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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board ("Board") of directors ("Directors") of China Environmental Technology Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – Unaudited

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
Turnover	*3*	**22,432**	25,184
Cost of sales		**(15,105)**	(21,357)
Gross profit		**7,327**	3,827
Other income	*4*	**86**	293
Other gain/(losses), net	*4*	**8,454**	1,937
Distribution costs		**(734)**	(1,238)
Administrative expenses		**(32,666)**	(28,942)
Loss from operations		**(17,533)**	(24,123)
Finance costs	*5a*	**(4,103)**	(4,127)
Loss before taxation	*5*	**(21,636)**	(28,250)
Income tax credit	*6*	**260**	175
Loss for the period from continuing operations		**(21,376)**	(28,075)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2015 – Unaudited

	Note	Six months ended 30 June **2015** (Unaudited) *HK$'000*	2014 (Unaudited) *HK$'000*
DISCONTINUED OPERATIONS			
Profit/(loss) for the period from discontinued operations		**1,009**	(1,932)
Loss on disposal of subsidiary		**(17,894)**	–
Loss for the period		**(38,261)**	(30,007)
Loss for the period attributable to:			
Owners of the Company		**(36,677)**	(29,026)
Non-controlling interests		**(1,584)**	(981)
		(38,261)	(30,007)
Loss attributable to owners of the Company arising from:			
Continuing operations		**(19,792)**	(27,094)
Discontinued operations		**(16,885)**	(1,932)
		(36,677)	(29,026)
Loss per share from continuing and discontinued operations *(HK cents)*	*8*		
From continuing operations		**(0.79)**	(1.08)
From discontinued operations		**(0.68)**	(0.08)
		(1.47)	(1.16)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2015 – Unaudited

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Loss for the period		**(38,261)**	(30,007)
Other comprehensive income:			
Exchange differences on translating of foreign operations		**151**	(6,450)
Total other comprehensive income for the period		**151**	(6,450)
Total comprehensive loss for the period		**(38,110)**	(36,457)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(36,526)**	(35,478)
Non-controlling interests		**(1,584)**	(979)
		(38,110)	(36,457)
Total comprehensive loss for the period attributable to owners of the Company arises from:			
Continuing operations		**(19,641)**	(32,357)
Discontinued operations		**(16,885)**	(3,121)
		(36,526)	(35,478)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – Unaudited

	Note	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**30,052**	31,517
Intangible assets		**7,088**	8,172
Goodwill	*19*	**12,852**	–
Interests in an associate		**–**	–
Interests in joint ventures		**–**	–
		49,992	39,689
Current assets			
Financial assets at fair value through profit or loss		**208**	140
Inventories		**11,204**	6,727
Trade and other receivables	*10*	**83,600**	47,215
Cash and cash equivalents	*11*	**27,271**	24,205
Gross amount due from customers for contract work		**10,816**	9,639
		133,099	87,926
Assets classified as held for sale		**–**	256,898
		133,099	344,824
Total assets		**183,091**	384,513
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**62,508**	62,508
Reserves		**(52,647)**	(16,121)
		9,861	46,387
Non-controlling interests		**(3,355)**	(1,043)
Total Equity		**6,506**	45,344

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2015 – Unaudited

	Note	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**63,000**	63,000
Deferred revenue		**549**	848
Finance lease payables		**4,423**	5,660
Deferred tax liabilities		**2,807**	3,067
		70,779	72,575
Current liabilities			
Trade and other payables	*14*	**74,045**	109,276
Current tax liabilities		**17,148**	703
Borrowings	*13*	**10,584**	12,726
Deferred revenue		**599**	599
Finance lease payables		**3,430**	3,430
		105,806	126,734
Liabilities directly associated with assets classified as held for sale		**–**	139,860
Total liabilities		**176,585**	339,169
Total equity and liabilities		**183,091**	384,513
Net current assets		**27,293**	78,230
Total assets less current liabilities		**77,285**	117,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" and other relevant HKAS and Interpretations and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 December 2014.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following amendments issued by the HKICPA which became effective for the Group's financial year beginning on 1 January 2015.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contribution*
Annual Improvements 2010-2012 Cycle	*Amendments to a number of HKFRSs*
Annual Improvements 2011-2013 Cycle	*Amendments to a number of HKFRSs*

The adoption of these amendments has not had any significant effect on the accounting policies or results and financial position of the Group.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but not effective and have not been early adopted by the Group:

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an investor and its Associate or Joint Ventures*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure initiative*[1]

Amendments to HKAS 9 and HKFRS 7	*Mandatory effective date of HKFRS 9 and transition disclosures*[3]
Amendments to HKAS 10, HKFRS 12 and HKAS 28	*Investment entities: Applying the consolidation exception*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendment to a number of HKFRSs*[1]

[1] Effective for annual periods beginning on or after 1 July 2016

[2] Effective for annual periods beginning on or after 1 January 2017

[3] Effective for annual periods beginning on or after 1 January 2018

[4] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

3. SEGMENT REPORTING

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

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

1. 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.

2. Wastewater treatment equipment trading

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

(a) **Segment results**

An analysis of the Group's revenue and segment results is reported below:

	Segment revenue		**Segment profit (loss)**	
	Six months ended		**Six months ended**	
	30 June 2015	30 June 2014	**30 June 2015**	30 June 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations				
Wastewater treatment and construction services	**9,887**	6,534	**305**	76
Wastewater treatment equipment trading	**12,545**	3,244	**(6,376)**	(7,749)
Total for continuing operations	**22,432**	9,778	**(6,071)**	(7,673)
Discontinued operations				
Wastewater treatment and construction service-BOT	**21,459**	27,750	**(51)**	2,331
Total for discontinued operations	**21,459**	27,750	**(51)**	2,331
Unallocated items	**–**	15,406	**–**	17
Total for continuing and discontinued operations	**43,891**	52,934	**(6,122)**	(5,325)

(b) **Reconciliation of reportable segment results to loss before taxation**

	Six months ended	
	30 June 2015	30 June 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment results	**(6,071)**	(7,656)
Other income and other losses, net	**8,540**	2,230
Depreciation and amortisation	**(336)**	(477)
Finance costs	**(4,103)**	(4,127)
Unallocated head office and corporate expenses	**(19,666)**	(18,220)
Consolidated loss before taxation attributable to continuing operations	**(21,636)**	(28,250)
Consolidated loss before taxation attributable to discontinued operations	**(573)**	(2,268)
	(22,209)	(30,518)

4. OTHER INCOME AND OTHER GAIN, NET

	Six months ended 30 June 2015 HK$'000 (Unaudited)	30 June 2014 HK$'000 (Unaudited)
Other income		
Interest income on bank deposits	**81**	40
Others	**5**	253
Attributable to continuing operations	**86**	293
Attributable to discontinued operations	**–**	9
	86	302
Other gain, net		
Net unrealised gain on financial assets at fair value through profit or loss	**68**	–
Gain on disposal of interest in subsidiaries	**–**	1,937
Gain on deemed disposal of interest in joint ventures	**3,500**	–
Gain on sale and leaseback of property, plant and equipment	**299**	–
Reversal of impairment loss on amount due from a joint venture	**4,587**	–
Attributable to continuing operations	**8,454**	1,937
Attributable to discontinued operations	**–**	–
	8,454	1,937

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June 2015 HK$'000 (Unaudited)	30 June 2014 HK$'000 (Unaudited)
(a) Finance costs:		
Interest on bank borrowings wholly repayable within five years	**4,103**	4,127
Attributable to continuing operations	**4,103**	4,127
Attributable to discontinued operations	**695**	4,608
	4,798	8,735
(b) Other items:		
Continuing operations		
Amortisation of intangible assets	**1,084**	1,084
Depreciation of property, plant and equipment	**1,537**	1,544
Discontinued operations		
Amortisation of operating concessions	**869**	4,747
Depreciation of property, plant and equipment	**110**	95

6. INCOME TAX CREDIT

	Six months ended 30 June 2015 HK$'000 (Unaudited)	30 June 2014 HK$'000 (Unaudited)
Current tax – PRC corporate income tax	**–**	–
Deferred tax	**(260)**	(175)
	(260)	(175)

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the period ended 30 June 2015. PRC taxation is charged at the appropriate current rate of taxation ruling in the PRC.

7. INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

8. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 June 2015	30 June 2014
	HK$'000	*HK$'000*
Attributable to the owners of the Company		
From continuing operations	**(19,792)**	(27,094)
From discontinued operations	**(16,885)**	(1,932)
	(36,677)	(29,026)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares in issue	**2,500,303**	2,500,303

The Company has no potential dilutive ordinary shares outstanding during both periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$101,000 (six months ended 30 June 2014: HK$11,599,000) on property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**35,204**	26,226
Other receivables	**36,747**	17,074
Prepayments and deposits	**11,649**	3,915
	83,600	47,215

The ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 2 months	**12,004**	9,566
More than 2 months but within 3 months	**8,574**	298
More than 3 months but less than 12 months	**13,593**	15,783
More than 12 months	**1,033**	2,724
	35,204	28,371

11. CASH AND CASH EQUIVALENTS

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cash and bank balances	**26,995**	7,879
Pledged bank deposits	**276**	16,326
	27,271	24,205

12. SHARE CAPITAL

	No. of shares	**Amount**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.025 each	8,000,000	200,000
Issued and fully paid:		
Ordinary shares		
At 31 December 2014 and 30 June 2015	2,500,303	62,508

13. BANK LOANS

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Non-current liabilities		
Entrusted loan	**63,000**	63,000
Current liabilities		
Portion of bank loans and other borrowings due for repayment within 1 year	**10,584**	12,726
Total borrowings	**73,584**	75,726

14. TRADE AND OTHER PAYABLES

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Trade payables	**13,673**	18,861
Other payables and accruals	**50,496**	25,830
Advanced proceeds from disposal of business	**–**	63,000
Amount due to non-controlling interests	**1,341**	1,341
Sale deposits received	**8,535**	244
	74,045	109,276

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

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Within 1 month	**1,554**	4,090
After 1 month but within 3 months	**767**	1,344
After 3 months but within 6 months	**4,171**	10,776
After 6 months but within 1 year	**675**	710
After 1 year	**6,506**	16,941
	13,673	33,861

15. OPERATING LEASE COMMITMENTS

As lessee

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Within 1 year	**1,204**	4,520
After 1 year but within 5 years	**–**	538
	1,204	5,058

16. CAPITAL COMMITMENTS

At 30 June 2015, the Group had the following capital commitments:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Contracted, but not provided for		
– Upgrade and construction of wastewater treatment plants under a service concession arrangement on a BOT basis:	**–**	31,335
– Purchase of equipment	**2,860**	2,860
	2,860	34,195

17. COMPARATIVE AMOUNTS

The comparative consolidated statement of comprehensive income has been re-presented as if operations discontinued during the current period had been discontinued at the beginning of the comparative period.

18. DISCONTINUED OPERATIONS

On 19 December 2014, the Group entered into a sale and purchase agreement with Beijing Capital Co., Ltd to dispose of the entire equity interest in Fanhe (Hulu Island) Water Investment Company Limited ("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 period are set out below.

(a) Results of the discontinued operations:

	Period from 1 January 2014 to 17 February 2015 *HK$'000*
Revenue	21,459
Cost of sales	(19,624)
Administrative expenses	(199)
Profit from operations from discontinued operations	1,636
Finance costs	(695)
Profit before taxation from discontinued operations	941
Income tax	68
	1,009
Loss on disposal of discontinued operations (net of tax)	(17,894)
Loss for the period	(16,885)

(b) Results of the discontinued operations is arrived at after charging/(crediting) the following:

	Period from 1 January 2015 to 17 February 2015 *HK$'000*
Interest on bank advances wholly repayable within five years	695
Salaries, wages and other benefits	100
Amortisation of operating concessions (included in cost of sales)	869
Cost of construction contracts	17,238
Depreciation	110

(c) Cash flows of the discontinued operations:

	Period from 1 January 2015 to 17 February 2015 ***HK$'000***
Net cash generated from operating activities	50,418
Net cash used in investing activities	(19,245)
Net cash used in financing activities	(28,415)
Net cash inflows for the period	2,758

(d) Effect of the disposal on the financial position of the Group:

For the period from 1 January 2015 to 30 June 2015

	HK$'000
Net assets disposed of:	
Property, plant and equipment	182
Operating concessions	268,629
Trade and other receivables	21,050
Inventories	275
Cash and cash equivalents	4,386
Bank loans	(71,820)
Trade and other payables	(77,426)
Deferred tax liabilities	(16,929)
Net identifiable assets	128,347
Loss on disposal of subsidiary	(17,894)
	110,453
Satisfied by:	
Cash consideration	128,520
Transaction costs	(18,067)
	110,453

Analysis of the net cash outflow in respect of the disposal of subsidiary

Cash consideration	128,520
Transaction costs	(18,067)
Cash and cash equivalents disposed of	(4,386)
Net cash inflows	106,067

19. BUSINESS COMBINATION

On 31 December 2014, the Group entered into an agreement (the "Agreement") with an joint venture partner (the "Vendor") to purchase 40% equity interest in Beijing Capital Environment Construction Company Limited ("BCEC") and its subsidiaries ("BCEC Group") at a total consideration of HK$2,800,000. The acquisition was completed on 30 January 2015 which is also the acquisition date ("Acquisition Date") for accounting purpose. BCEC Group is the joint ventures of the Group. After the acquisition, the Group have totally 90% equity interest in BCEC Group. BCEC is an investment holding company incorporated in Cayman Islands. BCEC Group is engaged in the provision of environmental consultancy services. Through the acquisition, the Group is able to expand its business.

	Acquirees' fair value at acquisition date
	HK$'000
Assets acquired and liabilities recognised at the date of acquisition were as follows:	
Plant and equipment	79
Inventories	1,178
Prepayment, deposit and other receivables	1,660
Bank balances and cash	1,477
Other payables and accruals	(11,674)
Net liabilities	(7,280)
Non-controlling interests	728
Goodwill arising on acquisition	12,852
Total consideration	6,300
Total purchase consideration satisfied by:	
Cash consideration	2,800
Generated from deemed disposal of interest in joint ventures	3,500
	6,300
Net cash outflow arising on acquisition:	
Cash consideration	2,800
Bank balances and cash acquired	(1,477)
Net cash outflow on acquisition of subsidiaries	1,323

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Business Review

During the six months ended 30 June 2015, the Group recorded a turnover from continuing operations of approximately HK$22,432,000, representing a decrease of 10.93% as compared to HK$25,184,000 for the six months ended 30 June 2014 and recorded a turnover from discontinued operations of approximately HK$21,459,000, representing a decrease of 22.67% as compared to HK$27,750,000 for the six months ended 30 June 2014. Gross profit from continuing operations for the period increase to approximately HK$7,327,000 (six months ended 30 June 2014: HK$3,827,000) and gross profit from discontinued operations for the period decrease to approximately HK$1,835,000 (six months ended 30 June 2014: HK$4,093,000). The Group's loss from continuing operations attributable to owners of the Company for the period was approximately HK$19,792,000 (six months ended 30 June 2014: loss HK$27,094,000) and the Group's loss from discontinued operations attributable to owners of the Company for the period was approximately HK$16,885,000 (six months ended 30 June 2014: loss HK$1,932,000).

During the period under review, the Group has expanded its environmental business to more service oriented scope, such as water quality maintenance in the rivers and lakes and the comprehensive manipulation project in the rural areas.

Outlook

To maintain our competitiveness in the market, the Group will focus more on our core business and the magnetic separation water treatment technology to improve and develop its river-water treatment business and expand service dimensions to our customers. The directors believed that our technology is fitted to the market needs and it is well equipped to face challenges from the market.

Moving forward, we aimed at reaching out to a more diversified business line via seeking new opportunities in China market. To achieve this goal, we will engage more actively in seeking collaboration partners to provide more innovative business solutions. We also continue to improve operational effectiveness in order to drive our business for continued growth.

Liquidity

The Group continued to maintain a liquid position. As 30 June 2015, cash and bank balances of the Group were approximately HK$27,271,000 (31 December 2014: HK$25,833,000 including those classified as part of a disposal group held for sale).

As at 30 June 2015, the Group had total assets of approximately HK$183,091,000 (31 December 2014: HK$384,513,000) and total liabilities of approximately HK$176,585,000 (31 December 2014: HK$339,169,000). As at 30 June 2015, the current ratio was 1.26 (31 December 2014: 1.29).

The Group's borrowings and finance lease payables for the period amounted to approximately HK$81,437,000 (31 December 2014: HK$184,356,000 including those classified as part of a disposal group held for sale). 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 44.48% (31 December 2014: 47.95%).

Charge on Assets

As at 30 June 2015, none of the Group's operating concessions (31 December 2014: HK$250,259,000) was pledged with the banks to secure banking facilities granted to the Group.

Foreign Currency Exposure

The Group had major investments, accounts receivable, bank balances, accounts payable and bank loans denominated in Renminbi, hence the Group had direct exposure to foreign exchange fluctuation. During the period under review, the Group did not use any foreign currency derivative product to hedge its exposure to currency risk. However, the management managed and monitored the exposure to ensure appropriate measures were implemented on a timely and effective manner.

Employees and Remuneration Policy

The total number of employees of the Group as at 30 June 2015 was 120 (31 December 2014: 196). The Group remunerates its employees based on their performance, work experience and the prevailing market price. 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 eligible Directors and employees of the Group to recognise their contribution to the success of the Group. The packages are reviewed annually by the management and the remuneration committee.

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

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

CORPORATE GOVERNANCE

The Company recognises 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 has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2015 except for the code provisions in respect of A.4.1 and E.1.2. Details of the deviations from code provisions A.4.1 and E.1.2 in respect of service term of the non-executive Directors and the chairman of the Board should attend the annual general meeting are explained in the section "Corporate Governance" on pages 16 of the 2014 Annual Report respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct in respect of Directors' dealings in the Company's securities. Specific enquiry has been made of all the Directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company's audit committee is composed of three independent non-executive Directors of the Company. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

By Order of the Board
CHINA ENVIRONMENTAL TECHNOLOGY HOLDINGS LIMITED
Xu Zhong Ping
Chairman

Hong Kong, 26 August 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. Tse Chi Wai, Professor Zhu Nan Wen and Professor Zuo Jiane.