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

**ANNOUNCEMENT OF SUMMARISED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

HIGHLIGHTS

- The Group's revenue from continuing operations for the six months ended 30 June 2015 amounted to HK\$78.82 million, as compared with that of HK\$24.39 million in the corresponding period of last year.
- EBITDA for the period from continuing operations amounted to HK\$29.81 million (2014: loss of HK\$1.10 million).
- Profit for the period from continuing operations was HK\$10.15 million (2014: loss of HK\$5.02 million) and loss for the period from a discontinued operation was HK\$19.22 million (2014: loss of HK\$22.82 million).
- Loss for the period attributable to shareholders of the Company was HK\$3.31 million, as compared with the loss of HK\$19.52 million in the corresponding period of last year.
- Basic loss per share was HK0.22 cents.
- Net assets as at 30 June 2015 amounted to HK\$2.06 billion.
- The Board does not recommend the payment of an interim dividend for the period.

The board (the “Board”) of directors (the “Directors”) of Beijing Development (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015, together with comparative figures for the corresponding period in last year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	<i>Notes</i>	(Unaudited) HK\$'000	(Unaudited) <i>HK\$'000</i> (Restated)
CONTINUING OPERATIONS			
REVENUE	4	78,819	24,388
Cost of sales		<u>(53,625)</u>	<u>(18,620)</u>
Gross profit		25,194	5,768
Other income and gains, net	4	7,521	6,729
Administrative expenses		(16,097)	(14,800)
Other operating expenses, net		<u>(32)</u>	<u>(58)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES			
OF CONTINUING OPERATIONS	5	16,586	(2,361)
Finance costs	6	<u>(5,621)</u>	<u>(3,270)</u>
PROFIT/(LOSS) BEFORE TAX FROM			
CONTINUING OPERATIONS		10,965	(5,631)
Income tax	7	<u>(818)</u>	<u>611</u>
PROFIT/(LOSS) FOR THE PERIOD FROM			
CONTINUING OPERATIONS		10,147	(5,020)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8(a)	<u>(19,219)</u>	<u>(22,823)</u>
LOSS THE PERIOD		<u>(9,072)</u>	<u>(27,843)</u>

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Note</i>	HK\$'000	HK\$'000
		(Restated)
ATTRIBUTABLE TO:		
Shareholders of the Company		
Continuing operations	10,259	(4,958)
Discontinued operation	(13,568)	(14,565)
	(3,309)	(19,523)
Non-controlling interests	(5,763)	(8,320)
	(9,072)	(27,843)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
	<i>10</i>	
– Basic (HK cents)		
For loss for the period	(0.22)	(1.80)
	0.69	(0.46)
For profit/(loss) for the period from continuing operations		
– Diluted (HK cents)		
For loss for the period	N/A	N/A
	0.68	N/A
For profit/(loss) for the period from continuing operations		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(9,072)</u>	<u>(27,843)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
– Translation of foreign operations	(2,000)	(11,696)
– Release upon deemed disposal of interests in an associate	–	(2,222)
Share of other comprehensive loss of an associate	<u>–</u>	<u>(80)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(2,000)</u>	<u>(13,998)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(11,072)</u>	<u>(41,841)</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	(5,309)	(32,411)
Non-controlling interests	<u>(5,763)</u>	<u>(9,430)</u>
	<u>(11,072)</u>	<u>(41,841)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

		30 June 2015 (Unaudited) <i>HK\$'000</i>	31 December 2014 (Audited) <i>HK\$'000</i>
ASSETS			
Non-current assets:			
Property, plant and equipment		222,611	228,496
Investment properties		46,376	46,376
Prepaid land lease payments		25,582	25,868
Goodwill		160,161	160,161
Operating concession		378,085	386,558
Other intangible assets		101,883	103,613
Investment in a joint venture		5,967	5,967
Prepayment	12	32,000	32,000
Total non-current assets		972,665	989,039
Current assets:			
Inventories		2,826	2,377
Trade and bills receivables	11	43,969	44,484
Prepayments, deposits and other receivables	12	139,473	142,777
Cash and cash equivalents		1,724,020	1,692,467
Assets of disposal groups classified as held for sale	8(b)	286,034	321,753
Total current assets		2,196,322	2,203,858
TOTAL ASSETS		3,168,987	3,192,897

		30 June	31 December
		2015	2014
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	13	2,225,723	2,219,647
Equity component of convertible bonds		11,658	11,658
Other reserves		(184,896)	(177,636)
		2,052,485	2,053,669
Non-controlling interests		2,566	7,223
TOTAL EQUITY		2,055,051	2,060,892
Non-current liabilities:			
Convertible bonds	14	781,645	779,947
Deferred tax liabilities		59,138	60,463
Total non-current liabilities		840,783	840,410
Current liabilities:			
Trade payables	15	7,286	7,031
Other payables and accruals	16	47,130	49,443
Tax payables		16,763	16,420
		71,179	72,894
Liabilities directly associated with assets classified as held for sale	8(b)	201,974	218,701
Total current liabilities		273,153	291,595
TOTAL LIABILITIES		1,113,936	1,132,005
TOTAL EQUITY AND LIABILITIES		3,168,987	3,192,897

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015

	Attributable to shareholders of the Company												
	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Equity component of convertible bonds		Share option reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
				of	Share								
				(Unaudited) HK\$'000	(Unaudited) HK\$'000								
At 1 January 2015	2,219,647	-	-	11,658	23,743	121	76,930	38,272	(316,702)	2,053,669	7,223	2,060,892	
Loss for the period	-	-	-	-	-	-	-	-	(3,309)	(3,309)	(5,763)	(9,072)	
Other comprehensive loss for the period:													
Exchange fluctuation reserve:													
Translation of foreign operations	-	-	-	-	-	-	(2,000)	-	-	(2,000)	-	(2,000)	
Total comprehensive loss for the period	-	-	-	-	-	-	(2,000)	-	(3,309)	(5,309)	(5,763)	(11,072)	
Issue of shares upon exercise of share options	6,076	-	-	-	(1,951)	-	-	-	-	4,125	-	4,125	
Transfer to PRC reserve funds	-	-	-	-	-	-	-	67	(67)	-	-	-	
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	-	-	-	(248)	(248)	
Capital contribution from a non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,354	1,354	
Transfer between reserves	-	-	-	-	-	(121)	(7)	-	128	-	-	-	
At 30 June 2015	2,225,723	-	-	11,658	21,792*	-	74,923*	38,339*	(319,950)*	2,052,485	2,566	2,055,051	
At 1 January 2014	854,960	192,892	9,721	31,971	27,653	1,878	89,936	36,781	(324,467)	921,325	7,737	929,062	
Loss for the period	-	-	-	-	-	-	-	-	(19,523)	(19,523)	(8,320)	(27,843)	
Other comprehensive loss for the period:													
Exchange fluctuation reserve:													
Translation of foreign operations	-	-	-	-	-	-	(10,586)	-	-	(10,586)	(1,110)	(11,696)	
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 loss for the period	-	-	-	-	-	-	(12,888)	-	(19,523)	(32,411)	(9,430)	(41,841)	
Transfer to no-par 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	6,690	-	-	-	(1,940)	-	-	-	-	4,750	-	4,750	
Issue of convertible bonds	-	-	-	4,220	-	-	-	-	-	4,220	-	4,220	
Deemed disposal of interests in an associate	-	-	-	-	-	(1,757)	-	-	1,757	-	-	-	
At 30 June 2014	2,212,302	-	-	3,376	25,713	121	77,048	36,781	(342,233)	2,013,108	(1,693)	2,011,415	

* These reserve accounts comprise the consolidated negative other reserves of HK\$184,896,000(31 December 2014: Consolidated negative other reserves of HK\$177,636,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	(40,828)	(101,295)
Mainland China income tax paid	(1,799)	–
	<u>(42,627)</u>	<u>(101,295)</u>
Net cash flows used in operating activities	<u>(42,627)</u>	<u>(101,295)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	–	(60,937)
Decrease/(increase) in time deposits with maturity of more than three months when acquired	(33,685)	2,500
Interest received	6,266	7,433
Other cash flows arising from investing activities, net	(9,823)	1,983
	<u>(37,242)</u>	<u>(49,021)</u>
Net cash flows used in investing activities	<u>(37,242)</u>	<u>(49,021)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares upon exercise of share options	4,125	4,750
Proceeds from issue of convertible bonds	–	113,000
Capital contribution from a non-controlling interest	1,354	–
	<u>5,479</u>	<u>117,750</u>
Net cash flows from financing activities	<u>5,479</u>	<u>117,750</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,747,239	1,115,016
Effect of foreign exchange rate changes, net	(2,000)	(10,046)
	<u>(74,390)</u>	<u>(32,566)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,670,849</u>	<u>1,072,404</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits:		
Placed in banks	476,232	185,383
Time deposits:		
Placed in banks	1,097,788	942,500
Placed in a financial institution	150,000	–
Less: Pledged deposits	–	(479)
	<u>1,724,020</u>	<u>1,127,404</u>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<u>1,724,020</u>	<u>1,127,404</u>
Less: Time deposits with maturity of more than three months when acquired	(105,024)	(55,000)
Add: Cash and bank balances attributable to disposal groups	51,853	–
	<u>1,670,849</u>	<u>1,072,404</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>1,670,849</u>	<u>1,072,404</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2015, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in (a) the solid waste treatment business which comprises the construction and operation of waste incineration plants, waste treatment and the sales of electricity and steam generated from waste incineration; and (b) the information technology (“IT”) business which comprises the provision of IT related services, which included system integration, the construction of information networks and sale of related equipment, the provision of IT technical support and consultation services and the development and sale of software (classified as a discontinued operation during the period, note 8).

At 30 June 2015, the immediate holding company of the Company is Idata Finance Trading Limited (“Idata”), a limited liability company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company of the Company is 北京控股集團有限公司 (“BEGCL”), which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and is wholly owned by The State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality (the “Beijing SASAC”).

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure provisions of The Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies and basis of preparation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) issued by the HKICPA, accounting policies generally accepted in Hong Kong and the Hong Kong Companies Ordinance (Cap. 622), except for the adoption of the new and revised HKFRSs as disclosed in note 2.2 below.

These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s condensed consolidated financial statements:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) The solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sales 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, note 8).
- (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.

The following tables present revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2015 and 2014.

	Continuing operations			Discontinued operation	
	Solid waste treatment (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	IT (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 June 2015					
Segment revenue	78,819	–	78,819	45,140	123,959
Cost of sales	(53,625)	–	(53,625)	(36,412)	(90,037)
Gross profit	<u>25,194</u>	<u>–</u>	<u>25,194</u>	<u>8,728</u>	<u>33,922</u>
Profit/(loss) from operating activities	20,297	(3,711)	16,586	(17,836)	(1,250)
Finance costs	–	(5,621)	(5,621)	(481)	(6,102)
Share of profits and losses of:					
Joint ventures	–	–	–	(945)	(945)
Associates	–	–	–	43	43
Profit/(loss) before tax	20,297	(9,332)	10,965	(19,219)	(8,254)
Income tax	(818)	–	(818)	–	(818)
Profit/(loss) for the period	<u>19,479</u>	<u>(9,332)</u>	<u>10,147</u>	<u>(19,219)</u>	<u>(9,072)</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>19,515</u>	<u>(9,256)</u>	<u>10,259</u>	<u>(13,568)</u>	<u>(3,309)</u>
Six months ended 30 June 2014 (Restated)					
Segment revenue	24,388	–	24,388	32,980	57,368
Cost of sales	(18,620)	–	(18,620)	(35,808)	(54,428)
Gross profit/(loss)	<u>5,768</u>	<u>–</u>	<u>5,768</u>	<u>(2,828)</u>	<u>2,940</u>
Profit/(loss) from operating activities	4,091	(6,452)	(2,361)	(20,032)	(22,393)
Finance costs	–	(3,270)	(3,270)	(187)	(3,457)
Share of profits and losses of:					
Joint ventures	–	–	–	(1,486)	(1,486)
Associates	–	–	–	(1,118)	(1,118)
Profit/(loss) before tax	4,091	(9,722)	(5,631)	(22,823)	(28,454)
Income tax	611	–	611	–	611
Profit/(loss) for the period	<u>4,702</u>	<u>(9,722)</u>	<u>(5,020)</u>	<u>(22,823)</u>	<u>(27,843)</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>4,702</u>	<u>(9,660)</u>	<u>(4,958)</u>	<u>(14,565)</u>	<u>(19,523)</u>

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

An analysis of the Group's assets and liabilities by operating segment is as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Total assets		
Continuing operations:		
Solid waste treatment	1,610,215	1,609,559
Corporate and others	1,272,738	1,261,585
	2,882,953	2,871,144
Discontinued operation:		
IT	286,034	321,753
	3,168,987	3,192,897
Total liabilities		
Continuing operations:		
Solid waste treatment	96,924	105,169
Corporate and others	815,038	808,135
	911,962	913,304
Discontinued operation:		
IT	201,974	218,701
	1,113,936	1,132,005

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 interim financial statements.

Information about major customers

During the six months ended 30 June 2015, the Group had transactions with four external customers (six months ended 30 June 2014: three) 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:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Customer A	37,483	10,033
Customer B	18,518	7,303
Customer C	10,680	3,227
Customer D	8,510	*

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

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:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Revenue		
Solid waste treatment	21,419	7,253
Sale of electricity	56,388	16,884
Sale of steam	1,012	251
	78,819	24,388
Other income		
Bank interest income	5,805	6,603
Others	91	54
	5,896	6,657
Gains, net		
Gain on disposal of other intangible assets	1,625	–
Foreign exchange differences, net	–	72
	1,625	72
Other income and gains, net	7,521	6,729

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:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Depreciation	6,870	3,153
Amortisation of prepaid land lease payments	286	38
Amortisation of operating concession	8,473	3,293
Amortisation of other intangible assets	3,396	1,379
	<u>3,396</u>	<u>1,379</u>

6. FINANCE COSTS

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Interest on convertible bonds	3,923	1,108
Imputed interest on convertible bonds	1,698	2,162
	<u>1,698</u>	<u>2,162</u>
	<u>5,621</u>	<u>3,270</u>

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 six months ended 30 June 2015 (six months ended 30 June 2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Mainland China:		
Current	2,142	–
Deferred	(1,324)	(611)
	<u>2,142</u>	<u>(611)</u>
Total tax expense/(credit) for the period	<u>818</u>	<u>(611)</u>

In accordance with the relevant tax laws in the PRC, certain subsidiaries of the Group which are engaged in the solid waste treatment segment are exempted from corporate income tax for three years starting from the first year they generated revenue and to be followed by a 50% tax reduction for the ensuing three years.

8. DISCONTINUED OPERATION

The Group plans to focus its resources on its solid waste treatment business and had decided to cease its IT business during the year ended 31 December 2014. The Group's business in 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 and 7 August 2015, Business Net Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement and an equity transfer supplemental agreement, respectively, with independent third parties for the disposal of its 60% equity interest in BNHK and its subsidiary (collectively, the "BNHK Group") and the shareholder's loan owed by BNHK to the Company at a total consideration of HK\$13,000,000. The disposal of BNHK has been completed on 7 August 2015 and an unaudited gain on disposal of approximately HK\$10,669,000 is recorded on the completion date.

On 23 December 2014, Prime Technology Group Limited ("PTG"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with a fellow subsidiary of the Company, Beijing Enterprises Group Information Limited ("BEGIL", a wholly-owned subsidiary of BEGCL), pursuant to which PTG conditionally agreed to dispose of its 72% equity interest in BEITG and its subsidiaries (collectively, the "BEITG Group") and the shareholders' loans owed by the BEITG Group to the Company at a total consideration of HK\$126,000,000 (the "Disposal"). The Disposal was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 May 2015. At the date of approval of these interim condensed consolidated financial statements, the Disposal has not yet been completed.

At the end of reporting periods, the BNHK Group and the BEITG Group were classified as disposal groups held for sale and the IT segment is classified as a discontinued operation.

- (a) The results of a discontinued operation dealt with in the interim condensed consolidated financial statements for the six months ended 30 June 2015 and 2014 are summarised as follows:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	45,140	32,980
Other income and gains, net	1,866	1,314
Gain on deemed disposal of interests in an associate [#]	–	22,878
Fair value loss on equity investments at fair value through profit or loss	–	(18,955)
Cost of sales and operating expenses	(65,323)	(58,436)
	(18,317)	(20,219)
Share of profits and losses of		
A joint venture	(945)	(1,486)
Associates	43	(1,118)
Loss before tax from a discontinued operation	(19,219)	(22,823)
Income tax	–	–
Loss for the period from a discontinued operation	(19,219)	(22,823)
Attributable to:		
Shareholders of the Company	(13,568)	(14,565)
Non-controlling interests	(5,651)	(8,258)
	(19,219)	(22,823)

[#] The gain on deemed disposal of interests in China Information Technology Development Limited (“CITD”) 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 six months ended 30 June 2014.

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Assets		
Property and equipment	6,960	7,282
Other intangible assets	1,279	1,547
Investment in a joint venture	11,157	12,639
Investments in associates	2,995	2,952
Inventories	36,803	23,497
Amounts due from contract customers	398	398
Trade receivables	72,804	74,450
Prepayments, deposits and other receivables	92,721	72,572
Pledged deposits	9,064	305
Cash and cash equivalents	51,853	126,111
	<u>286,034</u>	<u>321,753</u>
Liabilities		
Trade and bills payables	77,013	111,510
Amounts due to contract customers	331	839
Other payables and accruals	124,630	106,352
	<u>201,974</u>	<u>218,701</u>
Liabilities directly associated with assets classified as held for sale	<u>201,974</u>	<u>218,701</u>
Net assets directly associated with disposal groups classified as held for sale	<u>84,060</u>	<u>103,052</u>

- (c) The net cash flow of a discontinued operation dealt with in the interim condensed consolidated financial statements for the six months ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Operating activities	(64,965)	(73,967)
Investing activities	(534)	(26)
	<u>(65,499)</u>	<u>(73,993)</u>
Net cash outflow attributable to a discontinued operation	<u>(65,499)</u>	<u>(73,993)</u>

(d) Loss per share from a discontinued operation

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK cents	HK cents
Basic and diluted	(0.91)	(1.34)

The calculation of the basic loss per share amounts from a discontinued operation is based on the loss for the period from a discontinued operation attributable to shareholders of the Company of HK\$13,568,000 (six months ended 30 June 2014: HK\$14,565,000), and the weighted average number of 1,496,663,465 (six months ended 30 June 2014: 1,082,650,758) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amounts from a discontinued operation presented for the six months ended 30 June 2015 and 2014 in respect of a dilution as the impact of the share options and convertible bonds outstanding during these periods have either no dilutive effect or an anti-dilutive effect on the basic loss per share amounts from a discontinued operation presented.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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

The calculation of basic earnings/(loss) per share amounts are based on the loss for the period attributable to shareholders of the Company and the profit/(loss) from continuing operations attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts for the six months ended 30 June 2015 is based on the loss for the period attributable to shareholders of the Company and the profit for the period from continuing operations attributable to shareholders of the Company, adjusted to reflect the effect of the deemed exercise of all dilutive share options at the beginning of the period. No adjustment has been made to the deemed conversion of convertible bonds as the impact of the convertible bonds outstanding during the period has an anti-dilutive effect on the basic earnings per share amount presented.

In respect of the diluted loss per share amounts for the six months ended 30 June 2014, no adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2014 in respect of a dilution as the impact of the convertible bonds and share options of the Company outstanding during the period 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:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings/(loss)		
Loss for the period attributable to shareholders of the Company, used in the basic and diluted loss per share calculations	<u>(3,309)</u>	<u>(19,523)</u>
Profit/(loss) for the period from continuing operations attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculations	<u>10,259</u>	<u>(4,958)</u>
	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings/(loss) per share calculations	1,496,663,465	1,082,650,758
Effect of dilution on of weighted average number of ordinary shares – share options	<u>19,618,552</u>	<u>25,102,329</u>
Weighted average number of ordinary shares, used in the diluted earnings/(loss) per share calculations	<u>1,516,282,017</u>	<u>1,107,753,087</u>

11. TRADE AND BILLS RECEIVABLES

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

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Neither past due nor impaired	<u>10,995</u>	<u>22,190</u>
Past due but not impaired:		
Within 3 months	16,230	4,109
4 to 6 months	1,152	2,639
7 to 12 months	7,638	3,081
Over 1 year	<u>7,954</u>	<u>12,465</u>
	<u>32,974</u>	<u>22,294</u>
	<u>43,969</u>	<u>44,484</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Prepayments	36,892	35,620
Deposits and other receivables	6,325	15,987
Due from fellow subsidiaries	131	45
Due from a joint venture	5,000	–
Due from non-controlling interests	<u>126,997</u>	<u>126,997</u>
	<u>175,345</u>	<u>178,649</u>
Impairment	<u>(3,872)</u>	<u>(3,872)</u>
	<u>171,473</u>	<u>174,777</u>
Portion classified as current assets	<u>(139,473)</u>	<u>(142,777)</u>
Non-current portion*	<u>32,000</u>	<u>32,000</u>

* On 14 February 2012, the Company entered into a property transfer agreement with 北京北控宏創科技有限公司 (“Hong Chuang”), a fellow subsidiary of the Company, pursuant to which the Company agreed to purchase the property situated in Mainland China (the “Property”) at a cash consideration of RMB32,000,000 (equivalent to HK\$40,000,000). At 30 June 2015, the non-current portion represented the prepayment of RMB25,600,000 (equivalent to HK\$32,000,000) (31 December 2014: HK\$32,000,000) paid to Hong Chuang. Further details of the transaction are set out in the Company's announcement dated 14 February 2012. At the date of approval of these interim condensed consolidated financial statements, the transaction has not yet been completed.

13. SHARE CAPITAL

A summary of the movements in the Company's share capital during the six months ended 30 June 2015 is as follows:

	Number of ordinary shares in issue	Share capital (Unaudited) HK\$'000
At 1 January 2015	1,496,060,150	2,219,647
Issue of shares upon exercise of share options*	<u>3,300,000</u>	<u>6,076</u>
At 30 June 2015	<u>1,499,360,150</u>	<u>2,225,723</u>

* During the six months ended 30 June 2015, 3,300,000 ordinary shares were issued upon the exercise of the subscription rights attaching to 3,300,000 share options at the subscription price of HK\$1.25 per share by the participants of the Company's share option scheme.

14. CONVERTIBLE BONDS

The Group convertible bonds are issued in accordance with the conditional subscription agreement dated 15 September 2011 (as amended by the supplemental agreements in relation thereto, collectively the "Subscription Agreement") entered into between the Company, Idata, as subscriber, and Beijing Enterprises Holdings Limited ("BEHL", an intermediate holding company of the Company whose shares are listed on the Stock Exchange), as guarantor. Further details of the Subscription Agreement are set out in the Company's circular dated 21 December 2012.

Summary information of the Group's convertible bonds is set out as follows:

	Batch 1	Batch 2
Issuance date	24 April 2014	29 December 2014
Maturity date	28 February 2018	28 February 2018
Original principal amount	HK\$113,000,000*	HK\$700,600,000
Coupon rate (per annum)	1%	1%
Conversion price per ordinary share of the Company	<u>HK\$1.13</u>	<u>HK\$1.13</u>

* On 25 April 2014, certain Batch 1 convertible bonds with an aggregate principal amount of HK\$22,600,000 were converted into 20,000,000 ordinary shares of the Company at the conversion price of HK\$1.13 per share.

For accounting purpose, each batch of these convertible bonds is bifurcated into a liability component and an equity component.

A summary of the movements in the principal amount, liability and equity components of the Company's convertible bonds during the six months ended 30 June 2015 is as follows:

	Batch 1 (Unaudited) <i>HK\$'000</i>	Batch 2 (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Principal amount outstanding			
At 1 January 2015 and 30 June 2015	90,400	700,600	791,000
Liability component			
At 1 January 2015	87,608	692,339	779,947
Imputed interest expenses	426	1,272	1,698
At 30 June 2015	88,034	693,611	781,645
Equity component			
At 1 January 2015 and 30 June 2015	3,376	8,282	11,658

15. 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).

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

	30 June 2015 (Unaudited) <i>HK\$'000</i>	31 December 2014 (Audited) <i>HK\$'000</i>
Not past due	5,553	5,963
Past due:		
Less than 3 months	922	786
4 to 6 months	–	138
7 to 12 months	811	116
Over 1 year	–	28
	1,733	1,068
	7,286	7,031

16. OTHER PAYABLES AND ACCRUALS

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Receipts in advance	5,000	1,400
Other payables	27,834	36,578
Accruals	8,988	9,621
Due to the immediate holding company	3,980	–
Due to fellow subsidiaries	1,328	1,844
	<u>47,130</u>	<u>49,443</u>

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

18. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Contracted, but not provided for:		
Service concession arrangement*	1,156,250	1,156,250
Acquisition of a property	8,000	8,000
	<u>1,164,250</u>	<u>1,164,250</u>

- * On 26 December 2014, 北京北控綠海能環保有限公司 (“BE Green Energy”), a non wholly-owned subsidiary of the Company, entered into a licensed operation agreement with 北京市海澱區市政市容管理委員會, pursuant to which BE Green Energy has granted the exclusive right for the operation and maintenance of 北京市海澱區循環經濟產業園再生能源發電廠PPP項目 for a licensed operation period of 30 years at a licensed operation fee of RMB925,000,000 (equivalent to approximately HK\$1,156,250,000) to be payable upon the commencement of its operation. Further details of the licensed operation agreement are set out in the Company’s announcement dated 29 December 2014.

19. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
		2015	2014
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
With fellow subsidiaries:			
Purchases from 北京市政交通一卡通有限公司 [@]	<i>(i)</i>	1,318	150
Property services fee paid to Hong Chuang [@]	<i>(ii)</i>	852	874
Rental expenses paid to Beijing Enterprises (Properties) Limited [@]	<i>(iii)</i>	120	120
With a non-controlling interest:			
Service income received	<i>(iv)</i>	2,354	2,022
Sales of products	<i>(iv)</i>	6,204	6,427

[@] These transactions constitute continuing connected transactions that are exempted from the reporting, announcement and independent shareholders' approval requirements as defined in Chapter 14A of the Listing Rules.

Notes:

- (i) The purchase prices of goods and services from 北京市政交通一卡通有限公司 were mutually agreed between the parties under the framework agreement dated 30 March 2012 regarding the supplies of merchandise and related services of municipal administration and communications card, namely “一卡通”, to the Group. Further details of the transactions are set out in the Company's announcement dated 30 March 2012.
- (ii) The property services fee payable to Hong Chuang was determined in accordance with the property services contract (the “Property Services Contract”) dated 31 December 2012, pursuant to which Hong Chuang will provide property management services in respect of the public areas and public installation and facilities of the Property. Further details of the Property Services Contract are set out in the Company's announcement dated 31 December 2012.
- (iii) The rental expenses payable to Beijing Enterprises (Properties) Limited was determined by reference to the prevailing market rentals.
- (iv) The service income received from and sales of products to 北京教育網絡和信息中心 were based on terms and conditions mutually agreed between the parties.
- (v) Pursuant to a deposit services master agreement (the “Deposit Agreement”) entered into between the Company and Beijing Enterprises Group Finance Co., Ltd. (“BG Finance”) on 29 June 2015, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time. BG Finance is a non wholly-owned subsidiary of BEGCL and acts as a platform for members of BEGCL for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

The term of the Deposit Agreement shall commence on the date of the Deposit Agreement and continue up to and including 31 December 2017. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Agreement will not exceed HK\$159,000,000. The deposit services provided by BG Finance constitute continuing connected transactions of the Company that are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Further details of the Deposit Agreement are set out in the Company's announcement dated 29 June 2015.

The deposits placed by the Group with BG Finance as at the end of the reporting period is amounted to HK\$150,000,000 (31 December 2014: Nil). No interest income was recognised in profit or loss during the period as the financial impact was insignificant.

(b) Commitments with related parties

As disclosed in note 12 to the interim condensed consolidated financial statements, the Company has commitment in respect of the balance of consideration of RMB6,400,000 (equivalent to approximately HK\$8,000,000) payable to Hong Chuang upon the completion of the acquisition of the Property.

(c) Outstanding balances with related parties

Details of the Group's prepayment and other receivables due from a joint venture, fellow subsidiaries and non-controlling interests as at the end of the reporting period are disclosed in note 12 to the interim condensed consolidated financial statements.

Details of the Group's other payables due to the immediate holding company and fellow subsidiaries as at the end of the reporting period are disclosed in note 16 to the interim condensed consolidated financial statements.

The balances with the immediate holding company, fellow subsidiaries, joint venture and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	2,319	2,675
Post-employment benefits	217	223
	<hr/>	<hr/>
Total compensation paid to key management personnel	2,536	2,898
	<hr/>	<hr/>

(e) Transactions with other state-owned entities in Mainland China

The Company is a state-owned enterprise of the PRC government and is subject to the control of the Beijing SASAC and ultimate control of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “Other SOEs”). During the period, the Group has transactions with the Other SOEs including, but not limited to, the sale of electricity, provision of waste treatment and construction services, bank deposits and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group’s businesses, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

20. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2015 amounted to HK\$1,923,169,000 (31 December 2014: HK\$1,912,263,000) and HK\$2,895,834,000 (31 December 2014: HK\$2,901,302,000), respectively.

21. COMPARATIVE PRESENTATION

As a result of the discontinuance of the IT business as further detailed in note 8 to the condensed consolidated financial statements, 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 period had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group completed the acquisition of the entire equity interests in the 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 in the second quarter last year. Since then, the Group focused on engaging in solid waste treatment business.

The Taian Project and the Changde Project have been operating smoothly during the period under review. They have handled solid waste of 307,600 tonnes (whole year of 2014: 589,400 tonnes), generated on-grid electricity of 75,158 MWh (whole year of 2014: 150,325 MWh), recorded a total operating revenue of HK\$78.82 million (whole year of 2014: HK\$154.41 million) and contributed an EBITDA of HK\$40.76 million (whole year of 2014: HK\$68.66 million) and a net profit after tax of HK\$22.75 million (whole year of 2014: HK\$29.88 million).

In late 2014, the Group entered into a licensed operation agreement with a term of 30 years with the local government for the investment and operation of the 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項目 Beijing Haidian District Cyclic Economy Industrial Park Renewable Energy Power Generation Plant Project (the “Haidian Project”). During the period under review, Haidian Project is still under construction and the licensed company of the Haidian Project (of which the Group owns 99% equity interest) has completed the increase in its registered capital to RMB308.34 million. Concurrently, the Group collaborated with the construction party to Haidian Project to conduct relevant equipment installation and testing, and actively conducted staff recruitment and training in order to be well-prepared for the takeover of the Haidian Project.

During the period under review, the IT business, which was classified as a discontinued operation, developed at a steady pace. Loss attributable to shareholders for the period decreased to HK\$13.57 million from HK\$14.56 million for the same period last year. Upon the completion of the equity transfers in the second half of the year, an one-off gain on disposals is expected to be generated to the Group.

BUSINESS PROSPECT

As the waste treatment volume of the Taian Project and the Changde Project has already reached their maximum capacities, the Group has proactively conducted technological upgrade of existing boilers to meet the emission standards under the new environmental law. The Group has also coordinated with local governments for the preliminary work on the expansion of second phases of the projects to enhance the waste treatment capacity and further expand the coverage of our waste treatment system.

In addition, the Group is intended for the acquisition of potential solid waste business, and the relevant negotiation is currently underway. The Group also actively explores other new opportunities through independent-development and strategic acquisitions, aiming to rapidly capture the market share of the solid waste treatment industry in the PRC and create values for the shareholders.

FINANCIAL REVIEW

During the period under review, 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"). Following 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.

Continuing operations

Revenue

The Group commenced the solid waste treatment business upon the completion of the acquisition of the Taian Project and the Changde Project by the end of April 2014. The Group's revenue in the first half of 2015 comprised the provision of solid waste treatment services of HK\$21.42 million, sale of electricity and steam generated from waste incineration of HK\$57.40 million from the Taian Project and the Changde Project, representing an annualised increase of 2.1% as compared with the year of 2014.

Cost of sales

The Group's corresponding cost of sales in the first half of 2015 was HK\$53.63 million.

Gross profit

The Group recorded a gross profit of HK\$25.19 million and a gross profit margin of 32.0% in the first half of 2015, as compared with the gross profit of HK\$5.77 million and a gross profit margin of 23.7% in the first half of 2014.

Other income and gains, net

The Group's other income and gains, net in the first half of 2015 amounted to HK\$7.52 million, as compared with HK\$6.73 million in the first half of 2014, which mainly comprised bank interest income of HK\$5.81 million and gain on disposal of an intangible asset of HK\$1.63 million.

Administrative expenses

The Group's administrative expenses in the first half of 2015 was HK\$16.10 million, increased by 8.8% as compared with HK\$14.80 million in the first half of 2014. Such increase was mainly incurred by developing the solid waste treatment business during the period.

Other operating expenses, net

The Group's other operating expenses in the first half of 2015 amounted to HK\$0.03 million, as compared with HK\$0.06 million in the first half of 2014.

Finance costs

The Group's finance costs of HK\$5.62 million was wholly incurred from the convertible bonds subscribed by the immediate holding company, Idata Finance Trading Limited ("Idata"), as compared with HK\$3.27 million in the first half of 2014.

Income tax

The Group's income tax expense for the first half of 2015 was HK\$0.82 million, compared with the income tax credit of HK\$0.61 million in the first half of 2014.

Discontinued operation

The total revenue of the information technology segment in the first half of 2015 was HK\$45.14 million, an increase of 36.9% as compared with HK\$32.98 million in the first half of 2014. The other income and gains, net was HK\$1.87 million, as compared with HK\$5.24 million (including the gain on deemed disposal of interests in China Information Technology Development Limited of HK\$22.88 million and net off against its fair value loss of HK\$18.96 million) in the first half of 2014. Cost of sales and operating expenses was HK\$65.32 million, as compared with HK\$58.44 million in the first half of 2014. Share of net losses of a joint venture and associates was HK\$0.90 million, as compared with HK\$2.60 million in the first half of 2014.

Profit/(loss) for the period

	Profit/(loss) for the six months ended 30 June		Profit/(loss) for the six months ended 30 June attributable to shareholders of the Company	
	2015	2014	2015	2014
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Continuing operations				
– Solid waste treatment segment	19.48	4.70	19.52	4.70
– Corporate and others segment	(9.33)	(9.72)	(9.26)	(9.66)
	10.15	(5.02)	10.26	(4.96)
Discontinued operation				
– Information technology segment	(19.22)	(22.82)	(13.57)	(14.56)
	(9.07)	(27.84)	(3.31)	(19.52)

FINANCIAL POSITION

Investing activities

The Group has no material acquisition or disposal of subsidiaries during the first half of 2015. By the end of May 2015, the Group has completed the second phase of registered capital injection of RMB107.256 million into its 99% equity owned subsidiary for the investment and operation of solid waste incineration plant in Beijing, namely, Beijing Haidian District Cyclic Economy Industrial Park Renewable Energy Power Generation Plant Project.

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 Company at a total consideration of HK\$13 million. The disposal of BNHK has been completed in August 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) for the disposal of its 72% equity interest in BEITG and the shareholders' loans owed by BEITG and its subsidiaries to the Company at a total consideration of HK\$126 million. The disposal of BEITG has been approved by the independent shareholders of the Company and is expected to be completed in the second half of 2015.

Financing activities

During the first half of 2015, the number of ordinary shares of the Company in issue has been increased by 3,300,000 shares upon the exercise of employee's share options to 1,499,360,150 shares.

Financial position

As at 30 June 2015, the Group's total assets decreased by HK\$23.91 million to HK\$3,168.99 million (including those assets of disposal groups classified as held for sale of HK\$286.03 million) and total liabilities decreased by HK\$18.07 million to HK\$1,113.94 million (including those liabilities directly associated with assets classified as held for sale of HK\$201.97 million) as compared with 31 December 2014. The Group's net assets decreased by HK\$5.84 million to HK\$2,055.05 million, of which equity attributable to shareholders of the Company amounted to HK\$2,052.49 million as at 30 June 2015.

Liquidity and financial resources

As at 30 June 2015, the cash and bank balances held by the Group (excluding the disposal groups) amounted to HK\$1,724.02 million. During the six months ended 30 June 2015, net cash flows used in operating activities amounted to HK\$42.63 million, net cash flows used in investing activities amounted to HK\$37.24 million and net cash flows from financing activities amounted to HK\$5.48 million. As at 30 June 2015, 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 are unsecured, bear interest at 1% per annum and will be matured in February 2018.

As at 30 June 2015, except for the pledged deposits of HK\$9.06 million to secure certain system integration contracts in the disposal groups, the Group had no charge on its assets, did not have any bank borrowings, nor did it hold any financial derivatives. As at 30 June 2015, the Group had a net current assets of HK\$1,923.17 million and its current ratio increased from 7.56 times to 8.04 times and total liabilities to assets ratio maintained at 35.2%.

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

Foreign exchange risks

The Group's cash and bank balances were denominated as to 60% in Hong Kong dollars and 40% 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 first half of 2015, the Group did not enter into any foreign currencies hedging arrangements.

Capital expenditure and commitment and contingent liabilities

During the first half of 2015, the total capital expenditures of the Group amounted to HK\$1.56 million. As at 30 June 2015, 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.

EMPLOYEES AND REMUNERATION POLICY

	Number of employees as at		Total expenses on	
	30 June 2015	31 December 2014	employee benefits for the six months ended 30 June 2015	2014
			<i>HK\$ million</i>	<i>HK\$ million</i>
Continuing operations				
– Solid waste treatment segment	235	215	12.25	2.41
– Corporate and others segment	24	28	3.93	3.56
	<u>259</u>	<u>243</u>	<u>16.18</u>	<u>5.97</u>
Discontinued operation				
– Information technology segment	219	221	22.65	18.20
	<u>478</u>	<u>464</u>	<u>38.83</u>	<u>24.17</u>

The Group's employee remuneration policy and package are periodically reviewed by the management based on the employees' work performance, professional experiences and prevailing market practices. 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 first half of 2015, no share option was granted, forfeited or lapsed and 3,300,000 share options were exercised at an exercise price of HK\$1.25 per share. As at 30 June 2015, the Company had 39,520,000 share options outstanding, which were granted on 21 June 2011 at an exercise price of HK\$1.25 per share and represented approximately 2.6% of the Company's ordinary shares in issue as at 30 June 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, save as disclosed below, the Company has complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2015.

- (a) Under the 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 the 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 the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, all existing non-executive Directors are not appointed for a specific term but subject to retirement by rotation at the annual general meeting in accordance with the Company's articles of association.
- (d) Under the 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, the five independent non-executive Directors were unable to attend the extraordinary general meeting and the 2015 annual general meeting of the Company held during the six months ended 30 June 2015 due to other business engagements.
- (e) Under the 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 chairman of Board and the chairmen of the Board committees were unable to attend the 2015 annual general meeting of the Company 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 six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision C.3. The current members of the Audit Committee comprise three independent non-executive Directors, namely Dr. Huan Guocang (committee chairman), Dr. Jin Lizuo and Dr. Wang Jianping. The role and function of the Audit Committee include (i) maintenance of the relationship with the Company's auditors; (ii) review of the Company's financial information; and (iii) oversight of the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the interim results, financial position, internal control, impacts of the new accounting standards and management issues of the Group for the six months ended 30 June 2015.

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 six months ended 30 June 2015.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2015 interim 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, shareholders and parties from different sectors for their support to the Group.

By order of the Board
E Meng
Chairman

Hong Kong, 28 August 2015

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