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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 2014

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2014 *HK$'000*	Year ended 31 December 2013 *HK$'000*	**Percentage Change** *%*
Turnover from continuing operations	89,319	14,650	509.7
Turnover from discontinued operations	49,345	41,661	18.4
Loss attributable to owners of the Company from continuing operations	(52,821)	(61,146)	13.6
Loss attributable to owners of the Company from discontinued operations	(22,486)	(3,422)	(557.1)

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 2014 together with the comparative figures for the year ended 31 December 2013.

CHAIRMAN'S STATEMENT

To All Shareholders:

2014 was a challenging year for the Group and also full of opportunities. Affected by the economic transformation in the People's Republic of China ("PRC") and intensifying industry competition, the business of the Group experienced a difficult transitional period during our traditional environmental protection business expansion. Facing a new situation, the Group had already implemented effective measures to meet and eliminate the unfavourable impact.

To strengthen our traditional advantages in water treatment services, the Group entered into strategic cooperation agreements with various parties in May 2014, under which we planned to start preparing the setting up of a PPP model water investment company in Huizhou, Guangdong Province. By introducing the advanced water supply treatment technology, wastewater treatment and wastewater recycling technology from Israel, the investment in water projects like water conservation, water treatment, water purification and water resource protection will be commenced in Huizhou, and through the application of environmental treatment technologies owned by the cooperating parties, the Group will conduct comprehensive treatment of water environment on rivers, lakes and basins together with the development of its surrounding lands.

In August 2014, the Company signed a strategic cooperation agreement and corporate development consulting services agreement with China General Consulting & Investment Co., Ltd. (the "CGCI"). CGCI will provide sound support for the Company's business development focus as well as corporate management and control model building in the coming years.

To succeed this transformation, during the year, the Group sold its 100% equity interest in Fanhe (Hulu Island) Water Investment Company Limited*（凡和（葫蘆島）水務投資有限公司）to Beijing Capital Limited*（北京首創股份有限公司）. The Group will take this opportunity to consolidate and deploy its resources and rely on the magnetic separation water treatment technology and magnetic biochemical technology to principally develop its urban river-water treatment business*（河道水治理）, oilfield sewage treatment, mine sewage treatment businesses, and gradually move into the emerging business sectors like city sludge disposal, soil remediation, water supply security and new environment-friendly materials.

Looking forward, with our patented high magnetic separation and magnetic biochemical water treatment technologies and management experience in environmental protection related industrial projects, we are very confident that we can grasp more opportunities brought by the 12th Five-Year Plan. At the same time, the development and implementation of the related industrial projects will further consolidate our business foundation and thereby generate more stable income for the Group in the future.

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

On behalf of the Board
Xu Zhong Ping
Chairman

Hong Kong, 26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
CONTINUING OPERATIONS			
Revenue	4	**89,319**	14,650
Cost of sales		**(66,545)**	(12,122)
Gross profit		**22,774**	2,528
Other income	6	**323**	1,203
Other losses, net	7	**(1,881)**	(295)
Distribution costs		**(3,300)**	(4,693)
Administrative expenses		**(63,400)**	(53,889)
Loss from operations		**(45,484)**	(55,146)
Finance costs	8	**(8,588)**	(5,335)
Share of loss of an associate		**–**	(1,396)
Loss before tax		**(54,072)**	(61,877)
Income tax credit	9	**92**	330
Loss for the year from continuing operations	10	**(53,980)**	(61,547)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	11	**(22,486)**	(3,422)
Loss for the year		**(76,466)**	(64,969)
Attributable to:			
Owners of the Company			
– Loss from continuing operations		**(52,821)**	(61,146)
– Loss from discontinued operations		**(22,486)**	(3,422)
		(75,307)	(64,568)
Non-controlling interests			
– Loss from continuing operations		**(1,159)**	(401)
		(76,466)	(64,969)
Loss per share	13		
From continuing and discontinued operations			
– Basic		**(HK3.01) cents**	(HK2.58) cents
– Diluted		**(HK3.01) cents**	(HK2.58) cents
From continuing operations			
– Basic		**(HK2.11) cents**	(HK2.45) cents
– Diluted		**(HK2.11) cents**	(HK2.45) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(76,466)**	(64,969)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(6,847)**	2,928
Item that will not be reclassified to profit or loss:		
Revaluation surplus on leasehold land and buildings	**898**	3,458
Income tax relating to revaluation surplus	**(748)**	(865)
	150	2,593
Total other comprehensive income for the year, net of tax	**(6,697)**	5,521
Total comprehensive income for the year	**(83,163)**	(59,448)
Attributable to:		
Owners of the Company	**(82,007)**	(59,053)
Non-controlling interests	**(1,156)**	(395)
	(83,163)	(59,448)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	**2014** **HK$'000**	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**31,517**	28,107
Operating concessions		**–**	236,908
Intangible assets		**8,172**	11,207
Goodwill		**–**	1,919
Interest in an associate		**–**	–
Interests in joint ventures		**–**	–
		39,689	278,141
Current assets			
Inventories		**6,727**	15,594
Gross amount due from customers for contract work		**9,639**	–
Trade and other receivables	*14*	**47,215**	21,767
Financial assets at fair value through profit or loss		**140**	440
Restricted and pledged bank deposits		**16,326**	1,182
Cash and cash equivalents		**7,879**	42,529
		87,926	81,512
Assets classified as held for sale	*15*	**256,898**	–
		344,824	81,512
Current liabilities			
Trade and other payables	*16*	**109,276**	56,291
Current tax liabilities		**703**	709
Borrowings		**12,726**	39,370
Deferred revenue		**599**	–
Finance lease payables		**3,430**	–
		126,734	96,370
Liabilities directly associated with assets classified as held for sale	*15*	**139,860**	–
		266,594	96,370
Net current assets/(liabilities)		**78,230**	(14,858)
Total assets less current liabilities		**117,919**	263,283

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings	**63,000**	118,110
Deferred revenue	**848**	–
Finance lease payables	**5,660**	–
Deferred tax liabilities	**3,067**	20,224
	72,575	138,334
NET ASSETS	**45,344**	124,949
Capital and reserves		
Share capital	**62,508**	62,508
Reserves	**(16,121)**	62,638
Equity attributable to owners of the Company	**46,387**	125,146
Non-controlling interests	**(1,043)**	(197)
TOTAL EQUITY	**45,344**	124,949

NOTES

For the year ended 31 December 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. GOING CONCERN

For the year ended 31 December 2014, the Group incurred a loss from continuing operations of HK$53,980,000 and had net cash outflows from operating activities of HK$76,120,000. As at 31 December 2014, the Group had net debts of HK$60,611,000. In preparing the 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 an indirect shareholder and the validity of disposal of assets. 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 the consolidated financial statements, in particular based on the facts below.

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 17 February 2015, the Group disposed of Fanhe (Hulu Island) Water Investment Company Limited ("Fanhe Hulu"), a wholly-owned subsidiary, at a total consideration of RMB102 million (equivalent to approximately HK$129 million) to an indirect shareholder of the Company. A sum of RMB50 million was previously paid in cash by the purchaser, another sum of RMB32 million was received in February 2015 and a final sum of RMB20 million is expected receivable within 1 year.

(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 interest-bearing at 3% per annum, unsecured and repayable in 2 years from the date of each draw-down. None of the loan facility was drawn down as at 31 December 2014.

(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.

(d) The directors of the Company are presently exploring different alternatives of equity or other financing, including but not limited to an open offer.

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 the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Application of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on the consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the consolidated financial statements as the Group is not currently subjected to significant levies.

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

HKAS 1	Presentation of Financial Statements[4]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

4. REVENUE

Revenue represents the turnover from the principal activities of the Group's continuing operations, i.e. the provision of wastewater treatment services, trading of wastewater treatment machineries and sale of goods.

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales of wastewater treatment machineries and related services	**39,816**	11,343
Sales of goods	**26,806**	–
Wastewater treatment services	**22,697**	3,307
	89,319	14,650

5. SEGMENT INFORMATION

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 two reportable segments. No operating segments has been aggregated to form the following reportable segments:

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.

A subsidiary was engaged in the provision of waste water treatment plant construction and operation services on a BOT basis was classified as discontinued operation in the current year. The segment reported does not include any amounts for this discontinued operation.

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.

(a) Information about reportable segment profit or loss, assets and liabilities from continuing operations:

	Wastewater treatment and construction services	Wastewater treatment equipment trading	Subtotal	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2014					
Revenue from external customers	**22,697**	**39,816**	**62,513**	**26,806**	**89,319**
Segment profit/(loss)	**322**	**(22,254)**	**(21,932)**	**(32,140)**	**(54,072)**
Interest income	**(6)**	**(162)**	**(168)**	**(17)**	**(185)**
Finance costs	**522**	**8,066**	**8,588**	**–**	**8,588**
Depreciation and amortisation	**2,577**	**2,168**	**4,745**	**632**	**5,377**
Write-down of inventories	**–**	**1,686**	**1,686**	**–**	**1,686**
Loss on disposal of property, plant and equipment	**–**	**75**	**75**	**–**	**75**
Impairment loss on goodwill	**–**	**1,919**	**1,919**	**–**	**1,919**
Impairment loss on intangible assets	**–**	**777**	**777**	**–**	**777**
Impairment loss on trade and other receivables	**248**	**129**	**377**	**–**	**377**
Reversal of impairment loss on amount due from a joint venture	**–**	**(843)**	**(843)**	**–**	**(843)**
Additions to non-current assets (other than financial assets and deferred tax assets)	**10,935**	**3,723**	**14,658**	**456**	**15,114**
As at 31 December 2014					
Reportable segment assets (including interest in an associate)	**15,598**	**72,471**	**88,069**		
Interest in an associate	**–**	**–**	**–**		
Reportable segment liabilities	**17,623**	**103,200**	**120,823**		

	Wastewater treatment and construction services *HK$'000*	Wastewater treatment equipment trading *HK$'000*	Subtotal *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended 31 December 2013					
Revenue from external customers	3,307	11,343	14,650	–	14,650
Segment loss	(1,487)	(33,364)	(34,851)	(27,026)	(61,877)
Interest income	(4)	(87)	(91)	(220)	(311)
Finance costs	115	5,220	5,335	–	5,335
Depreciation and amortisation	199	3,514	3,713	854	4,567
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)	8,789	5,323	14,112	21	14,133
Share of loss of an associate	–	1,396	1,396	–	1,396
As at 31 December 2013					
Reportable segment assets (including interest in an associate)	13,087	40,241	53,328		
Interest in an associate	–	–	–		
Reportable segment liabilities	869	90,000	90,869		

There were no inter-segment sales for the year (2013: HK$Nil).

(b) Reconciliations of reportable segment revenue and profit or loss from continuing operations:

	2014 ***HK$'000***	2013 *HK$'000*
Revenue		
Total revenue of reportable segments	**62,513**	14,650
Unallocated revenue	**26,806**	–
Consolidated revenue from continuing operations	**89,319**	14,650

The unallocated revenue represented the sale of goods that are non-rountine trading activities of the Group, not allocated to any operating segments nor regularly monitored by CODM.

	2014 ***HK$'000***	2013 HK$'000
Profit or Loss		
Total profit or loss of reportable segments	**(21,932)**	(34,851)
Other (losses)/gains, net	**(301)**	1,564
Unallocated amortisation and depreciation	**(632)**	(854)
Unallocated head office and corporate expenses	**(31,207)**	(27,736)
Consolidated loss before tax from continuing operations	**(54,072)**	(61,877)

(c) **Reconciliations of reportable segment assets and liabilities:**

	2014	2013
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**88,069**	53,328
Assets relating to discontinued operations	**256,898**	258,518
Elimination of intersegment assets	**(2,347)**	–
Unallocated		
– financial assets at fair value through profit or loss	**140**	440
– cash and cash equivalents	**12,778**	30,849
– corporate assets	**28,975**	16,518
Consolidated total assets	**384,513**	359,653
Liabilities		
Total liabilities of reportable segments	**120,823**	90,869
Liabilities relating discontinued operations	**139,860**	110,111
Elimination of intersegment liabilities	**(2,347)**	–
Unallocated		
– current tax liabilities	**703**	709
– deferred tax liabilities	**3,067**	20,224
– corporate liabilities	**77,063**	12,791
Consolidated total liabilities	**339,169**	234,704

(d) **Geographical information**

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below. 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 customer		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**26,806**	–	**431**	313
The PRC	**62,513**	14,650	**39,258**	277,828
	89,319	14,650	**39,689**	278,141

(e) Revenue from major customers

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

	2014	2013
	HK$'000	*HK$'000*
Discontinued operations:		
Wastewater treatment and construction services on a BOT basis		
PRC customer A	**49,345**	41,661
Continuing operations:		
Wastewater treatment operation services		
PRC customer B	**22,697**	3,307
Wastewater treatment equipment trading		
PRC customer B	**4,960**	–
PRC customer C	**14,680**	3,625
PRC customer D	**15,280**	–
Others – revenue from the sale of goods		
HK customer E	**11,400**	–
HK customer F	**15,406**	–

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits	**185**	311
Total interest income for financial assets that are not at fair value through profit or loss	**185**	311
Rental income from sub-letting of offices	**120**	354
Others	**18**	538
	323	1,203

7. OTHER LOSSES, NET

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Net exchange (loss)/gain	**(2)**	33
Net loss on disposal of property, plant and equipment	**(75)**	(1,791)
Net gain on sale of financial assets at fair value through profit or loss	**–**	2,270
Net unrealised loss on financial assets at fair value through profit or loss	**(300)**	–
Impairment loss on intangible assets	**(777)**	–
Impairment loss on goodwill	**(1,919)**	(758)
Gain on sale and leaseback of property, plant and equipment	**349**	–
Reversal of impairment loss on amount due from a joint venture	**843**	–
Others	**–**	(49)
	(1,881)	(295)

8. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Finance lease charges	**339**	–
Interest expenses – wholly repayable within five years on:		
– Bank borrowings	**487**	293
– Entrusted loan	**7,665**	5,042
– Other borrowings	**97**	–
Total borrowing costs	**8,588**	5,335

9. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2014	2013
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
– Overprovision in prior years	**(8)**	–
Deferred tax	**(84)**	(330)
Income tax credit	**(92)**	(330)

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 years ended 31 December 2014 and 2013.

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.

The reconciliation between the income tax credit and the product of loss before tax multiplied by the applicable tax rates is as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax (from continuing operations)	**(54,072)**	(61,877)
Notional tax on loss before tax, calculated at the rates applicable to losses in the tax jurisdictions concerned	**(10,263)**	(12,562)
Tax effect of		
– non-deductible expenses	**366**	1,866
– non-taxable income	**(2,032)**	(186)
– tax losses not recognised	**11,845**	10,926
– utilisation of unused tax losses	**–**	(374)
– over provision in prior years	**(8)**	–
Income tax credit (relating to continuing operations)	**(92)**	(330)

10. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's loss for the year from continuing operations is stated after charging/(crediting) the following:

	2014	2013
	HK$'000	*HK$'000*
Amortisation of intangible assets*	**2,168**	2,084
Cost of inventories sold	**62,778**	6,693
Depreciation	**3,209**	2,483
Write-down of obsolete inventories (included in cost of sales)	**1,686**	1,035
Auditors' remuneration		
– audit services	**1,354**	1,300
– audit services (underprovision in prior year)	**–**	470
– other services	**800**	179
Operating lease charges in respect of properties	**6,234**	6,394
Impairment loss on trade receivables	**–**	229
Impairment loss on other receivables	**377**	–
Impairment loss on amount due from a joint venture	**–**	3,401
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	**34,031**	21,547
– Equity-settled share-based payment expenses	**–**	1,211
– Pension costs-defined contribution plans	**823**	619
	34,854	23,377

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

11. DISCONTINUED OPERATIONS

On 19 December 2014, the Group entered into an sale and purchase agreement with Beijing Capital Co., Ltd to dispose of the entire equity interest in Fanhe Hulu at a total consideration of RMB102 million (equivalent to approximately HK$129 million). The principal asset of Fanhe Hulu is the concession rights to a wastewater treatment plant project under a BOT basis. The disposal was completed on 17 February 2015. The results of the discontinued operations included in the loss for the year are set out below. The comparative results and cash flows from the discontinued operations have been re-presented to include this operation classified as discontinued in current year.

(a) Loss for the year from discontinued operations:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**49,345**	41,661
Cost of sales	**(42,429)**	(32,761)
Other income	**13**	42
Other losses	**(18,749)**	(305)
Administrative expenses	**(2,993)**	(4,194)
(Loss)/profit from operations	**(14,813)**	4,443
Finance costs	**(8,254)**	(8,531)
Loss before tax	**(23,067)**	(4,088)
Income tax credit	**581**	666
Loss for the year from discontinued operations (attributable to the owners of the Company)	**(22,486)**	(3,422)

(b) Loss for the year from discontinued operation include the following:

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**54**	31
Interest income	**(13)**	(42)
Interest expenses on bank borrowings – wholly repayable within five years	**9,440**	8,531
Amount capitalised*	**(1,186)**	–
	8,254	8,531
Amortisation of operating concessions (included in cost of sales)	**9,868**	8,836
Depreciation	**155**	254
Cost of construction contracts	**22,476**	13,984
Staff costs	**2,514**	1,734
Impairment loss on trade receivables	**18,749**	–

* *The borrowing costs were capitalised from the loan borrowed specifically to obtain for the particular qualifying asset for the year ended 31 December 2014.*

(c) Cash flows from discontinued operations:

	2014 *HK$'000*	2013 *HK$'000*
Net cash inflows from operating activities	**13,331**	9,697
Net cash outflows from investing activities	**(36,375)**	(8,493)
Net cash inflows/(outflows) from financing activities	**14,535**	(20,725)
Net cash outflows	**(8,509)**	(19,521)

Fanhe Hulu has been classified and accounted for at 31 December 2014 as a disposal group held for sale.

12. DIVIDENDS

The board of directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: HK$Nil).

13. LOSS PER SHARE

(a) 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:

	2014 *HK$'000*	2013 *HK$'000*
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	**(75,307)**	(64,568)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**2,500,303**	2,500,303

The computation of diluted loss per share for the year 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 for both years. On 12 June 2014, all the outstanding share options were cancelled.

(b) From continuing operations

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year	**(75,307)**	(64,568)
Loss for the year from discontinued operations	**22,486**	3,422
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	**(52,821)**	(61,146)

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

(c) From discontinued operations

Basic and diluted loss per share from the discontinued operations is HK0.90 cents per share (2013: HK0.14 cents per share), based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$22,486,000 (2013: approximately HK$3,422,000) and the denominators used are the same as those detailed above for both basic and diluted loss per share.

14. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**26,457**	14,814
Less: allowance for doubtful debts	**(231)**	(233)
	26,226	14,581
Other receivables	**17,074**	4,146
Amount due from a joint venture	**–**	–
Trade deposits	**512**	1,233
Prepayments and deposits	**3,403**	1,807
	47,215	21,767
Reclassified as held-for-sale	**4,455**	–
	51,670	21,767

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 2014 and 2013, the ageing analysis of the trade receivables, including those classified as part of a disposal group held for sale, based on invoice date, and net of allowance were as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 2 months	**9,566**	4,992
More than 2 months but within 3 months	**298**	2,616
More than 3 months but less than 12 months	**15,783**	5,033
More than 12 months	**2,724**	1,940
	28,371	14,581

15. ASSETS CLASSIFIED AS HELD FOR SALE

As described in note 11, the Group has disposed of its wastemater treatment plant project on a BOT basis in February 2015. The consideration of the disposal of this BOT project is higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised neither on reclassification of the assets and liabilities as held for sale, nor as at 31 December 2014. The major classes of assets and liabilities of the BOT project at the end of the reporting period are as follows:

	2014
	HK$'000
Property, plant and equipment	**286**
Operating concession	**250,259**
Inventories	**270**
Trade receivables	**2,145**
Other receivables and deposits	**2,310**
Cash and bank balances	**1,628**
Assets of BOT project classified as held for sale	**256,898**
Trade and other payables	**23,322**
Deferred tax liabilities	**16,998**
Bank loan	**99,540**
Liabilities of BOT project associated with assets classified as held for sale	**139,860**
Net assets of BOT project classified as held for sale	**117,038**

At 31 December 2014, the income stream of the operating concessions of the discontinued operation with a carrying amount of approximately HK$250,259,000 (2013: approximately HK$236,908,000) were pledged to secure the bank loans granted to this discontinued operation.

16. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**18,861**	23,229
Retention money payable	**–**	66
Other payables	**25,830**	19,409
Advanced proceeds from disposal of business	**63,000**	–
Amount due to non-controlling interests	**1,341**	–
Sales deposits received	**244**	13,587
	109,276	56,291
Reclassified as held-for-sale	**23,322**	–
	132,598	56,291

The amount due to non-controlling interests was unsecured, interest-bearing at fixed rate of 15% per annum and repayable within one year.

The ageing analysis of the trade payables, including those classified as part of a disposal group held for sale, based on the date of receipt of goods/services, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**4,090**	8,227
After 1 month but within 3 months	**1,344**	433
After 3 months but within 6 months	**10,776**	5,011
After 6 months but within 1 year	**710**	7,734
After 1 year	**16,941**	1,824
	33,861	23,229

RESULTS

For the year ended 31 December 2014, the Group recorded a turnover from continuing operations of approximately HK$89,319,000 (2013: HK$14,650,000) and recorded a turnover from discontinued operations of approximately HK$49,345,000 (2013: HK$41,661,000). The Group's loss from continuing operations attributable to owners of the Company was approximately HK$52,821,000 (2013: HK$61,146,000) and the Group's loss from discontinued operations attributable to owners of the Company was approximately HK$22,486,000 (2013: HK$3,422,000). Gross profit margin from continuing operations was approximately 25.5% as compared to 17.2% in last year and gross profit margin from discontinued operations was approximately 14.0% as compared to 21.4% in last year.

BUSINESS REVIEW

During the current year under review, the Group remained adhering to the goal of providing an efficient one-stop wastewater treatment service to the government and mining enterprises, and providing high quality services to customers. At the same time, we also completed our resources integration and business development.

With our state-of-the-art magnetic separation patented technology and highly effective water treatment capability, the Group was highly praised and welcome in the water treatment in rivers, and sewage treatment in the industrial and mining enterprises markets. At the same time, the Group reached a co-operation intention with the leading enterprises of national water group in Israel, which proposed to introduce the respective businesses in advanced water, garbage treatment and ecological restoration technology and developed horizontally.

On 21 August 2014, the Company entered into a memorandum of co-operation with several parties, pursuant to which a limited liability company was established in Huizhou, Guangdong Province. The business of the joint stock Company mainly includes the introduction of advanced water treatment, desalination, wastewater treatment and effluent reuse technology from Israel, and the industrialization for technology and equipment based on the above technology; and to conduct environmental protection measures, such as water conservation, treatment, purification and protection etc. and water treatment business in Huizhou.

During the year, the Group entered into various co-operation framework agreements with Beijing Huaxia Yuan Jie Water Technology Co.（北京華夏源潔水務科技有限公司）, Selot Environment & Recycling (Shanghai) Co., Ltd*（森藍環保（上海）有限公司）, Hunan Jingxiang Environmental Protection Co. Ltd.*（湖南京湘環保有限公司）etc. respectively, pursuant to which, it intended to expand its environmental protection business through capital injection and equity merger and acquisition, with an aim to enhance the Group's competitiveness in environmental protection industry, and to obtain more advanced environmental protection technology, research and development, management capability and experience to expand the flourishing domestic business opportunities.

To further expand the market and consolidate resources, in December 2014, the Group entered into an equity transfer agreement with Beijing Capital Limited*（北京首創股份有限公司）for the disposal of a wholly-owned subsidiary, Fanhe (Hulu Island) Water Investment Management Company Limited*（凡和（葫蘆島）水務投資管理有限公司）(the "Disposal"). The Group will take this very substantial disposal to consolidate its resources.

After the Disposal completion, the Group did not hold any interest in the disposal company and the disposal company ceased to be a subsidiary of the Group. The consideration for the Disposal is RMB102,000,000 (equivalent to approximately HK$128,520,000). The Disposal was completed on 17 February 2015.

To optimize corporate control and management and escalate corporate strategic management and implementation capacity, the Group signed a strategic cooperation agreement and corporate development consulting services agreement with China General Consulting & Investment Co., Ltd.（中國通用諮詢投資有限公司）.

OUTLOOK

Looking forward, the Group will try to increase its profit margin and actively expand the business opportunities which will in turn enhance the long term development of the Group.

We believe that the river valley treatment and water projects conducted in Huizhou, and the merger and acquisition investment projects we expanded actively will become the newly flagship environmental projects and it will contribute stable recurring revenue to the Group.

The Group will also continue to implement a series of prudent management policies, including cost control, business restructuring and reallocation of resources, to increase our financial liquidity, strengthen our business fundamentals and further maintain the growth momentum in our environmental protection related businesses.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 196 employees (31 December 2013: 174 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 2014, the total cash and bank balances including restricted and pledged fixed deposits of the Group (including those classified as part of a disposal group held for sale) were HK$25,833,000 (2013: HK$43,711,000). The cash and bank balances consisted of about 12.3% in Hong Kong dollars, 51.2% in Renminbi and 36.4% in Japanese Yen.

As at 31 December 2014, the Group had total assets of HK$384,513,000 (2013: HK$359,653,000) and total liabilities of HK$339,169,000 (2013: HK$234,704,000). As at 31 December 2014, the current ratio was 1.29 (2013: 0.85), calculated on the basis of current assets of HK$344,824,000 (2013: HK$81,512,000) over current liabilities of HK$266,594,000 (2013: HK$96,370,000).

The Group's borrowings and finance lease payables (including those classified as part of a disposal group held for sale) amounted to HK$184,356,000 (2013: HK$157,480,000). The Group's borrowings and finance lease payables are denominated in Renminbi, mainly comprise term loans bearing fixed and variable interest rates and an entrusted loan at fixed interest rate. The Group's gearing ratio, being the ratio of the total debts to total assets, was 47.9% (2013: 43.8%).

Charge on assets

As at 31 December 2014, the Group's income stream from operating concession right of HK$250,259,000 (2013: HK$236,908,000), leasehold land and buildings of HK$Nil (2013: HK$14,390,000) and bank deposits of HK$6,300,000 (2013: HK$Nil) was pledged with banks to secure banking facilities granted to the Group.

As 31 December 2014, the restricted deposit of the Group amounting to HK$9,396,000 (2013: HK$786,000) was to be used for repayments of trade payables under banker's consent.

Contingent liabilities

As at 31 December 2014, the Company has issued a guarantee of approximately HK$88,200,000 to a bank in respect of banking facilities granted to a subsidiary, which has been disposed in February 2015. The maximum liability of the Company at 31 December 2014 under the guarantee is the amount of bank loan drawn under the guarantee at that date of approximately HK$63,000,000.

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 years ended 31 December 2014 and 2013.

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 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.

The all outstanding 64,500,000 options were cancelled on 12 June 2014.

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 year ended 31 December 2014, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, save for the following deviation from the code provisions:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. There is no service contract between the Company and Mr. Cao Guoxian and Mr. Ma Tianfu, the non-executive Director, Mr. Xin Luo Lin, Prof. Zhu Nan Wen and Prof. Zuo Jiane, the independent non-executive Directors. They were not appointed for any specific length of service with the Company.

Code provision E.1.2 stipulates that the Chairman should attend the annual general meeting. Mr. Xu Zhong Ping, the Chairman of the Board, was unable to attend the 2014 annual general meeting due to business engagement, but Mr. Xu Xiao Yang, an executive Director, has been delegated to attend and answer questions on his behalf at the 2014 annual general meeting.

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.

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 2014 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

AUDIT COMMITTEE

The audit committee of the Company has discussed with the independent auditor of the Company, Messrs. RSM Nelson Wheels, and reviewed the Group's Consolidated Financial Statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group.

The audit committee is of the opinion that the Group's Consolidated Financial Statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and all other applicable legal requirements. The audit committee therefore recommended for the Board's approval of the Group's Consolidated Financial Statements for the year ended 31 December 2014.

By Order of the Board
China Environmental Technology Holdings Limited
Xu Zhong Ping
Chairman

Hong Kong, 26 March 2015

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. Cao Guoxian and Mr. Ma Tianfu; and the independent non-executive directors are Mr. Xin Luo Lin, Professor Zhu Nan Wen and Professor Zuo Jiane.

* *for identification only*