Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The Board of Directors (the "Board") of China Environmental Energy Investment Limited (the "Company") hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 September 2016 together with the comparative figures for the corresponding previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2016

	Note	**Six months ended 30 September 2016 Unaudited** ***HK$'000***	2015 Unaudited *HK$'000* (Restated)
Continuing Operations			
Revenue	*4*	**43,136**	6,883
Cost of sales		**(31,925)**	(4,607)
Gross profit		**11,211**	2,276
Investment and other income	*5*	**38**	4,169
Other gains and losses	*6*	**145,697**	(75,861)
Selling and distribution expenses		**–**	(614)
Administrative expenses		**(19,472)**	(14,767)
Finance costs	*7*	**(5,788)**	(4,591)
Share of loss of an associate		**(1,722)**	–
Profit/(loss) before taxation	*8*	**129,964**	(89,388)
Taxation	*9*	**(638)**	(165)
Profit/(loss) for the period from continuing operations		**129,326**	(89,553)
Discontinued Operations			
Profit/(loss) for the period from discontinued operations	*10*	**57,884**	(18,631)
Profit/(loss) for the period		**187,210**	(108,184)

* *For identification purposes only*

	Note	Six months ended 30 September 2016 Unaudited HK$'000	2015 Unaudited HK$'000 (Restated)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on:			
Translation of foreign operations		**(528)**	(11,114)
Transferred to profit or loss on disposal of subsidiaries		**6,697**	–
		6,169	(11,114)
Available-for-sale investments			
(Decrease)/increase in fair value		**(4,755)**	680,811
Transferred to profit or loss on disposal		**(176,315)**	–
		(181,070)	680,811
Other comprehensive (expense)/income for the period		**(174,901)**	669,697
Total comprehensive income for the period		**12,309**	561,513
Profit/(loss) for the period from continuing operations attributable to:			
Owners of the Company		**129,326**	(89,583)
Non-controlling interests		**–**	30
		129,326	(89,553)
Profit/(loss) for the period from discontinued operations attributable to:			
Owners of the Company		**57,928**	(18,005)
Non-controlling interests		**(44)**	(626)
		57,884	(18,631)

	Note	Six months ended 30 September	
		2016	2015
		Unaudited	Unaudited
		HK$'000	*HK$'000*
			(Restated)
Profit/(loss) for the period from continuing and discontinued operations attributable to:			
Owners of the Company		**187,254**	(107,588)
Non-controlling interests		**(44)**	(596)
		187,210	(108,184)
Total comprehensive income attributable to:			
Owners of the Company		**12,202**	561,973
Non-controlling interests		**107**	(460)
		12,309	561,513
Earnings/(loss) per share	*12*		
From continuing and discontinued operations			
Basic/Diluted		**HK$0.05**	HK$(0.03)
From continuing operations			
Basic/Diluted		**HK$0.03**	HK$(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	**30 September 2016 Unaudited *HK$'000***	31 March 2016 Audited *HK$'000*
Non-current assets			
Property, plant and equipment		**10,151**	11,172
Goodwill		**94,793**	91,493
Interest in an associate		**202,636**	204,358
Available-for-sale investments		**772,725**	835,517
		1,080,305	1,142,540
Current assets			
Trade and bills receivables	*13*	**4,517**	3,263
Loan and interest receivables		**130,142**	44,427
Other receivables, prepayments and deposits paid		**69,548**	24,342
Cash deposits held by securities brokers		**458**	7
Bank balances and cash		**8,425**	22,766
		213,090	94,805
Assets classified as held for sale		**–**	178,081
		213,090	272,886
Current liabilities			
Trade and bills payables	*14*	**253**	335
Other payables and accruals		**21,122**	54,960
Promissory notes payable		**137,884**	101,381
Unconvertible bonds		**20,508**	–
Income tax payable		**1,062**	425
		180,829	157,101
Liabilities directly associated with assets classified as held for sale		**–**	108,710
		180,829	265,811
Net current assets		**32,261**	7,075
		1,112,566	1,149,615

	Note	**30 September 2016 Unaudited** ***HK$'000***	31 March 2016 Audited *HK$'000*
Capital and reserves			
Share capital		**37,423**	37,423
Share premium and reserves		**1,075,143**	1,062,941
Equity attributable to owners of the Company		**1,112,566**	1,100,364
Non-controlling interests		**–**	(2,472)
Total equity		**1,112,566**	1,097,892
Non-current liabilities			
Promissory notes payable		**–**	31,289
Unconvertible bonds		**–**	20,434
Total non-current liabilities		**–**	51,723
		1,112,566	1,149,615

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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 unaudited consolidated interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and comply with the provisions set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The unaudited consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report of the Company for the year ended 31 March 2016.

2. BASIS OF PREPARATION

The unaudited consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual report of the Company for the year ended 31 March 2016, except for the accounting policy changes that mentioned below in note 3.

The preparation of unaudited consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group and the Group's interest in an associate since the issuance of the annual financial statements for the year ended 31 March 2016.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued certain amendments to HKFRSs which are first effective for the current accounting period of the Group. The amendments do not have significant impact on the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

The Group's operating and reportable segments are based on the types of products manufactured and services rendered. The Group has identified the following six reportable segments.

Continuing Operations

Internet Services:	online products sales, provision of marketing, web design and maintenance services
Trading of Gold and Diamond:	purchase and sale of gold and diamond
Money Lending:	provision of loans as money lending
Financial Services:	provision of financial advisory and intermediary services

Discontinued Operations

Wastes Recycling:	waste paper, scrap metal and consumable wastes recycling
Trading of Petrochemical Products:	purchase and sale of petrochemical products

(a) Revenue

Revenue from continuing operations and discontinued operations for the period which are allocated with reference to sales and services generated by the reportable segments are as follows:

	Continuing Operations Six months ended 30 Sep		**Discontinued Operations Six months ended 30 Sep**		**Total Six months ended 30 Sep**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Sales of recycled materials	**–**	–	**1,007**	16,403	**1,007**	16,403
Sales of petrochemical products	**–**	–	**–**	7,991	**–**	7,991
Sales of gold and diamond	**33,797**	–	**–**	–	**33,797**	–
Income from Internet Services	**1,122**	6,883	**–**	–	**1,122**	6,883
Interest income from Money Lending	**8,217**	–	**–**	–	**8,217**	–
	43,136	6,883	**1,007**	24,394	**44,143**	31,277

During the period, revenue generated by geographic market is as follows:

	Hong Kong Six months ended 30 Sep		**The People's Republic of China ("PRC") Six months ended 30 Sep**		**Other Six months ended 30 Sep**		**Total Six months ended 30 Sep**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Sales to external customers	**34,668**	5,493	**9,224**	25,784	**251**	–	**44,143**	31,277

(b) Analysis of segment revenue and result

For the six months ended 30 September 2016

	Continuing Operations				Discontinued Operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Sub-total	Wastes Recycling	Trading of Petrochemical Products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	**1,122**	**33,797**	**8,217**	**43,136**	**1,007**	**–**	**1,007**	**44,143**
Intersegment sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue from external customers	**1,122**	**33,797**	**8,217**	**43,136**	**1,007**	**–**	**1,007**	**44,143**
Segment result	**(8,936)**	**1,556**	**7,591**	**211**	**(1,749)**	**–**	**(1,749)**	**(1,538)**
Interest income								**9**
Dividend income								**38**
Gain on disposal of subsidiaries								**59,784**
Gain on disposal of non-listed securities								**390**
Fair value gain on disposal of listed equity securities held for investment								**176,315**
Realised loss on disposal of listed equity securities held for investment								**(21,308)**
Share of loss of an associate								**(1,722)**
Other unallocated expenses								**(18,172)**
Finance costs								**(6,368)**
Profit before taxation								**187,428**
Taxation								**(218)**
Profit for the period								**187,210**

For the six months ended 30 September 2015 (restated)

	Continuing Operations				Discontinued Operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Sub-total	Wastes Recycling	Trading of Petrochemical Products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	6,883	–	–	6,883	16,403	7,991	24,394	31,277
Intersegment sales	–	–	–	–	–	–	–	–
Revenue from external customers	6,883	–	–	6,883	16,403	7,991	24,394	31,277
Segment result	(2,925)	–	–	(2,925)	(17,647)	(173)	(17,820)	(20,745)
Interest income								77
Interest on assets classified as held for sale								4,086
Realised loss on disposal of listed equity securities held for investment								(7,984)
Impairment loss on available-for-sale investments								(68,970)
Other unallocated expenses								(9,081)
Finance costs								(5,388)
Loss before taxation								(108,005)
Taxation								(179)
Loss for the period								(108,184)

(c) Analysis of segment assets and liabilities

As at 30 September 2016

	Continuing Operations					Discontinued Operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Financial Services	Sub-total	Wastes Recycling	Trading of Petrochemical Products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities									
Segment assets									
– Hong Kong	–	31,368	131,141	13,821	176,330	–	–	–	176,330
– PRC	55,137	–	–	–	55,137	–	–	–	55,137
	55,137	31,368	131,141	13,821	231,467	–	–	–	231,467
Available-for-sale investments									772,725
Interest in an associate									202,636
Unallocated corporate assets									86,567
Consolidated total assets									1,293,395
Segment liabilities									
– Hong Kong	–	96	81	893	1,070	–	–	–	1,070
– PRC	1,528	–	–	–	1,528	–	–	–	1,528
	1,528	96	81	893	2,598	–	–	–	2,598
Promissory notes payable									137,884
Unconvertible bonds									20,508
Unallocated corporate liabilities									19,839
Consolidated total liabilities									180,829

As at 31 March 2016

	Continuing Operations					Discontinued Operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Financial Services	Sub-total	Wastes Recycling	Trading of Petrochemical Products	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities									
Segment assets									
– Hong Kong	605	31,409	45,466	–	77,480	–	–	–	77,480
– PRC	64,367	–	–	–	64,367	178,081	–	178,081	242,448
	64,972	31,409	45,466	–	141,847	178,081	–	178,081	319,928
Available-for-sale investments									835,517
Interest in an associate									204,358
Unallocated corporate assets									55,623
Consolidated total assets									1,415,426
Segment liabilities									
– Hong Kong	1,148	449	145	–	1,742	–	–	–	1,742
– PRC	446	–	–	–	446	35,610	–	35,610	36,056
	1,594	449	145	–	2,188	35,610	–	35,610	37,798
Promissory notes payable									132,670
Liabilities directly associated with assets classified as held for sale									67,357
Unconvertible bonds									20,434
Unallocated corporate liabilities									59,275
Consolidated total liabilities									317,534

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, cash deposits held by securities brokers and bank balances and cash, available-for-sale investments, interest in an associate, certain other receivables, prepayments and deposits paid, certain 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, income tax payable, unconvertible bonds and liabilities for which reportable segments are jointly liable. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

5. INVESTMENT AND OTHER INCOME

	Continuing Operations Six months ended 30 September		Discontinued Operations Six months ended 30 September		Total Six months ended 30 September	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Bank interest income	**–**	77	**9**	–	**9**	77
Dividend income	**38**	–	**–**	–	**38**	–
Interest on assets classified as held for sale	**–**	4,086	**–**	–	**–**	4,086
Other	**–**	6	**95**	–	**95**	6
	38	4,169	**104**	–	**142**	4,169

6. OTHER GAINS AND LOSSES

	Continuing Operations Six months ended 30 September		Discontinued Operations Six months ended 30 September		Total Six months ended 30 September	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Foreign exchange gain, net	**–**	4,671	**–**	–	**–**	4,671
Fair value gain on disposal of listed equity securities held for investment	**176,315**	–	**–**	–	**176,315**	–
Realised loss on disposal of listed equity securities held for investment	**(21,308)**	(7,984)	**–**	–	**(21,308)**	(7,984)
Gain on disposal of non-listed securities	**390**	–	**–**	–	**390**	–
Gain on redemption of convertible notes	**–**	121	**–**	–	**–**	121
Amortisation of intangible assets	**–**	–	**(1,665)**	(2,108)	**(1,665)**	(2,108)
Impairment loss recognised on goodwill	**(9,700)**	(3,699)	**–**	(15,500)	**(9,700)**	(19,199)
Impairment loss on available-for-sale investments	**–**	(68,970)	**–**	–	**–**	(68,970)
Gain on disposal of subsidiaries	**–**	–	**59,784**	–	**59,784**	–
Total	**145,697**	(75,861)	**58,119**	(17,608)	**203,816**	(93,469)

7. FINANCE COSTS

	Continuing Operations Six months ended 30 September		Discontinued Operations Six months ended 30 September		Total Six months ended 30 September	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Interest expenses on:						
Bank borrowings	**–**	2	**580**	797	**580**	799
Promissory notes payables	**5,214**	3,490	**–**	–	**5,214**	3,490
Imputed interest on unconvertible bonds	**574**	1,099	**–**	–	**574**	1,099
	5,788	4,591	**580**	797	**6,368**	5,388

8. PROFIT/(LOSS) BEFORE TAXATION

	Continuing Operations Six months ended 30 September		Discontinued Operations Six months ended 30 September		Total Six months ended 30 September	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Staff costs (including directors' emoluments)	**5,892**	4,047	**164**	322	**6,056**	4,369
Cost of inventories recognised as an expense	**31,925**	–	**348**	23,904	**31,925**	23,904
Depreciation of property, plant and equipment	**1,826**	1,473	**275**	300	**2,101**	1,773
Operating lease rentals in respect of rental premises	**918**	574	**–**	–	**918**	574

9. TAXATION

Income tax recognised in profit or loss

	Continuing Operations Six months ended 30 September		Discontinued Operations Six months ended 30 September		Total Six months ended 30 September	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Current Tax						
Hong Kong Profits Tax	**638**	48	**–**	–	**638**	48
PRC Enterprise Income Tax	**–**	117	**–**	546	**–**	663
Deferred tax	**–**	–	**(420)**	(532)	**(420)**	(532)
Total	**638**	165	**(420)**	14	**218**	179

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

PRC Enterprise Income tax

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

10. DISCONTINUED OPERATIONS

On 19 May 2016, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, pursuant to which the purchaser had agreed to acquire and the Company had agreed to sell the approximately 93.33% of the entire issued share capital of Ideal Market Holdings Limited ("Ideal Market"). Ideal Market and its subsidiaries (collectively, the "Disposal Group") represented the whole principal business segments of the Group in the businesses of Wastes Recycling and Trading of Petrochemical Products in the PRC. These business segments of the Disposal Group were classified as discontinued operations. The completion of the disposal took place on 30 August 2016.

	Six months ended 30 Sep	
	2016	2015
	HK$'000	*HK$'000*
Loss from discontinued operations *(Note)*	**(1,900)**	(18,631)
Gain on disposal	**59,784**	–
Profit/(loss) for the period from discontinued operations	**57,884**	(18,631)

Note:

Analysis of the result of the discontinued operations is as follows:

	Wastes Recycling Six months ended 30 September		**Trading of Petrochemical Products Six months ended 30 September**		**Total Six months ended 30 September**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**1,007**	16,403	**–**	7,991	**1,007**	24,394
Cost of sales	**(348)**	(15,786)	**–**	(8,118)	**(348)**	(23,904)
Gross profit/(loss)	**659**	617	**–**	(127)	**659**	490
Investment and other income	**104**	–	**–**	–	**104**	–
Other gains and losses	**(1,665)**	(17,608)	**–**	–	**(1,665)**	(17,608)
Selling and distribution expenses	**(164)**	(301)	**–**	(21)	**(164)**	(322)
Administrative expenses	**(674)**	(355)	**–**	(25)	**(674)**	(380)
Finance costs	**(580)**	(797)	**–**	–	**(580)**	(797)
Loss before taxation	**(2,320)**	(18,444)	**–**	(173)	**(2,320)**	(18,617)
Taxation	**420**	(14)	**–**	–	**420**	(14)
Loss for the period	**(1,900)**	(18,458)	**–**	(173)	**(1,900)**	(18,631)
Loss for the period attributable to:						
Owners of the Company					**(1,856)**	(18,005)
Non-controlling interests					**(44)**	(626)
					(1,900)	(18,631)

11. INTERIM DIVIDEND

The Board did not propose to declare an interim dividend for the six months ended 30 September 2016 (2015: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the profit/(loss) attributable to owners and on the weighted average number of 3,742,286,406 ordinary shares of the Company (six months ended 30 September 2015: 3,132,337,051) in issue during the period.

13. TRADE AND BILLS RECEIVABLES

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Trade and bills receivables	**4,517**	3,263
Less: allowance for impairment loss	**–**	–
	4,517	3,263

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:

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Within 3 months	**3,770**	1,664
4 to 6 months	**747**	1,599
Over 6 months	**–**	–
	4,517	3,263

14. 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:

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Within 3 months	**213**	319
4 to 6 months	**–**	12
Over 6 months	**40**	4
	253	335

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

As at 30 September 2016 and 31 March 2016, trade and bills payables were substantially denominated in the functional currencies of the relevant group entities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 September 2016, the Group's revenue from continuing operations was approximately HK$43.14 million, representing an increase of approximately HK$36.26 million or 527.03% as compared to approximately HK$6.88 million of corresponding period of 2015. The revenue included approximately HK$1.12 million from online products sales, provision of marketing, web design and maintenance services business (the "Internet Services Business") (2015: approximately HK$6.88 million), approximately HK$33.80 million from trading of gold and diamond business (2015: Nil) and approximately HK$8.22 million from money lending business (2015: Nil).

Gross profit from continuing operations was approximately HK$11.21 million (2015: approximately HK$2.28 million). Gross profit margin was approximately 25.99% (2015: approximately 33.14%). The increase in gross profit was attributable to the contribution from the money lending business of the Group.

Operating profit from continuing operations and discontinued operations after tax of the Group was approximately HK$187.21 million (2015: operating loss of approximately HK$108.18 million). The increase in operating profit was mainly attributable to (a) the gain on disposal of investment in equity securities of approximately HK$155.01 million (2015: net disposal loss of approximately HK$7.98 million); (b) the gain on disposal of waste recycling and trading of petrochemical products businesses of approximately HK$59.78 million (2015: Nil); and (c) goodwill impairment loss of approximately HK$9.70 million arising from the Internet Services Business (2015: approximately HK$3.70 million and HK$15.50 million arising from Internet Services Business and waste recycling business respectively) for the period ended 30 September 2016.

Selling, distribution and administrative expenses incurred in continuing operations were approximately HK$19.47 million (2015: approximately HK$15.38 million), representing an increase of approximately 26.59% as compared with the same period last year. The finance costs of continuing operations of the Group amounted to approximately HK$5.79 million (2015: approximately HK$4.59 million) which were mainly incurred on the unconvertible bonds and the promissory notes issued by the Company.

BUSINESS REVIEW

The Group was principally engaged in the businesses of Internet Services, trading of gold and diamond, money lending and financial services.

Internet services business

During the period under review, the revenue generated from the Internet Services Business was approximately HK$1.12 million, a decrease of approximately 83.72% as compared with the same period last year. The decrease in revenue was mainly due to the Company's disposal of the entire share capital of Asian Champion Limited last year, which in turn held 90% equity interest in HKOMall Limited. HKOMall Limited was principally engaged in the Internet Services Business in Hong Kong, and was the main contributor of revenue from the Internet Services Business of the Group.

Money lending business

The Group has commenced its money lending business in Hong Kong through a wholly-owned subsidiary, Great Luck Finance Limited ("Great Luck") since March 2016. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). For the period from March to September 2016, Great Luck had successfully made loans to certain borrowers amounting to HK$128 million in total at the average interest rate of 20% per annum. For the six months ended 30 September 2016, interest income from money lending was approximately HK$8.22 million (2015: Nil). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the directors of the Company believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group.

Trading of gold and diamond business

During the period under view, Elite Honest Inc. ("Elite Honest", a subsidiary of the Company), which through its wholly-owned subsidiary, H & S Creation Limited ("H&S"), was principally engaged in the business of trading of gold and diamond. The vendor of Elite Honest has irrevocably and unconditionally warranted and guaranteed to the Company that the audited net profit after tax of H&S for the financial years ended 31 December 2015 and 2016 shall be at least HK$1.40 million and HK$2.80 million respectively. The revenue and the operating profit before tax of H&S for the six months ended 30 September 2016 were approximately HK$33.80 million and HK$1.30 million respectively. The Group expects this business segment will continue to have positive contribution to the Group's earnings in the coming future.

Investment in exploration and exploitation of natural resources

Subsequent to the Company's further acquisition of the equity interest of Pure Power Holdings Limited ("Pure Power", which in turn owned 100% equity interest in a company which is principally engaged in the exploration and exploitation of natural resources in Nevada, the United States of America) in January 2016, Pure Power became an associate of the Group. Following the change in the composition of the Group's reportable segments, the Group shared the loss of Pure Power of approximately HK$1.72 million (2015: Nil).

The Company will monitor the oil price closely and consider to make further investment in drilling and oil production when the upward trend of oil price is confirmed.

OUTLOOK

During the six months ended 30 September 2016, the Company made the following acquisition and disposal:

Acquisition

In August 2016, the Group has completed the acquisition of the entire issued share capital of C.E. Securities and Asset Management Limited ("C.E. Securities", formerly named as STI Securities & Wealth Management Limited). C.E. Securities is incorporated in Hong Kong with limited liability and is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Such acquisition enables the Group to enter into financial services industry, being a new business segment to the Group, and the Group will be benefited from diversifying its revenue stream which is expected to increase its shareholders' value and benefit the Company and its shareholders as a whole.

Disposal

On 19 May 2016, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, pursuant to which the purchaser had agreed to acquire and the Company had agreed to sell the approximately 93.33% of the entire issued share capital of Ideal Market Holdings Limited ("Ideal Market") at a consideration of HK$150 million (the "Disposal"). Prior to the Disposal, Ideal Market together with its wholly-owned subsidiaries were principally engaged in wastes recycling business and trading of petrochemical products business. Subsequently, these disposed business segments had been re-classified as discontinued operations for the six months ended 30 September 2016 and for the year ended 31 March 2016. Upon completion of the Disposal on 30 August 2016, the Company ceased to hold any equity interest in Ideal Market and its result was no longer consolidated into the consolidated financial statements of the Group.

Going forward, the directors of the Company will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the six months ended 30 September 2016.

SIGNIFICANT INVESTMENTS

During the six months ended 30 September 2016, the Group had the following significant investments in equity securities listed on the Stock Exchange which were classified as available-for-sale investments:

Name (Stock code)	Principal business	Unrealized gain/(loss) on fair value change for the six months ended 30 September 2016 *HK$ million*	Market value as at 30 September 2016 *HK$ million*	% of shareholding held as at 30 September 2016	% of net assets of the Company as at 30 September 2016
China Properties Investment Holdings Limited (736)	Property investment, provision of educational support services, securities brokerage and money lending	0.42	10.97	1.33%	0.99%
RCG Holdings Limited (802)	Trading of biometric and RFID products, solutions services, internet and mobile applications services and commodities trading	23.80	46.90	4.59%	4.22%
China Jicheng Holdings Limited (1027)	Manufacture and sale of POE umbrellas, nylon umbrellas and umbrellas parts	145.31	150.40	0.77%	13.52%
China Southern Airlines Company Limited (1055)	Provision of services of domestic, international and regional scheduled and unscheduled air transportation of passenger, cargo, mail and baggage, general aviation and aircraft maintenance	(0.75)	1.96	0.02%	0.18%
Suncorp Technologies Limited (1063)	Sale and marketing of residential telephone products under its license arrangement with Motorola brand	(15.29)	12.82	1.08%	1.15%
Lerado Financial Group Company Limited (1225)	Provision of financial services, manufacturing and distributing children plastic toys and medical care products	(5.49)	3.00	0.51%	0.27%
Capital VC Limited (2324)	Investment in listed and unlisted companies	(5.83)	5.18	2.27%	0.47%
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work and money lending	92.55	157.20	4.10%	14.13%
KPM Holding Limited (8027)	Design, fabrication, installation and maintenance of signage and related products	0.21	3.41	0.18%	0.31%
China 33 Media Group Limited (8087)	Operation and provision of advertising services of printed media for railway networks, outdoor advertising spaces at trains and railway stations in the PRC as well as film investment	(0.24)	2.22	0.41%	0.20%
GreaterChina Professional Services Limited (8193)	Provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financing services	11.71	45.00	1.09%	4.04%
L & A International Holdings Limited (8195)	Manufacture, sale and retailing of garment products	(101.96)	10.76	1.36%	0.97%
Luen Wong Group Holdings Limited (8217)	Provision of civil engineering works and investment holding	198.44	322.91	1.43%	29.02%
Total		342.88	772.73		

During the six months ended 30 September 2016, the Group's securities investment business recorded a net disposal gain of approximately HK$155.01 million (2015: net disposal loss of approximately HK$7.98 million) and an unrealized loss on fair value of approximately HK$181.07 million (2015: unrealized gain of approximately HK$681.81 million).

As at 30 September 2016, the market value of the listed securities being held by the Group was approximately HK$772.73 million (31 March 2016: approximately HK$804.91 million).

The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group's net current assets were approximately HK$32.26 million (31 March 2016: approximately HK$7.08 million), including cash and cash equivalents of approximately HK$8.43 million (31 March 2016: approximately HK$22.77 million). The principal amount of unconvertible bonds and promissory notes payable were HK$150.00 million as at 30 September 2016 (31 March 2016: HK$150.00 million). The Group's gearing ratio, which was net debt divided by total shareholders' equity plus net debt, as at 30 September 2016 was 0.13 (31 March 2016: 0.14).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, with revenues and expenditures denominated in Renminbi. During the six months ended 30 September 2016, the Group did not enter into any derivative contracts aimed at minimizing 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.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2016 and 31 March 2016.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2016.

PLEDGE OF ASSETS

As at 30 September 2016, no cash deposits and assets were pledged to bank. As at 31 March 2016, the Group's deposits amounted to HK$2.4 million were placed with a bank in the PRC to secure bills issued and payable by the Group which were disclosed in assets classified as held for sale when an operation was classified as discontinued.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the period under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had approximately 33 employees as at 30 September 2016 (31 March 2016: 40). Remunerations are commensurate with the nature of the job, experience and market conditions.

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 six months ended 30 September 2016.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive directors of the Company. The Audit Committee has reviewed the Company's unaudited condensed consolidated financial statements for the period ended 30 September 2016 and discussed financial and internal control, and financial reporting matters of the Company.

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 six months ended 30 September 2016, except for the code provisions A.2.1 and A.4.1:

Code provision A.2.1

This code provision 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 31 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

This code provision 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 of the Company, is engaged for a term of one year, which is automatically renewable for successive term of one year upon the expiry of the then current term; whereas the other independent non-executive directors of the Company, namely Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the independent non-executive directors of the Company 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), Appendix 10 to the Listing Rules, as its own code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2016.

By Order of the Board
China Environmental Energy Investment Limited
Chen Tong
Chairman

Hong Kong, 28 November 2016

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