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 2015

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 2015 together with the comparative figures for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Continuing Operations			
Revenue	*4*	**52,710**	59,808
Cost of sales		**(46,327)**	(54,404)
Gross profit		**6,383**	5,404
Investment and other income	*6*	**1,813**	1,343
Other gains and losses	*7*	**(79,704)**	(1,402,896)
Selling and distribution expenses		**(836)**	(3,738)
Administrative expenses		**(30,421)**	(25,219)
Finance costs	*8*	**(48,795)**	(24,907)
Loss before taxation	*9*	**(151,560)**	(1,450,013)
Taxation	*10*	**392**	316
Loss for the year from continuing operations		**(151,168)**	(1,449,697)
Discontinued Operations			
Gain for the year from discontinued operations	*11*	**–**	26,784
Loss for the year		**(151,168)**	(1,422,913)

	Notes	2015 HK$'000	2014 HK$'000
Loss for the year		**(151,168)**	(1,422,913)
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising from translation of foreign operations			
Exchange differences arising during the year		**(348)**	(2,484)
Reclassification adjustments relating to foreign operations disposed of		**–**	(26,624)
		(348)	(29,108)
Increase in fair value of available-for-sale investments, net of income tax		**80,588**	–
Other comprehensive income/(expense) for the year		**80,240**	(29,108)
Total comprehensive expense for the year		**(70,928)**	(1,452,021)
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(147,882)**	(1,441,391)
Non-controlling interests		**(3,286)**	(8,306)
		(151,168)	(1,449,697)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(147,882)**	(1,414,607)
Non-controlling interests		**(3,286)**	(8,306)
		(151,168)	(1,422,913)
Total comprehensive expense attributable to:			
Owners of the Company		**(67,637)**	(1,443,838)
Non-controlling interests		**(3,291)**	(8,183)
		(70,928)	(1,452,021)

	Notes	2015 HK$	2014 HK$ (restated)
Loss per share	13		
From continuing and discontinued operations			
Basic		**(0.15)**	(4.55)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(0.15)**	(4.64)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**20,253**	19,639
Goodwill		**260,573**	185,838
Intangible assets		**27,979**	32,178
Available-for-sale investment		**274,248**	64,954
		583,053	302,609
Current assets			
Inventories		**494**	372
Trade and bills receivables	*14*	**16,795**	3,944
Other receivables, prepayments and deposits paid		**14,880**	22,568
Restricted bank deposits		**5,877**	11,767
Cash deposits held by securities brokers		**36,574**	–
Bank balances and cash		**214,330**	10,603
		288,950	49,254
Assets classified as held for sale		**65,092**	–
		354,042	49,254
Current liabilities			
Trade and bills payables	*15*	**7,064**	22,887
Other payables and accruals		**41,944**	47,570
Promissory notes payable		**201,902**	5,000
Bank and other borrowings		**23,759**	75,861
Financial liabilities designated at fair value through profit or loss		**1,933**	–
Income tax payable		**22,610**	21,994
		299,212	173,312
Liabilities directly associated with assets classified as held for sale		**20,600**	–
		319,812	173,312
Net current assets/(liabilities)		**34,230**	(124,058)
		617,283	178,551

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital		**26,023**	2,320
Share premium and reserves		**556,225**	151,117
Equity attributable to owners of the Company		**582,248**	153,437
Non-controlling interests		**(6,548)**	(3,124)
Total equity		**575,700**	150,313
Non-current liabilities			
Unconvertible bonds		**20,297**	20,168
Deferred tax liabilities		**21,286**	8,070
		41,583	28,238
		617,283	178,551

NOTES:

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year had no material impact on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

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

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

3 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted.*

4 *Effective for annual periods beginning on or after 1 January 2016.*

5 *Effective for annual periods beginning on or after 1 January 2017.*

6 *Effective for annual periods beginning on or after 1 January 2018.*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued on 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

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

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

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts, and income from provision of internet online services relating to product sales and marketing and web maintenance ("Internet Services") and is analysed as below:

	Continuing Operations		**Discontinued Operations**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales of goods	**41,465**	59,808	**–**	1,850	**41,465**	61,658
Internet Services	**11,245**	–	**–**	–	**11,245**	–
Total	**52,710**	59,808	**–**	1,850	**52,710**	61,658

5. SEGMENT INFORMATION

(a) Business segments

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

Continuing Operations

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

Trading of petrochemical products: purchase and sale of petrochemical products.

Internet Services: provision of internet online services relating to product sales and marketing and web maintenance.

Discontinued Operations

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

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

For the year ended 31 March 2015

	Continuing Operations				Discontinued Operations		
	Wastes recycling	Internet Services	Trading of petrochemical products	Sub-total	Manufacture and trading of PCBs	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Sales to external customers	**29,773**	**11,245**	**11,692**	**52,710**	**–**	**–**	**52,710**
Intersegment sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue from external customers	**29,773**	**11,245**	**11,692**	**52,710**	**–**	**–**	**52,710**
Segment results	**(65,808)**	**4,987**	**(414)**	**(61,235)**	**–**	**–**	**(61,235)**
Interest income							**170**
Gain on early repayment of promissory notes payable							**3,093**
Other unallocated income							**2,335**
Realised loss on disposal of equity securities held for trading							**(7,434)**
Impairment loss on available-for-sale investments							**(11,208)**
Loss on change in fair value of financial liabilities designated at fair value through profit or loss ("FVTPL")							**(133)**
Interest on financial liabilities designated at FVTPL							**(133)**
Other unallocated expenses							**(28,220)**
Finance costs							**(48,795)**
Loss before taxation							**(151,560)**
Taxation							**392**
Loss for the year							**(151,168)**

For the year ended 31 March 2014

	Continuing Operations				Discontinued Operations		
	Wastes recycling *HK$'000*	Internet Services *HK$'000*	Trading of petrochemical products *HK$'000*	Sub-total *HK$'000*	Manufacture and trading of PCBs *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Segment revenue:							
Sales to external customers	59,808	–	–	59,808	1,850	1,850	61,658
Intersegment sales	–	–	–	–	–	–	–
Revenue from external customers	59,808	–	–	59,808	1,850	1,850	61,658
Segment results	(185,590)	–	–	(185,590)	808	808	(184,782)
Interest income							42
Gain on early repayment of promissory notes payable							4,411
Gain on the disposal of Disposed Group							25,946
Other unallocated income							3,239
Impairment loss on available-for-sale investment							(17,257)
Loss on change in fair value of financial liabilities designated at FVTPL							(1,202,602)
Interest on financial liabilities designated at FVTPL							(8,056)
Other unallocated expenses							(19,263)
Finance costs							(24,907)
Loss before taxation							(1,423,229)
Taxation							316
Loss for the year							(1,422,913)

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

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Wastes recycling	**185,751**	266,760
Internet Services	**136,020**	–
Trading of petrochemical products	**3,333**	–
Total segment assets	**325,104**	266,760
Unallocated assets		
Available-for-sale investments	**274,248**	64,954
Assets classified as held for sale	**65,092**	–
Other unallocated assets	**272,651**	20,149
Total unallocated assets	**611,991**	85,103
Total consolidated assets	**937,095**	351,863
Segment liabilities		
Wastes recycling	**36,023**	86,262
Internet Services	**8,434**	–
Trading of petrochemical products	**1,647**	–
Total segment liabilities	**46,104**	86,262
Unallocated liabilities		
Promissory notes payable	**201,902**	5,000
Financial liabilities designated at FVTPL	**1,933**	–
Liabilities directly associated with assets classified as held for sale	**20,600**	–
Unconvertible bonds	**20,297**	20,168
Other unallocated liabilities	**70,559**	90,120
Total unallocated liabilities	**315,291**	115,288
Total consolidated liabilities	**361,395**	201,550

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, restricted bank deposits, cash deposits held by securities brokers and bank balances and cash, available-for-sale investments, certain other receivables, prepayments and deposits paid, assets classified as held for sale, and assets used jointly by reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

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

(b) Geographical information

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

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

	Hong Kong		PRC		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**10,821**	1,850	**41,776**	59,808	**113**	–	**52,710**	61,658

The following is an analysis of the carrying amount of non-current assets analysed by the geographical areas in which the assets are located:

	Hong Kong		PRC		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets excluding goodwill and intangible assets	**140,283**	10,650	**38,166**	73,943	**116,052***	–	**294,501**	84,593
Goodwill and intangible assets	**59,202**	–	**229,350**	218,016	**–**	–	**288,552**	218,016
Total non-current assets	**199,485**	10,650	**267,516**	291,959	**116,052**	–	**583,053**	302,609

* *This non-current assets represents available-for-sale investment, the investee was incorporated and is operating in the United States of America.*

An analysis of the non-current assets of the Group (other than financial assets) by geographical areas in which the assets are located:

	Hong Kong		PRC		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**71,899**	10,650	**236,906**	227,005	**–**	–	**308,805**	237,655

6. INVESTMENT AND OTHER INCOME

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**170**	42	**–**	–	**170**	42
Value added tax and other taxes refunded *(Note below)*	**1,168**	848	**–**	–	**1,168**	848
Others	**475**	453	**–**	48	**475**	501
	1,813	1,343	**–**	48	**1,813**	1,391

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

7. OTHER GAINS AND LOSSES

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other gains						
Foreign exchange gain/(loss), net	**1,860**	2,737	**–**	(4)	**1,860**	2,733
Gain on early repayment of promissory notes payable	**3,093**	4,411	**–**	–	**3,093**	4,411
Reversal of impairment loss on other receivables	**21**	11,439	**–**	–	**21**	11,439
	4,974	18,587	**–**	(4)	**4,974**	18,583

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other losses						
Amortisation of intangible assets	**(4,257)**	(4,311)	**–**	–	**(4,257)**	(4,311)
Loss on disposal of property, plant and equipment	**(1,592)**	(8,362)	**–**	–	**(1,592)**	(8,362)
Realised loss on disposal of equity securities held for trading	**(7,434)**	–	**–**	–	**(7,434)**	–
Loss on change in fair value of financial liabilities designated at FVTPL	**(133)**	(1,202,602)	**–**	–	**(133)**	(1,202,602)
Interest on financial liabilities designated at FVTPL	**(133)**	(8,056)	**–**	–	**(133)**	(8,056)
Impairment loss recognised on:						
– property, plant and equipment	**–**	(1,474)	**–**	–	**–**	(1,474)
– goodwill	**(48,216)**	(133,162)	**–**	–	**(48,216)**	(133,162)
– available-for-sale investments	**(11,208)**	(17,257)	**–**	–	**(11,208)**	(17,257)
– trade receivables	**–**	(200)	**–**	–	**–**	(200)
– other receivables	**(11,705)**	(46,059)	**–**	–	**(11,705)**	(46,059)
	(84,678)	(1,421,483)	**–**	–	**(84,678)**	(1,421,483)
Other losses, net	**(79,704)**	(1,402,896)	**–**	(4)	**(79,704)**	(1,402,900)

8. FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank borrowings	**1,607**	2,001	**–**	–	**1,607**	2,001
Other borrowings wholly repayable within five years	**32,752**	19,859	**–**	–	**32,752**	19,859
Promissory notes payable	**13,307**	1,925	**–**	–	**13,307**	1,925
Imputed interest on unconvertible notes	**1,129**	1,122	**–**	–	**1,129**	1,122
	48,795	24,907	**–**	–	**48,795**	24,907

9. LOSS BEFORE TAXATION

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

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditors' remuneration	**851**	820	**–**	–	**851**	820
Cost of inventories recognised as an expense	**40,614**	54,404	**–**	–	**40,614**	54,404
Other service costs	**5,713**	–	**–**	–	**5,713**	–
Depreciation of property, plant and equipment	**4,047**	5,668	**–**	–	**4,047**	5,668
Operating lease rentals in respect of rental premises	**667**	1,558	**–**	2	**667**	1,560

10. TAXATION

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax	**556**	–	**–**	–	**556**	–
PRC Enterprise Income Tax	**14**	839	**–**	–	**14**	839
	570	839	**–**	–	**570**	839
Deferred tax credit	**(962)**	(1,155)	**–**	–	**(962)**	(1,155)
Income tax credit for the year	**(392)**	(316)	**–**	–	**(392)**	(316)

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

PRC income tax

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

11. DISCONTINUED OPERATIONS

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

	2015	2014
	HK$'000	*HK$'000*
Profit for the year from discontinued businesses *(Note below)*	–	838
Gain on disposal of the Disposed Group	–	25,946
Gain for the year from discontinued operations	–	26,784

Note:

The results of the discontinued businesses are analysed below:

	Trading of laminates		Manufacture and trading of PCBs		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	–	–	–	1,850	–	1,850
Cost of sales	–	–	–	(819)	–	(819)
Gross profit	–	–	–	1,031	–	1,031
Investment and other income	–	–	–	48	–	48
Other gains and losses	–	–	–	(4)	–	(4)
Selling and distribution expenses	–	–	–	(37)	–	(37)
Administrative expenses	–	(19)	–	(181)	–	(200)
Profit/(loss) before taxation	–	(19)	–	857	–	838
Taxation	–	–	–	–	–	–
Profit/(loss) for the year	–	(19)	–	857	–	838
Profit/(loss) for the year attributable to owners of the Company	–	(19)	–	857	–	838

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2015 (2014: Nil), nor has any dividend been proposed since the end of the reporting period (2014: Nil).

13. LOSS PER SHARE

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

	Continuing and Discontinued Operations		Continuing Operations	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to owners of the Company	**(147,882)**	(1,414,607)	**(147,882)**	(1,441,391)
Effect of dilutive potential ordinary shares:				
Loss on change in fair value of financial liabilities designated at FVTPL	**133**	1,202,602	**133**	1,202,602
Interest on financial liabilities designated at FVTPL	**133**	8,056	**133**	8,056
Loss for the purpose of diluted loss per share	**N/A**	N/A	**N/A**	N/A

	2015	2014	**2015**	2014
	'000	*'000*	***'000***	*'000*
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic loss per share	**1,007,379**	310,666	**1,007,379**	310,666
Effect of dilutive potential ordinary shares:				
Convertible notes (classified as financial liabilities designated at FVTPL)	**264**	232,116	**264**	232,116
Weighted average number of ordinary shares for the purposes of diluted loss per share	**1,007,643**	542,782	**1,007,643**	542,782

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for both of the years presented have been adjusted for the consolidation of the Company's shares on the basis of twenty shares into one share and the rights issue on the basis of eight rights shares for every one share held made on 3 October 2014 and 20 January 2015 respectively.

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

14. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**22,795**	9,932
Less: allowance for impairment loss	**(6,000)**	(5,988)
	16,795	3,944

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

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

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

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**8,928**	3,944
4 to 6 months	**4,679**	–
Over 6 months	**3,188**	–
	16,795	3,944

15. TRADE AND BILLS PAYABLES

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

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**6,907**	–
4 to 6 months	**–**	22,730
Over 6 months	**157**	157
	7,064	22,887

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the businesses of waste paper, scrap metal and consumable wastes recycling, trading of petrochemical products and online products sales, provision of web maintenance services and marketing services.

The revenue of the Group from continuing operations for the year ended 31 March 2015 was HK$52,710,000, representing a 11.87% decrease as compared with HK$59,808,000 of the previous year. The revenue has included HK$11,245,000 from Internet Services business, HK$29,773,000 from wastes recycling business and HK$11,692,000 from trading of petrochemical products. Gross profit from continuing operations was HK$6,383,000 (2014: HK$5,404,000) and gross margin was 12.11% (2014: 9.04%). The increase in gross profit was attributable to the higher profit margin from the Internet Services business. Operating loss from continuing operations after tax of the Group was HK$151,168,000 which included an impairment loss of HK$48,216,000 on goodwill arising from acquisition of recycling business (2014: HK$133,162,000) and impairment loss recognised in respect of other receivables amounting to HK$11,705,000 (2014: HK$46,059,000). The above said impairment loss recognised in respect of other receivables included an amount of HK$11,705,000 (2014: HK$35,515,000) is attributable to a PRC individual who has an outstanding amount of RMB42,452,719 due to a subsidiary of the Company, Suzhou Baina Renewable Resources Co., Ltd, as at 31 March 2015 which is secured by the pledge of 13.3% equity interests in Ideal Market Holdings Limited ("Ideal Market"), a subsidiary of the Company, held by a minority shareholder. The above-said party has not repaid the outstanding amount on the repayment date. On 26 June 2015, the Company decided to execute the rights under the mortgage agreement to acquire 13.3% mortgaged shares in Ideal Market. The improved financial results was primarily attributable to the fact that the non-cash substantial loss of HK$1,202,602,000 on change in fair value of financial liabilities designated at fair value through profit or loss caused by the significant increase in the Company's share price as at the date of conversion of convertible notes as compared to the share price as at 1 April 2013 which was recognised for the year ended 31 March 2014 while such loss for the year ended 31 March 2015 was relatively minimal.

Selling, distribution expenses and administrative expenses from continuing operations were HK$31,257,000 (2014: HK$28,957,000). The increase in the expenses was attributable to an increase in the professional fees in the year under review.

Recycling business

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

For the year ended 31 March 2015, the Group recognised an impairment loss on goodwill of HK$48,216,000 for the recycling business (the "Impairment Loss"), representing 31.90% of the Group's net loss. Based on the market research conducted by the Company, due to a gradual upward trend in price of imported recycled paper, China's import of recycled paper decreased by 5.9% in 2014 than that in previous year. Imported recycled paper as a proportion of total recycled paper consumption has been declining as well, primarily because of the hike in price of imported recycled paper. The Company forecasted that the demand for recycled paper might not be as robust as expected when compared to valuation as at 31 March 2014. Also, the financial performance of recycling paper business for the year ended 31 March 2015 was not as good as estimated. As a consequence, the valuation assumptions and the cash flow projection have been further adjusted to reflect a more conservative expectation of the Company, leading to the Impairment Loss.

Based on the historical performance and high operating costs of Ideal Market, as well as the Company's experience in the recycling industry, the management of the Company was of the view that the recycling business of Ideal Market would be eliminated by other market players and new entrants. The intense competition would probably decrease the Group's margin and market share in this business, and it is foreseeable that there would be numerous uncertainties regarding the prospect of the business after 20 years. To take a conservative basis for the annual impairment test assessment as at 31 March 2015, the Company assumed that the recycling business of Ideal Market could continue for 20 years in the financial projection, rather than continues perpetually, and believed that such assumption was fair and reasonable. Moreover, due to the significant decrease in actual revenue for the years ended 31 March 2012 to 31 March 2015, financial forecast for the year ending 31 December 2015, as the initial year of the projection, has been adjusted downwards.

The Impairment Loss for the year ended 31 March 2015 is calculated based on the recoverable amount of the cash-generating units of the recycling business undertaken by Ideal Market. The recoverable amount has been determined based on a value used in calculation with reference to the business valuation performed by a valuer which is independent from the Group. That calculation uses cash flow projection based on financial budgets approved by the Directors covering a twenty-year period, with growth rates of 20% per annum for the first to second years, 23% per annum for the third to ninth years, 18% per annum for the tenth to fifteenth years, 15% per annum for the sixteenth to eighteenth years and 3% per annum for the remaining two years, and at a post-tax discount rate of 11.26% in considering the economic conditions of the market. The pre-tax discount rate was 13.97%.

The valuation of the recycling business for the year ended 31 March 2015 was conducted by discounted cash flow ("DCF") method, which is the same as that for the years ended 31 March 2012, 31 March 2013 and 31 March 2014. The Company believes that the drop in valuation is caused by, among others, intense competition with new entrants, a decreased demand and consumption of recycled paper, and actual financial performance of the Group.

The revenue of the wastes recycling business for the year ended 31 March 2015 was HK$29,773,000, representing a 50.22% decrease as compared with HK$59,808,000 of the previous year. Gross profit was RMB662,000 equivalent to HK$828,000 (2014: RMB4,262,000 equivalent to HK$5,404,000) and gross margin was 2.78% (2014: 9.04%).

Trading of petrochemical products business

During the year, Suzhou Baina Renewable Resources Co., Ltd, a subsidiary of the Company, has used its existing facilities to explore new line of business of trading of petrochemical products. The revenue of the trading of petrochemical products business for the year ended 31 March 2015 was HK$11,692,000. Gross profit was HK$23,000.

Electric car battery business

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

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

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

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

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

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

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

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

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

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

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

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

On 29 January 2015, the Company has entered into a supplemental agreement with the Purchaser to amend certain terms of the Sale and Purchase Agreement including the postponement of completion date to 31 March 2015 and vary of payment terms.

The Company has received a notice dated 19 March 2015 from the Purchaser requesting to postpone the completion date to 30 September 2015. The Purchaser has informed the Company that such postponement is to cope with the internal operation issue which involved the possible change of their management team. In addition, the Purchaser agreed to pay the interest for the outstanding consideration for the extension period requested, i.e. 1 April to 30 September 2015, at the interest rate of 5% per annum. Having considered the circumstances, the Directors have agreed to the postponement request. Therefore, on 27 March 2015, the Company has entered into the second supplemental agreement with the Purchaser to further extend the completion date to 30 September 2015 and amend the payment terms. As at the date of this announcement, the Company has received the first, second, third, fourth and fifth instalments of the consideration in the total sum of HK$43,300,000.

Acquisitions

On 20 January 2014, the Company entered into a sale and purchase agreement with Fortune Glow Limited pursuant to which the Company has conditionally agreed to acquire and Fortune Glow Limited has conditionally agreed to dispose of the sales shares, representing 10% equity interest in Pure Power Holdings Limited ("Pure Power") which is principally engaged in the exploration and exploitation of natural resources in the United States of America, for a consideration of HK$125,000,000, which was settled as to HK$123,200,000 by way of delivery of the promissory notes and as to HK$1,800,000 by way of delivery of the convertible bonds. The acquisition was completed on 29 April 2014. As advised by the management of Pure Power, they are going to start a drilling program in August 2015. As at 31 March 2015, as a result of the recent decline in market price of crude oil, the Group's investment in Pure Power was impaired because the recoverable amount of the investment is estimated to be below its cost of investment. Impairment loss of HK$11,208,000 on this investment was recognised in profit or loss. The recoverable amount of the investment is calculated on the value in use basis with reference to the valuation conducted by an independent professional valuer. The impairment loss was attributable to the drop in crude oil price during the second half of the year under review.

On 12 May 2014, the Company and Main Global Group Limited entered into an agreement pursuant to which Main Global Group Limited has conditionally agreed to sell and the Company has conditionally agreed to acquire the sale shares, representing 9.9% equity interest in Starfame Investments Limited which is an investment holding company and indirectly wholly owned 北京吉仁弘暉商貿有限公司 (the "Beijing company") which is principally engaged in wholesale and distribution of products encompassing various aspects of production and livelihood, for a consideration of HK$30,000,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 20 May 2014. As informed by the management of the Beijing company, the company's audited turnover for the year 2014 was RMB295,999,000 and operating profit after tax was RMB24,301,000.

On 18 September 2014, the Company and Ms. Chow Yan Ping entered into an agreement pursuant to which Ms. Chow Yan Ping has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire equity interest in Asian Champion Limited which through its subsidiary, HKOMall Limited, is principally engaged in the business of online products sales, provision of web maintenance services and marketing services, for a consideration of HK$58,000,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 6 October 2014. Following the completion of the said acquisition, Asian Champion Limited and HKOMall Limited have become the subsidiaries of the Company and the Company is interested in 90% issued share capital of HKOMall Limited. Since the acquisition, the revenue and the operating profit before tax generated from such subsidiaries were HK$10.82 million and HK$4.8 million respectively. The gross profit was HK$5.13 million.

On 21 January 2015, the Company and Mr. Lu Qinglu entered into an agreement pursuant to which Mr. Lu Qinglu has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire equity interest in Platinum Plus International Limited which through its wholly owned subsidiary, 麗哲貿易(上海)有限公司 (Ritz Trading (Shanghai) Company Limited*), is principally engaged in the business of online products sales, provision of marketing, web design and maintenance services in the PRC, for a consideration of HK$63,750,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 30 January 2015. Following the completion of the said acquisition, Platinum Plus International Limited and Ritz Trading (Shanghai) Company Limited* have become the wholly owned subsidiaries of the Company. Since the acquisition, the revenue and the operating profit before tax generated from such subsidiaries were HK$0.42 million and HK$0.16 million respectively.

In March 2015, the Group adopted a diversified investment strategy including investing in quality stock and other financial products with a view to achieve better shareholders' return. As at 31 March 2015, the Group held 12,670,000 shares of Jicheng Umbrella Holdings Limited (a company listed on the Main Board of the Stock Exchange; stock code: 1027) at purchase cost of HK$13,938,000 and 63,000,000 shares of WLS Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange; stock code: 8021) at purchase cost of HK$18,900,000 for long term investment.

Outlook

In view of the deteriorating performance of the remaining businesses of the Group, the Group has been exploring and pondering ways to strengthen the source of income and improve the financial position including but not limited to possible acquisitions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group's total restricted bank deposits, cash and bank balances and cash deposits held by securities brokers amounted to HK$256,781,000 (2014: HK$22,370,000). Total bank and other borrowings, unconvertible bond, financial liabilities designated at fair value through profit or loss and promissory notes payable amounted to HK$247,891,000 as at 31 March 2015 (2014: HK$101,029,000). The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, decreased from 0.49 as at 31 March 2014 to 0.06 as at 31 March 2015. Net debt included bank and other borrowings, trade and bills payable, other payables and accruals, promissory notes payable, unconvertible bonds and financial liabilities designated at fair value through profit or loss less restricted bank deposits, cash and bank balances and cash deposits held by securities brokers. As at 31 March 2015, the Group had a current ratio of 1.11 (2014: 0.28) and net current assets of HK$34,230,000 (2014: net current liabilities of HK$124,058,000).

As at 31 March 2015, the outstanding amount due from the Company in form of promissory notes with principal value was HK$191,950,000 (2014: HK$5,000,000). During the year, an aggregate principal value of HK$274,950,000 of the promissory notes had been issued for the acquisitions.

As at 31 March 2015, the Company has an outstanding redeemable convertible notes with principal value of HK$1,800,000 due in April 2015 (2014: Nil).

CAPITAL STRUCTURE

On 27 May 2014, the Company entered into a placing agreement with a placing agent, Tanrich Securities Company Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 180,000,000 new shares in the Company at the price of HK$0.107 per share. The placing was completed on 3 June 2014 and the Company issued 180,000,000 new shares for net proceeds of approximately HK$18,730,000. The net proceeds of HK$12 million was used for repayment of interest expenses due by the Company, HK$1.5 million was used for the loan facility arrangement fee and the balance of HK$5.23 million was used for working capital of the Group.

On 19 June 2014, the Company entered into a loan agreement with an independent third party, under which a loan facility of HK$200,000,000 was granted to the Company. The loan is unsecured, carries interest at 20% per annum and is repayable on the business day falling on twelve months from the date of the first drawdown of any amount of the loan. As at the date of this announcement, the Company has not drawn the above-said loan.

On 20 August 2014, the Company proposed the consolidation of every twenty (20) issued and unissued ordinary shares of par value of HK$0.0005 each in the share capital of the Company into one (1) ordinary share of par value of HK$0.01 each in the share capital of the Company. The share consolidation became effective on 3 October 2014.

On 12 November 2014 and 27 November 2014, the Company entered into a placing agreement (and a supplemental placing agreement) with a placing agent, Win Fung Securities Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 48,190,489 new shares in the Company at the price of HK$0.66 per share under the then general mandate granted to the Directors. The placing was completed on 3 December 2014 and the Company issued 48,190,489 new shares for net proceeds of approximately HK$31.28 million. The net proceeds of HK$20 million was used for repayment of short term debts and accrued interests partially, HK$1.2 million was used for the payment of relevant professional expenses under the rights issue implemented by the Company in January 2015 and share placing, HK$4 million has been utilised for acquisition of non-current assets and the balance of HK$6.08 million shall be utilised as working capital of the Group.

In January 2015, the Company had implemented a rights issue of the new shares of the Company at the subscription price of HK$0.195 per rights share on the basis of eight (8) rights shares for every one (1) share held. The rights issue became unconditional on 15 January 2015 and 2,313,143,472 new shares of HK$0.01 each were issued by the Company pursuant to the terms of the rights issue, giving rise to net proceeds of approximately HK$444.24 million. The net proceeds of HK$74.19 million was used for repayment of short term debts owned by the Company and accrued interests, HK$223 million was used for repayment of promissory notes and convertible bonds, HK$135.20 million was used for acquisition of listed securities in Hong Kong and HK$11.85 million was held at the bank.

FOREIGN EXCHANGE EXPOSURE

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

EVENTS AFTER REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

(a) In April and May 2015, the Group acquired 14,400,000 shares in iONE Holdings Limited, 51,000,000 shares in Suncorp Technologies Limited, 69,384,000 shares in L & A International Holdings Limited and 44,040,000 shares in GreaterChina Professional Services Limited, for total consideration of HK$10,003,800, HK$61,440,000, HK$112,716,080 and HK$23,863,200 respectively. The shares acquired above are listed on the Stock Exchange.

(b) In April 2015, the Company entered into a placing agreement with a placing agent, Southwest Securities (HK) Brokerage Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 520,000,000 new shares of the Company at the placing price of HK$0.245 per share. The placing was completed in May 2015 and the Company issued 520,000,000 new shares at the placing price of HK$0.245 per share, giving rise to gross proceeds of HK$127,400,000 (before expenses).

CONTINGENT LIABILITIES

Except as discussed under the section headed "Litigation", the Group did not have any material contingent liabilities as at 31 March 2015 and 31 March 2014.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2015.

Except for the acquisition of 10% equity interest in Pure Power and motor vessel amounted to HK$125,000,000 and HK$4,000,000 respectively, the Group had no material capital commitments authorised but not provided for as at 31 March 2014.

PLEDGE OF ASSETS

As at 31 March 2015 and 31 March 2014, the Group's deposits amounted to HK$5,877,000 and HK$11,767,000 were placed with a bank in the PRC to secure bills issued and payable by the Group. In addition, as at 31 March 2014, the 80% equity interest in a subsidiary, Ideal Market, held by the Company was pledged to secure a loan of HK$68,000,000 granted to the Group.

LITIGATION

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

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

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

DIVIDEND

No dividend for the year ended 31 March 2015 (2014: Nil) is recommended by the Board.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had approximately 41 employees as at 31 March 2015 (2014: 35). Remunerations are commensurate with the nature of job, staff experience and market conditions.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31 March 2015, except for the code provisions A.2.1 and A.4.1:

Code provision A.2.1 stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, Ms. Chen Tong ("Ms. Chen") holds the offices of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 30 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

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

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive Directors, namely Ms. Zhang Ruisi (Chairman of the Audit Committee), Mr. Tse Kwong Chan and Ms. Zhou Jue. The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2015 and discussed auditing, financial and internal control, and financial reporting matters of the Company.

SCOPE OF WORKS OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

PUBLICATION OF THE AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.986.com.hk). The annual report for the year ended 31 March 2015 will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 29 June 2015

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

* *For identification purposes only*