTAL ASSETS		**3,192,897**	1,431,876

	Notes	**2014** *HK$'000*	2013 *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital: nominal value		**2,219,647**	854,960
Other statutory capital reserves		**—**	202,613
Share capital and other statutory capital reserves		**2,219,647**	1,057,573
Equity component of convertible bonds		**11,658**	31,971
Other reserves		**(177,636)**	(168,219)
		2,053,669	921,325
Non-controlling interests		**7,223**	7,737
TOTAL EQUITY		**2,060,892**	929,062
Non-current liabilities:			
Trade payables	*12*	**—**	6,863
Convertible bonds		**779,947**	272,541
Deferred tax liabilities		**60,463**	—
Total non-current liabilities		**840,410**	279,404
Current liabilities:			
Trade payables	*12*	**7,031**	116,390
Amounts due to contract customers		**—**	1,585
Other payables and accruals		**49,443**	98,591
Tax payables		**16,420**	6,844
		72,894	223,410
Liabilities directly associated with assets classified as held for sale	*8*	**218,701**	—
Total current liabilities		**291,595**	223,410
TOTAL LIABILITIES		**1,132,005**	502,814
TOTAL EQUITY AND LIABILITIES		**3,192,897**	1,431,876

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to shareholders of the Company											
	Share capital	Share premium account#	Capital redemption reserve#	Share option reserve	Equity component of convertible bonds	Capital reserve	Exchange fluctuation reserve	PRC reserve funds	Accu-mulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	677,460	170,319	9,721	27,882	—	2,943	75,743	36,781	(301,048)	699,801	15,380	715,181
Loss for the year	—	—	—	—	—	—	—	—	(24,484)	(24,484)	(4,628)	(29,112)
Other comprehensive income/(loss) for the year:												
Exchange fluctuation reserve:												
Translation of foreign operations	—	—	—	—	—	—	15,927	—	—	15,927	1,888	17,815
Release upon disposal of a subsidiary	—	—	—	—	—	—	(706)	—	—	(706)	—	(706)
Share of other comprehensive loss of an associate	—	—	—	—	—	—	(1,028)	—	—	(1,028)	—	(1,028)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	14,193	—	(24,484)	(10,291)	(2,740)	(13,031)
Issue of new shares	177,000	23,010	—	—	—	—	—	—	—	200,010	—	200,010
Issue of shares upon exercise of share options	500	354	—	(229)	—	—	—	—	—	625	—	625
Share issue expense	—	(791)	—	—	—	—	—	—	—	(791)	—	(791)
Issue of convertible bonds	—	—	—	—	31,971	—	—	—	—	31,971	—	31,971
Disposal of a subsidiary	—	—	—	—	—	(1,065)	—	—	1,065	—	(4,903)	(4,903)
At 31 December 2013 and 1 January 2014	854,960	192,892	9,721	27,653*	31,971	1,878*	89,936*	36,781*	(324,467)*	921,325	7,737	929,062
Profit/(loss) for the year	—	—	—	—	—	—	—	—	7,519	7,519	(2,372)	5,147
Other comprehensive loss for the year:												
Exchange fluctuation reserve:												
Translation of foreign operations	—	—	—	—	—	—	(10,724)	—	—	(10,724)	(642)	(11,366)
Release upon deemed disposal of interests in an associate	—	—	—	—	—	—	(2,222)	—	—	(2,222)	—	(2,222)
Share of other comprehensive loss of an associate	—	—	—	—	—	—	(80)	—	—	(80)	—	(80)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	(13,026)	—	7,519	(5,507)	(3,014)	(8,521)
Transition to no-par value regime	202,613	(192,892)	(9,721)	—	—	—	—	—	—	—	—	—
Conversion of convertible bonds	329,119	—	—	—	(32,815)	—	—	—	—	296,304	—	296,304
Acquisition of subsidiaries	818,920	—	—	—	—	—	—	—	—	818,920	—	818,920
Issue of shares upon exercise of share options	14,035	—	—	(3,910)	—	—	—	—	—	10,125	—	10,125
Issue of convertible bonds	—	—	—	—	12,502	—	—	—	—	12,502	—	12,502
Deemed disposal of interests in an associate	—	—	—	—	—	(1,757)	—	—	1,757	—	—	—
Capital contribution from a non-controlling interest	—	—	—	—	—	—	—	—	—	—	2,500	2,500
Transfer to PRC reserve funds	—	—	—	—	—	—	20	1,491	(1,511)	—	—	—
At 31 December 2014	2,219,647	—	—	23,743*	11,658	121*	76,930*	38,272*	(316,702)*	2,053,669	7,223	2,060,892

\# Included in "Other statutory capital reserves" in the consolidated statement of financial position.

* These reserve accounts comprise the consolidated negative other reserves of HK$177,636,000 (2013: negative other reserves of HK$168,219,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
From continuing operations		**8,934**	(21,703)
From a discontinued operation		**(2,251)**	(7,449)
Adjustments for:			
Gain on disposal of a subsidiary	*8(a)*	**—**	(1,535)
Gain on deemed disposal of interests in an associate	*8(a)*	**(22,878)**	—
Share of profits and losses of joint ventures	*3*	**(1,565)**	286
Share of profits and losses of associates	*3*	**999**	(2,765)
Bank interest income		**(13,726)**	(12,369)
Imputed interest on interest-free trade receivables with extended credit periods		**(234)**	(1,825)
Finance costs		**4,664**	8,117
Depreciation		**13,659**	2,490
Fair value loss/(gain) on investment properties	*5*	**185**	(176)
Amortisation of prepaid land lease payments	*5*	**387**	—
Amortisation of operating concession	*5*	**11,497**	—
Amortisation of other intangible assets		**4,125**	832
Fair value loss on equity investments at fair value through profit or loss		**16,301**	—
Loss on disposal of equity investments at fair value through profit or loss		**3,249**	—
Impairment of an amount due from an associate	*5*	**30**	31
Impairment of trade receivables, net		**1,604**	641
Impairment/(reversal of impairment) of other receivables, net		**(511)**	5,186
Loss on disposal of items of property, plant and equipment, net		**254**	174
		24,723	(30,065)
Increase in inventories		**(11,423)**	(1,336)
Decrease/(increase) in amounts due from contract customers		**900**	(387)
Decrease in trade receivables		**3,194**	17,285
Increase in prepayments, deposits and other receivables		**(141,337)**	(5,635)
Increase/(decrease) in trade and bills payables		**(9,440)**	28,285
Decrease in amounts due to contract customers		**(707)**	(5,863)
Increase/(decrease) in other payables and accruals		**10,669**	(5,313)
Decrease in deferred income		**—**	(259)
Cash used in operations		**(123,421)**	(3,288)
PRC corporate income tax refunded/(paid)		**(135)**	40
Net cash flows used in operating activities		**(123,556)**	(3,248)

	2014	2013
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(17,213)**	(2,092)
Proceeds from disposal of items of property, plant and equipment	**186**	131
Addition of operating concession	**(516)**	—
Purchases of other intangible assets	**(27)**	(630)
Investment in a joint venture	**(6,000)**	—
Acquisition of subsidiaries	**(60,937)**	—
Disposal of a subsidiary	**—**	(48,052)
Proceeds from disposal of equity investments at fair value through profit or loss	**22,909**	—
Proceeds from disposal of a joint venture	**—**	47,595
Increase in an amount due from an associate	**(30)**	(31)
Decrease/(increase) in time deposits with maturity of more than three months when acquired	**(13,839)**	39,993
Decrease in pledged deposits	**2,815**	2,801
Interest received	**13,726**	12,369
Net cash flows from/(used in) investing activities	**(58,926)**	52,084
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**—**	200,010
Proceeds from issue of shares upon exercise of share options	**10,125**	625
Share issue expense	**—**	(791)
Proceeds from issue of convertible bonds	**813,600**	300,580
Transaction costs on issue of convertible bonds	**—**	(1,189)
Interest paid	**(1,564)**	(2,528)
Capital contribution from a non-controlling interest	**2,500**	—
Net cash flows from financing activities	**824,661**	496,707
NET INCREASE IN CASH AND CASH EQUIVALENTS	**642,179**	545,543
Cash and cash equivalents at beginning of year	**1,115,016**	551,748
Effect of foreign exchange rate changes, net	**(9,956)**	17,725
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,747,239**	1,115,016
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	**1,208,660**	218,543
Time deposits	**610,223**	958,647
Less: Pledged deposits	**(305)**	(3,200)
Cash and cash equivalents as stated in the consolidated statement of financial position	**1,818,578**	1,173,990
Less: Time deposits with maturity of more than three months when acquired	**(71,339)**	(58,974)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**1,747,239**	1,115,016

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

Details of impact of adoption of each amendment and interpretation on these financial statements will be disclosed in the Company's 2014 annual report.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2013, over 90% of the Group's revenue, expenses and assets are generated from the provision of information technology ("IT") related services in Mainland China, which was classified as a discontinued operation during the current year (note 8 below). The management of the Group made decisions about resources allocation and assessed performance of the Group based on the operating results from the business activities of the IT related services. Accordingly, the directors are of the opinion that IT related services in Mainland China was a single reportable operating segment of the Group for the year ended 31 December 2013.

During the year ended 31 December 2014, upon the acquisition of the entire equity interests in KCS Taian Investments Company Limited ("KCS Taian") and KCS Changde Investments Company Limited ("KCS Changde"), further details of which are set out in note 13 below, the Group commenced the solid waste treatment business.

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

(a) the solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity and steam generated from waste incineration.

(b) the IT segment comprises the sale of IT related products, the provision of system integration and maintenance services and software development (classified as a discontinued operation during the year, note 8 below).

(c) the corporate and others segment comprises property investment and corporate income and expense items.

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

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

The following tables present revenue, profit/(loss), total assets and total liabilities regarding the Group's operating segments for the years ended 31 December 2014 and 2013.

Group

	Continuing operations			**Discontinued operation**	
	Solid waste treatment *HK$'000*	**Corporate and others** *HK$'000*	**Total** *HK$'000*	**IT** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2014					
Segment revenue	**108,516**	**—**	**108,516**	**239,994**	**348,510**
Cost of sales	**(75,091)**	**—**	**(75,091)**	**(203,145)**	**(278,236)**
Gross profit	**33,425**	**—**	**33,425**	**36,849**	**70,274**
Profit/(loss) from operating activities	**26,436**	**(13,236)**	**13,200**	**(2,419)**	**10,781**
Finance costs	**—**	**(4,233)**	**(4,233)**	**(431)**	**(4,664)**
Share of profits and losses of:					
Joint ventures	**(33)**	**—**	**(33)**	**1,598**	**1,565**
Associates	**—**	**—**	**—**	**(999)**	**(999)**
Profit/(loss) before tax	**26,403**	**(17,469)**	**8,934**	**(2,251)**	**6,683**
Income tax	**(1,401)**	**—**	**(1,401)**	**(135)**	**(1,536)**
Profit/(loss) for the year	**25,002**	**(17,469)**	**7,533**	**(2,386)**	**5,147**
Segment profit/(loss) attributable to shareholders of the Company	**25,009**	**(17,328)**	**7,681**	**(162)**	**7,519**
Segment assets	**1,609,559**	**1,261,585**	**2,871,144**	**321,753**	**3,192,897**
Segment liabilities	**105,169**	**808,135**	**913,304**	**218,701**	**1,132,005**

	Continuing operations			Discontinued operation	
	Solid waste treatment HK$'000	Corporate and others HK$'000	Total HK$'000	IT HK$'000	Total HK$'000
Other segment information:					
Bank interest income	**1,930**	**9,483**	**11,413**	**2,313**	**13,726**
Gain on deemed disposal of interests in an associate	**—**	**—**	**—**	**22,878**	**22,878**
Fair value loss on equity investments at fair value through profit or loss	**—**	**—**	**—**	**16,301**	**16,301**
Loss on disposal of equity investments at fair value through profit or loss	**—**	**—**	**—**	**3,249**	**3,249**
Impairment of segment assets, net	**—**	**30**	**30**	**1,093**	**1,123**
Finance costs	**—**	**4,233**	**4,233**	**431**	**4,664**
Depreciation	**11,417**	**456**	**11,873**	**1,786**	**13,659**
Amortisation of prepaid land lease payments	**387**	**—**	**387**	**—**	**387**
Amortisation of operating concession	**11,497**	**—**	**11,497**	**—**	**11,497**
Amortisation of other intangible assets	**3,206**	**375**	**3,581**	**544**	**4,125**
Investments in joint ventures	**5,967**	**—**	**5,967**	**12,639**	**18,606**
Investments in associates	**—**	**—**	**—**	**2,952**	**2,952**
Capital expenditure*	**769,035**	**1,227**	**770,262**	**740**	**771,002**
Year ended 31 December 2013					
Segment revenue	—	—	—	193,067	193,067
Cost of sales	—	—	—	(156,173)	(156,173)
Gross profit	—	—	—	36,894	36,894
Loss from operating activities	—	(14,054)	(14,054)	(9,460)	(23,514)
Finance costs	—	(7,649)	(7,649)	(468)	(8,117)
Share of profits and losses of:					
A joint venture	—	—	—	(286)	(286)
Associates	—	—	—	2,765	2,765
Loss before tax	—	(21,703)	(21,703)	(7,449)	(29,152)
Income tax	—	40	40	—	40
Loss for the year	—	(21,663)	(21,663)	(7,449)	(29,112)
Segment loss attributable to shareholders of the Company	—	(21,521)	(21,521)	(2,963)	(24,484)
Segment assets	—	1,080,861	1,080,861	351,015	1,431,876
Segment liabilities	—	299,396	299,396	203,418	502,814
Other segment information:					
Bank interest income	—	9,709	9,709	2,660	12,369
Gain on disposal of a subsidiary	—	—	—	1,535	1,535
Impairment of segment assets, net	—	1,955	1,955	3,903	5,858
Finance costs	—	7,649	7,649	468	8,117
Depreciation	—	295	295	2,195	2,490
Amortisation of other intangible assets	—	375	375	457	832
Investment in a joint venture	—	—	—	11,986	11,986
Investments in associates	—	—	—	25,910	25,910
Capital expenditure*	—	219	219	2,503	2,722

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

Geographical information

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

Information about major customers

During the year, the Group had transactions with three external customers (2013: Nil) which individually contributed to over 10% of the Group's total revenue from continuing operations. The revenue from continuing operations generated from sales to each of these customers is set out below:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Customer A	**44,996**	—
Customer B	**32,903**	—
Customer C	**14,670**	—

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents income from solid waste treatment, sales of electricity, steam and goods, net of value-added tax and government surcharges.

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Solid waste treatment	**29,254**	—
Sale of electricity	**77,899**	—
Sale of steam	**1,363**	—
	108,516	—
Other income		
Bank interest income	**11,413**	9,709
Others	**149**	48
	11,562	9,757
Gains, net		
Fair value gain on investment properties	**—**	176
Foreign exchange differences, net	**242**	270
	242	446
Other income and gains, net	**11,804**	10,203

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Cost of raw materials consumed	**31,659**	—
Cost of waste treatment services rendered	**18,203**	—
Depreciation[Ω]	**11,873**	295
Minimum lease payments under operating leases of land and buildings	**2,945**	2,507
Fair value loss/(gain) on investment properties	**185**	(176)
Amortisation of prepaid land lease payments*	**387**	—
Amortisation of operating concession*	**11,497**	—
Amortisation of other intangible assets*	**3,581**	375
Impairment of an amount due from an associate[#]	**30**	31
Impairment of other receivables, net[#]	**—**	1,924
Loss on disposal of items of property and equipment, net[#]	**44**	2
Auditors' remuneration	**2,180**	2,060
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**16,419**	6,458
Pension scheme contributions	**1,384**	294
	17,803	6,752

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

Ω Depreciation amount of HK$10,139,000 is included in "Cost of sales" in the consolidated statement of profit or loss.

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

6. FINANCE COSTS

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Interest on convertible bonds	**1,621**	2,528
Imputed interest on convertible bonds	**2,612**	5,121
	4,233	7,649

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current — Mainland China		
Charge for the year	**3,050**	—
Overprovision in prior years	**—**	(40)
	3,050	(40)
Deferred — Mainland China	**(1,649)**	—
Total tax expense/(credit) for the year	**1,401**	(40)

8. DISCONTINUED OPERATION

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

On 9 October 2014, Business Net Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party for the disposal of its 60% equity interest in BNHK and its subsidiary (collectively, the "BNHK Group") and the shareholder's loan owed by BNHK to the Group at a total consideration of HK$13,000,000. The disposal of BNHK is expected to be completed in 2015.

On 23 December 2014, Prime Technology Group Limited ("PTG"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with a fellow subsidiary, Beijing Enterprises Group Information Limited ("BEGIL", a wholly-owned subsidiary of 北京控股集團有限公司 (the ultimate holding company of the Company)), pursuant to which PTG conditionally agreed to dispose of its 72% equity interest in BEITG and its subsidiaries (collectively, the "BEITG Group") and the shareholders' loans owed by the BEITG Group to the Group at a total consideration of HK$126,000,000. Subject to the approval of the independent shareholders of the Company, the disposal of BEITG is expected to be completed in 2015.

At 31 December 2014, the BNHK Group and the BEITG Group were classified as disposal groups held for sale and the IT segment was classified as a discontinued operation.

(a) The results of a discontinued operation dealt with in the consolidated financial statements for the years ended 31 December 2014 and 2013 are summarised as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**239,994**	193,067
Other income and gains, net	**3,868**	6,110
Gain on disposal of a subsidiary	**—**	1,535
Gain on deemed disposal of interests in an associate#	**22,878**	—
Fair value loss on equity investments at fair value through profit or loss	**(16,301)**	—
Loss on disposal of equity investments at fair value through profit or loss	**(3,249)**	—
Cost of sales and operating expenses	**(250,040)**	(210,640)
	(2,850)	(9,928)
Share of profits and losses of		
A joint venture	**1,598**	(286)
Associates	**(999)**	2,765
Loss before tax from a discontinued operation	**(2,251)**	(7,449)
Income tax	**(135)**	—
Loss for the year from a discontinued operation	**(2,386)**	(7,449)
Attributable to:		
Shareholders of the Company	**(162)**	(2,963)
Non-controlling interests	**(2,224)**	(4,486)
	(2,386)	(7,449)

The gain on deemed disposal of interests in China Information Technology Development Limited ("CITD", an associate of the Group) was recognised as a result of the dilution of the Group's equity interests in CITD from approximately 21.1% to 7.03% following the issuance of 1,796,981,272 new ordinary shares by CITD upon the completion of an open offer during the year.

(b) The major classes of assets and liabilities of the disposal groups classified as held for sale as at the end of reporting period are as follows:

	2014	2013
	HK$'000	*HK$'000*
Assets		
Property and equipment	**7,282**	—
Other intangible assets	**1,547**	—
Investment in a joint venture	**12,639**	—
Investments in associates	**2,952**	—
Inventories	**23,497**	—
Amounts due from contract customers	**398**	—
Trade receivables	**74,450**	—
Prepayments, deposits and other receivables	**72,572**	—
Pledged deposits	**305**	—
Cash and cash equivalents	**126,111**	—
Assets of disposal groups classified as held for sale	**321,753**	—
Liabilities		
Trade and bills payables	**111,510**	—
Amounts due to contract customers	**839**	—
Other payables and accruals	**106,352**	—
Liabilities directly associated with the assets classified as held for sale	**218,701**	—
Net assets directly associated with disposal groups classified as held for sale	**103,052**	—

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculations of the basic earnings/(loss) per share amounts are based on the profit/(loss) for the year attributable to shareholders of the Company and the profit/(loss) from continuing operations attributable to shareholders of the Company, and the weighted average of 1,290,298,232 (2013: 826,447,821) ordinary shares in issue during the year.

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

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2013 in respect of a dilution as the impact of the convertible bonds and share options of the Company outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2014	2013
	HK$'000	*HK$'000*
Earnings/(loss)		
(i) For profit/(loss) for the year:		
Profit/(loss) for the year attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**7,519**	(24,484)
(ii) For profit/(loss) for the year from continuing operations:		
Profit/(loss) for the year from continuing operations attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**7,681**	(21,521)

	2014	2013
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings/(loss) per share calculations	**1,290,298,232**	826,447,821
Effect of dilution of share options — weighted average number of ordinary shares	**22,627,440**	—
Weighted average number of ordinary shares, used in the diluted earnings/(loss) per share calculations	**1,312,925,672**	826,447,821

10. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2013: Nil).

11. TRADE RECEIVABLES

Various companies of the Group have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers of the solid waste treatment segment is generally one to six months; while the credit period granted to customers of the IT segment (which was included in assets of disposal groups classified as held for sale as at 31 December 2014) is generally one to three months, with an instalment period extended up to six years for major customers. An aged analysis of the trade receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade receivables are non-interest-bearing and the Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**22,190**	40,959
Past due but not impaired:		
Within 3 months	**4,109**	20,363
4 to 6 months	**2,639**	—
7 to 12 months	**3,081**	1,748
Over 1 year	**12,465**	12,709
	22,294	34,820
	44,484	75,779
Portion classified as current assets	**(44,484)**	(68,101)
Non-current portion	**—**	7,678

12. TRADE PAYABLES

The trade payables are non-interest-bearing and normally settled within one to six months for the solid waste treatment segment and settled within one to three months, with credit periods extended up to six years offered by major suppliers for the IT segment (which was included in liabilities directly associated with assets classified as held for sale as at 31 December 2014).

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Not past due	**5,963**	50,666
Past due:		
Less than 3 months	**786**	55,231
4 to 6 months	**138**	—
7 to 12 months	**116**	2,018
Over 1 year	**28**	15,338
	1,068	72,587
	7,031	123,253
Portion classified as current liabilities	**(7,031)**	(116,390)
Non-current portion	**—**	6,863

13. BUSINESS COMBINATIONS

On 29 April 2014, the Group acquired the entire equity interests in and the shareholders' loans of KCS Taian and KCS Changde from an independent third party for a total consideration of RMB520,000,000. The consideration was satisfied as to RMB86,790,000 (equivalent to HK$107,880,000) by cash and RMB433,210,000 by the issue of 347,000,000 ordinary shares of the Company at an issue price of HK$1.60 per share (fair value of which on issue date was HK$2.36 per share). Further details of the transaction are set out in the Company's circular dated 27 March 2014.

KCS Taian and KCS Changde are engaged in the solid waste treatment business.

The fair values of the identifiable assets and liabilities of KCS Taian and KCS Changde as at the date of acquisition were as follows:

	KCS Taian	**KCS Changde**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Net assets acquired:			
Property, plant and equipment	**221,250**	**1,941**	**223,191**
Prepaid land lease payments	**26,250**	**—**	**26,250**
Operating concession	**—**	**397,396**	**397,396**
Other intangible assets	**94,992**	**11,417**	**106,409**
Inventories	**3,679**	**1,403**	**5,082**
Trade receivables	**16,396**	**33,217**	**49,613**
Prepayments, deposits and other receivables	**21,211**	**15,693**	**36,904**
Cash and cash equivalents	**23,114**	**23,829**	**46,943**
Trade payables	**(3,043)**	**(4,336)**	**(7,379)**
Other payables and accruals	**(16,698)**	**(32,245)**	**(48,943)**
Tax payables	**(4,289)**	**(2,447)**	**(6,736)**
Deferred tax liabilities	**(25,306)**	**(36,785)**	**(62,091)**
	357,556	**409,083**	**766,639**
Goodwill on acquisition			**160,161**
			926,800
Satisfied by:			
Cash			**107,880**
Issue of new ordinary shares of the Company as consideration			**818,920**
			926,800
Net cash outflow arising from acquisition:			
Cash consideration			**107,880**
Cash and cash equivalents acquired			**(46,943)**
			60,937

The fair values, which are also the gross contractual amounts, of trade receivables and prepayments, deposits and other receivables as at the date of acquisition amounted to HK$49,613,000 and HK$36,904,000, respectively, and all of which are expected to be collectible.

The Group incurred transaction costs of HK$3,450,000 for this acquisition. These transaction costs have been expensed and also included in administrative expenses in the consolidated statement of profit or loss.

During the year, the acquired businesses contributed HK$108,516,000 and HK$24,626,000 to the Group's turnover and profit for the year between the date of acquisition and the end of the year, respectively.

Had the above acquisition been effected at the beginning of the year, the total amount of revenue of the Group for the year ended 31 December 2014 would have been HK$154,411,000, and the amount of the profit for the year would have been HK$10,023,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 31 December 2014 amounted to HK$1,912,263,000 (2013: 1,069,715,000) and HK$2,901,302,000 (2013: HK$1,208,466,000), respectively.

15. COMPARATIVE PRESENTATION

As a result of the discontinuance of the IT business as further detailed in note 8 to this announcement, certain comparative amounts have been restated and reclassified and the comparative consolidated statement of profit or loss has been re-presented as if the IT business discontinued during the current year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

During the year under review, the Group has commenced its strategic transformation, plans to focus its resources on its solid waste treatment business and has decided to cease its information technology business.

At the end of April 2014, the Group completed the acquisition of the entire equity interests in two solid waste incineration plants in operation in Mainland China, namely 泰安生活垃圾焚燒發電項目 Taian Household Waste Incineration Power Generation Project (the "Taian Project") in Shandong Province and 常德市生活垃圾焚燒發電項目Changde Household Waste Incineration Power Generation Project (the "Changde Project") in Hunan Province.

The Taian Project is equipped with two 500 tonnes/day fluidised bed boilers and two 6MW and 12MW condensing steam turbines, respectively, and is operated on a Build-Own-Operate ("BOO") basis for a licensed period of 30 years commencing from 2008. For the whole year of 2014, the Taian Project handled solid waste of 284,869 tonnes (2013: 307,266 tonnes), generated on-grid electricity of 60.00 million kWh (2013: 60.85 million kWh), recorded a total revenue of HK$72.03 million (2013: HK$72.17 million) and contributed an EBITDA (excluding foreign exchange gain) of HK$26.38 million (2013: HK$21.69 million) and a net profit of HK$5.17 million (2013: HK$9.60 million), respectively.

The Changde Project is equipped with two 500 tonnes/day fluidised bed boilers and two 12MW condensing steam turbines, and is operated on a Build-Operate-Transfer ("BOT") basis for a licensed period of 27 years commencing from 2010. For the whole year of 2014, the Changde Project handled solid waste of 304,425 tonnes (2013: 275,091 tonnes), generated on-grid electricity of 90.33 million kWh (2013: 71.17 million kWh), recorded a total revenue of HK$82.38 million (2013: HK$69.30 million) and contributed an EBITDA (excluding foreign exchange gain) of HK$42.28 million (2013: HK$32.27 million) and a net profit of HK$24.71 million (2013: HK$27.33 million), respectively.

In the second half of 2014, the Group has established a 99% equity owned joint venture (the "Haidian Licensed Company") for the investment and operation of a solid waste incineration plant in Beijing, namely 北京市海澱區循環經濟產業園再生能源發電廠PPP項目 Beijing Haidian District Cyclic Economy Industrial Park Renewable Energy Power Generation Plant PPP Project (the "Haidian Project"). The total investment amount of the Haidian Project shall be RMB1,525 million and is operated on a Public-Private-Partnership ("PPP") basis. The Haidian Project has household waste treatment capacity of 2,500 tonnes/day, including household waste incineration of 2,100 tonnes/day (equipped with three 600 tonnes/day mechanical grate incinerators and two 20MW steam turbine generators) and kitchen waste biochemical treatment of 400 tonnes/day.

On 26 December 2014, the Haidian Licensed Company entered into a licensed operation agreement and under which the Haidian Licensed Company has been granted from the relevant government authority the exclusive right for the operation of the Haidian Project for 30 years from the date of commercial operation at a licensed operation fee of RMB925 million to be payable before the date of commercial operation. The Haidian Project is still under construction and is expected to be transferred and put into operation by the end of 2015. The Group has established a joint venture with Suez Environnement, a world leader exclusively dedicated to water and waste management, for the provision of technical monitoring services to the Haidian Project.

During the year under review, the system integration business under the Group's information technology segment remained stagnant. The new construction contracts carried out during the year included Beijing Subway Automatic Fare Collection Piecewise Charges Upgrade System and China National Offshore Oil Corporation Data Centre. The provision of total solution services to Beijing elementary education and universities, including network operation, internet access service, network service, software development, student smartcard operation and data operation, has moderate improvement as compared with last year.

During the last quarter of 2014, the Group has entered into agreements for the disposals of its interests in subsidiaries engaged in information technology business. The disposals, subject to the approval of independent shareholders (if applicable), are expected to be completed in 2015.

2. BUSINESS PROSPECTS

The acquisition of the Taian Project and the Changde Project was the first step of the Group's strategic transformation. The Group has carrying out the feasibility studies in respect of the expansion of the current capacities and the second phases of the projects. The Group will closely monitor the progress of the completion of the construction of the Haidian Project and its transfer in the coming months. The Company believes that the investment and operation of the Haidian Project, a remarkable waste incineration plant in Beijing, shall build a stronger business foundation and enlarge the source of income of the Group.

In addition, the Group has the intention and is under negotiations to acquire potential solid waste treatment business and is also actively exploring other new opportunities through organic growth and strategic acquisitions to swiftly capture market share in the solid waste treatment sector in the PRC, thereby creating value for the shareholders.

3. FINANCIAL REVIEW

During the year under review, the Group commenced the solid waste treatment business upon the acquisition of the Taian Project and the Changde Project. The Group's reportable operating segments are structured as (i) the solid waste treatment segment; (ii) the information technology segment; and (iii) the corporate and others segment.

The Group's information technology segment is currently undertaken by the subsidiaries of B E Information Technology Group Limited ("BEITG") and Business Net (Hong Kong) Limited ("BNHK"), both are indirectly-owned subsidiaries of the Company. As at 31 December 2014, as a result of the proposed disposals of BEITG and BNHK, BEITG, BNHK and their respective subsidiaries were classified as disposal groups held for sale and the information technology segment was classified as a discontinued operation. Certain comparative amounts have been restated and reclassified.

3.1 Continuing operations

Revenue

The Group's revenue in 2014 comprised the provision of solid waste treatment services of HK$29.26 million, sale of electricity and steam generated from waste incineration of HK$79.26 million from the Taian Project and the Changde Project during the post-acquisition period from May to December 2014, representing a year-to-year growth of 9.2% as compared with the pre-acquisition year of 2013.

Cost of sales

The Group's corresponding cost of sales in 2014 was HK$75.09 million.

Gross profit

The Group recorded a gross profit of HK$33.43 million and a gross profit margin of 30.8% in 2014, representing a year-to-year growth of 19% as compared with the pre-acquisition year of 2013.

Other income and gains, net

The Group's other income and gains, net in 2014 amounted to HK$11.80 million, as compared with HK$10.20 million in 2013. The other income mainly comprised bank interest income of HK$11.41 million, increased by HK$1.70 million as compared with HK$9.71 million in 2013.

Administrative expenses

The Group's administrative expenses in 2014 was HK$31.75 million, of which HK$9.00 million was incurred by the solid waste treatment segment and HK$22.75 million was incurred by the corporate and others segment, increased by HK$9.45 million as compared with HK$22.30 million in 2013. The administrative expenses of the current year included the expenses incurred for merger and acquisition of HK$3.45 million.

Other operating expenses, net

The Group's other operating expenses in 2014 amounted to HK$0.28 million, as compared with HK$1.96 million in 2013.

Finance costs

The Group's finance costs incurred from the convertible bonds subscribed by the immediate holding company, Idata Finance Trading Limited ("Idata"), in 2014 was HK$4.23 million, decreased by HK$3.42 million as compared with HK$7.65 million in 2013.

Income tax

The Group's income tax expense for 2014 was HK$1.40 million, compared with the income tax credit of HK$0.04 million in 2013.

3.2 Discontinued operation

The total revenue of the information technology segment in 2014 was HK$239.99 million, an increase of 24.3% as compared with HK$193.07 million in 2013. The other income and gains, net (including the gain on deemed disposal of interests in an associate, China Information Technology Development Limited ("CITD"), of HK$22.88 million) was HK$26.75 million, as compared with HK$7.65 million in 2013. Cost of sales and operating expenses was HK$269.59 million, as compared with HK$210.64 million in 2013. Share of net profits of a joint venture and associates was HK$0.60 million, as compared with HK$2.48 million in 2013.

3.3 Profit for the year

	Profit/(loss) for the year		**Profit/(loss) for the year attributable to shareholders of the Company**	
	2014	2013	**2014**	2013
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Continuing operations				
– Solid waste treatment segment	**25.00**	—	**25.01**	—
– Corporate and others segment	**(17.47)**	(21.66)	**(17.33)**	(21.52)
	7.53	(21.66)	**7.68**	(21.52)
Discontinued operation				
– Information technology segment	**(2.38)**	(7.45)	**(0.16)**	(2.96)
	5.15	(29.11)	**7.52**	(24.48)

4. FINANCIAL POSITION

4.1 Investing activities

On 29 April 2014, the Group completed the acquisition of the entire equity interests in the Taian Project and the Changde Project for a total consideration of RMB520 million. The consideration was satisfied as to RMB86.79 million by cash and RMB433.21 million by the issue of 347 million ordinary shares of the Company at an issue price of HK$1.60 per share (fair value of which on issue date was HK$2.36 per share). The fair value of the identifiable net assets of the Taian Project and the Changde Project as at the date of acquisition was HK$766.64 million, including property, plant and equipment of HK$223.19 million, prepaid land lease payments of HK$26.25 million, operating concession of HK$397.40 million and other intangible assets of HK$106.41 million, deferred tax liabilities of 62.09 million and other net current assets of HK$75.48 million. Goodwill on acquisition was HK$160.16 million and net cash outflow arising from acquisition was HK$60.94 million.

On 18 August 2014, the Group disposed of 189,551,344 ordinary shares of CITD, representing approximately 7.03% of its issued share capital, at a consideration of HK$22.94 million. After the disposal, the Group ceased to have any equity interest in CITD. During the year under review, the investment in CITD contributed a net profit to the shareholders of the Company of HK$2.31 million.

In the second half of 2014, the Group has established the Haidian Licensed Company with an ultimate registered capital and total investment amount of RMB308.34 million and RMB925 million, respectively. In November 2014, the Group has injected an initial registered capital of RMB198 million.

On 9 October 2014, the Group entered into an equity transfer agreement for the disposal of its 60% equity interest in BNHK and the shareholder's loan owed by BNHK to the Group at a total consideration of HK$13 million. The disposal of BNHK is expected to be completed in 2015.

On 23 December 2014, the Group entered into an equity transfer agreement with a fellow subsidiary, Beijing Enterprises Group Information Limited (a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, the ultimate holding company of the Company), pursuant to which the Group conditionally agreed to dispose of its 72% equity interest in BEITG and the shareholders' loans owed by BEITG and its subsidiaries to the Group at a total consideration of HK$126 million. Subject to the approval of the independent shareholders of the Company, the disposal of BEITG is expected to be completed in 2015.

4.2 Financing activities

On 28 February 2013, pursuant to the conditional subscription agreement dated 15 September 2011 (as amended by the supplemental agreements in relation thereto, collectively, the "Subscription Agreement") entered into between the Company, Idata (a wholly owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL", an intermediate holding company of the Company)), as subscriber, and BEHL, as guarantor, Idata subscribed for the issue of 177 million new ordinary shares of the Company at a price of HK$1.13 per share and firm convertible bonds of the Company in the principal amount of HK$300.58 million at an initial conversion price of HK$1.13 per share. The net proceeds of HK$498.61 million was intended to be used for investment in environmental protection and solid waste treatment business, as described in the circular of the Company dated 21 December 2012. In addition, pursuant to the Subscription Agreement and subject to the Company's satisfaction of certain pre-conditions to giving notice to Idata, the Company shall have the right to require Idata to subscribe for such amount of standby convertible bonds of an aggregate principal amount of HK$3,000.15 million with an initial conversion price of HK$1.13 per share as the Company may consider appropriate.

On 24 April 2014, Idata subscribed for part of the standby convertible bonds of the Company in the principal amount of HK$113 million to finance the cash consideration of the acquisition of the Taian Project and the Changde Project of HK$107.88 million and related expenses, as described in the circular of the Company dated 27 March 2014.

On 25 April 2014, certain convertible bonds of the Company with an aggregate principal amount of HK$323.18 million were converted into 286 million ordinary shares of the Company at the conversion price of HK$1.13 per share.

On 29 April 2014, 347 million ordinary shares of the Company were issued as consideration shares for the acquisition of the Taian Project and the Changde Project.

On 29 December 2014, Idata subscribed for part of the standby convertible bonds in the principal amount of HK$770.6 million, and together with the net proceeds of HK$498.61 million from the issue of new ordinary shares and firm convertible bonds received on 28 February 2013, to finance the capital commitment for the Haidian Licensed Company of RMB921.92 million and the general working capital of the Haidian Project, as described in the circular and announcement of the Company dated 10 October 2014 and 29 December 2014, respectively. As at 31 December 2014, the Company has paid HK$250 million as initial registered capital of the Haidian Licensed Company and the remaining balance of the proceeds of HK$1,019.21 million has been placed in licensed banks in Hong Kong to generate interest income.

As a consequence, during the year ended 31 December 2014, the number of ordinary shares of the Company in issue has been increased by 641,100,000 to 1,496,060,150, including 8,100,000 ordinary shares issued upon the exercise of share options during the year.

4.3 Financial position

As at 31 December 2014, the Group's total assets increased by HK$1,761.02 million to HK$3,192.90 million (including those assets of disposal groups classified as held for sale of HK$321.75 million) and total liabilities increased by HK$629.20 million to HK$1,132.01 million (including those liabilities directly associated with assets classified as held for sale of HK$218.70 million) as compared with 31 December 2013. The Group's net assets increased by HK$1,131.83 million to HK$2,060.89 million, of which equity attributable to shareholders of the Company amounted to HK$2,053.67 million as at 31 December 2014.

4.4 Liquidity and financial resources

As at 31 December 2014, the cash and bank balances held by the Group (excluded the disposal groups) amounted to HK$1,692.47 million. During the year, net cash flows used in operating activities amounted to HK$123.56 million, net cash flows used in investing activities amounted to HK$58.93 million and net cash flows from financing activities HK$842.66 million. As at 31 December 2014, the Company has outstanding convertible bonds subscribed by Idata with an aggregate principal amount of HK$791 million at an initial conversion price of HK$1.13 per share. The convertible bonds bear interest at 1% per annum and will be matured in February 2018.

As at 31 December 2014, the Group had no charge on its assets, did not have any bank borrowings, nor did it hold any financial derivatives. As at 31 December 2014, the Group had a net current assets of HK$1,912.26 million and its current ratio increased from 5.79 times to 7.56 times and total liabilities to assets ratio increased from 35.1% to 35.5%.

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

4.5 Foreign exchange risks

The Group's cash and bank balances were denominated as to 71% in Hong Kong dollars and 29% in Renminbi. The Group's businesses are principally located in Mainland China and the majority of its transactions are conducted in Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, the Group will be subject to translational foreign exchange risk. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss and the gains or losses arising on retranslation of foreign operations are recognised in the exchange fluctuation reserve. During the year ended 31 December 2014, the Group did not enter into any foreign currencies hedging arrangements.

4.6 Capital expenditure and commitment and contingent liabilities

During the year ended 31 December 2014, the total capital expenditures of the Group amounted to HK$771.00 million, including the acquisition of the Taian Project and the Changde Project in April 2014 amounted to HK$753.25 million. As at 31 December 2014, the Group had capital commitment of RMB925 million (equivalent to HK$1,156.25 million) for the operating concession of the Haidian Project and HK$8 million for the balance payment of a property. The Group did not have any material contingent liabilities.

5. EMPLOYEES AND REMUNERATION POLICY

	Number of employees as at 31 December		**Total expenses on employee benefits for the year ended 31 December**	
	2014	2013	**2014**	2013
			HK$ million	*HK$ million*
Continuing operations				
– Solid waste treatment segment	**215**	—	**10.81**	—
– Corporate and others segment	**28**	25	**6.99**	6.75
	243	25	**17.80**	6.75
Discontinued operation				
– Information technology segment	**221**	215	**37.11**	36.70
	464	240	**54.91**	43.45

The Group's employee remuneration policy and package are periodically reviewed by the management based on the employees' work performance, professional experiences and prevailing market practices. The Group encourages and finances its employees to attend training courses in the fields of their job responsibilities. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

The Company operates a share option scheme for the Group's employees and directors. During the year ended 31 December 2014, no share option was granted, forfeited or lapsed and 8,100,000 share options were exercised at an exercise price of HK$1.25 per share. As at 31 December 2014, the Company had 42,820,000 share options outstanding, which were granted on 21 June 2011 at an exercise price of HK$1.25 per share and represented approximately 2.9% of the Company's ordinary shares in issue as at 31 December 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Corporate Governance Code" to the Listing Rules for the year ended 31 December 2014.

(a) Under Code Provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation of a majority of directors entitled to present. However, the Company considers it is more efficient to hold Board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.

(b) Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for non-executive directors to voice their views by individual communication with the chairman of the Board.

(c) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, none of the existing non-executive Directors is appointed for a specific term, but they are subject to retirement by rotation in accordance with the Company's articles of association.

(d) Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, all independent non-executive Directors were unable to attend the general meetings of the Company due to other business engagements.

(e) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration and nomination committees to attend. However, the chairmen of board and its committees were unable to attend the annual general meeting due to other business engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision C.3. The current members of the Audit Committee comprise three independent non-executive Directors, namely Dr. Huan Guocang (committee chairman), Dr. Jin Lizuo and Dr. Wang Jianping. The role and function of the Audit Committee include (i) maintenance of the relationship with the Company's auditors; (ii) review of the Company's financial information; and (iii) oversight of the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the Group's results for the year ended 31 December 2014, internal control, impacts of the new accounting standards and management issues of the Company.

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

The figures set out in the preliminary announcement of the Group's results for the year ended 31 December 2014 in respect of the Group's consolidated statement of profit or loss and consolidated statement of financial position have been agreed by the Company's auditors, to the amounts set out in the Group's drafted consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

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

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

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2014 annual report containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bdhk.com.hk) in due course.

APPRECIATION

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

By order of the Board
E Meng
Chairman

Hong Kong, 31 March 2015

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