China Environmental Technology Holdings Limited
中國環保科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2013	Period from 1 April 2012 to 31 December 2012	Percentage Change
	HK$'000	*HK$'000*	%
Turnover	**56,311**	51,031	10.3
Loss attributable to owners of the Company	**(64,568)**	(64,677)	(0.2)

The board (the "Board") of directors (the "Directors") of China Environmental Technology Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures for the period from 1 April 2012 to 31 December 2012.

CHAIRMAN'S STATEMENT

TO ALL SHAREHOLDERS:

It has been an extremely tough and challenging year for the Group. With the rising cost of production and the competitive business environment in the PRC, our development in environmental protection business has been gradually slow down. To accommodate the sudden change of the business environment, the Group has implemented a series of proactive approaches and internal control policies to eliminate the unfavorable effects.

To strengthen the competitiveness of the Group in the environmental protection industry, and obtain the necessary engineering design qualification for exploring more business opportunities in Shenzhen and the Southern China region, we acquired the entire equity interest of Shenzhen Huaxin Zhongshui Protection Engineering Company Limited on 12 April 2013. In additions, Jiangsu Branch Office has also been established in 8 July 2013 to extend our water quality maintenance service for the rivers and lakes in the Jiangsu province.

We also transformed our service scope from sales of water treatment goods to provision of comprehensive and one-stop solution for environmental protection business. On 24 April 2013, service for the operation, management and maintenance of our magnetic separation water treatment system and equipment for Project Empress Xiao River has been offered to the Water Authority of Beijing.

To diversify our business, the Group has commenced the business of trading of petrochemical products in March 2014. We believe that such diversification of business can enable the Group to broaden its income stream and explore more business opportunities to strengthen our cash flow and become our recurring revenue in future.

Looking forward, with our patented technology and advance applications of our magnetic separation water treatment system and equipment in water quality maintenance and purification of the rivers and lakes throughout the PRC, we are confident that more projects can be secured in line with The 12th Five-Year Environmental Protection Plan (2011–2015).

Last but not least, I would like to take this opportunity to thank the management and staff members for their passionate and hardworking attitude towards the Group during the year. I would also like to extend my wholehearted thanks to all valued business partners, customers and stakeholders for their continued support.

On behalf of the Board
Xu Zhong Ping
Chairman

Hong Kong, 12 May 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Note	**Year ended 31 December 2013**	Period from 1 April 2012 to 31 December 2012
		HK$'000	*HK$'000*
CONTINUING OPERATIONS			
Turnover	4	**56,311**	51,031
Cost of sales		**(44,883)**	(50,290)
Gross profit		**11,428**	741
Other revenue	6	**1,245**	265
Other losses, net	7	**(600)**	(34,667)
Distribution costs		**(4,693)**	(2,846)
Administrative expenses		**(58,083)**	(41,258)
Loss from operations		**(50,703)**	(77,765)
Finance costs	8(a)	**(13,866)**	—
Share of loss of an associate		**(1,396)**	(779)
Loss before tax	8	**(65,965)**	(78,544)
Income tax credit	9	**996**	10,379
Loss for the year/period from continuing operations		**(64,969)**	(68,165)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		**—**	2,880
Loss for the year/period		**(64,969)**	(65,285)
Loss attributable to:			
Owners of the Company			
— Loss from continuing operations		**(64,568)**	(67,557)
— Profit from discontinued operations		**—**	2,880
		(64,568)	(64,677)
Non-controlling interests			
— Loss from continuing operations		**(401)**	(608)
Loss for the year/period		**(64,969)**	(65,285)
Loss per share			
From continuing operations	11(a)		
— Basic		**(HK2.58) cents**	(HK2.70) cents
— Diluted		**(HK2.58) cents**	(HK2.70) cents
From continuing and discontinued operations	11(b)		
— Basic		**(HK2.58) cents**	(HK2.59) cents
— Diluted		**(HK2.58) cents**	(HK2.59) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Loss for the year/period	**(64,969)**	(65,285)
Other comprehensive income/(loss) for the year/period, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**2,928**	1,859
Realisation of exchange differences transferred to profit or loss upon disposal of subsidiaries	**—**	(4,122)
	2,928	(2,263)
Item that will not be reclassified to profit or loss:		
Revaluation surplus on leasehold land and buildings, net of tax	**2,593**	—
Total other comprehensive income/(loss) for the year/period	**5,521**	(2,263)
Total comprehensive loss for the year/period	**(59,448)**	(67,548)
Attributable to:		
Owners of the Company	**(59,053)**	(66,944)
Non-controlling interests	**(395)**	(604)
	(59,448)	(67,548)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Property, plant and equipment		**28,107**	24,779
Investment properties		**—**	—
Operating concessions		**236,908**	224,613
Intangible assets		**11,207**	12,405
Goodwill		**1,919**	—
Interest in an associate		**—**	517
Interests in joint ventures		**—**	—
		278,141	262,314
Current assets			
Financial assets at fair value through profit or loss		**440**	1,258
Inventories		**15,594**	7,557
Trade and other receivables	12	**21,767**	25,439
Restricted and pledged bank deposits		**1,182**	386
Cash and cash equivalents		**42,529**	39,573
		81,512	74,213
Current liabilities			
Trade and other payables	13	**56,291**	46,719
Current income tax payable		**709**	691
Bank loans		**39,370**	24,304
		96,370	71,714
Net current (liabilities)/assets		**(14,858)**	2,499
Total assets less current liabilities		**263,283**	264,813
Non-current liabilities			
Bank loans		**54,610**	62,000
Entrusted loan		**63,500**	—
Deferred tax liabilities		**20,224**	19,627
		138,334	81,627
Net assets		**124,949**	183,186
EQUITY			
Share capital		**62,508**	62,508
Reserves		**62,638**	120,480
Equity attributable to owners of the Company		**125,146**	182,988
Non-controlling interests		**(197)**	198
Total equity		**124,949**	183,186

NOTES

For the year ended 31 December 2013

1. BASIS OF PREPARATION

During the previous financial year, the financial year end date of the Company and its subsidiaries (the "Group") has been changed from 31 March to 31 December to align the financial year end dates of the Company's subsidiaries that are established in the PRC, which are required under relevant laws to close their accounts with the financial year end on 31 December. Accordingly, the current accounting period covers a period of twelve months from 1 January 2013 to 31 December 2013, while the corresponding comparative amounts shown for the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of nine months from 1 April 2012 to 31 December 2012 and are therefore not entirely comparable with those of the current year.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the accounting of leasehold land and buildings, financial assets at fair value through profit or loss and investment properties.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note to the consolidated financial statement. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in an associate and interests in joint ventures.

2. GOING CONCERN

During the year ended 31 December 2013, the Group incurred a loss attributable to owners of the Company of HK$64,568,000 and had net cash outflows from operating activities of HK$38,327,000. As at 31 December 2013, the Group had net debts of HK$113,769,000 and capital commitments of HK$63,565,000. In addition, the Group had net current liabilities of HK$14,858,000 as at 31 December 2013. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profitable and positive cash flows from operations in the immediate and longer term, the financial support from banks and an indirect shareholder. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern as a result of which it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the directors considered that it is appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

In order to improve the Group's financial position, immediate liquidity and cash flows and otherwise to sustain the Group as a going concern, the Group has taken the following measures:

a) On 11 February 2014, Fanhe (Hulu Island) Water Investment Company Limited, a wholly-owned subsidiary, entered into an agreement to borrow a bank loan of RMB11,000,000 (equivalent to HK$13,970,000) from a PRC bank, for a period of three years from 11 February 2014 to 10 February 2017. The loan bears interest at 9.84% per annum and is secured by the Group's operating concessions. The loan was drawn down on 11 February 2014.

b) On 28 February 2014, the Company entered into an unconditional financial support agreement for HK$150,000,000 with an indirect shareholder of the Company for a period of two years from 28 February 2014 (the "Period"). During the Period, the Company is entitled to borrow one or more loans from this indirect shareholder, at anytime and in any amount which in aggregate should not exceed HK$150,000,000. The loans are bearing interest at 3% per annum, unsecured and repayable in 2 years from the date of each draw-down.

c) the directors of the Company have been taking various cost control measures to tighten the costs of operations and various general and administrative expenses;

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group and the above measures, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amended standards adopted by the Group

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements.

Amendments to HKAS 1	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (Revised)	Employee Benefits
Annual Improvements to HKFRSs	2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 1, Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27, "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK-SIC 12 "Consolidation — Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31, "Interests in Joint Ventures", divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the notes to the consolidated financial statements.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the consolidated financial statement. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

(b) Standards, amendments to existing standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards, new interpretations and amendments to standards and interpretations have been issued but not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

3 Effective for annual periods beginning on or after 1 July 2014.

4 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations, but is not yet in a position to conclude whether they would have a significant impact to the Group's future consolidated financial statements.

4. TURNOVER

The principal activities of the Group's continuing operations are the provision of wastewater treatment services, construction of wastewater treatment plants services and trading of water treatment machineries.

Turnover represents the revenue from the sales of water treatment goods supplied to customers, the construction of wastewater treatment plants and the provision of wastewater treatment services. The amount of each significant category of revenue recognised in turnover during the year/period is as follows:

Continuing Operations	**Year ended 31 December 2013** *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Sales of water treatment goods	**11,343**	21,096
Construction of wastewater treatment plants	**15,607**	14,982
Wastewater treatment services	**29,361**	14,953
	56,311	51,031

5. SEGMENT REPORTING

The Group manages its business by divisions which are organised from the product perspective.

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the executive directors, being the chief operating decision-maker ("CODM") for the purposes of resources allocation and performance assessment. The Group has presented the following three reportable segments. No operating segments has been aggregated to form the following reportable segments:

Continuing operations:

i. Wastewater treatment and construction services

This segment engages in the provision of wastewater treatment plants construction and operation services on a Build-Operate-Transfer ("BOT") basis.

ii. Wastewater treatment equipment trading

This segment engages in the trading of wastewater treatment facilities and machineries and the provision for related services.

Discontinued operations:

iii. Vehicles and spare parts and provision of engineering services

This segment derives its revenue from sales of coaches, trucks and spare parts for buses and provides warranty and maintenance and after sales services.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments follow the Group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries and unallocated other income/losses. This is the measure reported to the CODM for purposes of resources allocation and performance assessment. Taxation charge/(credit) is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of profit or loss.

All assets are allocated to reportable segments other than the financial assets at fair value through profit or loss, unallocated cash and cash equivalents and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than current and deferred tax liabilities, borrowings not attributable to individual segments and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

An analysis of the Group's reportable segment results is reported below.

For the year ended 31 December 2013

	Continuing operations				
	Wastewater treatment and construction services	**Wastewater treatment equipment trading**	**Subtotal**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue					
Revenue from external customers	**44,968**	**11,343**	**56,311**	**—**	**56,311**
Reportable segment loss before tax	**(5,575)**	**(33,364)**	**(38,939)**	**(27,026)**	**(65,965)**
Interest income	**(46)**	**(87)**	**(133)**	**(220)**	**(353)**
Finance costs	**8,646**	**5,220**	**13,866**	**—**	**13,866**
Depreciation and amortisation	**9,289**	**3,514**	**12,803**	**854**	**13,657**
Write-down of inventories	**—**	**1,035**	**1,035**	**—**	**1,035**
Loss on disposal of property, plant and equipment	**62**	**251**	**313**	**1,478**	**1,791**
Impairment loss on goodwill	**—**	**758**	**758**	**—**	**758**
Impairment loss on trade receivables	**—**	**229**	**229**	**—**	**229**
Impairment loss on amount due from a joint venture	**—**	**3,401**	**3,401**	**—**	**3,401**
Additions to non-current assets (other than financial assets and deferred tax assets)	**24,651**	**5,323**	**29,974**	**21**	**29,995**
Share of loss of an associate	**—**	**1,396**	**1,396**	**—**	**1,396**

For the period from 1 April 2012 to 31 December 2012

	Discontinued operation	Continuing operations				
	Trading of vehicles and spare parts and provision of engineering services	Wastewater treatment and construction services	Wastewater treatment equipment trading	Subtotal	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Revenue from external customers	301	29,935	21,096	51,031	—	51,332
Reportable segment (loss)/ profit before tax	2,898	(3,490)	(45,062)	(48,552)	(29,992)	(75,646)
Interest income	(10)	(85)	(11)	(96)	(29)	(135)
Finance costs	35	—	—	—	—	35
Depreciation and amortisation	165	12,017	6,858	18,875	980	20,020
Write-down of inventories	—	—	1,221	1,221	—	1,221
Loss/(gain) on disposal of property, plant and equipment	3	—	(2,022)	(2,022)	—	(2,019)
Impairment loss on intangible assets	—	—	36,494	36,494	—	36,494
Impairment loss on other receivables	—	—	1,033	1,033	—	1,033
Impairment loss on amount due from a joint venture	—	—	876	876	126	1,002
Additions to non-current assets (other than financial assets and deferred tax assets)	—	15,114	3,552	18,666	402	19,068
Share of loss of an associate	—	—	779	779	—	779

Note: There were no inter-segment sales for the year/period.

An analysis of the Group's reportable segment assets and liabilities is reported below.

As at 31 December 2013

	Continuing operations				
	Wastewater treatment and construction services	**Wastewater treatment equipment trading**	**Subtotal**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets (including interest in an associate)	**271,605**	**40,241**	**311,846**	**47,807**	**359,653**
Interest in an associate	**—**	**—**	**—**	**—**	**—**
Reportable segment liabilities	**110,980**	**90,000**	**200,980**	**33,724**	**234,704**

As at 31 December 2012

	Continuing operations				
	Wastewater treatment and construction services	Wastewater treatment equipment trading	Subtotal	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets (including interest in an associate)	262,865	31,345	294,210	42,317	336,527
Interest in an associate	—	517	517	—	517
Reportable segment liabilities	104,181	14,323	118,504	34,837	153,341

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other items

	Year ended 31 December 2013	Period from 1 April 2012 to 31 December 2012
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**56,311**	51,332
Less: revenue attributable to discontinued operations	**—**	(301)
Revenue attributable to continuing operations	**56,311**	51,031

	Year ended 31 December 2013 HK$'000	Period from 1 April 2012 to 31 December 2012 HK$'000
Loss		
Reportable segment loss	**(38,939)**	(45,654)
Less: reportable segment profit from discontinued operations	**—**	(2,898)
Reportable segment loss from continuing operations	**(38,939)**	(48,552)
Other income/(losses), net	**1,564**	(14)
Unallocated amortisation and depreciation	**(854)**	(980)
Unallocated head office and corporate expenses	**(27,736)**	(28,998)
Consolidated loss before taxation from continuing operations	**(65,965)**	(78,544)

	At 31 December 2013 HK$'000	2012 HK$'000
Assets		
Reportable segments' assets	**311,846**	294,210
Unallocated		
— financial assets at fair value through profit or loss	**440**	1,258
— cash and cash equivalents	**30,849**	9,694
— corporate assets	**16,518**	31,365
Consolidated total assets	**359,653**	336,527
Liabilities		
Reportable segments' liabilities	**200,980**	118,504
Unallocated		
— current income tax payable	**709**	691
— deferred tax liabilities	**20,224**	19,627
— corporate liabilities	**12,791**	14,519
Consolidated total liabilities	**234,704**	153,341

(c) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Sales of water treatment goods	**11,343**	21,096
Construction of wastewater treatment plants	**15,607**	14,982
Wastewater treatment services	**29,361**	14,953
Attributable to continuing operations	**56,311**	51,031

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, operating concessions, goodwill and intangible assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of the operating concessions, intangible assets and goodwill, it is based on the location of the operation to which they are allocated.

	Revenues from external customers	
	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
The PRC (place of domicile) — Attributable to continuing operations	**56,311**	51,031

	Non-current assets	
	2013 *HK$'000*	2012 *HK$'000*
Hong Kong	**313**	541
The PRC	**277,828**	261,256
	278,141	261,797

(e) Information about major customers

Revenues from customers contributing 10% or more of the total revenue of the Group are as follows:

	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Customer A — revenue from wastewater treatment — The PRC	**26,054**	14,953
Customer B — revenue from wastewater treatment equipment trading — The PRC	**—**	13,879

6. OTHER REVENUE

Continuing Operations	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Interest income on bank deposits	**353**	125
Total interest income on financial assets not at fair value through profit or loss	**353**	125
Rental income from sub-letting of offices	**354**	140
Others	**538**	—
	1,245	265

7. OTHER LOSSES, NET

Continuing Operations	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Net exchange gain	**33**	1
Net (loss)/gain on disposal of property, plant and equipment	**(1,791)**	2,022
Net gain/(loss) on sale of financial assets at fair value through profit or loss	**2,270**	(532)
Net unrealised gain on financial assets at fair value through profit or loss	**—**	347
Impairment loss on intangible assets	**—**	(36,494)
Impairment loss on goodwill	**(758)**	—
Others	**(354)**	(11)
	(600)	(34,667)

8. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging the following:

	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
a) Finance costs		
Interest expenses:		
Bank borrowings wholly repayable within five years	**8,824**	6,347
Entrusted loan wholly repayable within five years	**5,042**	—
Total interest expenses on financial liabilities not at fair value through profit or loss	**13,866**	6,347
Less: amount capitalised on qualifying assets	**—**	(6,347)
	13,866	—

The weighted average capitalisation rate on funds borrowed generally is 7.4% per annum for the period ended 31 December 2012.

	Year ended 31 December 2013 HK$'000	Period from 1 April 2012 to 31 December 2012 HK$'000
b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**23,234**	13,465
Equity-settled share-based payment expenses	**1,211**	2,389
Pension costs-defined contribution plans	**666**	392
	25,111	16,246
c) Other items		
Amortisation of operating concessions*	**8,836**	11,828
Amortisation of intangible assets*	**2,084**	6,188
Cost of inventories sold	**6,693**	14,517
Cost of construction contracts	**13,984**	13,424
Depreciation	**2,737**	1,839
Write-down of obsolete inventories	**1,035**	1,221
Auditors' remuneration		
— audit services	**1,300**	3,462
— audit services (underprovision in prior year)	**470**	—
— other services	**210**	50
Operating lease charges in respect of properties	**6,394**	3,960
Impairment loss on trade receivables	**229**	—
Impairment loss on other receivables	**—**	1,033
Impairment loss on amount due from a joint venture	**3,401**	1,002

* The amortisation of operating concessions and intangible assets (other than club memberships) are included in "Cost of sales" on the face of the consolidated statement of profit or loss.

9 INCOME TAX CREDIT

	Year ended 31 December 2013 HK$'000	Period from 1 April 2012 to 31 December 2012 HK$'000
PRC Enterprise Income Tax		
— Current year/period	**—**	687
— Underprovision in prior years	**—**	80
Deferred tax	**(996)**	(11,146)
Income tax credit	**(996)**	(10,379)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the year ended 31 December 2013 (period ended 31 December 2012: Nil).

The PRC Enterprise Income Tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year/period based on existing legislation, interpretations and practices in respect thereof. In accordance with the PRC Enterprise Income Tax "CIT" Law and its Detailed Implementation Rule, Fanhe (Hulu Island) Water Investment Co., Ltd. ("Fanhe Hulu"), a wholly-owned subsidiary of the Company, enjoys CIT "3+3" holiday from 2010, that is, full exemption for the first 3 years and 50% exemption for the next 3 years, by reason that Fanhe Hulu is engaged in the operations of wastewater treatment.

Beijing Jingrui Kemai Water Purification Technology Company Limited, a wholly-owned subsidiary of the Company, enjoys high-tech enterprise income tax benefit from 2013 to 2014 and the tax rate is 15%.

Withholding tax is applicable to PRC subsidiaries which pay dividend, interest, rent, royalty to non-resident companies. Pursuant to the new PRC CIT Law which took effect from 1 January 2008, a 10% withholding tax was to be levied on dividends declared to foreign enterprise investors from the PRC. A lower withholding tax rate may apply if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors.

Income tax relating to revaluation surplus on leasehold land and buildings amounted to HK$865,000 for the year ended 31 December 2013. There was no income tax relating to components of other comprehensive loss for the period ended 31 December 2012.

10. DIVIDENDS

The board of directors do not recommend the payment of any dividend for the year ended 31 December 2013 (period ended 31 December 2012: HK$Nil).

11. LOSS PER SHARE

(a) From Continuing Operations

The calculations of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:	**Year ended 31 December 2013** *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Loss attributable to owners of the Company	**(64,568)**	(64,677)
Less: profit from discontinued operations	**—**	(2,880)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(64,568)**	(67,557)
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**2,500,303**	2,500,303

The computation of diluted loss per share for the year/period does not assume the exercise of the outstanding share options since the exercise price of the share options exceeded the average market price of ordinary shares during the year/period.

(b) From Continuing and Discontinued Operations

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

	Year ended 31 December 2013 *HK$'000*	Period from 1 April 2012 to 31 December 2012 *HK$'000*
Loss for the year/period attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(64,568)**	(64,677)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing operations.

(c) From Discontinued Operations

For the period from 1 April 2012 to 31 December 2012, basic and diluted earning per share for the discontinued operations were HK0.11 cents per share, based on profit for the period from the discontinued operations of HK$2,880,000 and the denominators detailed above for both basic and diluted loss per share.

12. TRADE AND OTHER RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables	**14,814**	12,143
Less: allowance for doubtful debts	**(233)**	—
	14,581	12,143
Other receivables	**4,146**	9,970
Amount due from a joint venture	**—**	—
Loans and receivables	**18,727**	22,113
Trade deposits	**1,233**	614
Prepayments and deposits	**1,807**	2,712
	21,767	25,439

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year. Trade receivables are due in accordance with contract terms or within 2 months from the date of billing.

As at 31 December 2013 and 2012, the ageing analysis of the trade receivables based on invoice date were as follows:

	2013 *HK$'000*	2012 *HK$'000*
Within 2 months	**4,992**	7,040
More than 2 months but within 3 months	**2,616**	1,701
More than 3 months but less than 12 months	**5,033**	2,184
More than 12 months	**1,940**	1,218
	14,581	12,143

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**23,229**	19,973
Retention money payable	**66**	—
Other payables	**19,409**	17,712
Amount due to an associate	**—**	372
Financial liabilities measured at amortised cost	**42,704**	38,057
Sales deposits received	**13,587**	8,662
	56,291	46,719

All the trade and other payables are expected to be settled or recognised as income within 12 months. The amount due to an associate was unsecured, interest-free and repayable on demand.

The ageing analysis of the trade payables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**8,227**	4,344
After 1 month but within 3 months	**433**	1,793
After 3 months but within 6 months	**5,011**	—
After 6 months but within 1 year	**7,734**	742
After 1 year	**1,824**	13,094
	23,229	19,973

14. PLEDGE OF ASSETS

At 31 December 2013, the bank loans of the Group were secured by the Group's leasehold land and buildings of HK$14,390,000 (2012: HK$Nil), income stream from operating concessions with carrying amount of HK$236,908,000 (2012: HK$224,613,000) and restricted and pledged bank deposits of HK$1,182,000 (2012: HK$386,000).

CHANGE OF ACCOUNTING PERIOD

Pursuant to a resolution of the Board of Directors passed on 25 September 2012, the Company's financial year-end date was changed from 31 March to 31 December. Accordingly the comparative figures cover a nine month period from 1 April 2012 to 31 December 2012, which may not be comparable with amounts shown for the current period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will for the purpose of ascertaining rights of shareholders to attend and vote at the forthcoming annual general meeting be closed from Monday, 23 June 2014 to Tuesday, 24 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on 24 June 2014, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 20 June 2014.

EXTRACT OF INDEPENDENT AUDITOR 'S REPORT

The following is the extract of the independent auditor's report from the external auditors of the Company:

EMPHASIS OF MATTERS

We draw attention to note 2.1.1 to the consolidated financial statements which indicates that the Group incurred a loss attributable to owners of the Company of HK$64,568,000 and had net cash outflows from operating activities of HK$38,327,000 for the year ended 31 December 2013. As at 31 December 2013, the Group had net debts of HK$113,769,000 and capital commitments of HK$63,565,000. In addition, the Group had net current liabilities of HK$14,858,000 as at 31 December 2013. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the ability of the Group and the Company to attain profitable and positive cash flows from operations and the financial support from banks and an indirect shareholder. These conditions, along with other matters as set forth in note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

EVENTS AFTER THE REPORTING PERIOD

(a) On 11 February 2014, Fanhe (Hulu Island) Water Investment Company Limited, a wholly-owned subsidiary, entered into an agreement to borrow a bank loan of RMB 11,000,000 (equivalent to HK$13,970,000) from a PRC bank, for a period of three years from 11 February 2014 to 10 February 2017. The loan bears interest at 9.84% per annum and is secured by the Group's operating concessions. The loan was drawn down on 11 February 2014.

(b) On 28 February 2014, the Company entered into an unconditional financial support agreement for HK$150,000,000 with an indirect shareholder of the Company for a period of two years from 28 February 2014 (the "Period"). During the Period, the Company is entitled to borrow one or more loans from this indirect shareholder, at anytime and in any amount which in aggregate should not exceed HK$150,000,000. The loans are bearing interest at 3% per annum, unsecured and repayable in 2 years from the date of each draw-down.

(c) On 25 March 2014, the Group entered into an agreement to dispose 49% interest in Shenzhen Huaxin Zhongshui Protection Engineering Company Limited and its subsidiary at a consideration of approximately RMB1.4 million (equivalent to approximately HK$1.8 million) reducing its equity interest to 51%. The directors estimated that the Group would record a negative non-controlling interests of approximately HK$0.1 million and an increase in reserves of approximately HK$1.9 million upon completion of the disposal in April 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to a resolution of the Board of Directors passed on 25 September 2012, the Company's financial year-end date was changed from 31 March to 31 December. Accordingly, the current figures cover a twelve-month period from 1 January 2013 to 31 December 2013, and the comparative financial period covers a nine-month period from 1 April 2012 to 31 December 2012, which may not be comparable with amounts shown for the current year.

Results

For the year ended 31 December 2013, the Group recorded a turnover approximately HK$56,311,000 (year ended 31 December 2012: HK$51,031,000). The Group's loss attributable to owners of the Company was approximately HK$64,568,000 (year ended 31 December 2012: HK$64,677,000). Gross profit margin was approximately 20.3% as compared to 1.5% in last year.

Business Review

According to the 12th Five-Year Environmental Protection Plan (2011–2015), the water quality in key rivers and lakes that were polluted must be improved by 2015. The key rivers and lakes are scattered across 23 provinces and regions, most factories in coastal areas will be upgraded to meet strict environmental protection and pollutant discharge standards. To help the Chinese government to solve the pollution problem along key rivers and lakes, the Group proactively explored the projects of water quality enhancement during the year under review.

To meet the market demand and needs, the Group has continuously modified its business strategies and broadened the service scope to provide a comprehensive and one-stop service to our targeted projects.

On 12 April 2013, the Group acquired the entire equity interest in Shenzhen Huaxin Zhongshui Protection Engineering Company Limited ("**Shenzhen Huaxin**"). The acquisition of Shenzhen Huaxin aims to strengthen the competitiveness of the Group in the environmental protection industry, and obtain the necessary engineering design qualification for exploring more business opportunities in Shenzhen and the Southern China region. In additions, Shenzhen CETH has also established a Jiangsu Branch Office in 8 July 2013 to focus on the development of the water quality maintenance service for rivers and lakes in the Jiangsu province.

With the continuous promotion in the past few years, the Group's magnetic separation water treatment devices (the "**Equipments**") was well received in the market, especially for the emergency processing of water pollution and the water quality maintenance and purification of the rivers and lakes.

On 24 April 2013, a contract (the "**Contract**") has been signed between the Water Authority of Beijing and the Group's wholly-owned subsidiary, Beijing Jingrui Kemai Water Purification Technology Co., Ltd. ("**Beijing Jinrui**") for the operation, management and maintenance of our Equipments for Project Empress Xiao River in Beijing.

On 27 June 2013, Beijing Jingrui has entered into a sales contract with the management committee of Chanba ecological zone (the "**Management Committee**"). Such contract is the second contract with the Management Committee under the Framework Agreement, the first contract being entered into on 12 July 2011.

With the state-of-the-art magnetic separation patented technology and its effectiveness of the water treatment performance, the Group's mobile magnetic separation water treatment system devices were well positioned in the market.

To explore more business opportunities in these areas, especially those one-stop "green projects" specifying on the water treatment in rivers and lakes, the Group has initiated a strategic alliance among the corporations and the municipal governments so as to strengthen our market competitiveness.

Outlook

Looking forward, the Group will to try increase its profit margin and to seize more business opportunities which will in turn enhance the long term development of the Group, such as focusing on the water quality maintenance of rivers and lakes and also the manipulation project of the rural environment.

Leveraging on the advantages of the patented technology of magnetic separation and its high efficiency of the wastewater treatment, the market of large scale water quality maintenance projects have been successfully explored. To further expand the market share of the environmental protection industry, the wastewater treatment and watershed management for villages and small towns as well as those "green projects" focusing on pollution control will be our target market.

With the rapid economic growth and the strengthened awareness of environmental protection during the 12th Five-Year Plan, the demand for comprehensive technology and solutions of environmental protection is high, and further creates more business opportunities for the Group. We believe our flagship environmental project in Dongjiang Lake will further solidify its business fundamental in the environmental protection project of the rivers and lakes. It is also anticipated that these kind of project will contribute stable recurring revenue to the Group in the future.

Most importantly, a series of prudent management policies, including cautious cost control, reallocation of resources and business restructuring will continue to be implemented so as to increase our financial liquidity, strengthen our business fundamental and further maintain the momentum growth in our environmental protection related businesses. To achieve this, internal control will continue to be strengthened so as to make sure that all objectives can be attained effectively within the Group.

Employees and Remuneration Policy

As at 31 December 2013, the Group had 174 employees (31 December 2012: 149 employees). The remuneration policy and packages are reviewed annually by the management and the Remuneration Committee. The Group remunerates its employees based on their performance, work experience and the prevailing market rate. The remuneration packages include basic salary, double pay, commission, insurance and mandatory provident fund. The Group operates a share option scheme for the purpose of providing incentives and rewards to (among others) eligible Directors and employees of the Group to recognise their contribution to the result of the Group.

Liquidity and Financial Resources

Liquidity

The Group continued to maintain a stable financial position. As at 31 December 2013, cash and bank balances including restricted and pledged fixed deposits of the Group were HK$43,711,000 (2012: HK$39,959,000). The cash and bank balances consisted of about 14.1% in Hong Kong dollars, and 85.9% in Renminbi.

As at 31 December 2013, the Group had total assets of HK$359,653,000 (2012: HK$336,527,000) and total liabilities of HK$234,704,000 (2012: HK$153,341,000). As at 31 December 2013, the current ratio was 0.85 (2012: 1.03), calculated on the basis of current assets of HK$81,512,000 (2012: HK$74,213,000) over current liabilities of HK$96,370,000 (2012: HK$71,714,000).

The Group's entrusted loan and bank loans amounted to HK$157,480,000 (2012: HK$86,304,000). The Group's borrowings, denominated in Hong Kong dollars and Renminbi, mainly comprise mortgage loans bearing fixed interest rates. The Group's gearing ratio, being the ratio of the total borrowings to total assets, was 43.8% (2012: 25.6%).

Charge on assets

As at 31 December 2013, the Group's income stream from operating concession right of HK$236,908,000 (31 December 2012: HK$224,613,000), leasehold land and buildings of HK$14,390,000 (31 December 2012: HK$Nil) and bank deposits of HK$1,182,000 (31 December 2012: HK$386,000) was pledged with a bank to secure banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2013, the bank loans amounted to HK$93,980,000 and the entrusted loan amounted to HK$63,500,000 were secured by corporate guarantees given by the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2013 (nine months ended 31 December 2012: Nil).

SHARE OPTIONS

2002 Share Option Scheme

The Company's 2002 Share Option Scheme was adopted on 28 March 2002 and was terminated by a resolution passed by shareholders on 10 September 2010.

2010 Share Option Scheme

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), adopted a new share option scheme (the "**2010 Share Option Scheme**"), as approved by the shareholders of the Company at the extraordinary general meeting held on 10 September 2010. The Directors are given a general mandate to invite eligible participants to take up options at the subscription price as prescribed under the 2010 Share Option Scheme to subscribe for shares of the Company. The purpose of the share option scheme is to enable the Group to grant options to the eligible participants including employees, executive and non-executive Directors, suppliers and customers and shareholders of any members of the Group and any persons or entities that provided research, development or other technical support to the Group or any other group or classes of participants determined by the Directors as incentive or rewards for their contribution to the Group. The share option scheme has become valid and effective for a period of ten years ending on 9 September 2020.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of offer. The options vest in four equal instalments with the first installment vesting from the date of grant. The second, third and fourth instalments vest from one, two and three years after the date of grant respectively. The options are exercisable after the vesting date but within a period of five years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company.

The total number of securities available for issue under the share option scheme as at 31 December 2012 was 64,500,000 shares which represents 2.58% of the issued share capital of the Company as at 31 December 2012. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

Offer of an option shall have been accepted when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK$1 is received within such time as may be specified in the offer, which shall not be later than 21 days from the date of offer. The share option scheme will expire on 9 September 2020.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the corporate governance code (the "**CG Code**"), Appendix 14 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Throughout the twelve months ended 31 December 2013, the Company has applied the principles and complied with the code provisions set out in the CG Code, save for certain deviations from the code provisions, details of which are explained in the relevant paragraphs below.

Non-compliance with Code Provision A.6.7

Code Provision A.6.7 which provides other Non-executive Directors and the Independent Non-executive Directors of the Company should, inter alia, attend general meetings.

Mr. Ge Ze Min was absent from the Annual General Meeting of the Company held in May 2013 due to personal reason. This is a deviation from Code Provision A.6.7.

Mr. Ma Tianfu was absent from the Annual General Meeting of the Company held in May 2013 due to personal reason. This is a deviation from Code Provision A.6.7.

Mr. Xin Luo Lin was absent from the Annual General Meeting of the Company held in May 2013 due to personal reason. This is a deviation from Code Provision A.6.7.

Professor Zhu Nan Wen was absent from the Annual General Meeting of the Company held in May 2013 due to personal reason. This is a deviation from Code Provision A.6.7.

Professor Zuo Jiane was absent from the Annual General Meeting of the Company held in May 2013 due to personal reason. This is a deviation from Code Provision A.6.7.

The Company has also put in place certain recommended best practices as set out in the CG Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices periodically to ensure these continue to meet the requirements of the CG Code and align with the latest developments.

NON-COMPLIANCE WITH THE LISTING RULES

Non-Compliance With Rule 13.49(1) and Rule 13.46(2) of The Listing Rules

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish its preliminary annual results on a date not later than three months after the ended 31 December 2013 (i.e. 31 March 2014).

Pursuant to Rule 13.46(2) of the Listing Rules, the Company is required to dispatch to every shareholder of the Company and other holders of its listed securities its annual report not more than four months after the year ended 31 December 2013 (i.e. 30 April 2014).

However, due to the delay in publication of the Annual Report 2012 and subsequent delay in the publication of the Interim Results Announcement and the delay in publication of the Interim Report 2013, the publication of the final results of the Company for the year ended 31 December 2013 and the despatch of Annual Report 2013 is inevitably affected and therefore delayed. The Board acknowledges that the delay in the publication of the final results of the Company for the year ended 31 December 2013 and the despatch of this annual report constitutes non-compliance with Rule 13.49(1) and Rule 13.46(2).

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of HKExnews of The Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.cethl.com.

The Company's 2013 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and The Stock Exchange in due course.

INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

The Group has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to appointment of a sufficient number of the independent non-executive directors ("**INEDs**") and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including one with financial management expertise, details of their biographies will be set out in the 2013 Annual Report of the Company.

The Audit Committee is comprised of four INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31 December 2013. The financial information of the Group's results for the year ended 31 December 2013 as set out in page 3 to 20 above have been agreed by the Company's auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013 as approved by the Board. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements or the Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on this announcement.

SUSPENSION OF TRADING

At the Company's request, trading in the Shares was suspended from 9:00 a.m. on 2 April 2013. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 May 2014. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The publication of this announcement does not warrant any approval from the Stock Exchange on the resumption of trading of the Shares. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

By Order of the Board
China Environmental Technology Holdings Limited
Li Wang Hing, Nelson
Company Secretary

Hong Kong, 12 May 2014

As at the date of this announcement, the executive directors are Mr. Xu Zhong Ping, Mr. Pan Yutang, Mr. Zhang Fang Hong and Mr. Xu Xiao Yang; the non-executive directors are Mr. Ge Ze Min and Mr. Ma Tianfu; and the independent non-executive directors are Mr. Wong Kam Wah, Mr. Xin Luo Lin, Professor Zhu Nan Wen and Professor Zuo Jiane.