China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

ANNUAL RESULTS

The Board (the "Board") of Directors (the "Directors") of China Environmental Energy Investment Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Continuing Operations			
Turnover	*4*	**59,808**	99,655
Cost of sales		**(54,404)**	(98,474)
Gross profit		**5,404**	1,181
Investment and other income	*6*	**1,343**	5,997
Other gains and losses	*7*	**(1,402,896)**	(330,830)
Selling and distribution expenses		**(3,738)**	(10,771)
Administrative expenses		**(25,219)**	(30,443)
Finance costs	*8*	**(24,907)**	(15,821)
Loss before taxation	*9*	**(1,450,013)**	(380,687)
Taxation	*10*	**316**	3,395

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Loss for the year from continuing operations		**(1,449,697)**	(377,292)
Discontinued Operations			
Gain/(Loss) for the year from discontinued operations	*11*	**26,784**	(13,939)
Loss for the year		**(1,422,913)**	(391,231)
Loss for the year		**(1,422,913)**	(391,231)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of foreign operations		**(2,484)**	3,374
Reclassification adjustments relating to foreign operations disposed of during the year		**(26,624)**	(6,341)
Total comprehensive income for the year		**(1,452,021)**	(394,198)
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(1,441,391)**	(364,881)
Non-controlling interests		**(8,306)**	(12,411)
		(1,449,697)	(377,292)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(1,414,607)**	(378,820)
Non-controlling interests		**(8,306)**	(12,411)
		(1,422,913)	(391,231)
Total comprehensive income attributable to:			
Owners of the Company		**(1,443,838)**	(381,787)
Non-controlling interests		**(8,183)**	(12,411)
		(1,452,021)	(394,198)
Loss Per Share	*13*		
From continuing and discontinued operations			
Basic		**HK$(0.56)**	HK$(0.48)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**HK$(0.57)**	HK$(0.46)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**19,639**	24,246
Goodwill		**185,838**	319,000
Intangible assets		**32,178**	36,479
Available-for-sale investment		**64,954**	82,081
		302,609	461,806
Current assets			
Inventories		**372**	657
Trade and bills receivables	*14*	**3,944**	2,215
Other receivables, prepayments and deposits paid		**22,568**	57,632
Restricted bank deposits		**11,767**	–
Bank balances and cash		**10,603**	3,603
		49,254	64,107
Assets classified as held for sale		**–**	29,555
		49,254	93,662
Current liabilities			
Trade and bills payables	*15*	**22,887**	4,113
Other payables and accruals		**47,570**	29,366
Promissory notes payable		**5,000**	122,000
Bank and other borrowings		**75,861**	26,200
Financial liabilities designated at fair value through profit or loss		**–**	133,664
Tax payable		**21,994**	21,205
		173,312	336,548
Liabilities directly associated with assets classified as held for sale		**–**	27,718
		173,312	364,266
Net current liabilities		**(124,058)**	(270,604)
		178,551	191,202

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**2,320**	554
Share premium and reserves		**151,117**	156,365
Equity attributable to owners of the Company		**153,437**	156,919
Non-controlling interests		**(3,124)**	5,059
Total equity		**150,313**	161,978
Non-current liabilities			
Unconvertible bonds		**20,168**	20,000
Deferred tax liabilities		**8,070**	9,224
		28,238	29,224
		178,551	191,202

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Room 2211, 22/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong.

The consolidated financial statements have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 March 2014, the Group and the Company had net current liabilities of approximately HK$124,058,000 and HK$66,652,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these consolidated financial statements, after taking into consideration of several measures and arrangements made subsequent to the reporting date as detailed below:

(a) On 27 May 2014, the Company entered into a placing agreement with the placing agent, Tanrich Securities Company Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 180,000,000 new shares of the Company at the price of HK$0.107 per share. The placing was completed on 3 June 2014 and the Company issued 180,000,000 new shares for a consideration of HK$19,260,000 (before expenses).

(b) On 4 June 2014, the Company has entered into an agreement with a third party for the disposal of the Group's available-for-sale investment for a consideration of HK$66,000,000 which is payable by the purchaser in cash.

(c) On 19 June 2014, the Company entered into a loan agreement with a third party, under which a loan facility of HK$200,000,000 was granted to the Company. The loan is unsecured, carries interest at 20% per annum and is repayable on the business day falling on twelve months from the date of the first drawdown of any amount of the loan. Up to the date of approval of these consolidated financial statements, this loan facility was not utilised by the Company.

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate 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 reclassify 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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	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 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in the Group's consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Except as aforementioned, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the consolidated statement of comprehensive income is renamed as the consolidated statement of profit or loss and other comprehensive income. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than these presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
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]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
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*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

[4] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[5] *Effective for first time annual HKFRS financial statements beginning on or after 1 January 2016*

[6] *Effective for annual period beginning on or after 1 January 2016*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit and loss, HKFRS 9 requires that amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit and loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit and loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impacts on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors anticipate that the application of the other new and revised HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements.

4. TURNOVER

The Group's turnover represents the net invoiced value of goods sold, after allowances and trade discounts.

An analysis of the Group's turnover by business segments are as follows:

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales of recycled materials	**59,808**	99,655	**–**	–	**59,808**	99,655
Sales of laminates	**–**	–	**–**	425	**–**	425
Sales of printed circuit boards	**–**	–	**1,850**	43,006	**1,850**	43,006
Total	**59,808**	99,655	**1,850**	43,431	**61,658**	143,086

5. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products manufactured are as follows:

Continuing Operations

Wastes recycling: waste paper, scrap metal and consumable wastes recycling.

Discontinued Operations

Trading of laminates: trading of industrial laminates mainly for use in the manufacture of telecommunications, computer-related products, audio and visual household products; and

Manufacture and trading of printed circuit boards ("PCBs"): manufacture and trading of PCBs mainly for use in the manufacture of audio and visual household products.

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2014

	Continuing Operations		Discontinued Operations			
	Wastes recycling	Sub-total	Trading of laminates	Manufacture and trading of PCBs	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	**59,808**	**59,808**	**–**	**1,850**	**1,850**	**61,658**
Intersegment sales	**–**	**–**	**–**	**–**	**–**	**–**
Revenue from external customers	**59,808**	**59,808**	**–**	**1,850**	**1,850**	**61,658**
Segment results	**(48,117)**	**(48,117)**	**–**	**808**	**808**	**(47,309)**
Interest income						**42**
Gain on early repayment of promissory notes payable						**4,411**
Gain on the disposal of Disposed Group						**25,946**
Increase in fair value of investment property						**–**
Other unallocated income						**3,239**
Impairment loss on goodwill						**(133,162)**
Impairment loss on available-for-sale investment						**(17,257)**
Loss on change in fair value of financial liabilities designated at fair value through profit or loss ("FVTPL")						**(1,202,602)**
Loss on redemption of financial liabilities designated at FVTPL						**–**
Interest on financial liabilities designated at FVTPL						**(8,056)**
Other unallocated expenses						**(23,574)**
Finance costs						**(24,907)**
Loss before taxation						**(1,423,229)**
Taxation						**316**
Loss for the year						**(1,422,913)**

For the year ended 31 March 2013

	Continuing Operations		Discontinued Operations			
	Wastes recycling	Sub-total	Trading of laminates	Manufacture and trading of PCBs	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	99,655	99,655	425	43,006	43,431	143,086
Intersegment sales	–	–	–	–	–	–
Revenue from external customers	99,655	99,655	425	43,006	43,431	143,086
Segment results	(58,244)	(58,244)	(1,204)	1,863	659	(57,585)
Interest income						874
Gain on redemption of financial liabilities designated at FVTPL						4,502
Increase in fair value of investment property						5,670
Other unallocated income						8,104
Impairment loss on goodwill						(203,849)
Impairment loss on available-for-sale investment						(47,616)
Impairment loss on the Disposed Group						(24,644)
Loss on change in fair value of financial liabilities designated at FVTPL						(40,583)
Finance costs						(16,089)
Other unallocated expenses						(23,382)
Loss before taxation						(394,598)
Taxation						3,367
Loss for the year						(391,231)

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2014	2013
	HK$'000	*HK$'000*
Segment assets		
Wastes recycling	**48,744**	84,870
Total segment assets	**48,744**	84,870
Assets relating to the discontinued operations		
– Trading of laminates	**–**	7,558
– Manufacture and trading of PCBs	**–**	17,098
Unallocated	**303,119**	445,942
Total consolidated assets	**351,863**	555,468
Segment liabilities		
Wastes recycling	**86,262**	72,259
Total segment liabilities	**86,262**	72,259
Liabilities relating to the discontinued operations		
– Trading of laminates	**–**	14,773
– Manufacture and trading of PCBs	**–**	11,229
Unallocated	**115,288**	295,229
Total consolidated liabilities	**201,550**	393,490

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than certain restricted bank deposits and bank balances and cash, goodwill, intangible assets, available-for-sale investment, certain other receivables, prepayments and deposits paid, and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, bank and other borrowings, tax payable, promissory notes payable, financial liabilities designated at FVTPL, unconvertible bonds and liabilities for which reportable segments are jointly liable.

(b) Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by geographic market, irrespective of the origin of customers:

	Hong Kong		PRC		Europe		Others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**1,850**	7,502	**59,808**	99,655	**–**	20,509	**–**	15,420	**61,658**	143,086

The following is an analysis of the carrying amount of non-current assets (other than goodwill and intangible assets which are attributable to the wastes recycling segment in the PRC) analysed by the geographical areas in which the assets are located:

	Hong Kong		PRC		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Non-current assets	**10,650**	155	**73,943**	106,172	**84,593**	106,327

6. INVESTMENT AND OTHER INCOME

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**42**	555	**–**	13	**42**	568
Imputed interest income on amount due from a minority shareholder	**–**	306	**–**	–	**–**	306
Value added tax and other taxes refunded *(Note a)*	**848**	4,509	**–**	–	**848**	4,509
Rental income *(Note b)*	**–**	–	**–**	248	**–**	248
Sale of scrap materials	**–**	248	**–**	240	**–**	488
Others	**453**	379	**48**	394	**501**	773
	1,343	5,997	**48**	895	**1,391**	6,892

Notes:

(a) Certain subsidies were granted by the PRC local government to the Company's subsidiaries which are engaged in waste recycling business in the PRC. Under these subsidies, the subsidiaries are entitled to a refund of value added tax and other taxes paid, calculated on a basis as agreed by the local government.

(b) The direct operating expenses from investment property that generated rental income amounted to approximately HK$Nil (2013: HK$40,000) which was included in administrative expenses.

7. OTHER GAINS AND LOSSES

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Foreign exchange gain/(loss), net	**2,737**	2,797	**(4)**	2,790	**2,733**	5,587
Gain/(loss) on repayment of promissory notes	**4,411**	(489)	**–**	–	**4,411**	(489)
Gain on redemption of financial liabilities designated at FVTPL	**–**	4,502	**–**	–	**–**	4,502
Reversal of impairment loss on other receivables	**11,439**	–	**–**	–	**11,439**	–
Increase in fair value of investment property	**–**	–	**–**	5,670	**–**	5,670
Amortisation of intangible assets	**(4,311)**	(4,216)	**–**	–	**(4,311)**	(4,216)
(Loss)/gain on disposal of property, plant and equipment	**(8,362)**	(67)	**–**	3	**(8,362)**	(64)
Loss on change in fair value of financial liabilities designated at FVTPL	**(1,202,602)**	(40,583)	**–**	–	**(1,202,602)**	(40,583)
Impairment loss recognised on goodwill	**(133,162)**	(203,849)	**–**	–	**(133,162)**	(203,849)
Impairment loss recognised on available-for-sale investment	**(17,257)**	(47,616)	**–**	–	**(17,257)**	(47,616)
Impairment loss recognised in respect of trade receivables	**(200)**	(5,754)	**–**	(434)	**(200)**	(6,188)
Impairment loss recognised in respect of other receivables	**(46,059)**	(35,555)	**–**	–	**(46,059)**	(35,555)
Impairment loss recognised in respect of property, plant and equipment	**(1,474)**	–	**–**	–	**(1,474)**	–
Interest on financial liabilities designated at FVTPL	**(8,056)**	–	**–**	–	**(8,056)**	–
Other net (losses)/gains	**(1,402,896)**	(330,830)	**(4)**	8,029	**(1,402,900)**	(322,801)

8. FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank and other borrowings wholly repayable within five years	**21,860**	2,922	**–**	221	**21,860**	3,143
Factoring arrangements	**–**	–	**–**	19	**–**	19
Obligations under finance leases	**–**	–	**–**	28	**–**	28
Promissory notes payable	**1,925**	12,253	**–**	–	**1,925**	12,253
Imputed interest on unconvertible notes	**1,122**	646	**–**	–	**1,122**	646
	24,907	15,821	**–**	268	**24,907**	16,089

9. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditors' remuneration	**820**	1,095	**–**	70	**820**	1,165
Amortisation of prepaid lease payments	**–**	–	**–**	33	**–**	33
Cost of inventories recognised as an expense	**54,404**	98,474	**–**	17,628	**54,404**	116,102
Depreciation of property, plant and equipment	**5,668**	5,559	**4**	3,075	**5,672**	8,634
Direct operating expenses of investment property	**–**	–	**–**	40	**–**	40
Operating lease rentals in respect of rental premises	**1,558**	–	**2**	81	**1,560**	81
Write down of inventories	**–**	5,937	**–**	–	**–**	5,937

10. TAXATION

	Continuing Operations		Discontinued Operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax	**–**	–	**–**	28	**–**	28
PRC Enterprise Income Tax						
Current year	**839**	–	**–**	–	**839**	–
Overprovision in previous year	**–**	(295)	**–**	–	**–**	(295)
	839	(295)	**–**	28	**839**	(267)
Deferred tax credit	**(1,155)**	(3,100)	**–**	–	**(1,155)**	(3,100)
Tax (credit)/charge for the year	**(316)**	(3,395)	**–**	28	**(316)**	(3,367)

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit the year.

PRC income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25%.

11. DISCONTINUED OPERATIONS

On 28 March 2013, the Company entered into a sale and purchase agreement with Nature Ample Limited, which is wholly owned by Mr. Lau Chung Yim, a former director resigned on 15 March 2012, to dispose of 100% equity interest in and loans made to the Company's subsidiaries, Nam Hing (B.V.I.) Limited and its subsidiaries (together the "Disposed Group"), for a cash consideration of HK$2 million. On the same date, the Group discontinued its businesses of trading of laminates and manufacture and trading of PCBs undertaken by the Disposed Group. The completion of disposal of the Disposed Group took place on 10 April 2013. An analysis of the gain/loss for the year from the discontinued operations is as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit for the year from discontinued businesses *(Note below)*	**838**	10,705
Gain on disposal of the Disposed Group	**25,946**	–
Impairment loss recognised on the Disposed Group	**–**	(24,644)
Gain/(loss) for the year from discontinued operations	**26,784**	(13,939)

Note:

The results of the discontinued businesses are analysed below:

	Trading of laminates		Manufacture and trading of PCBs		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**–**	425	**1,850**	43,006	**1,850**	43,431
Cost of sales	**–**	(362)	**(819)**	(30,722)	**(819)**	(31,084)
Gross profit	**–**	63	**1,031**	12,284	**1,031**	12,347
Investment and other income	**–**	549	**48**	346	**48**	895
Other gains and losses	**–**	9,027	**(4)**	(998)	**(4)**	8,029
Selling and distribution expenses	**–**	(99)	**(37)**	(1,800)	**(37)**	(1,899)
Administrative expenses	**(19)**	(742)	**(181)**	(7,629)	**(200)**	(8,371)
Finance costs	**–**	(168)	**–**	(100)	**–**	(268)
Profit/(loss) before taxation	**(19)**	8,630	**857**	2,103	**838**	10,733
Taxation	**–**	–	**–**	(28)	**–**	(28)
Profit/(loss) for the year	**(19)**	8,630	**857**	2,075	**838**	10,705
Profit/(loss) for the year attributable to owners of the Company	**(19)**	8,630	**857**	2,075	**838**	10,705

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2014 (2013: Nil), nor has any dividend been proposed since the end of the reporting period (2013: Nil).

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	Continuing and Discontinued Operations		Continuing Operations	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to owners of the Company	**(1,414,607)**	(378,820)	**(1,441,391)**	(364,881)
Effect of dilutive potential ordinary shares:				
Loss on change in fair value of financial liabilities designated at FVTPL	**1,202,602**	40,583	**1,202,602**	40,583
Gain on redemption of financial liabilities designated at FVTPL	**–**	(4,502)	**–**	(4,502)
Interest on financial liabilities designated at FVTPL	**8,056**	–	**8,056**	–
Loss for the purpose of diluted loss per share	**N/A**	N/A	**N/A**	N/A

	2014	2013	**2014**	2013
	'000	*'000*	***'000***	*'000*
Number of shares				
Weighted average number of ordinary shares for the purposes of basic loss per share	**2,547,484**	786,702	**2,547,484**	786,702
Effect of dilutive potential ordinary shares:				
Convertible notes (classified as financial liabilities designated at FVTPL)	**1,903,369**	1,620,788	**1,903,369**	1,620,788
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,450,853**	2,407,490	**4,450,853**	2,407,490

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for both of the years presented have been adjusted for the subdivision of the Company's shares on the basis of one share into four shares, and one share into five shares made on 18 July 2013 and 5 February 2014 respectively.

Diluted loss per share from continuing and discontinued operations and from continuing operations for both of the years are not presented because the Group sustained a loss for each of the years presented and the impact of conversion of convertible notes, if any, is regarded anti-dilutive.

14. TRADE AND BILLS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables	**9,932**	8,015
Less: allowance for impairment loss	**(5,988)**	(5,800)
	3,944	2,215

Bills receivables are aged within 3 months from the invoice date.

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

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

	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**3,944**	2,017
4 to 6 months	**–**	–
Over 6 months	**–**	198
	3,944	2,215

15. TRADE AND BILLS PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**–**	3,320
4 to 6 months	**22,730**	783
Over 6 months	**157**	10
	22,887	4,113

The credit period on purchase of goods ranged from 60 to 90 days.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements regarding the adoption of going concern basis on which the consolidated financial statements have been prepared. As at 31 March 2014, the Group and the Company had net current liabilities of approximately HK$124,058,000 and HK$66,652,000 respectively.

The conditions set out in Note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 for financing the working capital and financial commitments of the Group and the Company for the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

On 28 March 2013, the Company has entered into a sale and purchase agreement to dispose of the Disposed Group, being the Nam Hing (B.V.I.) Limited and its subsidiaries (altogether the "Disposal Group"), mainly engaged in trading and manufacturing of printed circuit boards and trading of industrial laminates (the "Disposal"). The Disposal was completed on 10 April 2013. The principal activities of the Group become recycling of waste paper, scrap metal and consumable wastes subsequent to the completion of the Disposal.

The turnover of the Group from continuing operations for the year ended 31 March 2014 was HK$59,808,000, representing a 39.98% decrease as compared with HK$99,655,000 of the previous year. Gross profit from continuing operations was RMB4,262,166 equivalent to HK$5,404,000 (2013: RMB952,000 equivalent to HK$1,181,000) and gross margin was 9.04% (2013: 1.19%). The increase in gross profit was attributable to the written down of inventories amounted to HK$5,937,000 in the previous year and the increase in sale price of the recycling paper. Operating loss from continuing operations after tax of the Group was HK$1,449,697,000 which included a loss of HK$1,202,602,000 on change in fair value of financial liabilities designated at fair value through profit or loss caused by significant increases in the Company's share price as at dates of conversion of convertible notes as compared to share price at beginning of the year (2013: loss of HK$40,583,000) and impairment loss of HK$17,257,000 on investment in electric car battery business (2013: HK$47,616,000), impairment loss of HK$133,162,000 on goodwill arising from acquisition of recycling business (2013: HK$203,849,000) and impairment loss recognised in respect of other receivables amounting to HK$46,059,000 (2013: HK$35,555,000). The above said impairment loss recognised in respect of receivables included an amount of HK$35,884,130 (equivalent of RMB28,301,813) belonged a party who has an outstanding amount of RMB42,452,719 due to a subsidiary, Suzhou Baina Renewable Resources Co., Ltd, as at 31 March 2014 which is secured by the pledge of 13.3% equity interests in Ideal Market Holdings Limited, a subsidiary of the Company, held by a minority shareholder. Due to the reduction of the underlying value of recycling business, the said outstanding amount could not be fully covered by the security of pledge of shares and then be impaired.

Selling, distribution expenses and administrative expenses from continuing operations were HK$28,957,000 (2013: HK$41,214,000). The decrease in the expenses was attributable to the reduction of transportation costs and professional fees in the current year.

Recycling business

Since the Company's acquisition of its recycling business, the turnover of recycling business decreased year by year and fell short of the forecast made at 31 March 2012. This deteriorating performance was attributable to (i) excess production in the paper manufacturing industry; (ii) doldrums of paper manufacturing business due to the slowdown of the PRC national marco economic; and (iii) international protectionism, for example, countervailing and anti-dumping, against the development of recycling paper business in the PRC. The continuous rise in the costs of raw materials, minimum wage rate and manufacturing overheads have a serious impact on the Group's business performance.

Pursuant to the sale and purchase agreement dated 9 May 2011, the Company acquired all indebtedness, obligations and liabilities due, owing or incurred by Ideal Market Holdings Limited ("Ideal Market") and its subsidiaries and shares of 80% of the issued share capital of Ideal Market (the "Acquisition"). Ideal Market indirectly holds Suzhou Baina Renewable Resources Co., Ltd, which is principally engaged in the recycling business of waste paper, scrap metal and consumable wastes. The vendors of the Acquisition have provided the Company with the profit guarantee, such that the actual amount of net profits after taxation of Ideal Market group for the period from 1 April 2011 to 31 March 2012, as shown in the accountants' reports of Ideal Market group prepared in accordance with HKFRSs, shall not be less than RMB55 million (the "Profit Guarantee"). On 22 February 2013, the Board announced that from the audited consolidated financial statements of Ideal Market group for the year ended 31 March 2012, the net profit after taxation for the 12-month period ended 31 March 2012 was RMB11,239,190, which was less than the Profit Guarantee. A total audited shortfall of RMB43,760,810 was noted. As such, in May 2013, the Company repurchased at HK$1 the contingency note with a principal amount of HK$41,373,857, being part of the consideration of the Acquisition; and the remaining balance of the contingency note with a principal amount of HK$10,626,143, being another part of the consideration of the Acquisition, has been released to the vendors. The consideration of the Acquisition after adjustment as a result of the shortfall of the Profit Guarantee was approximately HK$808.6 million.

For the year ended 31 March 2014, the Company recognized an impairment loss on goodwill of HK$133 million for the recycling business (the "Impairment Loss"), representing 9.36% of the Company's net loss. Based on the market research conducted by the Company, due to a gradual upward trend in price of imported waste paper, China's import of waste paper decreased by 2.8% in 2013 than that in previous year. Imported waste paper as a proportion of total waste paper consumption has been declining as well, primarily because of the hike in prices of imported waste paper. The Company forecasted that the demand for recycle paper might not be as robust as expected when compared to valuation as at 31 March 2013. Also, the financial performance of recycling paper business for the year ended 31 March 2014 was not as good as estimated. As a consequence, the valuation assumptions and the cash flow projection have been adjusted to reflect a more conservative expectation of the Company, leading to the Impairment Loss.

Based on the historical performance and high operating costs of Ideal Market, as well as the Company's experience in the recycling industry, the management of the Company was of the view that the recycling business of Ideal Market would be eliminated by other market players and new entrants. The intense competition would probably decrease the Company's margin and market share in this business, and it is foreseeable that there would be numerous uncertainties regarding the prospect of the business after 20 years. To take a conservative basis for the annual impairment test assessment as at 31 March 2014, the Company assumed that the recycling business of Ideal Market could continue for 20 years in the financial projection, rather than continues perpetually, and believed that such assumption was fair and reasonable. Moreover, due to significant decrease in actual revenue for the years ended 31 March 2012 to 31 March 2014, financial forecast for the year ending 31 December 2014, as the initial year of the projection, has been adjusted downwards.

The Impairment Loss for the year ended 31 March 2014 is calculated based on the recoverable amount of the cash-generating units of the recycling business undertaken by Ideal Market. The recoverable amount has been determined based on a value used in calculation with reference to the business valuation performed by valuer which is independent from the Group. That calculation uses cash flow projection based on financial budgets approved by the Directors covering a twenty-year period, with growth rates of 15% per annum for the first year, 18% per annum for the second year, 20% per annum for the third to tenth years, 15% per annum for the eleventh to fourteenth years, 10% per annum for the fifteenth to seventeenth years and 3% per annum for the remaining three years, and at a discount rate of 15.42% in considering the economic conditions of the market.

The valuation of the recycling business for the year ended 31 March 2014 was conducted by discounted cash flow ("DCF") method, which is the same as that for the years ended 31 March 2012 and 31 March 2013. The Company believes that the drop in valuation is caused by, among others, intense competition with new entrants, a decreased demand and consumption of waste paper, and actual financial performance of the Group.

Electric car battery business

On 16 July 2010, the Company entered into an agreement pursuant to which the Company conditionally agreed to acquire 9.9% of the issued share capital of Swift Profit International Limited ("Swift Profit") at a consideration of HK$170,000,000. The principal asset of Swift Profit is the exclusive license in relation to the technology of manufacturing multi-element polymer batteries for electric vehicles. Swift Profit is a company incorporated in the British Virgin Islands with limited liability. Swift Profit directly holds 100% of the equity interest in Well Dragon (China) Limited, a company incorporated in Hong Kong and which in turn holds 100% of the equity interest in 象山佳龍能源科技有限公司, a wholly foreign owned enterprise established under the laws of the PRC and is principally engaged in the business of sub-licensing the patent to other factories for the manufacturing of the multi-element polymer batteries for electric vehicles in the PRC.

The Board used its best endeavor to source new projects with such potential to increase the Group's profitability and believed that the business of manufacturing electric vehicles has ample growth opportunities due to (i) limited oil supply but with increasing worldwide demand; and (ii) support from government policy, e.g. US government. In order to capture the growth in the manufacturing of electric vehicles, the Company tried to obtain the technology of the production of battery.

Under the business model of Swift Profit, 象山佳龍能源科技有限公司 received a royalty fee of 12% from the manufacturer of multi-element polymer batteries namely Zhongsheng Dongli New Energy Investment Limited ("Zhongsheng") on sale of multi-element polymer batteries to the market without bearing any production cost or capital expenditure. Zhongsheng has generated revenue of approximately HK$21 million in the first quarter of 2011. The Board was of the view that the electric car battery business would be developed into a sustainable income source for the Group as at the year ended 31 March 2011.

For the year ended 31 March 2012, due to the change in industry environment and prospect related to electric cars and batteries for electric cars, as well as the increase in costs of operation and there have been negative incidents, which raised consumers' concerns about the quality, safety and potential problems on electric cars and batteries for electric cars, affecting both domestic and global market and demand for electric cars. In March 2012, A123 Systems Inc., an United States-based developer and manufacturer of advanced lithium iron phosphate batteries, discovered a problem in certain prismatic cells at its Livonia facility and announced it would replace the faulty batteries shipped to five customers, including Fisker Automotive. In addition, an e6 battery-electric car produced by China's best-known electric car manufacturer, the Shenzhen-based BYD, was involved in a fatal car fire accident. Despite the BYD's electric car technology has been found to be safe, the incident put consumers on doubts that fire may have been caused by the batteries exploding or the leaking of electrolyte liquid. On the other hand, due to the inflation in China, there has been an increase in costs of raw materials, labor and manufacturing overheads in the production of electric car batteries. All these have negative impacts on the profit margin and affect the performance of the electric car battery business.

Because the market demand continued to be weaken and the increasing costs of raw materials, labor and manufacturing overheads, as informed by the management of Zhongsheng, Zhongsheng has temporarily stopped the production of multi-element polymer batteries and waiting for the improvement of quality, safety and durability of the multi-element polymer batteries by Swift Profit.

The carrying value of the business was reduced by HK$44,888,000 to HK$128,000,000 as at 31 March 2012 by reference to a business valuation as valued by a professional valuer.

For the year ended 31 March 2013, safety on electric cars and batteries for electric cars was still a concern for consumers, the competition in electric car market in China became fiercer, excessive production in the market then pushed the prices of both electric cars and batteries for electric cars down. The Company forecasted that the demand for electric car batteries might not be as robust as expected, such that the growth of the business might be restrained. Moreover, as Swift Profit had not yet been certified as advanced and new technology enterprise, preferential tax rate in China was not obtained. Then carrying value of the business was further reduced by HK$47,616,000 to HK$82,081,000 as at 31 March 2013 by reference to a business valuation as valued by a professional valuer.

Zhongsheng has remained suspension of the production of multi-element polymer batteries. Swift Profit had intended to improve the batteries with high safety battery set design, high insulation-resistant, protection of over recharging, good battery voltage and temperature control, higher battery efficiency and longer life and would launch new products into the market in the fourth quarter of 2013.

Due to delay of the launch of new products into the market by Swift Profit, the carrying value of the business was reduced by HK$16,081,000 to HK$66,000,000 as at 30 September 2013 by reference to a business valuation as valued by a professional valuer.

On 4 June 2014, the Company entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with Lucky East International Limited (the "Purchaser"), pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the sale shares of 9.9% of the entire issued share capital of Swift Profit, at a consideration of HK$66,000,000 which shall be settled by three instalments ("Disposal of Swift Profit"). The first instalment in the sum of HK$3,300,000 was paid within 7 days after date of signing the Sale and Purchase Agreement; the second instalment in the sum of HK$3,300,000 shall be paid on 30 June 2014; and the third instalment in the sum of HK$59,400,000 shall be paid on the first business day following the fulfillment of the condition or on or before 31 December 2014 (or such other dates as the Company and the Purchaser may agree in writing).

Given an intense competition in the industry environment and a less robust demand related to electric cars and batteries, the unsatisfactory performance of Swift Profit and continuing loss making by Swift Profit, the Directors believe that it is in the interest of the Company as a whole to re-allocate the management and the Group's financial resources to strengthen remaining business of waste paper recycling after the completion of the Disposal of Swift Profit.

The Board intends to apply the net proceeds from the disposal of Swift Profit of approximately HK$65.9 million for the repayment of debts owed by the Company, working capital of the remaining Group and/or for financing future investment opportunities.

Printed circuit boards and industrial laminates business

As mentioned above, on 28 March 2013, the Company entered into a sale and purchase agreement to dispose of the Disposed Group to Nature Ample Limited at a consideration of HK$2,000,000. Given the unsatisfactory performance of the Disposed Group and continuing loss made by the Disposed Group, the Directors believe that it was in the interest of the Company and the shareholders of the Company as a whole to reallocate the Group's financial resources and human resources to strengthen the remaining recycling business after completing the Disposal. The Group recorded a gain on the Disposal amounting to HK$25,946,000 for the year under view and the Board would utilize the net proceeds from the Disposal as general working capital of the Group. The Disposal was completed on 10 April 2013 and the Disposed Group has ceased to be the Company's subsidiaries thereafter.

Acquisition

On 20 January 2014, the Company entered into the sale and purchase agreement with Fortune Glow Limited pursuant to which the Company has conditionally agreed to acquire for and Fortune Glow Limited has conditionally agreed to dispose of the sales shares, representing 10% equity interest in Pure Power Holdings Limited which principally engaged in the exploration and exploitation of natural resources in the United States of America, for the consideration of HK$125,000,000 which was settled as to HK$123,200,000 by way of delivery of the promissory notes and as to HK$1,800,000 by way of delivery of the convertible bonds. The acquisition was completed on 29 April 2014.

Outlook

In view of the deteriorating performance of the remaining business of the Group, the Group has been exploring and pondering ways to strength the source of income and improve the financial position including but not limited to acquisition of 10% of the issued share capital of Pure Power Holdings Limited which principally engaged in the exploration and exploitation of natural resources in the United States of America on 29 April 2014 and acquisition of 9.9% of the issued share capital of Starfame Investment Limited which is principally engaged in wholesale and distribution products encompassing various aspects of production and livelihood on 20 May 2014.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group's total restricted bank deposits, cash and bank balances amounted to HK$22,370,000 (2013: HK$3,603,000). Total bank loans, other borrowings, unconvertible bond, financial liabilities designated at fair value through profit or loss and promissory notes payable amounted to HK$101,029,000 as at 31 March 2014 (2013: HK$301,864,000). The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, decreased from 0.67 as at 31 March 2013 to 0.50 as at 31 March 2014. Net debt included bank and other borrowings, trade and bills payable, other payables and accruals, promissory notes payable, unconvertible bonds, financial liabilities designated at fair value through profit or loss and obligation under finance leases less restricted bank deposits, cash and bank balances. As at 31 March 2014, the Group had a current ratio of 0.28 (2013: 0.26) and net current liabilities of HK$124,058,000 (2013: HK$270,604,000).

As at 31 March 2014, the outstanding amount due from the Company in form of promissory notes was HK$5,000,000 (2013: HK$122,000,000). During the year, an aggregate principal value of HK$117,000,000 of the promissory notes had been repaid.

As at 31 March 2014, the Company did not have any outstanding redeemable convertible notes due in November 2013 (2013: HK$58,000,000) and 8% coupon convertible notes due in April 2014 (2013: HK$95,000,000). During the year under review, due to the failure to meet the Profit Guarantee (details of the Profit Guarantee are set out in the Company's circular dated 23 September 2011) by Lucky Start Holdings Limited, All Prosper Group Limited, Triumph Return Holdings Limited and Jia Sheng Holdings Limited (the "Vendors"), the Company has repurchased at HK$1 from the Vendors with a principal amount of HK$41,373,857 redeemable convertible notes in May 2013. During the year ended 31 March 2014, an aggregate principal value of HK$10,626,143 redeemable convertible notes at the conversion price of HK$11.35 had been converted into 936,223 ordinary shares of HK$0.01 each and an aggregate principal value of HK$6,000,000 had been converted into 2,114,164 ordinary shares of HK$0.0025 each at the conversion price of HK$2.838.

During the year ended 31 March 2014, an aggregate principal value of HK$95,000,000 8% coupon convertible notes had been converted into 641,891,888 ordinary shares.

CAPITAL STRUCTURE

On 17 July 2013, the Company passed a shareholders' resolution to subdivide each existing issued and unissued share of par value of HK$0.01 in the share capital of the Company into four subdivided shares of par value of HK$0.0025 each.

On 22 August 2013, the Company entered into the subscription agreement with Ms. Yang Yunan ("Ms. Yang") pursuant to which Ms. Yang has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 12,800,000 new subdivided shares in cash at the subscription price of HK$1.13 per subscription share. The subscription was completed on 28 August 2013. The net proceeds, after deduction of relevant expenses, from the subscription are approximately HK$14.36 million. The Company utilized approximately HK$12 million of the net proceeds of the subscription for the repayment of debts owed by the Company and the balances for the working capital of the Group.

On 18 November 2013, the Company entered into the placing agreement with Emperor Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent has conditionally agree to place, on behalf of the Company, up to 83,563,934 placing shares, on a best efforts basis, to the placees at the placing price of HK$2.01 per placing shares. On 16 December 2013, the placing agent has placed 45,680,000 placing shares of the Company to not less than six placees. The gross proceeds received by the Company from the placing are approximately HK$91.82 million and the net proceeds after deducting the placing commission and other related expenses are approximately HK$89.75 million. The net proceeds are used for the repayment of debts owed by the Company and working capital of the Group.

On 4 February 2014, the Company passed a shareholders' resolution to subdivide each existing issued and unissued share of par value of HK$0.0025 in the share capital of the Company into five subdivided shares of par value of HK$0.0005 each.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, with revenues and expenditures denominated in Renminbi. During the year, the Group did not enter into any derivative contracts aimed at minimizing exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) On 22 April 2014, the Company has given a written notice to the vendors to terminate the memorandum of understanding dated 22 October 2012 in respect of possible acquisition of Altman Investment Limited and its subsidiaries which principally engage in energy conservation and development of new energy.

(b) On 12 May 2014, the Company and Main Global Group Limited entered into the agreement pursuant to which Main Global Group Limited conditionally agreed to sell and the Company conditionally agreed to acquire the sale shares, representing 9.9% equity interest in Starfame Investments Limited which is principally engaged in wholesale and distribution products encompassing various aspect of production and livelihood, for a consideration of HK$30,000,000 which was settled by way of the issue of the Promissory Note. The acquisition was completed on 20 May 2014.

(c) On 27 May 2014, the Company entered into a placing agreement with the placing agent, Tanrich Securities Company Limited pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 180,000,000 new shares in the Company at the price of HK$0.107 per share. The placing was completed on 3 June 2014 and the Company issued 180,000,000 new shares for a consideration of HK$19,260,000 (before expenses).

(d) On 4 June 2014, the Company has entered into an agreement with a third party for the disposal of the Group's available-for-sale investment for a consideration of HK$66,000,000 which is payable by the purchaser in cash.

(e) On 19 June 2014, the Company entered into a loan agreement with a third party, under which a loan facility of HK$200,000,000 was granted to the Company. The loan is unsecured, carries interest at 20% per annum and is repayable on the business day falling on twelve months from the date of the first drawdown of any amount of the loan.

CONTINGENT LIABILITIES

The Company did not have any contingent liabilities as at 31 March 2014 and 31 March 2013.

CAPITAL COMMITMENTS

Except for the acquisition of 10% equity interest in Pure Power Holdings Limited as detailed in the section "Acquisition" above and contracted, but not provided for yacht of HK$4,000,000, the Group had no material capital commitments as at 31 March 2014 and 31 March 2013.

PLEDGE OF ASSETS

As at 31 March 2014, the 80% equity interest in a subsidiary, Ideal Market Holdings Limited, held by the Company was pledged to secure a loan of HK$68,000,000 granted to the Group (31 March 2013: no pledge of assets).

LITIGATION

The Company announced that a writ of summons (the "Writ") was issued in the Court of First Instance of the High Court of Hong Kong by First Federal Capital Limited ("FDCL") against the Company and it was served on the Company by FDCL's legal adviser on 8 July 2013. In the statement of claim under the Writ, FDCL claims as the holder in due course or, alternatively, the holder for value of a promissory note with principal amount of HK$5,000,000 issued by the Company (the "Promissory Note") and claims for the principal amount of HK$5,000,000 under the Promissory Note, together with interest and costs.

The Promissory Note was issued by the Company to All Prosper Group Limited (the "Note Holder") and was due on 31 January 2013. The Company has been in negotiation with the Note Holder for extension of the maturity date for the Promissory Note but as there has been dispute between the Note Holder with FDCL on the ownership of the Promissory Note, the negotiation for extension is pending. FDCL has through its legal adviser requested the Company to register a transfer of the Promissory Note from the Note Holder to FDCL but has not delivered all necessary documents as requested by the Company and as required under the terms and conditions of the Promissory Note. The Company considered that the registration of the transfer of the Promissory Note shall only be made upon strict compliance with the terms and conditions of the Promissory Note for the interest of the Company. The Company has made enquiry to the Note Holder on the transfer of the Promissory Note to FDCL and was informed that the Note Holder has all along been the registered holder of the Promissory Note and has not effected any transfer of the Promissory Note. The Company has instructed legal adviser to contest the claim and to handle all other legal issues arising with FDCL in connection with the dispute.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the above action by way of further announcement(s) as and when appropriate.

DIVIDEND

No dividend for the year ended 31 March 2014 (2013: nil) is recommended by the Board.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had approximately 35 employees as at 31 March 2014 (2013: 230). Remunerations are commensurate with the nature of job, staff experience and market conditions.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Own Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Own Code during the year under review.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2014, except for the following deviations:

Code provision A.2.1

This code provision stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, Ms. Chen Tong ("Ms. Chen") holds the offices of Chairman and Chief Executive Officer of the Company, which constitutes a deviation from the above-mentioned code provision of the CG Code. Ms. Chen has extensive experience in management and over 30 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

Code provision A.4.1

This code provision stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Mr. Ong King Keung is engaged for a term of one year, which is automatically renewable for successive terms of one year upon the expiry of the then current term; whereas the other non-executive Directors, namely Ms. Yao Zhengwei, Mr. Wang Zhenghua, Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Company's Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

Code provision E.1.2

This code provision stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Chen Tong, the Chairman of the Company, was unable to attend the Company's annual general meeting held on 2 September 2013 due to another business engagement. In view of her absence, Ms. Chen had arranged for Ms. Chan Ching Ho, Kitty, an executive Director who is well versed in the Group's business activities and operations, to attend and chair the meeting and communicate with the shareholders. The Company Secretary and other management were also available to answer questions from shareholders at that meeting.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive Directors, namely Mr. Ong King Keung (Chairman of the Audit Committee), Mr. Tse Kwong Chan and Ms. Zhou Jue. The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2014 and discussed auditing, financial and internal control, and financial reporting matters of the Company.

SCOPE OF WORKS OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

PUBLICATION OF THE AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.986.com.hk). The annual report for the year ended 31 March 2014 will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

On behalf of the Board
China Environmental Energy Investment Limited
Chen Tong
Chairman

Hong Kong, 27 June 2014

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Chen Tong (Chairman), Ms. Chan Ching Ho, Kitty, Ms. Li Lin and Mr. Xiang Liang; two non-executive Directors, namely Ms. Yao Zhengwei and Mr. Wang Zhenghua; and three independent non-executive Directors, namely Mr. Ong King Keung, Mr. Tse Kwong Chan and Ms. Zhou Jue.

* *For identification purposes only*