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CHINA ENVIRONMENTAL INVESTMENT HOLDINGS LIMITED
中國環保投資股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board (the "Board") of directors (the "Directors") of China Environmental Investment Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 together with the comparative figures for 2013 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**826,374**	570,725
Cost of sales		**(659,958)**	(425,654)
Gross profit		**166,416**	145,071
Other income	5	**14,491**	8,698
Selling and distribution expenses		**(56,314)**	(52,317)
Administrative expenses		**(68,136)**	(82,574)
Other operating expenses, net		**(15,199)**	(4,126)
Finance costs	6	**(17,369)**	(10,587)
Gain on disposal of a subsidiary		**9,226**	–
Loss on deregistration of joint ventures		**(2,877)**	–
Gain on deemed disposal of an associate		**–**	30,367
Share of profits and losses of joint ventures		**1,339**	9
Share of profits and losses of associates		**(22)**	(12,411)

	Notes	For the six months ended 30 June **2014** **(Unaudited)** ***HK$'000***	2013 (Unaudited) *HK$'000*
PROFIT BEFORE TAX	7	**31,555**	22,130
Income tax expense	8	**(19,268)**	(9,453)
PROFIT FOR THE PERIOD		**12,287**	12,677
Attributable to:			
Owners of the parent		**1,501**	1,078
Non-controlling interests		**10,786**	11,599
		12,287	12,677
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**HK0.03 cents**	HK0.03 cents
Diluted		**HK0.03 cents**	HK0.02 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**12,287**	12,677
OTHER COMPREHENSIVE INCOME/(LOSS):		
Change in fair value of an available-for-sale investment	**(48,759)**	–
Share of other comprehensive income of joint ventures	**(1,023)**	–
Share of other comprehensive income of an associate	**–**	801
Reserve released on deemed disposal of an associate	**–**	(801)
Exchange differences on translation of foreign operations	**(14,018)**	81
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(63,800)**	81
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(51,513)**	12,758
Attributable to:		
Owners of the parent	**(62,178)**	1,159
Non-controlling interests	**10,665**	11,599
	(51,513)	12,758

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2014 (Unaudited)** ***HK$'000***	31 December 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**437,909**	446,460
Investment properties		**35,133**	36,059
Prepaid land lease payments		**26,904**	52,184
Goodwill		**150,518**	150,518
Intangible assets		**14,439**	15,000
Investments in joint ventures		**107,817**	65,869
Investments in associates		**10,565**	–
Available-for-sale investment		**111,924**	160,683
Concession finance receivables	11	**222,955**	43,199
Trade receivables	12	**39,272**	22,613
Prepayments and deposits		**162,633**	165,992
Finance lease receivables	13	**13,314**	12,478
Total non-current assets		**1,333,383**	1,171,055
CURRENT ASSETS			
Inventories		**2,504**	3,030
Assets held for sale		**22,761**	23,600
Trade and bills receivables	12	**80,870**	129,440
Prepayments, deposits and other receivables		**178,372**	43,437
Finance lease receivables	13	**16,116**	14,335
Due from non-controlling shareholders		**31,985**	29,357
Due from joint ventures		**11,893**	37,042
Due from associates		**1,251**	–
Loan receivable from a related company		**–**	6,350
Pledged deposits		**21,393**	985,470
Cash and bank balances		**366,845**	382,273
Total current assets		**733,990**	1,654,334

	Notes	**30 June 2014 (Unaudited) *HK$'000***	31 December 2013 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade and bills payables	14	**78,706**	191,496
Other payables and accruals		**122,082**	79,892
Convertible bond		**49,447**	–
Interest-bearing bank and other borrowings		**255,147**	1,078,126
Loans from a related company		**147,179**	–
Due to non-controlling shareholders		**2,906**	15,399
Due to a joint venture		**–**	449
Tax payable		**25,297**	16,243
Total current liabilities		**680,764**	1,381,605
NET CURRENT ASSETS		**53,226**	272,729
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,386,609**	1,443,784
NON-CURRENT LIABILITIES			
Convertible bond		**–**	47,618
Interest-bearing bank and other borrowings		**136,266**	51,096
Loans from a related company		**108,374**	147,179
Deferred tax liabilities		**7,480**	5,163
Other payables		**9,255**	10,938
Total non-current liabilities		**261,375**	261,994
Net assets		**1,125,234**	1,181,790
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**876,757**	876,757
Equity component of convertible bond		**21,686**	21,686
Reserves		**125,625**	187,519
		1,024,068	1,085,962
Non-controlling interests		**101,166**	95,828
Total equity		**1,125,234**	1,181,790

Notes:

1. CORPORATE INFORMATION

China Environmental Investment Holdings Limited is a limited liability company incorporated in Hong Kong whose shares are publicly traded.

During the period, the Group was principally involved in the operation of compressed natural gas ("CNG") and liquefied petroleum gas ("LPG") refueling stations, management and operation of light-emitting diode ("LED") energy management contracts ("EMC") and trading of LED products and provision of finance lease and loan services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the Group's adoption of certain new standards and interpretation effective as of 1 January 2014.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

Except as described below, the adoption of the new and revised HKFRSs has had no material impact on the results and financial position for the current or prior accounting periods which have been prepared and presented.

HKAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)

The amendment clarifies the requirements in HKAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in HKFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group does not provide this disclosure as total segment assets were not reported to the CODM. As a result of this amendment, the Group now also does not include disclosure of total segment liabilities as these are not reported to the CODM.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services and has three reporting segments as follows:

(a) Sales of CNG, LPG and petroleum products of the Group's gas station operation;

(b) Management and operation of LED EMC and trading of LED products; and

(c) Provision of finance lease and loan services.

Segment performance is evaluated based on operating profit/(loss), which is a measure of adjusted reportable segment profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance income on concession finance and trade receivables, finance costs, loss on disposal of an investment at fair value through profit or loss, gain on disposal of a subsidiary, loss on deregistration of joint ventures, gain on deemed disposal of an associate, share of profits and losses of joint ventures and associates as well as corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

In determining the Group's geographical segments, revenues and result are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are located in Mainland China, no geographical segments information is provided.

The following table presents revenue and profit/(loss) for the Group's primary segments for the six months ended 30 June 2014 and 2013.

	Sales of CNG,LPG and petroleum products		Management and operation of LED EMC and trading of LED products		Provision of finance lease and loan services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**695,328**	555,674	**129,771**	14,084	**–**	–	**825,099**	569,758
Interest revenue	**–**	–	**–**	–	**1,275**	967	**1,275**	967
Intersegment revenue	**–**	–	**–**	–	**3,224**	3,243	**3,224**	3,243
	695,328	555,674	**129,771**	14,084	**4,499**	4,210	**829,598**	573,968
Reconciliation:								
Elimination of intersegment revenue							**(3,224)**	(3,243)
							826,374	570,725
Segment results	**11,916**	41,701	**30,429**	(8,834)	**431**	(2,161)	**42,776**	30,706
Reconciliation:								
Interest income							**1,327**	817
Finance income on concession finance and trade receivables	**–**	–	**6,240**	1,695	**–**	–	**6,240**	1,695
Loss on disposal of an investment at fair value through profit or loss							**–**	(158)
Gain on disposal of a subsidiary	**9,226**	–	**–**	–	**–**	–	**9,226**	–
Loss on deregistration of joint ventures	**(2,877)**	–	**–**	–	**–**	–	**(2,877)**	–
Gain on deemed disposal of an associate							**–**	30,367
Share of profits and losses of:								
Joint ventures							**1,339**	9
Associates							**(22)**	(12,411)
Corporate and other unallocated expenses							**(9,085)**	(18,308)
Finance costs							**(17,369)**	(10,587)
Profit before tax							**31,555**	22,130
Income tax expense							**(19,268)**	(9,453)
Profit for the period							**12,287**	12,677

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents sales of CNG, LPG and petroleum products from the operation of gas stations, income from management and operation of LED EMC and trading of LED products and interest income on finance leases and loans during the period.

An analysis of the Group's revenue and other income is as follows:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of CNG, LPG and petroleum products	**695,328**	555,674
Operation revenue of LED EMC and trading of LED products	**129,771**	14,084
Interest income on finance leases and loans	**1,275**	967
	826,374	570,725
Other income		
Interest income	**1,327**	817
Commission income	**36**	1,330
Gross rental income	**2,377**	1,415
Trading of petroleum and gas-related products	**201**	134
Finance income on concession finance and trade receivables	**6,240**	1,695
Government grants received*	**2,508**	3,237
Others	**1,802**	70
	14,491	8,698

* Various government grants have been received to subsidise the operation of the Group's gas stations in various provinces in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on loans/bond wholly repayable within five years:		
Bank loans	**11,267**	5,931
Other loans	**3,756**	2,481
Convertible bond	**2,346**	2,175
	17,369	10,587

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived after charging:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**577,338**	401,184
Operation costs of LED EMC and cost of LED products sold	**82,590**	9,473
Cost of finance lease and loan services provided	**30**	64
Depreciation on property, plant and equipment	**30,127**	23,917
Depreciation on investment properties	**823**	353
Amortisation of prepaid land lease payments	**697**	2,106
Amortisation of intangible assets	**521**	521
Loss on disposal of items of property, plant and equipment*	**1,485**	55
Impairment of other receivables*	**13,714**	204
Impairment of inventories*	**–**	2,448
Impairment of items of property, plant and equipment*	**–**	1,261
Loss on disposal of an investment at fair value through profit or loss*	**–**	158

* Included in "Other operating expenses, net" on the face of the interim condensed consolidated statement of profit or loss.

8. INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Mainland China	**16,951**	8,681
Deferred	**2,317**	772
	19,268	9,453

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of HK$1,501,000 (2013: HK$1,078,000), and the weighted average number of ordinary shares of 4,383,782,539 (2013: 4,274,887,511) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2014 in respect of a dilution as the impact of the share options and convertible bond outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculations of basic and diluted earnings per share were based on:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,501**	1,078
Interest on convertible bond	**2,346**	2,175
Profit attributable to ordinary equity holders of the parent, before interest on convertible bond	**3,847***	3,253*

	Number of shares For the six months ended 30 June	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**4,383,782,539**	4,274,887,511
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	183,841,373
Convertible bond	**220,322,859**	220,322,859
	4,604,105,398*	4,679,051,743*

* Because the diluted earnings per share amount was increased when taking convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings per share for the period and was ignored in the calculation of diluted earnings per share. Therefore, the calculation of diluted earnings per share amount was based on profit for the period of HK$1,501,000 (2013: HK$1,078,000) and the weighted average number of ordinary shares of 4,383,782,539 (2013: 4,458,728,884) in issue during the period ended 30 June 2014.

10. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2014 (2013: Nil).

11. CONCESSION FINANCE RECEIVABLES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	HK$'000	*HK$'000*
Receivables under service concession arrangements	**225,002**	45,214
Current portion included in prepayments, deposits and other receivables	**(2,047)**	(2,015)
Non-current portion	**222,955**	43,199

Concession finance receivables comprise amounts receivable with respect to concession agreements in the People's Republic of China (the "PRC"). The Group's concession finance receivables are unbilled as at the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Trade and bills receivables	**122,003**	153,914
Impairment	**(1,861)**	(1,861)
	120,142	152,053
Less: Non-current portion of trade receivables	**(39,272)**	(22,613)
Current portion of trade and bills receivables	**80,870**	129,440

The Group's trade receivables from the trading of LED products to its customers will be billed and settled by equal monthly, bimonthly and quarterly instalments over a period ranging from five to ten years pursuant to the contracts terms. The fair value of the consideration recognised is determined using an imputed rate of interest of 15%.

The Group's trading terms with its other trade customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Billed:		
0 to 90 days	**77,964**	127,364
91 to 120 days	**–**	–
Over 120 days	**1,890**	1,911
	79,854	129,275
Unbilled	**42,149**	24,639
	122,003	153,914

13. FINANCE LEASE RECEIVABLES

The Group provides financial leasing services on certain equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to five years.

	Minimum lease payments		**Present value of minimum lease payments**	
	30 June 2014	31 December 2013	**30 June 2014**	31 December 2013
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**20,675**	17,155	**16,116**	14,335
In the second to fifth years, inclusive	**15,239**	13,190	**13,314**	12,478
	35,914	30,345	**29,430**	26,813
Less: unearned finance income	**(6,484)**	(3,532)		
Present value of minimum lease payments	**29,430**	26,813		
Analysed for reporting purposes as:				
Current assets	**16,116**	14,335		
Non-current assets	**13,314**	12,478		
	29,430	26,813		

The Group's finance lease receivables are denominated in Renminbi ("RMB") which is the functional currency of the relevant group entity.

At 30 June 2014, the Group's finance lease receivables with a carrying amount of HK$25,680,000 (31 December 2013: HK$14,401,000) were pledged as security for the Group's certain bank loans.

14. TRADE AND BILLS PAYABLES

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

	30 June 2014 (Unaudited) ***HK$'000***	31 December 2013 (Audited) *HK$'000*
0 to 90 days	**75,857**	189,408
91 to 120 days	**–**	–
Over 120 days	**2,849**	2,088
	78,706	191,496

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The Group's bills payable has an average maturity period of 90 days and is interest-free. It was secured by time deposits of HK$21,393,000 (31 December 2013: HK$27,076,000) and was denominated in RMB.

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 10 July 2014, the Company has issued convertible bonds (the "Convertible Bonds") in aggregate principal amount of HK$175,000,000 to Huatai Financial Holdings (Hong Kong) Limited (the "Subscriber") upon the conditions of the issuance have been fulfilled and the Company has received the subscription money amounted to HK$175,000,000 pursuant to the conditional subscription agreement which was entered into by the Company and the Subscriber on 26 June 2014. The exercise price of the Convertible Bonds is HK$0.2 per share for conversion of 875,000,000 issued shares of the Company.

(b) On 18 July 2014, Beijing Sinogas Company Limited ("Beijing Sinogas"), an indirect non-wholly-owned subsidiary of the Company, and AVIC Tianxu Hengyuan Energy-Saving Technology Co., Ltd. ("AVIC Tianxu Hengyuan"), an indirect wholly-owned subsidiary of the Company, entered into a properties transfer agreement, pursuant to which Beijing Sinogas has conditionally agreed to transfer its properties to AVIC Tianxu Hengyuan at a cash consideration of RMB11,026,470 (the "Transfer"). Upon completion of the Transfer, the Company's effective beneficial interest in the properties will increase from approximately 69.4% to 100%. The Transfer was not yet completed as at the reporting date of these financial statements.

(c) On 29 July 2014, a share transfer agreement was entered into between Shanghai Shangju Enterprise Company Limited ("Shanghai Shangju"), a wholly-owned subsidiary of the Company and an individual, pursuant to which, Shanghai Shangju agreed to acquire an additional 15% equity interest in Shanghai Yunsheng International Trading Company Limited ("Shanghai Yunsheng") from the individual at consideration of RMB5,570,000. Whereas, the Group has already beneficially owned 70% equity interest in Shanghai Yunsheng. Upon completion of the share transfer agreement on 11 August 2014, the Group's effective interest in Shanghai Yunsheng increased from 70% to 85%.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's consolidated revenue increased by 44.8% to HK$826,374,000 for the six-month period ended 30 June 2014 (2013: HK$570,725,000). The consolidated revenue was derived from its business of compressed natural gas ("CNG") and liquefied petroleum gas ("LPG") vehicle refueling stations in China, and also the businesses of light-emitting diode ("LED") energy management contracts ("EMC") and provision of finance lease and loan services. The growth in consolidated revenue was mainly attributed to growth in the gas and the LED businesses in the PRC.

The Group's gross profit for the six-month period ended 30 June 2014 was HK$166,416,000 (2013: HK$145,071,000), representing an increase of 14.7% compared to last period mainly resulted from the growth of the LED business gross profit.

The Group made a profit attributable to owners of the parent for the six-month period ended 30 June 2014 amounting to HK$1,501,000 (2013: HK$1,078,000). The profit attributable to owners of the parent was mainly caused by (i) growth in the LED business after sharing the energy saving income arising from several newly signed projects; (ii) decrease in the administrative expenses; and (iii) disposal of an LPG subsidiary resulting a gain, excluding which the Group would have recorded as loss of for the period.

Operational Review

(1) Gas Business

The Group's gas business achieved steady growth and made positive contributions to the Group on a segment basis. The Group achieved sales volume of CNG and LPG amounted to 98,750,400 m^3 and 29,019 tons respectively during the period, representing an increase of 22.1% and 26% respectively over the last period.

During the period, the Group's gas business has achieved growth in sales volume and has taken effective measures to lower its operating expenses. However, the nation-wide downstream gas price hike is not as quick as the upstream price hike since the end of 2013, which affects the gross profit margin of the Group's CNG business. In North-eastern China, a CNG station has ceased operation and the LPG storage facility has been disposed of to a local gas group. In Shandong, a new gas station has started operation but an existing gas station has ceased operation due to the local government's relocation plan. A CNG station that has been demolished in Jiangsu is yet to be relocated as affected by the local government's relocation plan as well. In Guangdong, a new LPG station has started operation and made contributions to the Group's LPG business.

(2) LED Business

During the period, sales revenue from the Group's LED business increased from HK$14,084,000 in the last period to HK$129,771,000. The segment result recorded a profit of HK$30,429,000 (2013: loss of HK$8,834,000), which was mainly due to completion of several new LED projects signed in late 2013, which started to contribute the energy saving income in 2014. Since the startup of LED business from March 2012, the Group has signed a variety of EMC contracts, ranging from large public road lighting EMC projects to indoor EMC projects for hotels, factories or schools. Currently the Group's total number of road lights under management has exceeded 65,000 in cities such as Beijing, Changzhou, Guangzhou, Dongguan, Hangzhou, Fuzhou, Changchun and Luoyang.

(3) Finance Leasing Business

For the six-month period ended 30 June 2014, the Group's finance leasing segment registered total revenue of HK$4,499,000 (2013: HK$4,210,000). The increase in revenue was driven by the increasing LED EMC projects executed in the first half of 2014. The segment profit of the Group's finance leasing business was HK$431,000 (2013: loss of HK$2,161,000), resulted by a decrease of total operating expenses.

Business Outlook

Given the government's continuous support on the natural gas sector and the rising demand of natural gas in the PRC, the Group's gas business is expected to continue its growing trend. However, the Group's gas business is faced with fierce competition, increasing operating costs and the challenge of maintaining economies of scale. The Group will strive to take measures to maintain its market share and look for ways to better deploy its resources.

The PRC government also encourages the development of the energy-saving and environmental protection sector by issuing different policies that benefit our LED EMC business. In early August 2013, the State Council of the PRC issued a "Guideline on accelerating the development of energy-saving and environmental protection industry" (關於加快發展節能環保產業的意見), which specifically states to promote the development of semiconductor lighting industry and the application of energy management contracts. Various financial supports such as subsidies, rewards and interest discounts will be provided by the government to promote the social investment into EMC business. In early 2014, the Ministry of Science and Technology of the PRC has issued the "2014-2015 Energy-saving Technology Special Action Program" (2014-2015 年節能減排科技專項行動方案), which encourages the research and development, innovation, manufacturing and application of semiconducting lighting in the form of energy management contracts.

In the past two years, other than direct project marketing, the Group has selectively cooperated with several leading LED suppliers in the PRC to mutually develop new LED EMC projects. Under this model, the Group's EMC business has quickly tapped into different regions in the PRC. Given the Group's established expertise in EMC business, strong alliance with LED manufacturers and proven track records, the Group believes the LED EMC business will continue its growth in the near future. In addition to playing a very important strategic role to finance the Group's LED business, the finance leasing subsidiary is also negotiating several external finance leasing projects in other sectors.

Financial Resources

At 30 June 2014, the Group's total borrowings (including interest-bearing bank and other borrowings, loans from a related company and convertible bond) amounted to approximately HK$696.4 million (31 December 2013: HK$1,324 million), of which HK$389.3 million (31 December 2013: HK$162.6 million) and HK$Nil (31 December 2013: HK$958.4 million) were related to bank borrowings at operating subsidiaries level funding the local PRC operations denominated in Renminbi and United States Dollars respectively. As a result, the Group's gearing ratio, representing the ratio of Group's total borrowings to total equity of HK$1,125.2 million (31 December 2013: HK$1,181.8 million) was 61.9% (31 December 2013: 112%). Cash and bank balances and pledged deposits amounted to HK$388.2 million (31 December 2013: HK$1,367.7 million). Net borrowing amounted to HK$308.2 million (31 December 2013: net cash of HK$43.7 million).

During the six-month period ended 30 June 2014, the Group was not materially exposed to foreign currency risks.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2014 (2013: Nil).

Material Acquisitions and Disposals

Aiming to broaden its revenue source, the Company entered, via a direct wholly-owned subsidiary, into a sale and purchase agreement on 19 June 2014 (as amended by a supplemental agreement dated 24 June 2014) with Sanmax Investment Limited and Yada Investment Limited for the acquisition of 60% equity interests and shareholders' loans of Ontex Enterprises Limited. The consideration of HK$522,000,000 is to be satisfied as to HK$150,000,000 in cash, HK$272,000,000 by the issue of the convertible notes and HK$100,000,000 by the issue of promissory note. The proposed acquisition has not been completed up to the date of this announcement and is subjected to the approval of the Company's shareholders in general meeting. Details of the proposed acquisition are set out in the Company's announcement dated 24 June 2014.

Save as disclosed above, the Group had no other material acquisitions or disposals during the period.

Proposed Change of Company Name

Aiming to provide the Company with a fresh new corporate image and identity, the Board proposed on 11 August 2014 to change the Company's name from "China Environmental Investment Holdings Limited" to "AVIC Joy Holdings (HK) Limited" and its Chinese name from "中國環保投資股份有限公司" to "幸福控股(香港)有限公司. Up to the date of this announcement, the proposed name change is subject to the approval of the Company's shareholders in general meeting and the issue of the relevant certificate of change of name by the Companies Registry in Hong Kong. Please refer to the Company's announcement dated 11 August 2014 for further detail.

Staff Benefits

At 30 June 2014, the Group had a total of 1,314 employees (2013: 1,389). The staff costs for the six-month period ended 30 June 2014 amounted to approximately HK$53.9 million (2013: HK$66.4 million). The Group continues to provide remuneration package to employees according to market practices, their experience and performance. Other benefits include contribution of statutory mandatory provident fund for the employees and medical scheme. There was no major change on staff remuneration policies during the period.

Human Resources

Apart from remunerating and promoting staff according to an established mechanism based on individual performance, experience, professional qualification and prevailing market practices, the Group provides internal training and finance continuing study for existing staff as part of the welfare or incentive system for staff. This aims to encourage staff to embark on life-long study, and to formulate a feasible plan for their career development, which lays a solid foundation for sound and sustainable development of the Group.

Pledge of Assets

At 30 June 2014, the Group had pledged certain properties, plant and machinery, finance lease receivables and bank deposits for bills payable and bank borrowings granted.

Events After The Reporting Period

(a) On 10 July 2014, the Company has issued convertible bonds (the "Convertible Bonds") in aggregate principal amount of HK$175,000,000 to Huatai Financial Holdings (Hong Kong) Limited (the "Subscriber") upon the conditions of the issuance have been fulfilled and the Company has received the subscription money amounted to HK$175,000,000 pursuant to the conditional subscription agreement which was entered into by the Company and the Subscriber on 26 June 2014. The exercise price of the Convertible Bonds is HK$0.2 per share for conversion of 875,000,000 issued shares of the Company.

(b) On 18 July 2014, Beijing Sinogas Company Limited ("Beijing Sinogas"), an indirect non-wholly-owned subsidiary of the Company, and AVIC Tianxu Hengyuan Energy-Saving Technology Co., Ltd. ("AVIC Tianxu Hengyuan"), an indirect wholly-owned subsidiary of the Company, entered into a properties transfer agreement, pursuant to which Beijing Sinogas has conditionally agreed to transfer its properties to AVIC Tianxu Hengyuan at a cash consideration of RMB11,026,470 (the "Transfer"). Upon completion of the Transfer, the Company's effective beneficial interest in the properties will increase from approximately 69.4% to 100%. The Transfer was not yet completed as at the reporting date of these financial statements.

(c) On 29 July 2014, a share transfer agreement was entered into between Shanghai Shangju Enterprise Company Limited ("Shanghai Shangju"), a wholly-owned subsidiary of the Company and an individual, pursuant to which, Shanghai Shangju agreed to acquire an additional 15% equity interest in Shanghai Yunsheng International Trading Company Limited ("Shanghai Yunsheng") from the individual at consideration of RMB5,570,000. Whereas, the Group has already beneficially owned 70% equity interest in Shanghai Yunsheng. Upon completion of the share transfer agreement on 11 August 2014, the Group's effective interest in Shanghai Yunsheng increased from 70% to 85%.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months period ended 30 June 2014, save and except as hereunder:

(i) all non-executive Directors (including independent non-executive Directors) of the Company have not been appointed for a specific terms as provided for in code provision A.4.1. However, the non-executive Directors of the Company are subject to retirement and re-election at least once every three years in accordance with the articles of association of the Company.

(ii) Mr. Ji Guirong, the chairman and non-executive Director, Mr. Wang Zhonghua and Mr. Zhong Qiang, both independent non-executive Directors, were unable to attend the annual general meeting held on 27 June 2014 as provided for in code provision A.6.7 as they had other engagements in China.

(iii) the Company did not have formal letters of appointment for non-executive Directors as provided for in code provision D.1.4. However, the non-executive Directors shall be subject to retirement and re-election in accordance with the articles of association of the Company. Moreover, the non-executive Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry, and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors. In addition, the non-executive Directors are required to comply with the requirements under statute and common law, the Listing Rules, Companies Ordinance, legal and other regulatory requirements, if applicable.

(iv) Mr. Ji Guirong, the chairman of the Company, was unable to attend the annual general meeting held on 27 June 2014 (the "AGM") as provided for in code provision E.1.2 as he was on an overseas engagement. However, Mr. Ji Hui, the chief executive officer of the Company, took the chair of the AGM and an independent non-executive Director, being the chairman of the audit committee of the Company (the "Audit Committee") and the remuneration committee of the Company (the "Remuneration Committee"), and a member of the nomination committee of the Company (the "Nomination Committee") was present thereat and was available to answer questions to ensure effective communication with the shareholders of the Company.

(v) on 27 June 2014, Mr. Zhang Ning resigned as executive Director, Mr. Wang Zhonghua and Mr. Zhong Qiang retired as independent non-executive Directors, and Mr. Wang Xiaowei was appointed as executive Director. Mr. Gong Changhui and Mr. Wu Meng were appointed as independent non-executive Directors on 11 August 2014 and 19 August 2014, respectively. Thereafter, the Board comprises one non-executive Director, five executive Directors and three independent non-executive Directors. Following the appointment of Mr. Gong Changhui on 11 August 2014, the Company has fulfilled the requirement of the Remuneration Committee comprising a majority of independent non-executive Directors under Rule 3.25 of the Listing Rules; and following the appointment of Mr. Wu Meng on 19 August 2014, the Company has fulfilled the requirements of (i) at least three independent non-executive Directors on the Board; (ii) the independent non-executive Directors representing at least one-third of the Board; and (iii) the Audit Committee must comprise a minimum of three members under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the period.

AUDIT COMMITTEE

The Audit Committee, comprises all the independent non-executive Directors, for the time being, namely Mr. Hu Xiaowen (chairman of the Audit Committee), Mr. Wang Zhonghua (retired with effect from 27 June 2014), Mr. Zhong Qiang (retired with effect from 27 June 2014), Mr. Gong Changhui (appointed with effect from 11 August 2014) and Mr. Wu Meng (appointed with effect from 19 August 2014), has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's unaudited interim condensed consolidated financial statements for the period have been reviewed by the Audit Committee, which is of the opinion that such financial statements complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee, comprises the non-executive Director, Mr. Ji Guirong, and the independent non-executive Directors, namely Mr. Hu Xiaowen (chairman of the Remuneration Committee), Mr. Zhong Qiang (retired with effect from 27 June 2014), Mr. Gong Changhui (appointed with effect from 11 August 2014) and Mr. Wu Meng (appointed with effect from 19 August 2014), is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

The Nomination Committee comprises the non-executive Director, Mr. Ji Guirong (chairman of the Nomination Committee), the independent non-executive Directors, namely Mr. Hu Xiaowen, Mr. Wang Zhonghua (retired with effect from 27 June 2014), Mr. Zhong Qiang (retired with effect from 27 June 2014), Mr. Gong Changhui (appointed with effect from 11 August 2014) and Mr. Wu Meng (appointed with effect from 19 August 2014). The principal duties of the Nomination Committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and to make recommendations to the Board on appointment and re-appointment of Directors.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been reviewed by the Audit Committee, and the external auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.irasia.com/listco/hk/cei/index.htm). The interim report of the Company for the six months ended 30 June 2014 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
China Environmental Investment Holdings Limited
Ji Hui
Chief Executive Officer

Hong Kong, 26 August 2014

As of the date of this announcement, the Board comprises nine Directors, of which Mr. Ji Guirong (Chairman) is the non-executive Director; Mr. Ji Hui (Chief Executive Officer), Mr. Zang Zheng, Mr. Zhang Chuanjun, Mr. Xiao Wei and Mr. Wang Xiaowei are the executive Directors; Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng are the independent non-executive Directors.