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 2012 AND RESUMPTION OF TRADING

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 2012 together with the comparative figures for the year ended 31 March 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Continuing Operations			
Turnover	*4*	**178,822**	53,455
Cost of sales		**(152,475)**	(42,206)
Gross profit		**26,347**	11,249
Gain on change in fair value of financial liabilities designated at fair value through profit or loss		**77,658**	–
Gain on disposal of property, plant and equipment		**–**	49,800
Other income and gains	*6*	**12,353**	3,526
Selling and distribution expenses		**(7,573)**	(1,932)
Administrative and other expenses		**(42,657)**	(34,106)
Impairment loss recognised on available-for-sale investment		**(44,888)**	–
Finance costs	*7*	**(12,019)**	(2,700)
Profit before taxation	*8*	**9,221**	25,837
Taxation	*9*	**(330)**	(4,012)

* *For identification purposes only*

	Notes	2012 HK$'000	2011 HK$'000
Profit for the year from continuing operations		**8,891**	21,825
Discontinued Operations			
Loss for the year from discontinued operations	10	**–**	(25,269)
Profit/(loss) for the year		**8,891**	(3,444)
Profit/(loss) for the year		**8,891**	(3,444)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**2,062**	9,197
Total comprehensive income for the year		**10,953**	5,753
Profit/(loss) for the year attributable to:			
Owners of the Company		**7,842**	(3,444)
Non-controlling interests		**1,049**	–
		8,891	(3,444)
Total comprehensive income attributable to:			
Owners of the Company		**9,904**	5,753
Non-controlling interests		**1,049**	–
		10,953	5,753
EARNINGS/(LOSS) PER SHARE	12		
From continuing and discontinued operations			
Basic		**HK1.90 cents**	HK(3.77) cents
Diluted		**HK(8.33) cents**	N/A
From continuing operations			
Basic		**HK1.90 cents**	HK23.88 cents
Diluted		**HK(8.33) cents**	HK22.83 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**46,619**	18,898
Investment property		**10,150**	9,380
Prepaid lease payments		**1,063**	1,052
Goodwill		**522,849**	–
Intangible assets		**39,728**	–
Available-for-sale investment		**128,000**	172,888
Amount due from a minority shareholder		**13,300**	–
		761,709	202,218
Current assets			
Inventories		**18,014**	6,449
Trade and bills receivables	*13*	**54,081**	4,503
Other receivables, prepayments and deposits paid		**76,420**	158,124
Financial assets at fair value through profit or loss		**–**	62
Pledged bank deposits		**24,420**	2,029
Cash deposits held by securities broker		**40,000**	–
Bank balances and cash		**30,410**	1,237
		243,345	172,404
Current liabilities			
Trade and bills payables	*14*	**86,094**	8,807
Other payables and accruals		**35,577**	28,699
Promissory notes payable		**262,023**	–
Bank and other borrowings		**35,081**	46,980
Financial liabilities designated at fair value through profit or loss		**25,917**	–
Tax payable		**26,856**	4,097
Obligations under finance leases		**112**	–
Convertible notes		**–**	8,849
		471,660	97,432
Net current (liabilities)/assets		**(228,315)**	74,972
		533,394	277,190

	Notes	2012 HK$'000	2011 HK$'000
Capital and reserves			
Share capital		**9,234**	117
Share premium and reserves		**494,385**	277,073
Equity attributable to owners of the Company		**503,619**	277,190
Non-controlling interests		**17,470**	–
Total equity		**521,089**	277,190
Non-current liabilities			
Obligations under finance leases		**414**	–
Deferred tax liabilities		**11,891**	–
		12,305	–
		533,394	277,190

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 consolidated financial statements have been prepared in accordance with 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 Stock Exchange.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the board of directors (the "Board") has considered the future liquidity of the Group. As at 31 March 2012, the Group and the Company had net current liabilities of approximately HK$228,315,000 and HK$160,645,000 respectively, which included promissory notes payable of HK$262,023,000. 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 the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Board, the Group can meet its financial obligations as and when they fall due in the coming year, after taking into consideration of several measures and arrangements made subsequent to the reporting date as further detailed below:

– On 1 June 2012, the Company entered into a placing agreement with FT Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure the placements, on a best effort basis, of the unconvertible bonds to be issued by the Company up to an aggregate principal amount of HK$200,000,000. Up to the date of approval of these consolidated financial statements, the Company has issued the unconvertible bonds giving rise to a gross proceed of HK$10,000,000.

– On 26 June 2012, the Company entered into a subscription agreement with Pacific Plywood Holdings Limited (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, for the convertible notes to be issued by the Company in the aggregate principal amount of HK$95 million in cash. Up to the date of approval of these consolidated financial statements, the Company has not issued any of these convertible notes.

– In August 2012, the Company has entered into a non-binding memorandum of intent with the holder of the promissory notes with an aggregate principal amount of HK$156 million under which the said holder allows the Company for the settlement of the notes within one year from the date of their maturity without penalty or additional fees.

In light of the measures and arrangements implemented to date, the Board is of the view that the Group has sufficient cash resources to satisfy their 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 Board is 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 the consolidated financial statements.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

New and revised Standards, Amendments and Interpretations applied in the current period

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendment)	Improvements to HKFRSs issued in 2010
HKAS 24 (as Revised in 2009)	Related Party Disclosures
HK (IFRIC) – Interpretation ("INT") 14 (Amendments)	Prepayments of Minimum Funding Requirement
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported and/or disclosures set out in the Group's consolidated financial statements.

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[3]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments) and HKFRS 9 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 1 (Amendments)	Presentation of Financial Statements[2]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[5]

[1] *Effective for annual periods beginning on or after 1 July 2011*

[2] *Effective for annual periods beginning on or after 1 July 2012*

[3] *Effective for annual periods beginning on or after 1 January 2013*

[4] *Effective for annual periods beginning on or after 1 January 2014*

[5] *Effective for annual periods beginning on or after 1 January 2015*

The directors anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the Group's consolidated financial statements except for those which may be relevant as disclosed below.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at either 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 values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liabilities that is attributable to changes in the credit risk of those liabilities is presented in other comprehensive income, unless the presentation of the effects of changes in the liabilities credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual period beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2016. Based on the Group's and the Company's financial assets and financial liabilities at 31 March 2012, the directors anticipate that the application of the new standard will affect the classification and measurement of the Group's and the Company's available-for-sale investment and may affect the classification and measurement of other financial assets and financial liabilities. Up to the date of approval of the consolidated financial statements, the directors are still in the process of assessing the potential financial impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies 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 in specified circumstances. In general, the disclosure requirements specified in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2014 and that the application of the new standard will not have effect on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in 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**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales of laminates	**541**	3,595	**–**	1,097	**541**	4,692
Sales of PCBs	**42,253**	49,860	**–**	–	**42,253**	49,860
Sales of recycled materials	**136,028**	–	**–**	–	**136,028**	–
Sales of copper foils	**–**	–	**–**	4,266	**–**	4,266
Total	**178,822**	53,455	**–**	5,363	**178,822**	58,818

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

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

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; and

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

Discontinued Operations

Manufacture of laminates: manufacture of industrial laminates; and

Manufacture and trading of copper foils: manufacture and trading of copper foils mainly for use in the manufacture of industrial laminates and PCBs.

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

For the year ended 31 March 2012

	Continuing Operations				Discontinued Operations			
	Trading of laminates	Manufacture and trading of PCBs	Wastes recycling	Sub-total	Manufacture of laminates	Manufacture and trading of copper foils	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	541	42,253	136,028	178,822	–	–	–	178,822
Intersegment sales	–	–	–	–	–	–	–	–
Elimination	–	–	–	–	–	–	–	–
Revenue from external customers	541	42,253	136,028	178,822	–	–	–	178,822
Segment results	(1,832)	(939)	9,023	6,252	–	–	–	6,252
Interest income				580			–	580
Gain on change in fair value of financial liabilities designated at fair value through profit or loss				77,658			–	77,658
Increase in fair value of investment property				770			–	770
Other unallocated income				2,513			–	2,513
Impairment loss recognised on available-for-sale investment				(44,888)			–	(44,888)
Other unallocated expenses				(21,645)			–	(21,645)
Finance costs				(12,019)			–	(12,019)
Profit before taxation				9,221			–	9,221

For the year ended 31 March 2011

	Continuing Operations: Trading of laminates HK$'000	Continuing Operations: Manufacture and trading of PCBs HK$'000	Continuing Operations: Wastes recycling HK$'000	Continuing Operations: Sub-total HK$'000	Discontinued Operations: Manufacture of laminates HK$'000	Discontinued Operations: Manufacture and trading of copper foils HK$'000	Discontinued Operations: Sub-total HK$'000	Total HK$'000
Segment revenue:								
Sales to external customers	3,595	49,860	–	53,455	1,097	4,266	5,363	58,818
Intersegment sales	–	–	–	–	16,445	1,834	18,279	18,279
Elimination	–	–	–	–	(16,445)	(1,834)	(18,279)	(18,279)
Revenue from external customers	3,595	49,860	–	53,455	1,097	4,266	5,363	58,818
Segment results	(497)	(3,253)	–	(3,750)	(9,776)	(7,475)	(17,251)	(21,001)
Interest income				6			–	6
Gain on disposal of property, plant and equipment				49,800			14	49,814
Gain on change in fair value of financial assets at fair value through profit or loss				15			–	15
Increase in fair value of investment property				2,420			–	2,420
Other unallocated income				1,085			–	1,085
Loss on disposal of subsidiaries				–			(7,001)	(7,001)
Other unallocated expenses				(21,039)			(724)	(21,763)
Finance costs				(2,700)			(307)	(3,007)
Profit/(loss) before taxation				25,837			(25,269)	568

Segment assets and liabilities

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

As at 31 March 2012

	Continuing Operations			
	Trading of laminates	**Manufacture and trading of PCBs**	**Wastes recycling**	**Sub-total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets and liabilities:				
Segment assets	**20,010**	**34,376**	**216,230**	**270,616**
Unallocated assets				**734,438**
Consolidated total assets				**1,005,054**
Segment liabilities	**17,098**	**16,094**	**145,814**	**179,006**
Unallocated liabilities				**304,959**
Consolidated total liabilities				**483,965**

As at 31 March 2011

	Continuing Operations			
	Trading of laminates	Manufacture and trading of PCBs	Wastes recycling	Sub-total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities:				
Segment assets	11,774	33,170	–	44,944
Unallocated assets				329,678
Consolidated total assets				374,622
Segment liabilities	38,059	25,264	–	63,323
Unallocated liabilities				34,109
Consolidated total liabilities				97,432

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

- all assets are allocated to reportable segments other than certain pledged bank deposits and bank balances and cash, goodwill, intangible assets, investment property, available-for-sale investment, financial assets at fair value through profit or loss, certain other receivables, prepayments and deposits paid, and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than certain bank and other borrowings, tax payable, promissory notes payable, financial liabilities designated at fair value through profit or loss, convertible notes and liabilities for which reportable segments are jointly liable.

(b) Geographical information

The Group's operations are mainly located in Hong Kong, the PRC and Europe.

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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**9,992**	26,142	**137,090**	5,364	**24,369**	20,547	**7,371**	6,765	**178,822**	58,818

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	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Non-current assets	**138,972**	182,555	**60,160**	19,663	**199,132**	202,218

6. OTHER INCOME AND GAINS

	Continuing Operations		Discontinued Operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Rental income	**277**	204	**–**	–	**277**	204
Increase in fair value of investment property	**770**	2,420	**–**	–	**770**	2,420
Reversal of impairment on trade receivables	**3,621**	–	**–**	–	**3,621**	–
Bank interest income	**294**	6	**–**	–	**294**	6
Imputed interest income on amount due from a minority shareholder	**286**	–	**–**	–	**286**	–
Sale of scrap materials	**118**	170	**–**	–	**118**	170
Value added tax and other taxes refunded	**4,869**	–	**–**	–	**4,869**	–
Gain on change in fair value of financial assets at fair value through profit or loss	**–**	15	**–**	–	**–**	15
Others	**2,118**	711	**–**	1,413	**2,118**	2,124
	12,353	3,526	**–**	1,413	**12,353**	4,939

Note: The direct operating expenses from investment property that generated rental income amounted to approximately HK$53,000 (2011: HK$43,000).

7. FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank and other borrowings wholly repayable within five years	**3,869**	1,889	**–**	307	**3,869**	2,196
Factoring arrangements	**65**	84	**–**	–	**65**	84
Obligations under finance leases	**8**	–	**–**	–	**8**	–
Imputed interest on promissory notes payable	**7,993**	–	**–**	–	**7,993**	–
Imputed interest on convertible notes	**84**	727	**–**	–	**84**	727
	12,019	2,700	**–**	307	**12,019**	3,007

8. PROFIT BEFORE TAXATION

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

	Continuing Operations		Discontinued Operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditors' remuneration	**1,569**	674	**–**	47	**1,569**	721
Amortisation of prepaid lease payments	**33**	121	**–**	29	**33**	150
Amortisation of intangible assets included in administrative and other expenses	**1,743**	–	**–**	–	**1,743**	–
Cost of inventories recognised as an expense	**139,066**	42,206	**–**	19,365	**139,066**	61,571
Depreciation of property, plant and equipment	**5,998**	3,769	**–**	11,272	**5,998**	15,041
Direct operating expenses of investment property	**53**	43	**–**	–	**53**	43
Foreign exchange loss, net	**1,434**	–	**–**	–	**1,434**	–
Impairment loss recognised in respect of trade receivables	**27**	3,419	**–**	–	**27**	3,419
Operating lease rentals in respect of rental premises	**176**	1,083	**–**	–	**176**	1,083
Write down of inventories	**656**	–	**–**	–	**656**	–
Loss on disposal of financial assets at fair value through profit or loss	**6**	–	**–**	–	**6**	–
Loss on disposal of property, plant and equipment	**192**	1,153	**–**	–	**192**	1,153

9. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**327**	–
PRC income tax	**304**	4,012
Tax charge for the year	**631**	4,012
Deferred tax credit	**(301)**	–
	330	4,012

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% on the estimated assessable profit the year (2011: Nil).

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%.

10. DISCONTINUED OPERATIONS

On 18 January 2011, a subsidiary of the Company disposed of the entire equity interests in and shareholders' loans to its former subsidiaries, namely Cosmo Terrace Corporation, Fittingco Inc., Majestic Mountain Limited and Ottawa Enterprises Limited to a company which is wholly-owned by Mr. Lau Chung Yim, a former director of the Company, for a consideration of HK$28,000,000. These former subsidiaries together with their subsidiaries (collectively referred to as the "Disposed Entities") were principally engaged in the businesses of manufacture of laminates ("Laminates Business") and of manufacturing trading of copper foils ("Copper Foils Business"). Upon the disposal of the Disposed Entities, the Group discontinued the businesses undertaken by the Disposed Entities.

The results of the Laminates Business and the Copper Foils Business for both of the years presented are summarised as follows:–

	2012	2011
	HK$'000	*HK$'000*
Loss of Laminates Business	–	(10,496)
Loss of Copper Foils Business	–	(7,772)
	–	(18,268)
Loss on disposal of subsidiaries	–	(7,001)
Loss from discontinued operations	–	(25,269)

The results of the Laminates Business and the Copper Foils Business are analysed below:

	Notes	**2012** **HK$'000**	2011 HK$'000
Turnover		–	5,363
Cost of sales		–	(19,365)
Gross loss		–	(14,002)
Other income and gains	*6*	–	1,413
Gain on disposal of property, plant and equipment		–	14
Selling and distribution expenses		–	(661)
Administrative and other expenses		–	(4,725)
Finance costs	*7*	–	(307)
Loss before taxation	*8*	–	(18,268)
Taxation		–	–
Loss for the period		–	(18,268)
Cash flows from discontinued operations			
Net cash outflow from operating activities		–	(4,023)
Net cash inflow from investing activities		–	21
Net cash outflow from discontinued activities		–	(1,592)
Net cash outflow from discontinued operations		–	(5,594)

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2012 (2011: Nil), nor has any dividend been proposed since the end of the reporting period (2011: Nil).

12. EARNINGS/(LOSS) PER SHARE

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

	Continuing and Discounted Operations		Continuing Operations	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings/loss				
Earnings/(loss) for the purpose of basic earnings/loss per share				
Profit/(loss) for the year attributable to owners of the Company	**7,842**	(3,444)	**7,842**	21,825
Effect of dilutive potential ordinary shares:				
Gain on change in fair value of financial liabilities designated at fair value through profit or loss	**(77,658)**	–	**(77,658)**	–
Imputed interest on convertible notes	**–**	–	**–**	–
(Loss)/earnings for the purpose of diluted earnings per share	**(69,816)**	N/A	**(69,816)**	21,825

	2012	2011	**2012**	2011
	'000	*'000*	***'000***	*'000*
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/loss per share	**413,804**	91,396	**413,804**	91,396
Effect of dilutive potential ordinary shares:				
Convertible notes	**424,517**	4,221	**424,517**	4,221
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**838,321**	95,617	**838,321**	95,617

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the consolidation and the rights issue of the Company's shares made during the year.

The computation of diluted earnings per share for both of the years presented does not assume the conversion of certain convertible notes of the Company since their exercise would result in an increase in earnings per share.

Diluted earnings per share for the year ended 31 March 2011 from continuing and discontinued operations is not presented because the Group sustained a loss for that year and the impact of conversion of convertible notes is regarded as anti-dilutive.

13. TRADE AND BILLS RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**54,413**	8,429
Less: allowance for impairment loss	**(332)**	(3,926)
	54,081	4,503

Bills receivables are aged with 90 days 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 the trade and bills receivables, net of impairment loss recognised, at the end of reporting period based on the invoice date is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**36,661**	3,170
4 to 6 months	**16,975**	478
Over 6 months	**445**	855
	54,081	4,503

14. TRADE AND BILLS PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**57,968**	5,281
4 to 6 months	**26,087**	1,459
Over 6 months	**2,039**	2,067
	86,094	8,807

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 2012

Basis for Qualified Opinion

The consolidated financial statements for the year ended 31 March 2010 were audited by the predecessor auditor. The auditor's report issued by the predecessor auditor contained a disclaimer opinion regarding, inter alia, the inability to determine whether the income, expenses, assets and liabilities and related disclosures relating to the Company's significant subsidiary incorporated and operating in Thailand included in the consolidated financial statements for that year have been accurately recorded and properly accounted for in that consolidated financial statements. The Group discontinued the business undertaken by the subsidiary on 18 January 2011 and disposed of the subsidiary on that date. Since the carrying amounts of the opening assets, liabilities and accumulated losses at 1 April 2010 of the subsidiary affect the determination of the Group's loss from discontinued operations for the comparative year ended 31 March 2011, we were unable to determine whether adjustments might be required for the Group's loss from discontinued operations and, accordingly, the loss of the Group for that comparative period presented in the consolidated statement of comprehensive income and the related explanatory notes.

Our opinion on the current year's consolidated financial statements is modified because of the possible effects of the matters referred to above on the comparability of the current year's figures and the corresponding comparative figures contained in the consolidated statement of comprehensive income and the related notes.

Qualified opinion

In our opinion, except for the possible effects on the corresponding comparative figures of the matters described in the Basis for Qualified Opinion section, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of the Group's profit 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 matter

Without further 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 2012, the Group and the Company had net current liabilities of approximately HK$228,315,000 and HK$160,645,000 respectively, including promissory notes payable of HK$262,023,000.

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. We consider that adequate disclosures have been made for the above matters in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Consolidated turnover of the Group for the year ended 31 March 2012 was HK$178,822,000, representing a 234.5% increase as compared with HK$53,455,000 of the previous year. Operating profit after tax of the Group was HK$8,891,000, which included a gain of HK$77,658,000 on valuation of convertible notes and impairment loss of HK$44,888,000 on investment in electric car battery business. Excluding the results of the above gain and loss, the Group experienced a loss of HK$23,879,000 as compared with HK$46,243,000 (excluding a gain of HK$49,800,000 on the disposal of land and buildings in the Suzhou subsidiary in Mainland China and loss of HK$7,001,000 on the disposal of sustained loss-incurring subsidiaries in the Group) of the previous year. The increase in turnover and improved results were attributable to the acquisition of the recycling business during the year.

Trading and manufacturing of printed circuit boards ("PCB")

For the year ended 31 March 2012, the PCB division recorded a turnover of HK$42,253,000 (2011: HK$49,860,000), which accounted for approximately 23.6% of the Group's total turnover and represented a decrease of 15.3% as compared with the previous year. Gross profit was HK$7,218,000 and gross margin was 17.1%. The decrease in turnover was attributable to lower market demand arising from the European debts crisis, in the PCB market.

Trading and manufacturing of industrial laminates

During the year under review, the industrial laminate business achieved a turnover of HK$541,000 (2011: HK$4,692,000), representing approximately less than 1% of the Group's total turnover and a decrease of 88.5% as compared with last year.

The industrial laminate division continued to sustain loss due to strong competition and weak market demand. Sales orders for the year persistently decreased.

The industrial laminate operation in Suzhou, Mainland China during the year remained idle.

Investment in electric car battery business

The Company acquired 9.9% of the issued share capital of Swift Profit International Limited ("Swift Profit") on 29 December 2010. Swift Profit has been granted an exclusive licence to apply the patent and the related technology for manufacturing electric car batteries.

Due to the downturn in global investment market conditions, sales orders tumbled more than expected. The carrying value of the business was reduced by HK$44,888,000 by reference to a business valuation as valued by a professional valuer.

Acquisition of subsidiaries – recycling business

On 9 May 2011, the Company entered into a Sale and Purchase Agreement, pursuant to which the Company, as the purchaser, conditionally agreed to acquire the sale shares and the sale loans at consideration of HK$850 million. The sale shares represent 80% of the issued share capital of Ideal Market Holdings Limited. Ideal Market Holdings Limited indirectly holds Suzhou Baina Renewable Resources Co., Ltd. which is principally engaged in the recycling business of waste paper, scrap metal and consumable waste. The acquisition was completed on 4 November 2011.

Since its acquisition, the recycling business recorded a turnover of RMB110,592,000 (equivalent to HK$136,028,000), which accounted for approximately 76.1% of the Group's total turnover. Gross profit was RMB15,471,000 (equivalent to HK$19,029,000) and gross margin came to 14.0%. Operating profit after tax was RMB4,264,000 (equivalent to HK$5,245,000). This became the main source of income of the Group.

Continuing connected transactions

On 28 June 2010, the Group entered into the following agreements and transactions: (1) Sale and Purchase Agreement in relation to the disposal of substantial loss incurring subsidiaries manufacturing and trading in industrial laminates and copper foils (the "Disposed Group"), with a company named Nature Ample Limited which is wholly owned by a former director of the Company, namely Mr. Lau Chung Yim, at a consideration of HK$28 million; (2) Master Supply Agreement with Zhongshan Chung Yuen Electronic Applied Materials Company Limited (a member of the Disposed Group) in relation to the Group's purchase of industrial laminates from the Disposed Group for a term commencing from the completion of the disposal of the Disposed Group (the "Disposal") up to 31 March 2012 (with the maximum purchase amounts of HK$4,000,000 and HK$15,000,000 for the period ended 31 March 2011 and for the year ended 31 March 2012, respectively) so as to ensure that the Group has a steady supply of laminates for trading in the market; and (3) continued provision of financial assistance by the Company to the Disposed Group by way of loans advances up to a maximum amount of HK$25,000,000 and by way of a corporate guarantee executed on 11 February 2004 in favour of Bangkok Bank Public Company Limited in respect of borrowing by Bangkok Industrial Laminate Company Limited (a member of the Disposed Group) up to a maximum principal amount of Thai Baht 70,000,000 (equivalent to HK$17,633,000) after the completion of the Disposal.

During the year, the Group purchased industrial laminates amounting to RMB7,342,000 (equivalent to HK$9,031,000) from the Disposed Group and continued to provide financial assistance to the Disposed Group by way of a corporate guarantee in favour of Bangkok Bank Public Company Limited in respect of borrowing of Thai Baht 27,000,000 (equivalent to HK$6,801,300) by Bangkok Industrial Laminate Company Limited (a member of the Disposed Group) as at 31 March 2012.

Outlook

The European debt crisis and stagnant economic growth in the United States have severely reduced the market demand of consumers. The management anticipates that the trading environment would be worsened and there would be pressure on the Group's costs and profit margin. The Company will continue to implement a more conservative approach in the procurement of resources to reduce operating costs. The acquisition of the waste paper recycling business during the year became a main source of income to the Group. We believe that the financial performance of the Group will improve.

LIQUIDITY AND FINANCIAL RESOURCES

In April 2011, the Company had implemented a rights issue of the new shares of the Company at the subscription price of HK$0.068 per rights share on the basis of twenty six (26) rights shares for every one (1) share held. The rights issue became unconditional on 18 April 2011 and 3,030,531,634 new shares of HK$0.001 each were issued by the Company pursuant to the terms of the rights issue, giving rise to gross proceeds of approximately HK$206.08 million (before expenses).

On 27 May 2011, the Company proposed to implement a share consolidation scheme on the basis that every ten (10) issued and unissued shares of HK$0.001 each in the share capital of the Company were consolidated into one (1) consolidated share of HK$0.01 each in the issued share capital of the Company. The share consolidation was effected on 30 June 2011.

As at 31 March 2012, the Group's total cash and bank balances, cash deposit held by securities broker and pledged fixed deposits amounted to HK$94,830,000 (2011: HK$3,266,000). Total bank loans, other borrowings, convertible notes, financial liabilities designated at fair value through profit or loss and promissory note payable increased from HK$55,829,000 as at 31 March 2011 to HK$323,021,000 as at 31 March 2012. The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, increased from 0.25 as at 31 March 2011 to 0.40 as at 31 March 2012. Net debt included bank and other borrowings, trade and bills payable, other payables and accruals, promissory note payable, financial liabilities designated at fair value through profit or loss and obligation under finance leases less cash and bank balances, cash deposits and pledged bank deposits. As at 31 March 2012, the Group had a current ratio of 0.52 (2011: 1.77) and net current liabilities of HK$228,315,000 (2011: net current assets of HK$74,972,000).

On 7 October 2011, the Company had entered into an agreement with a placing agent under which the placing agent conditionally agreed to the procurement, on a best effort basis, of placement of convertible notes with an aggregate principal amount of HK$110 million to be issued by the Company for the estimated net proceeds of approximately HK$106 million. The placement of convertible notes was approved by the shareholders of the Company on 29 November 2011. As at 31 March 2012, the Company has issued convertible notes in principal value of HK$77 million.

FOREIGN EXCHANGE EXPOSURE

The Group's borrowings and cash and bank balances are primarily denominated in Hong Kong dollars and Renminbi. Given the continuous revaluation of Renminbi, the Group is expected to experience pressure on its operating costs.

EVENTS AFTER THE REPORTING DATE

The following events took place subsequent to 31 March 2012:

(a) On 1 June 2012, the Company entered into the placing agreement with FT Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure placements, on a best effort, of the unconvertible bonds to be issued by the Company up to an aggregate principal amount of HK$200,000,000. Up to the date of this announcement, the Company has issued the unconvertible bonds giving rise to a gross proceed of HK$10,000,000.

(b) On 26 June 2012, the Company entered into a subscription agreement with Pacific Plywood Holdings Limited (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, for the convertible notes to be issued by the Company in the aggregate principal amount of HK$95 million in cash. Up to the date of this announcement, the Company has not issued any of these convertible notes.

(c) On 3 August 2012, the Company announced to propose a capital reorganization, under which:

    (i) Every 50 existing issued shares of HK$0.01 each in the Company be consolidated into one consolidated share of HK$0.50 each; and

    (ii) The par value of each consolidated share be then reduced from HK$0.50 to HK$0.01 by the cancellation of HK$0.49 of the par value, resulting in a new par value of HK$0.01 for each consolidated share. The reduction of the share capital will give rise to the credit of approximately HK$14.04 million to contributed surplus account of the Company.

    The capital reorganization is subject to the approval by the shareholders of the Company.

CONTINGENT LIABILITIES

The Company has provided a corporate guarantee of Thai Baht 70,000,000 (equivalent to HK$17,633,000) to a bank for banking facilities granted by the bank to a former subsidiary of the Company (2011: HK$16,848,000).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 March 2012. As at 31 March 2011, the Group had commitment for the outstanding consideration payable for the acquisition of 80% equity interest in and shareholders' loan to Ideal Market Holdings Limited amounted to HK$84,000,000.

PLEDGE OF ASSETS

As at 31 March 2012, the Group's assets pledged as security for banking facilities amounted to approximately HK$37,632,000 (2011: HK$14,434,000).

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had approximately 452 employees as at 31 March 2012 (2011: 231).

The increase in number of employees was due to the acquisition of the recycling business during the year. Remunerations are commensurate with the nature of job, 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.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive directors of the Company. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 March 2012 and discussed auditing, financial and internal control, and financial reporting matters of the Company.

CORPORATE GOVERNANCE

The "Code on Corporate Governance Practices" (the "CG Code") contained in Appendix 14 to the Listing Rules has been revised and renamed as the "Corporate Governance Code and Corporate Governance Report" with effect from 1 April 2012. The Board is of the view that the Company has met the code provisions set out in the CG Code during the year ended 31 March 2012, except for the following deviations:

Code provision A.2.1

This code provision stipulates that the roles of chairman and chief executive officer 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 best interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group 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. Although the non-executive directors and the independent non-executive directors of the Company have not been appointed for a specific term, they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws (the "Bye-laws"). Accordingly, the Board considers that the Company meets the objective of the said code provision A.4.1.

Code provision A.4.2

In accordance with the Bye-laws, all the directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. In addition, code provision A.4.2 of the CG Code also stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Besides, Mr. Wang Zhenghua and Mr. Chan Ying Kay, who were appointed by the Board as directors of the Company during the year ended 31 March 2012, retired and were re-elected at the annual general meeting of the Company held on 30 August 2011 instead of the first general meeting of the Company after their appointment held on 29 June 2011. Although this arrangement deviates from the code provision A.4.2 of the CG Code and the provision of the Bye-laws, the Board considered that grouping Mr. Wang Zhenghua and Mr. Chan Ying Kay and other retiring directors for re-election in the same general meeting as far as possible provided a clearer and simpler picture to the Company's shareholders.

Code provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. At the Company's special general meeting held on 27 April 2011 (details of the transaction were set out in the Company's circular dated 23 February 2011), the independent board committee members were not present. To cope with the deviation of this code provision, the chairman of the meeting has read at the meeting the recommendation of independent board committee on the transaction for shareholders' consideration, and the Company's management was arranged to answer questions from the independent shareholders at the meeting.

RESUMPTION OF TRADING

At the request of the Company, trading in shares of the Company (the "Shares") on the Stock Exchange has been suspended since 9:00 a.m. on 29 June 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 13 August 2012.

On behalf of the Board
Chen Tong
Chairman

Hong Kong, 10 August 2012

As at the date of this announcement, the Directors are:

Executive Directors:
Ms. Chen Tong *(Chairman and Chief Executive Officer)*
Ms. Chan Ching Ho, Kitty
Ms. Deng Hong Mei
Mr. Xiang Liang

Non-executive Directors:
Ms. Yao Zhengwei
Mr. Wang Zhenghua

Independent Non-executive Directors:
Mr. Chan Ying Kay
Mr. Tse Kwong Chan
Ms. Zhou Jue