綠能國際

SINOGREEN ENERGY INTERNATIONAL GROUP LIMITED
中國綠能國際集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

ANNUAL RESULTS

The board of directors (the "Directors") of Sinogreen Energy International Group Limited (the "Company") announced that the annual consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue		**75,791**	10,078
Cost of goods sold		**(74,645)**	(10,037)
Gross profit		**1,146**	41
Other revenue		**348**	298
Other gains and losses		**319**	80
Gain on derecognition of promissory notes	*4*	**87,500**	–
Gain on derecognition of convertible bonds	*5*	**271,909**	–
Administrative expenses		**(12,655)**	(8,477)
Finance costs	*6*	**(10,530)**	(32,606)
Profit/(loss) before taxation	*7*	**338,037**	(40,664)
Income tax credit	*8*	**6,274**	5,379
Profit/(loss) for the year, attributable to owners of the Company		**344,311**	(35,285)

	Note	2013 HK$'000	2012 HK$'000
Exchange difference on translating of foreign operation		**384**	–
Increase in fair value of available-for-sale investments, which may be reclassified subsequently to profit or loss, representing other comprehensive income for the year, net of tax		**224**	1,492
Total comprehensive income for the year, attributable to owners of the Company		**344,919**	(33,793)
Earning/(loss) per share	*10*		
– Basic		**HK cents 44.42**	HK cents (5.02)
– Diluted		**HK cents 7.77**	HK cents (5.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**11,423**	21
Intangible asset		**–**	–
Goodwill		**–**	–
Available-for-sale investments		**6,936**	6,712
		18,359	6,733
Current assets			
Trade and other receivables	*11*	**51,773**	1,588
Pledged bank deposits		**59,224**	–
Bank balances and cash		**10,101**	9,917
		121,098	11,505
Current liabilities			
Trade and other payables	*12*	**17,933**	1,694
Borrowings		**88,129**	–
Current tax liabilities		**42**	–
Promissory notes		**–**	87,500
		106,104	89,194
Net current assets/(liabilities)		**14,994**	(77,689)
Total assets less current liabilities		**33,353**	(70,956)
Non-current liabilities			
Amount due to a shareholder		**–**	1,653
Convertible bonds		**–**	261,725
Deferred tax liabilities		**–**	6,316
		–	269,694
Net assets/(liabilities)		**33,353**	(340,650)
Capital and reserves attributable to owners of the Company			
Share capital		**84,283**	70,236
Reserves		**(50,930)**	(410,886)
		33,353	(340,650)

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the favourable financial effects arising from the Termination Transactions with TMDC (as defined in note 3(vi) to the consolidated financial statements), the High Court Judgment (as defined in note 3(vii)(b) to the consolidated financial statements), current financial position of the Group and the ability of the Group to realise its assets into cash in the ordinary course of business, future short-term and long-term liquidity and operating and capital commitments of the Group. The directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND REVISED 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 Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to the Group's operations.

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle
Amendments to HKAS1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods sold.

The Group currently has only one continuing operating segment, namely chemical products, and energy conservation and environmental protection products, which engages in the business of trading of chemical products, and energy conservation and environmental protection products.

Segment revenue and results

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

For the year ended 31 December 2013

	Chemical products, and energy conservation and environmental protection products segment and consolidated total *HK$'000*
Revenue – External sales	**75,791**
Segment profit	**550**
Unallocated income/(expense) items:	
Central administration costs and directors' salaries	**(11,740)**
Other revenue	**348**
Gain on derecognition of promissory notes	**87,500**
Gain on derecognition of convertible bonds	**271,909**
Finance costs	**(10,530)**
Profit before taxation	**338,037**

For the year ended 31 December 2012

	Conductive silicon rubber keypads segment and consolidated total *HK$'000*
Revenue – External sales	10,078
Segment profit	104
Unallocated income/(expense) items:	
Central administration costs and directors' salaries	(8,460)
Other revenue	298
Finance costs	(32,606)
Loss before taxation	(40,664)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 5 to the consolidated financial statements. Segment profit represents profit/(loss) earned by each segment without absorption of unallocated income/(expense) items, details of which are set out above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The reconciliation between the segment assets and liabilities and the respective consolidated balances is as follows:

	2013 **Chemical products, and energy conservation and environmental protection products segment and consolidated total** ***HK$'000***	2012 Conductive silicon rubber keypads segment and consolidated total *HK$'000*
Assets		
Segment assets	**109,613**	622
Bank balances and cash	**10,101**	9,917
Other unallocated assets	**19,743**	7,699
Consolidated assets	**139,457**	18,238
Liabilities		
Segment liabilities	**35,287**	115
Unallocated liabilities	**70,817**	358,773
Consolidated liabilities	**106,104**	358,888

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

- all assets are allocated to operating segments other than property, plant and equipment, available-for-sale investments, other receivables and bank balances and cash; and

- all liabilities are allocated to operating segments other than other loans and current tax liabilities, promissory notes, amount due to a shareholder, convertible bonds and deferred tax liabilities.

Other segment information

For the year ended 31 December 2013

	Chemical products, and energy conservation and environmental protection products segment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit:			
Reversal of impairment loss recognised on trade receivables	**–**	**–**	**–**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	**11,146**	**356**	**11,502**
Depreciation of property, plant and equipment	**56**	**48**	**104**
Loss on disposal of property, plant and equipment	**–**	**14**	**14**
Finance costs	**–**	**10,530**	**10,530**

For the year ended 31 December 2012

	Conductive silicon rubber keypads segment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit:			
Reversal of impairment loss recognised on trade receivables	79	–	79
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	–	12	12
Depreciation of property, plant and equipment	–	7	7
Finance costs	–	32,606	32,606

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Customer A[1]	**23,076**	–
Customer B[1]	**17,386**	–
Customer C[1]	**8,049**	–
Customer D[1]	**7,575**	–
Customer E[1]	**7,535**	–
Customer F[1]	**7,244**	–
Customer G	**1,262**	4,265
Customer H	**–**	4,567
	72,127	8,832

1 *The Group derived no revenue from Customers A to F for the year ended 31 December 2012.*

All of the above amounts are contributed from trading of chemical products, and energy conservation and environmental protection products.

Geographical information

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

The following table provides an analysis of revenue from external customers derived from Hong Kong, which is the country of domicile of the Group for the purpose of HKFRS 8, and non-Hong Kong, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	Revenue from external customers	
	2013	2012
	HK$'000	*HK$'000*
Sales of chemical products, and energy conservation and environmental protection products		
Hong Kong	**57,016**	10,078
PRC (excluding Hong Kong)	**18,775**	–
	75,791	10,078

	Non-current assets	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**10,114**	21
PRC (excluding Hong Kong)	**1,309**	–
	11,423	21

Note: Non-current assets exclude financial instruments.

4. GAIN ON DERECOGNITION OF PROMISSORY NOTES

As summarised in note 3(vii)(b) to the consolidated financial statements, the High Court handed down a judgment on 19 June 2013 that the Group was entitled to, among the others, the return of the outstanding promissory notes by China Eagle. Upon then, the Group was discharged from its obligation of the promissory notes. Accordingly, the promissory notes at amortised cost of HK$87,500,000 were derecognised and the resulting gain of the same amount was recognised in the current year profit or loss.

5. GAIN ON DERECOGNITION OF CONVERTIBLE BONDS

As a result of the completion of the part of the Termination Transactions with TMDC, the Group cancelled the part of Tranche 1 Bonds issued to TMDC with the principal amount of HK$187,200,000, and a resulting gain of HK$167,218,000 representing the carrying amount at amortised cost on 28 February 2013 was recognised in the current year profit or loss.

In addition, as a result of the hand down of the High Court Judgment on 19 June 2013, the Group cancelled the part of the Tranche 1 Bonds issued to the Vendors with the principal amount of HK$112,800,000, and a gain of HK$104,691,000 representing the carrying amount at amortised cost on 19 June 2013 was recognised in the current year profit or loss.

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Effective interests on borrowings wholly repayable within five years:		
Convertible bonds	**10,184**	32,142
Promissory notes	**–**	464
Borrowings	**346**	–
	10,530	32,606

7. PROFIT/(LOSS) BEFORE TAXATION FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Profit/(loss) before taxation for the year has been arrived at after charging/(crediting):		
Directors' remuneration	**1,829**	1,044
Other staff costs		
– Salaries and other benefits	**1,523**	914
– Retirement benefits scheme contribution	**55**	40
	1,578	954
Total staff costs	**3,407**	1,998
Auditor's remuneration	**1,150**	750
Depreciation of property, plant and equipment	**104**	7
Cost of inventories recognised as expense	**74,645**	10,037
Management fee (included in administrative expenses, note)	**595**	883
Loss on disposal of equipment (included in other gains and losses)	**14**	–
Gain on derecognition of convertible bonds	**(271,909)**	–
Gain on derecognition of promissory notes	**(87,500)**	–
Reversal of impairment loss recognised in respect of trade receivables (included in other gains and losses), net	**–**	(79)

Note: The above amount is paid to Man Lee Management Limited, a company beneficially held and significantly influenced by an entity which is also a shareholder that has significant influence over the Company, for the Group's share of administrative and management services for an office premise, including in which an amount of HK$480,000 (2012: HK$696,000) representing the share of the rental expenses for the year under an operating lease.

8. INCOME TAX CREDIT

	2013	2012
	HK$'000	*HK$'000*
Current tax – PRC		
– current year	**42**	–
Deferred tax credit		
– current year	**(6,316)**	(5,379)
Income tax credit	**(6,274)**	(5,379)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the group entities have no assessable profits in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, tax rate of the PRC subsidiaries is 25% for the year.

9. DIVIDENDS

No dividend has been paid or declared during each of the years ended 31 December 2013 and 2012. The directors do not recommend the payment of a final dividend for 2013 (2012: nil).

10. EARNING/(LOSS) PER SHARE

The calculation of the basic and diluted earning/(loss) per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Profit/(loss)		
Profit/(loss) for the purpose of basic earning/(loss) per share	**344,311**	(35,285)
Effects of dilutive potential ordinary shares:		
Gain on derecognition of convertible bonds	**(271,909)**	–
Release of deferred tax liabilities arising from convertible bonds upon derecognition	**(4,635)**	–
Interest on convertible bonds (net of tax)	**8,503**	–
Profit/(loss) for the purpose of diluted earning/(loss) per share	**76,270**	(35,285)

	2013	2012
	HK$'000	*HK$'000*
		(Note)
Number of shares		
Number of ordinary shares for the purpose of basic earning/(loss) per share	**775,091**	702,356
Number of ordinary shares for the purpose of diluted earning/(loss) per share	**982,083**	702,356

Note: For the year ended 31 December 2012, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in decrease in losses per share for the year then ended.

11. TRADE AND OTHER RECEIVABLES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**50,389**	622
Prepayments and deposits	**1,384**	966
	51,773	1,588

The Group generally allows credit periods of 30 to 90 days (2012: 30 to 90 days) to its trade customers. An aged analysis of trade receivables is presented based on the invoice date at the end of the reporting period is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Less than 1 month past due	**–**	622

12. TRADE AND OTHER PAYABLES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Trade creditors	**8,818**	–
Other payables	**1,502**	1,694
Trade deposit received	**7,613**	–
	17,933	1,694

SUMMARY OF THE INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion on the profit and cash flows

(a) Limitation of Scope – Deconsolidation of a Subsidiary during the year ended 31 December 2009

As set out in note 3(i) to the consolidated financial statements, the Group completed the acquisition of Pacific Choice Holdings Limited ("Pacific Choice") and its subsidiaries (collectively referred to as the "Pacific Choice Group") on 15 January 2009 for a total consideration of HK$604,616,000 which mainly comprised cash, promissory notes issued by the Group and convertible bonds issued by the Company.

As further set out in note 3(ii) to the consolidated financial statements, the directors of the Company were unable to obtain and access to the books and records of 聯合光電(蘇州)有限公司 United Opto-Electronics (Suzhou) Co., Ltd. (the "PRC Subsidiary"), being the directly and indirectly wholly owned subsidiary of Precise Media Limited ("Precise Media") and Pacific Choice respectively, after 30 November 2009 and resolved that the Group no longer had the power to govern the financial and operating policies of the PRC Subsidiary, and accordingly the control over the PRC Subsidiary was lost on that date.

The PRC Subsidiary has therefore been deconsolidated and recognised as an available-for-sale investment from 1 December 2009 onwards. Besides, since the assets of the PRC Subsidiary and the planned operations thereof predominantly accounted for the reason for which the Group acquired Pacific Choice Group, the loss of control over the PRC Subsidiary effectively impaired any practical value of the entire Pacific Choice Group, if any, and therefore, the directors of the Company considered that assets of the entities comprising Pacific Choice Group other than the PRC Subsidiary (the "Pacific Choice Remaining Group") should be fully impaired on the same date the Group lost control over the PRC Subsidiary.

As a result of the circumstances described above, the directors of the Company have been unable to provide us with a complete set of accounting books and records of the PRC Subsidiary. As a result, we were therefore unable to carry out audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether:

(i) the accumulated losses of the Group as at 31 December 2012, which included the losses (i) on deconsolidation of the PRC Subsidiary and (ii) incurred by the PRC Subsidiary for the period from 15 January 2009 (date of acquisition) to 30 November 2009 (date of deconsolidation) was free from material misstatement; and

(ii) the Group had lost its control over the PRC Subsidiary and whether it was appropriate to deconsolidate the assets and liabilities and cease to record results of operations of the PRC Subsidiary from the consolidated financial statements of the Group and be recognised as an available-for-sale investment until the date of disposal of Precise Media as stated below.

These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2012.

As detailed in note 3(vii)(a)(i) to the consolidated financial statements, the Group disposed of Precise Media and the return of intangible assets (see (d) below) as part of the Termination Transactions with TMDC on 28 February 2013 in return for cancellation of the relevant convertible bonds (see (b) below). Accordingly, the Group retained no further equity interests in Precise Media and the PRC Subsidiary which is Precise Media's wholly owned subsidiary. Due to the limitations stated above and these limitations remained as of 5 March 2013 (the date when equity interests in Precise Media were transferred to TMDC), we were unable to satisfy ourselves as to whether any results of operation relating to the PRC Subsidiary for the year ended 31 December 2013 would have been recognised had it not been deconsolidated on 30 November 2009 and whether the effects on consolidated statement of comprehensive income for the year ended 31 December 2013 arising from the Termination Transactions with TMDC were free from material misstatements.

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 31 December 2012 and the results of operations for the year ended 31 December 2013 that might have a significant effect on the state of the Group's affairs as at 31 December 2012 and on its profit for the year ended 31 December 2013.

(b) ***Limitation of Scope – Fair Value and Carrying Amounts of Convertible Bonds, Interest Charge and Gain on Derecognition of Convertible Bonds for the year ended 31 December 2013***

As set out in note 3(i) to the consolidated financial statements, on 15 January 2009, the Company issued zero-coupon convertible bonds due in 2014 with a principal amount of HK$300,000,000, subject to a downward adjustment, as part of the consideration for acquisition of Pacific Choice Group. As set out in note 27 to the consolidated financial statements, the directors of the Company appointed an independent valuer to perform a valuation of the fair value of the convertible bonds issued at the date of issue of 15 January 2009. However, in our audit of the consolidated financial statements for the year ended 31 December 2012, we were not provided with the explanation that we considered necessary for the assessment of the valuation of the convertible bonds and there were no alternative audit procedures that we could perform to obtain sufficient audit evidence to satisfy ourselves as to whether the valuation was properly prepared and accordingly, we were unable to satisfy ourselves as to whether:

(i) the fair value of the liability component of the convertible bonds on initial recognition was reliably measured in accordance with the relevant requirements of Hong Kong Accounting Standard ("HKAS") 39 "Financial Instruments: Recognition and Measurement" issued by the HKICPA ("HKAS 39") and whether their carrying values of HK$261,725,000 as at 31 December 2012 was free from material misstatement;

(ii) convertible bonds reserve of HK$120,398,000 as at 31 December 2012 representing equity component of the convertible bonds (net of related deferred tax liabilities arising from the issue of the convertible bonds) recognised directly in equity and the deferred tax liabilities arising from the issue of the convertible bonds of HK$6,316,000 as at 31 December 2012 was free from material misstatement;

(iii) any other embedded derivatives of the convertible bonds issued for the acquisition of Pacific Choice Group would have been recognised in accordance with HKAS 39 as at 31 December 2012;

(iv) goodwill of HK$77,685,000 arising from the acquisition of Pacific Choice Group as at 15 January 2009 (date of acquisition) as disclosed in note 17 to the consolidated financial statements was reliably measured in accordance with the relevant requirements of Hong Kong Financial Reporting Standard 3 "Business Combinations" issued by the HKICPA and whether the impairment loss on this goodwill of HK$77,685,000 recognised in the profit or loss for the year ended 31 December 2009 and included in the accumulated losses as at 31 December 2012 were free from material misstatement;

These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2012. These limitations remained as of 5 March 2013 and 19 June 2013.

As set out in note 3(vii) to the consolidated financial statements, following the completion of the Termination Transactions with TMDC on 5 March 2013 and the High Court Judgment against the Vendors (as defined in note 3 to the consolidated financial statements) held on 19 June 2013, the convertible bonds with the total principal amount of HK$300,000,000 were returned and cancelled. As a result of these, gains on derecognition of the liability component of the convertible bonds of HK$271,909,000 and the resulting release of deferred tax liabilities of HK$4,635,000 were recognised in the profit or loss for the year ended 31 December 2013. However, due to the limitation on our work on obtaining evidence about the carrying amounts of the convertible bonds and related deferred tax liabilities as at 5 March 2013 and 19 June 2013, as applicable, stated above, we were unable to satisfy ourselves as to whether:

(v) the gain of HK$276,544,000 on derecognition of the liability component of the convertible bonds of HK$271,909,000 and the resulting release of deferred tax liabilities of HK$4,635,000 recognised in the profit or loss for the year ended 31 December 2013 were free from material misstatement;

(vi) any gain or loss on derecognition of any other embedded derivatives of the convertible bonds would have been recognised in the profit or loss for the year ended 31 December 2013, had they been recognised in accordance with HKAS 39 as at 31 December 2012; and

(vii) the interest charge of HK$10,184,000 in respect of the liability component of the convertible bonds as set out in note 27 to the consolidated financial statements and the resulting release of deferred tax liabilities of HK$1,681,000 recognised in the profit or loss for the year ended 31 December 2013 were free from material misstatement.

We were therefore unable to determine whether any adjustments were necessary to be made to the accumulated losses as at 31 December 2012 and the results of operations for the year ended 31 December 2013 that might have a significant effect on the state of the Group's affairs as at 31 December 2012 and on its profit for the year ended 31 December 2013.

(c) Limitation of Scope – Carrying Amounts of Promissory Notes and its Gain on Derecognition of Promissory Notes for the year ended 31 December 2013

As set out in note 3(i) to the consolidated financial statements, on 15 January 2009, the Group issued zero-coupon promissory notes due in 2011 with a principal amount of HK$375,000,000 as part of the consideration for the acquisition of Pacific Choice Group of which HK$250,000,000 was early settled in 2009 with the subsequent extension of maturity of the remaining balance of HK$87,500,000 (after the cancellation of a principal amount of HK$37,500,000 as detailed in note 25 to the consolidated financial statements) to January 2012. Neither the Group settled nor the noteholder or its representative demanded payment of the matured balance.

In our audit of the consolidated financial statements for the year ended 31 December 2012, we circulated direct confirmations to the noteholder but did not receive a reply and there were no alternative audit procedures that we could perform to obtain sufficient audit evidence to satisfy ourselves as to whether the promissory notes of HK$87,500,000 included in the consolidated statement of financial position as at 31 December 2012 was free from material misstatement.

This matter caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2012. In our audit of the consolidated financial statements for the year ended 31 December 2013, these uncertainties remained.

As set out in note 3(vii)(b) to the consolidated financial statements, the High Court Judgment was handed down on 19 June 2013 which entitled the Group to the return of the promissory notes. As a result of this, the Group was legally released from the obligations arising from the promissory notes and a gain on derecognition of HK$87,500,000 was recognised in the profit or loss for the year ended 31 December 2013.

Due to the limitation on our work on obtaining evidence about the carrying amount of the promissory notes as at 19 June 2013, we were unable to satisfy ourselves as to whether the gain on derecognition of the promissory notes of HK$87,500,000 recognised in the profit or loss for the year ended 31 December 2013 was free from material misstatement.

Any adjustment that might have been found to be necessary in respect of the above may have a significant effect on the state of the Group's affairs as at 31 December 2012 and on its profit for the year ended 31 December 2013.

(d) Limitation of Scope – Carrying Amount of Intangible Asset and Loss on Disposal of Intangible Asset during the year ended 31 December 2013

The Group acquired an intangible asset costing HK$668,000,000 in the acquisition of Pacific Choice Group in 2009. The carrying amount of this intangible asset was fully impaired in the year ended 31 December 2009 and included in the accumulated losses as at 31 December 2012 (see (a) above).

We were not provided with an assessment of recoverable amount of the intangible asset as at 31 December 2012 prepared in accordance with HKAS 36 "Impairment of Assets", we were therefore unable to satisfy ourselves as to whether:

(i) the impairment losses of HK$668,000,000 included in the accumulated losses as at 31 December 2012 was properly determined in accordance with the requirements of HKAS 36; and

(ii) the carrying values of the intangible asset has been properly stated in accordance with HKAS 38 "Intangible Assets" as at 31 December 2012.

These matters caused us to disclaim our audit opinion on the consolidated financial statements for the year ended 31 December 2012. These uncertainties remained in our audit of the consolidated financial statements for the year ended 31 December 2013.

As further detailed in notes 3(vii)(a) to the consolidated financial statements, the intangible asset and equity interests in Precise Media (see (a) above) were returned to TMDC as part of the Termination Transactions with TMDC on 5 March 2013, in return for cancellation of relevant convertible bonds (see (b) above). Due to the limitation on our work on obtaining evidence about the carrying amount of the intangible asset as of 1 January 2013 and 5 March 2013, we were therefore unable to satisfy ourselves as to whether the effects on consolidated statement of comprehensive income for the year ended 31 December 2013 arising form the Termination Transactions with TMDC were free from material misstatements.

Any adjustment that might have been found to be necessary in respect of the above may have a significant effect on the state of the Group's affairs as at 31 December 2012 and on its profit for the year ended 31 December 2013.

DISCLAIMER OF OPINION ON THE PROFIT AND CASH FLOWS

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on the Profit and Cash Flows paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on profit and cash flows for the year ended on 31 December 2013. Accordingly, we do not express an opinion on the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2013.

OPINION ON THE FINANCIAL POSITION

In our opinion, the consolidated statements of financial position give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 in accordance with Hong Kong Financial Reporting Standards.

In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

In the year of 2013, the Group succeeded in making a turnaround in its operating results and shareholders' equity. The Group reported a profit attributable to owners of the Company of approximately HK$344,311,000 for the year ended 31 December 2013 as compared with a loss of approximately HK$35,285,000 in the year of 2012, and a net asset value of approximately HK$33,353,000 as opposed to net liabilities of approximately HK$340,650,000 as at 31 December 2012. Basic earnings per share for the year amounted to approximately 44.42 HK cents (2012: basic loss per share was 5.02 HK cents.)

The significant improvement was a result of the Group's success in unwinding the acquisition ("Acquisition") of the LCoS television business and the convertible bonds and promissory notes issued thereof. In June 2013, the High Court in Hong Kong handed down a judgement in favour of the Group, declaring that the Group was entitled to terminate the Acquisition agreement and the return of cash paid and convertible bonds and promissory notes issued in relation to the Acquisition.

SEGMENTAL ANALYSIS

Trading of chemical products, and energy conservation and environmental protection products (chemical products includes conductive silicon rubber keypads)

During the year of 2013, while the Group continued its chemical trading business of conductive silicon rubber keypads, it also strived to expand its product portfolio by trading various types of other chemical products. In addition, the Group involved in trading of energy conservation and environmental protection products in 2013. As a result, the Group's revenue increased by 652% to HK$75,791,000 for the year ended 31 December 2013, with a gross profit of HK$1,146,000 as compared to a gross profit of approximately HK$41,000 in the year of 2012.

LCoS Television

In the first half of 2013, the Group made a breakthrough in terminating the Acquisition with the vendors ("Vendors") of the LCoS television business.

The Group had made tremendous efforts to unwind the Acquisition since it lost control over the acquired PRC company ("PRC Subsidiary") responsible for carrying out the LCoS television operations and subsequently deconsolidated the PRC Subsidiary from its financial statements in 2009.

In March 2013, the Group succeeded in completing the disposal ("Disposal") of the patents related to the LCoS television production to Taiwan Micro Display Corp. ("TMDC"), the original vendor who sold the LCoS television business to the Vendors. The Group also terminated several TMDC agreements ("Termination Deeds") in relation to the Acquisition. Upon completion of the Termination Deeds in February 2013, TMDC had returned HK$187,200,000 convertible bonds to the Group for cancellation.

Meanwhile, the Group had applied to the High Court for a default judgment to declare the Acquisition agreement null and void, after the Vendors failed to file their acknowledgement of service or defence before the deadlines. On 20 June 2013, the High Court passed down a judgement in favour of the Group, declaring that the Group was entitled to terminate the Acquisition agreement for total failure of consideration; the return to the Group of convertible bonds of HK$112,800,000 and promissory notes of HK$87,500,000, and cash of HK$275,000,000 from the Vendors, plus relevant interests thereof.

Following the completion of the Disposal and the High Court judgement, the Group cancelled the convertible bonds of HK$187,200,000 issued to TMDC, as well as the convertible bonds of HK$112,800,000 and promissory notes of HK$87,500,000 issued to the Vendors. For accounting treatment of such cancellations, certain assets and liabilities of the Group were derecognised, resulting in a profit attributable to owners of the Company of HK$344,311,000 for the year ended 31 December 2013 and net asset value of HK$33,353,000 as of 31 December 2013.

MATERIAL ACQUISITION AND DISPOSAL

During the year of 2013, the Group completed the Termination Deeds and the transfer of patents in relation to the production of LCoS televisions, which together constituted a very substantial disposal. Upon the completion of the Termination Deeds, convertible bonds in a total principal amount of HK$187,200,000 previously issued to TMDC were returned to the Group for cancellation.

FUTURE PLANS AND PROSPECTS

China injected an extra RMB200 billion in environmental protection each year during the first three years of the national "12th Five-Year Plan" and the total fund to be injected during the "12th Five-Year Plan" period will be expected to exceed RMB5 trillion. At the same time, as being the core element of energy conservation and environmental protection industry, the water industry is dragging more and more attention from capital markets under the facilitation of national strategy.

The Group will continue to diversify its trading businesses by exploring various sales channel and possible related products for trading and at the same time, diversify its business and revenue base by developing and providing green solutions to today's critical challenges of growth, energy efficiency and environmental protection. Furthermore, the Company will continue to explore opportunities for investments in companies or projects with solid business platforms and prospects in energy conservation and environmental protection industry as part of its strategies for long-term development.

The completion of the Disposal and the High Court judgement signified the Group's success in unwinding the Acquisition of the LCoS television business. With the cancellation of the convertible bonds and promissory notes issued in relation to the Acquisition, the Group has tremendously improved its profits and balance sheet. The Group's net asset value as of 31 December 2013 was HK$33,353,000. The healthy balance sheet together with the net proceeds of HK$29,084,000 raised from a placement of 140,468,000 shares during 2013 put the Group in a solid financial position, which will provide a strong foundation for the Group's future business development.

However, taking into account the uncertain economic conditions, the Group will adopt a prudent approach in investment to safeguard shareholders' interest.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

CAPITAL STRUCTURE

As at 31 December 2013, the Group's shareholders' equity was approximately HK$33,353,000 (31 December 2012: a deficiency of approximately HK$340,650,000). As at 31 December 2013, the short term and long term interest bearing debts to shareholders' equity was 2.12 (31 December 2012: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 31 December 2013, the Group's bank balances and cash amounted to approximately HK$10,101,000 (31 December 2012: HK$9,917,000).

As at 31 December 2013, the current ratio was approximately 1.14 (2012: approximately 0.13) based on current assets of approximately HK$121,098,000 and current liabilities of approximately HK$106,104,000.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, Renminbi and US Dollars which have been relatively stable during the period. The Group was not exposed to material exchange risk and had not employed any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 10 employees as at 31 December 2013. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also participate in the share option scheme of the Group.

CONTINGENT LIABILITY

At 31 December 2013, the Group had no significant contingent liability.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Directors consider that the Company has complied with all applicable provisions of the Corporate Governance Code (formerly the "Code" on Corporate Governance Practices") contained in Appendix 14 (the "Code") of the Listing Rules throughout the year ended 31 December 2013, except for deviation as stated below:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. Detail of deviation of this code is explained in the relevant paragraph headed under "CHAIRMAN AND CHIEF EXECUTIVE OFFICER" below.

Code Provision A.6.7

Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, Mr. Lum Pak Sum, Mr. Mak Ka Wing, Patrick, Mr. Yang Yiu Chong, Ronald Jeffrey and Mr. Lee Kwok Leung were unable to attend the general meetings held during the year.

Code Provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged commitments, Mr. Sun Ying Chung was unable to attend the annual general meeting held during the year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit (appointed on 22 July 2013) and Mr. Sun Ying Chung (resigned on 22 July 2013) during the year 2013.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2013.

AUDIT COMMITTEE

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process and internal control systems.

The Group's audited consolidated results for the year ended 31 December 2013 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF RESULTS AND ANNUAL REPORT

The results announcement is available for reviewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Companies Information" and the website of the Company at www.aplushk.com/clients/1159. The annual report will be dispatched to the shareholders and will also be available on these websites.

On behalf of the Board
Sinogreen Energy International Group Limited
Chau Chit
Chairman and Managing Director

Hong Kong
25 March 2014

As at the date of this announcement, the Board consists of three executive directors, Mr. Chau Chit, Mr. Chan Sung Wai and Mr. Tang Hao; and three independent non-executive directors, Mr. Lum Pak Sum, Mr. Wong Wai Kwan and Ms. Zhou Jianhong.