China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board (the "Board") of directors (the "Directors") of China Environmental Energy Investment Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **_HK$'000_**	2016 *HK$'000*
Continuing Operations			
Revenue	*4*	**67,672**	19,086
Cost of sales		**(37,683)**	(11,380)
Gross profit		**29,989**	7,706
Investment and other income	*6*	**40**	1,028
Other gains and losses	*7*	**(6,499)**	(44,039)
Selling and distribution expenses		**(657)**	(380)
Administrative expenses		**(37,217)**	(36,275)
Finance costs	*8*	**(11,702)**	(8,937)
Share of loss of an associate		**(3,236)**	–
Loss before taxation		**(29,282)**	(80,897)
Taxation	*10*	**(1,181)**	(820)
Loss from continuing operations		**(30,463)**	(81,717)
Discontinued Operations			
Profit/(loss) from discontinued operations	*11*	**57,884**	(21,673)
Profit/(loss) for year		**27,421**	(103,390)

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) for year	**27,421**	(103,390)
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on:		
Translation of foreign operations	**1,616**	(2,262)
Reclassification adjustments relating to foreign operations disposed of	**–**	2,350
Transferred to profit or loss on disposal of subsidiaries	**4,509**	–
	6,125	88
Available-for-sale investments		
Increase in fair value	**159,452**	466,854
Transferred to profit or loss on disposal	**(280,518)**	(23,495)
	(121,066)	443,359
Other comprehensive (expense)/income for the year	**(114,941)**	443,447
Total comprehensive (expense)/income for the year	**(87,520)**	340,057
Loss for the year from continuing operations attributable to:		
Owners of the Company	**(30,463)**	(81,808)
Non-controlling interests	**–**	91
	(30,463)	(81,717)
Profit/(loss) for the year from discontinued operations attributable to:		
Owners of the Company	**57,928**	(20,754)
Non-controlling interests	**(44)**	(919)
	57,884	(21,673)

	Notes	2017 HK$'000	2016 HK$'000
Profit/(loss) for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**27,465**	(102,562)
Non-controlling interests		**(44)**	(828)
		27,421	(103,390)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(87,627)**	340,484
Non-controlling interests		**107**	(427)
		(87,520)	340,057

	Notes	2017 HK$	2016 HK$ (Restated)
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic/Diluted	*13*	**0.07**	(0.30)
From continuing operations			
Basic/Diluted	*13*	**(0.08)**	(0.24)
From discontinued operations			
Basic/Diluted	*13*	**0.15**	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**8,686**	11,172
Goodwill		**52,214**	91,493
Intangible assets		**13,922**	–
Interest in an associate		**201,122**	204,358
Available-for-sale investments		**770,657**	835,517
		1,046,601	1,142,540
Current assets			
Trade receivables	*14*	**6,054**	3,263
Loan and interest receivables	*15*	**85,427**	44,427
Other receivables, prepayments and deposits paid		**5,994**	24,342
Cash deposits held by securities brokers		**79**	7
Bank balances and cash		**66,972**	22,766
		164,526	94,805
Assets classified as held for sale		**–**	178,081
		164,526	272,886
Current liabilities			
Trade payables	*16*	**425**	335
Other payables and accruals		**20,794**	54,960
Promissory notes payable		**143,070**	101,381
Unconvertible bonds		**20,585**	–
Income tax payable		**1,068**	425
		185,942	157,101
Liabilities directly associated with assets classified as held for sale		**–**	108,710
		185,942	265,811
Net current (liabilities)/assets		**(21,416)**	7,075
		1,025,185	1,149,615

	2017	2016
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**37,423**	37,423
Share premium and reserves	**975,314**	1,062,941
Equity attributable to owners of the Company	**1,012,737**	1,100,364
Non-controlling interests	**–**	(2,472)
Total equity	**1,012,737**	1,097,892
Non-current liabilities		
Promissory notes payable	**–**	31,289
Unconvertible bonds	**10,151**	20,434
Deferred tax liabilities	**2,297**	–
Total non-current liabilities	**12,448**	51,723
	1,025,185	1,149,615

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

3. APPLICATION OF NEW AND REVISED HKFRSs

New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2016, relevant to the Group's operations and adopted by the Group:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The adoption of the above new and amended standards did not have any material impact on the preparation and presentation of the Group's consolidated financial statements.

New and amended Standards issued but not yet effective

The Group and the Company have not early applied the following new and amended Standards that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Statement of Cash Flows – Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKAS 40	Transfers of Investment Property[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

[1] *Effective for accounting periods beginning on or after 1 January 2017*

[2] *Effective for accounting periods beginning on or after 1 January 2018*

[3] *Effective for accounting periods beginning on or after 1 January 2019*

[4] *Effective date to be determined*

[5] *Effective for accounting periods beginning on or after 1 January 2017 or 1 January 2018 as appropriate*

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts, income from online products sales, provision of marketing, web design and maintenance services ("Internet Services"), interest income from provision of loans as money lending ("Money Lending") and services income from provision of financial advisory and intermediary services ("Financial Services") is analysed as below:

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sale of goods	**40,065**	8,171	**1,007**	25,540	**41,072**	33,711
Income from Internet Services	**5,493**	10,488	**–**	–	**5,493**	10,488
Interest income from Money Lending	**20,808**	427	**–**	–	**20,808**	427
Services income from Financial Services	**1,306**	–	**–**	–	**1,306**	–
	67,672	19,086	**1,007**	25,540	**68,679**	44,626

5. SEGMENT INFORMATION

(a) Business segments

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

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

The following is an analysis of the Group's revenue and result by reporting segments:

For the year ended 31 March 2017

	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*
Segment revenue:									
Sales to external customers	5,493	40,065	36,445	1,306	83,309	1,007	–	1,007	84,316
Intersegment sales	–	–	(15,637)	–	(15,637)	–	–	–	(15,637)
Revenue from external customers	5,493	40,065	20,808	1,306	67,672	1,007	–	1,007	68,679
Net Segment Result:									
Segment result	2,668	3,760	20,372	(4,380)	22,420	(1,749)	–	(1,749)	20,671
Impairment loss on goodwill	(33,129)	(7,525)	–	–	(40,654)	–	–	–	(40,654)
Net segment result	(30,461)	(3,765)	20,372	(4,380)	(18,234)	(1,749)	–	(1,749)	(19,983)
Interest income									10
Other unallocated income									39
Gain on disposal of non-listed securities									390
Realised gain on disposal of listed equity securities held for investment									33,818
Gain on disposal of subsidiaries									59,784
Share of loss of an associate									(3,236)
Other unallocated expenses									(30,358)
Finance costs									(12,282)
Profit before taxation									28,182
Taxation									(761)
Profit for the year									27,421

For the year ended 31 March 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	10,488	8,171	427	19,086	16,972	8,568	25,540	44,626
Intersegment sales	–	–	–	–	–	–	–	–
Revenue from external customers	10,488	8,171	427	19,086	16,972	8,568	25,540	44,626
Net Segment Results:								
Segment result	2,884	1,143	192	4,219	(5,136)	(663)	(5,799)	(1,580)
Impairment loss on goodwill	(3,699)	–	–	(3,699)	(15,500)	–	(15,500)	(19,199)
Net segment result	(815)	1,143	192	520	(20,636)	(663)	(21,299)	(20,779)
Interest income								1,014
Other unallocated income								122
Gain on disposal of non-listed securities								3,257
Realised gain on disposal of listed equity securities held for investment								33,724
Impairment loss on available-for-sale investments								(74,695)
Other unallocated expenses								(35,794)
Finance costs								(10,504)
Loss before taxation								(103,655)
Taxation								265
Loss for the year								(103,390)

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

For the year ended 31 March 2017

	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	**1,874**	**28,799**	**86,427**	**16,499**	**133,599**	**–**	**–**	**–**	**133,599**
– The People's Republic of China ("PRC")	**30,270**	**–**	**–**	**–**	**30,270**	**–**	**–**	**–**	**30,270**
	32,144	**28,799**	**86,427**	**16,499**	**163,869**	**–**	**–**	**–**	**163,869**
Available-for-sale investments									**770,657**
Interest in an associate									**201,122**
Unallocated corporate assets									**75,479**
Consolidated total assets									**1,211,127**
Segment liabilities									
– Hong Kong	**1,068**	**2,236**	**81,739**	**124**	**85,167**	**–**	**–**	**–**	**85,167**
– Elimination of loan payables	**–**	**–**	**(81,700)**	**–**	**(81,700)**	**–**	**–**	**–**	**(81,700)**
– PRC	**424**	**–**	**–**	**–**	**424**	**–**	**–**	**–**	**424**
	1,492	**2,236**	**39**	**124**	**3,891**	**–**	**–**	**–**	**3,891**
Promissory notes payable									**143,070**
Unconvertible bonds									**30,736**
Unallocated corporate liabilities									**20,693**
Consolidated total liabilities									**198,390**

For the year ended 31 March 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*
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, deferred tax liabilities and liabilities for which reportable segments are jointly liable. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

(b) Geographical information

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

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

	Hong Kong		PRC		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Sales to external customers	**4,854**	15,020	**23,760**	29,203	**40,065**	403	**68,679**	44,626

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

	Hong Kong		PRC		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets other than financial assets	**45,546**	40,016	**29,276**	213,223	**201,122**	204,358	**275,944**	457,597

6. INVESTMENT AND OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**1**	77	**9**	108	**10**	185
Other interest income	**–**	829	**–**	–	**–**	829
Others	**39**	122	**95**	15	**134**	137
	40	1,028	**104**	123	**144**	1,151

7. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	**HK$'000**	*HK$'000*
Other gains						
Foreign exchange gain, net	**–**	5	**–**	–	**–**	5
Fair value gain on disposal of listed equity securities held for investment	**–**	23,495	**–**	–	**–**	23,495
Realised gain on disposal of listed equity securities held for investment	**33,818**	10,229	**–**	–	**33,818**	10,229
Gain on disposal of non-listed securities	**390**	3,257	**–**	–	**390**	3,257
Gain on redemption of convertible bond	**–**	122	–	–	**–**	122
	34,208	37,108	**–**	–	**34,208**	37,108
Other losses						
Foreign exchange loss, net	**(52)**	–	**–**	–	**(52)**	–
Amortisation of intangible assets	**–**	–	**–**	(4,172)	**–**	(4,172)
Loss on disposal of property, plant and equipment	**(1)**	–	**–**	–	**(1)**	–
Impairment loss recognised on:						
– goodwill	**(40,654)**	(3,699)	**–**	(15,500)	**(40,654)**	(19,199)
– available-for-sale investments	**–**	(74,695)	**–**	–	**–**	(74,695)
Loss on disposal of subsidiaries	**–**	(2,753)	**–**	–	**–**	(2,753)
	(40,707)	(81,147)	**–**	(19,672)	**(40,707)**	(100,819)
Other losses, net	**(6,499)**	(44,039)	**–**	(19,672)	**(6,499)**	(63,711)

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank borrowings	**–**	–	**580**	1,567	**580**	1,567
Promissory notes payable	**10,400**	7,765	**–**	–	**10,400**	7,765
Other	**–**	34	**–**	–	**–**	34
Imputed interest on unconvertible bonds	**1,302**	1,138	**–**	–	**1,302**	1,138
	11,702	8,937	**580**	1,567	**12,282**	10,504

9. LOSS BEFORE TAXATION

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including directors' emoluments)						
– Directors' fees, staff salaries and allowances	**14,227**	11,855	**96**	673	**14,323**	12,528
– Retirement benefits contributions	**339**	279	**68**	106	**407**	385
Total staff costs	**14,566**	12,134	**164**	779	**14,730**	12,913
Auditors' remuneration	**840**	540	**–**	210	**840**	750
Cost of inventories recognised as an expense	**35,692**	6,774	**348**	25,209	**36,040**	31,983
Other service costs	**1,991**	4,606	**–**	–	**1,991**	4,606
Depreciation	**3,828**	3,562	**–**	776	**3,828**	4,338
Operating lease rentals in respect of rental premises	**2,512**	1,275	**–**	–	**2,512**	1,275
Share of loss of an associate	**3,236**	–	**–**	–	**3,236**	–

10. TAXATION

Income tax recognised in profit or loss

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax	**1,152**	421	**–**	–	**1,152**	421
PRC Enterprise Income Tax	**29**	399	**–**	–	**29**	399
	1,181	820	**–**	**–**	**1,181**	820
Deferred tax credit	**–**	–	**(420)**	(1,085)	**(420)**	(1,085)
Income tax expense/(credit) for the year	**1,181**	820	**(420)**	(1,085)	**761**	(265)

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

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%.

11. 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.

	2017	2016
	HK$'000	*HK$'000*
Loss from discontinued operations *(Note)*	**(1,900)**	(21,673)
Gain on disposal	**59,784**	–
Profit/(loss) for the year from discontinued operations	**57,884**	(21,673)

Note: The result of the discontinued operations for the current and prior year are as follows:

	Wastes Recycling		Trading of Petrochemical Products		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**1,007**	16,972	**–**	8,568	**1,007**	25,540
Cost of sales	**(348)**	(16,282)	**–**	(8,927)	**(348)**	(25,209)
Gross profit/(loss)	**659**	690	**–**	(359)	**659**	331
Investment and other income	**104**	123	**–**	–	**104**	123
Other gains and losses	**–**	(19,672)	**–**	–	**–**	(19,672)
Selling and distribution expenses	**(164)**	(431)	**–**	(155)	**(164)**	(586)
Administrative expenses	**(2,339)**	(1,238)	**–**	(149)	**(2,339)**	(1,387)
Finance costs	**(580)**	(1,567)	**–**	–	**(580)**	(1,567)
Loss before taxation	**(2,320)**	(22,095)	**–**	(663)	**(2,320)**	(22,758)
Taxation *(Note 10)*	**420**	1,085	**–**	–	**420**	1,085
Loss for the year	**(1,900)**	(21,010)	**–**	(663)	**(1,900)**	(21,673)
Loss for the year attributable to:						
Owners of the Company					**(1,856)**	(20,754)
Non-controlling interests					**(44)**	(919)
					(1,900)	(21,673)

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2017 (2016: Nil), nor has any dividend been proposed since the end of the reporting period (2016: Nil).

13. EARNINGS/(LOSS) PER SHARE

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

	Continuing and discontinued operations		Continuing operations	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings/(loss) per share				
Profit/(loss) for the year attributable to owners of the Company	**27,465**	(102,562)	**(30,463)**	(81,808)

	Continuing and discontinued operations		Continuing operations	
	2017	2016	**2017**	2016
	'000	*'000*	***'000***	*'000*
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**374,229**	343,731	**374,229**	343,731

The weighted average number of ordinary shares adopted in the calculation of basic earnings per share amounts for the year has been adjusted retrospectively to reflect the impact of share consolidation completed on 21 October 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Group did not have any potential ordinary shares in issue during the years ended March 2017 and 2016.

14. TRADE RECEIVABLES

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 receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**3,402**	1,664
4 to 6 months	**1,940**	1,599
Over 6 months	**712**	–
	6,054	3,263

15. LOAN AND INTEREST RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**84,000**	44,000
Interest receivables	**1,427**	427
	85,427	44,427

At 31 March 2017, the loan receivables arising from Money Lending business bear fixed interest rate 20% per annum (2016: 20%). The effective interest rate of the loan receivables is 20% (2016: 20%) per annum.

The maturity profile of these loan receivables from customers (including interest receivables), at the end of the reporting period, analysed by remaining periods to their contracted maturity, is as follow:

	2017	2016
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**35,427**	427
Over 3 months but less than 1 year	**50,000**	44,000
	85,427	44,427

At 31 March 2017, none of the loan and interest receivables was past due but not impaired (2016: Nil).

16. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**425**	319
4 to 6 months	**–**	12
Over 6 months	**–**	4
	425	335

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2017, the Group's revenue from continuing operations was approximately HK$67.67 million (2016: approximately HK$19.09 million), representing an increase of approximately HK$48.58 million or 254.48% as compared with last year. The revenue included approximately HK$5.49 million from the Internet Services business (2016: approximately HK$10.49 million), approximately HK$40.07 million from trading of gold and diamond business (2016: approximately HK$8.17 million), approximately HK$20.81 million from Money Lending business (2016: approximately HK$0.43 million) and approximately HK$1.31 million from provision of Financial Services business that the Group had acquired in August 2016 (2016: Nil).

Gross profit from continuing operations was approximately HK$29.99 million (2016: approximately HK$7.71 million), representing an increase of approximately HK$22.28 million or 288.98% as compared with last year. Gross profit margin was approximately 44.32% (2016: approximately 40.39%). The increase in gross profit was mainly attributable to the contribution from Money Lending business of the Group.

Operating profit from continuing operations and discontinued operations after tax of the Group was approximately HK$27.42 million (2016: operating loss of approximately HK$103.39 million). The turn from loss to profit was mainly attributable to (a) the gain on disposal of wastes recycling and trading of petrochemical products businesses of approximately HK$59.78 million (2016: Nil); and (b) goodwill impairment losses of approximately HK$33.13 million and HK$7.52 million arising from the Internet Services business and trading of gold and diamond business respectively (2016: approximately HK$3.70 million and HK$74.70 million arising from Internet Services business and available-for-sale investment in respect of the investment in Pure Power Holdings Limited ("Pure Power") respectively).

Selling, distribution and administrative expenses incurred in continuing operations were approximately HK$37.87 million (2016: approximately HK$36.66 million), representing an increase of approximately 3.30% as compared with last year. The finance costs of continuing operations of the Group amounted to approximately HK$11.70 million (2016: approximately HK$8.94 million) which were mainly incurred on the unconvertible bonds and the promissory notes issued by the Company.

BUSINESS REVIEW

For the year ended 31 March 2017, 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 year under review, the revenue generated from the Internet Services business was approximately HK$5.49 million (2016: approximately HK$10.49 million). Operating profit before tax and impairment loss of goodwill of approximately HK$2.67 million was made for the year ended 31 March 2017 (2016: approximately HK$2.88 million). The decrease in revenue was mainly due to the Company's disposal of the entire share capital of Asian Champion Limited, 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.

Although the Group's remaining Internet Services business recorded revenue of HK$5.49 million, which mainly attributed from the market of Mainland China and represented an increase of 50% over the year ended 31 March 2016, such growth may not be sustainable and this business segment will likely continue to face challenges, competition and uncertainties in the coming years. Any events that result in a reduction in online retail and e-commerce customers could materially and adversely affect the Group's ability to maintain or increase current level of revenue, profitability and positive cash flow from operating activities in the future. In view of the abovementioned possible impact on the future earnings and business prospects of the Internet Services business, the Group recognised an impairment loss of approximately HK$33.13 million for its goodwill for the year under review (2016: approximately HK$3.70 million).

Trading of gold and diamond business

During the year under review, 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 audited net profit after tax of H&S for the financial years ended 31 December 2015 and 2016 amounted to approximately HK$1.56 million and HK$2.97 million respectively, and therefore the profits guarantee has been met and fulfilled. During the year, the revenue and the operating profit before tax generated from H&S were approximately HK$40.07 million and HK$3.76 million respectively. Further, an impairment charge of approximately HK$7.52 million has been recorded against the goodwill. The carrying value of this segment was significantly higher than the recoverable amount of the underlying business, when projected forward result no longer supporting to profitability due to low profit margin. As there is an intense competition in the market, it is difficult for H&S to pass on the increase in costs of raw material to customers and therefore the segment suffers pressure on its margin. The Group expects this business segment will continue to face more challenges in the coming years.

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). During the year, Great Luck had successfully made loans to certain borrowers at the average interest rates of 20% per annum. The interest income from Money Lending for the year ended 31 March 2017 was approximately HK$20.81 million (2016: approximately HK$0.43 million). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group.

Financial services business

In August 2016, the Group completed the acquisition of the entire issued share capital of C.E. Securities and Asset Management Limited ("C.E. Securities"). The details of the acquisition is disclosed below in the section headed "Material Acquisition and Disposal". C.E. Securities contributed approximately HK$1.31 million to the Group's revenue from provision of Financial Services from August 2016 to March 2017. The Board believes that the outlook of the financial services sector is positive. It is expected that C.E. Securities will also participate in providing other financial services, including but not limited to providing securities brokerage, margin financing and asset management businesses, and will generate more income for the Group and enhance the shareholders' value.

Investment in exploration and exploitation of natural resources

After the change in the composition of investment in exploration and exploitation of natural resources, Pure Power became an associate of the Group in January 2016. The Group shared the loss of an associate of approximately HK$3.24 million (2016: Nil) during the year under review. No impairment was made for the investment in an associate, the crude oil price has risen steadily from a dramatic decline during the year under review, anticipating the trend of oil industry to gradually recover in the coming years. The Group will capture the opportunities from market and the recovery of the oil industry and bring long-term investment value to all shareholders of the Company.

SIGNIFICANT INVESTMENTS

During the year, 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		Market value		% of shareholding held		% of net assets of the Company	
		For the year ended 31 Mar 2017	For the year ended 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016
		HK$ million		*HK$ million*					
SEEC Media Group Limited (205)	Provision of advertising agency services, distributions of books and magazines in the PRC and securities brokerage business in Hong Kong	(1.29)	–	6.01	–	0.75%	–	0.59%	–
QPL International Holdings Limited (243)	Manufacture and sale of integrated circuit leadframes, heatsinks, and stiffeners, securities trading and investment holding	(1.05)	–	9.97	–	0.78%	–	0.98%	–
AMCO United Holding Limited (630)	Manufacture and sale of medical devices products and plastic moulding products; provision of construction services; money lending business and securities investment	0.89	–	11.52	–	0.97%	–	1.14%	–
China Properties Investment Holdings Limited (736)	Property investment, financial services and money lending	(2.99)	–	7.55	–	1.33%	–	0.75%	–
China National Culture Group Limited (745)	Provision of advertising media services, e-commerce, firm production and distribution	–	(10.89)	–	19.56	–	3.32%	–	1.78%
China e-Wallet Payment Group Limited (802)	Provision of biometric and RFID products and solutions services, internet and mobile application and related services	23.80	12.60	46.90	35.70	2.91%	4.59%	4.63%	3.25%
Unity Investments Holdings Limited (913)	Investment in listed investments in Hong Kong and in unlisted companies	(2.14)	–	1.31	–	0.57%	–	0.13%	–
China Jicheng Holdings Limited (1027)	Manufacture and sale of POE umbrellas, nylon umbrellas and umbrellas parts	108.29	300.37	113.38	332.13	0.77%	1.86%	11.20%	30.25%
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	–	(0.51)	–	2.20	–	0.02%	–	0.20%
Suncorp Technologies Limited (1063)	Sale and marketing of residential telephone products under its license arrangement with Motorola brand; securities brokerage and underwriting business, money lending business and B2B cross-border e-commerce and payment business	–	(4.74)	–	24.22	–	1.11%	–	2.21%
Milan Station Holdings Limited (1150)	Retailing of handbags, fashion accessories and embellishments and spa and wellness products	(1.22)	–	7.15	–	2.44%	–	0.71%	–

Name (Stock code)	Principal business	Unrealized gain/(loss) on fair value change		Market value		% of shareholding held		% of net assets of the Company	
		For the year ended 31 Mar 2017	For the year ended 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016
		HK$ million		*HK$ million*					
Lerado Financial Group Company Limited (1225)	Provision of financial services, manufacturing and distributing children plastic toys and medical care products	(7.13)	(0.42)	1.37	8.07	0.31%	1.53%	0.13%	0.74%
China Investment and Finance Group Limited (1226)	Securities trading and investment holding businesses	(0.19)	–	3.92	–	0.70%	–	0.39%	–
Time2U International Holding Limited (1327)	Manufacture and sales of own-branded watches, OEM watches and third-party watches	(2.96)	–	2.42	–	1.08%	–	0.24%	–
Major Holdings Limited (1389)	Sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong and provision of money lending	(4.28)	–	5.80	–	0.19%	–	0.57%	–
SHIS Limited (1647)	Provision of integrated building services and building construction works in Singapore	0.04	–	1.79	–	0.20%	–	0.18%	–
Capital VC Limited (2324)	Investment in listed and unlisted companies in Hong Kong and the PRC	(8.17)	(5.12)	2.84	5.89	0.52%	2.27%	0.28%	0.54%
Hao Wen Holdings Limited (8019)	Sale of biodegradable product in Hong Kong; trading and manufacturing of biomass fuel; trading of electronic parts in PRC and provision of money lending business;	0.05	–	4.54	–	1.11%	–	0.45%	–
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work and money lending business and securities investment business	50.11	42.09	114.76	116.68	4.10%	2.81%	11.33%	10.63%
KPM Holding Limited (8027)	Design, fabrication, installation and maintenance of signage and related products	3.73	–	9.50	–	0.33%	–	0.94%	–
GreaterChina Professional Services Limited (8193)	Provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financing services	(0.63)	0.67	36.51	38.43	1.19%	1.24%	3.60%	3.50%
L & A International Holdings Limited (8195)	Manufacture, sale and retailing of garment products	–	109.31	–	222.03	–	1.73%	–	20.22%
Luen Wong Group Holdings Limited (8217)	Provision of civil engineering works and investment holding.	214.49	–	338.96	–	1.43%	–	33.47%	–
Tai Kam Holdings Limited (8321)	Provision of slope works and construction works	33.53	–	44.46	–	0.43%	–	4.39%	–
Total		402.88	443.36	770.66	804.91				

During the year under review, the Group's securities investment business recorded a net disposal gain of approximately HK$33.82 million (2016: approximately HK$33.72 million), which was mainly attributed from the disposal gain of approximately HK$169 million from China Jicheng Holdings Limited and the disposal losses of approximately of HK$104 million and HK$31 million from L & A International Holdings Limited and other disposed listed securities respectively. As at 31 March 2017, the market value of the listed securities being held by the Group was approximately HK$770.66 million in value (2016: approximately HK$804.91 million) and an unrealized gain on fair value change was approximately HK$402.88 (2016: approximately HK$443.36 million).

The future value of listed equities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the listed equities, the Group will invest in an unlisted fund to diversify the Group's securities investment risk, in order to further enhance the rate of return of the Group's securities investment and broaden the investment horizon and investment level of the Group. The Group will continue to maintain a diversified investment portfolio by investing in both the fund and listed equities to generate long-term returns for the shareholders of the Company.

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2017, the Company made the following material acquisition and disposal:

Acquisition

In August 2016, the Company had completed the acquisition of the entire issued share capital of C.E. Securities. 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 (the "SFO") (Chapter 571 of the Laws of Hong Kong). Such acquisition enables the Group to enter into the financial services industry. The Group through C.E. Securities has become a one-stop integrated financial services provider, offering an extensive range of financial services to its customers (including but not limited to, securities brokerage, investment advisory, margin financing and asset management), being a new business segment to the Group. 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 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 years ended 31 March 2017 and 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.

OUTLOOK

The Directors 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 on an on-going basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group's net current liabilities were approximately HK$21.42 million (31 March 2016: net current assets of approximately HK$7.08 million), including cash and cash equivalents of approximately HK$66.97 million (31 March 2016: approximately HK$22.77 million). Total unconvertible bonds and promissory notes payable amounted to approximately HK$173.81 million as at 31 March 2017 (31 March 2016: approximately HK$153.10 million). The Group's gearing ratio, which was net debt divided by total shareholders' equity plus net debt, as at 31 March 2017 was 0.11 (31 March 2016: 0.14).

SHARE CAPITAL AND CAPITAL STRUCTURE

On 12 September 2016, the Company proposed the consolidation of every ten issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company into one ordinary share of par value of HK$0.10 each in the share capital of the Company. The said share consolidation became effective on 21 October 2016.

During the year ended 31 March 2017, the Company issued an unconvertible bond in the principal amount of HK$10 million to an independent third party at the interest rate of 5% per annum due in seven years from the date of issue.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2017.

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2017 and 31 March 2016.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2017 (2016: Nil, except for the acquisition of the issued share capital of C.E. Securities in the section headed "Material Acquisition and Disposal" above and contracted).

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not have any pledge on its assets.

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.

DIVIDEND

No dividend for the year ended 31 March 2017 (2016: Nil) is recommended by the Board.

EMPLOYMENT AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had approximately 35 employees as at 31 March 2017 (2016: 40). Remunerations are commensurate with the nature of job, staff experience and market conditions.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31 March 2017, except for the code provisions A.2.1 and A.4.1:

Code provision A.2.1 stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, Ms. Chen Tong ("Ms. Chen") holds the offices of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 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 stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Ms. Zhang Ruisi, an independent non–executive Director, is engaged for a term of one year, which is automatically renewable for successive terms of one year upon the expiry of the then current term; whereas the other independent non-executive Directors, namely Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Company's Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive Directors, namely Ms. Zhang Ruisi (Chairman of the Audit Committee), Mr. Tse Kwong Chan and Ms. Zhou Jue. The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2017 and discussed auditing, financial and internal control and risk management, and financial reporting matters of the Company.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, CHENG & CHENG LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CHENG & CHENG LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CHENG & CHENG LIMITED on the preliminary announcement.

PUBLICATION OF THE AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.986.com.hk). The annual report for the year ended 31 March 2017 will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 27 June 2017

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

* *For identification purposes only*