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 2018

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 2018 together with the comparative figures for the year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Continuing Operations			
Revenue	*4*	**35,220**	67,672
Cost of sales		**(19,457)**	(37,683)
Gross profit		**15,763**	29,989
Other income	*6*	**47**	40
Other gains and losses	*7*	**(321,044)**	(6,499)
Selling and distribution expenses		**(305)**	(657)
Administrative expenses		**(28,366)**	(37,217)
Finance costs	*8*	**(3,209)**	(11,702)
Share of loss of an associate		**(2,832)**	(3,236)
Loss before taxation	*9*	**(339,946)**	(29,282)
Income tax credit/(expense)	*10*	**2,508**	(1,181)
Loss from continuing operations		**(337,438)**	(30,463)
Discontinued Operations			
Profit from discontinued operations	*11*	**–**	57,884
(Loss)/profit for the year		**(337,438)**	27,421

	2018	2017
	HK$'000	*HK$'000*
Other comprehensive expenses		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on:		
– Translation of foreign operations	**86**	1,616
– Transferred to profit or loss on disposal of subsidiaries	**–**	4,509
	86	6,125
Available-for-sale investments		
Increase in fair value	**8,694**	159,452
Reclassification adjustments for amounts transferred to profit or loss:		
– Gain on disposal	**(410,007)**	(280,518)
– Impairment loss	**7,126**	–
	(394,187)	(121,066)
Other comprehensive expense for the year	**(394,101)**	(114,941)
Total comprehensive expense for the year	**(731,539)**	(87,520)
Loss for the year from continuing operations attributable to:		
Owners of the Company	**(337,438)**	(30,463)
Non-controlling interests	**–**	–
	(337,438)	(30,463)
Profit for the year from discontinued operations attributable to:		
Owners of the Company	**–**	57,928
Non-controlling interests	**–**	(44)
	–	57,884

	Notes	**2018**	2017
		HK$'000	*HK$'000*
(Loss)/profit for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(337,438)**	27,465
Non-controlling interests		**–**	(44)
		(337,438)	27,421
Total comprehensive expense attributable to:			
Owners of the Company		**(731,539)**	(87,627)
Non-controlling interests		**–**	107
		(731,539)	(87,520)

		2018	2017
		HK$	*HK$*
(Loss)/earnings per share			
From continuing and discontinued operations			
Basic/Diluted	*13*	**(0.75)**	0.07
From continuing operations			
Basic/Diluted	*13*	**(0.75)**	(0.08)
From discontinued operations			
Basic/Diluted	*13*	**–**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**4,868**	8,686
Goodwill		**23,374**	52,214
Intangible assets		**13,922**	13,922
Interest in an associate		**198,290**	201,122
Loan receivables	*16*	**50,000**	–
Deferred tax assets		**523**	–
Available-for-sale investments	*14*	**59,044**	770,657
Statutory deposits		**205**	205
Deposits paid		**377**	372
		350,603	1,047,178
Current assets			
Trade receivables	*15*	**6,787**	6,054
Loan and interest receivables	*16*	**3,994**	85,427
Other receivables, prepayments and deposits paid		**1,913**	5,417
Income tax recoverable		**784**	–
Cash deposits held by securities brokers		**1**	79
Bank balances and cash		**5,640**	66,972
		19,119	163,949
Current liabilities			
Trade payables	*17*	**335**	425
Loan and interest payables		**1,853**	–
Other payables and accruals		**19,325**	20,794
Promissory notes payable		**–**	143,070
Unconvertible bonds		**–**	20,585
Income tax payable		**202**	1,068
		21,715	185,942
Net current liabilities		**(2,596)**	(21,993)
Total assets less current liabilities		**348,007**	1,025,185

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Unconvertible bonds	**10,158**	10,151
Deferred tax liabilities	**–**	2,297
	10,158	12,448
Net assets	**337,849**	1,012,737
Capital and reserves		
Share capital	**52,414**	37,423
Share premium and reserves	**285,435**	975,314
Total equity	**337,849**	1,012,737

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 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 the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HKFRSs

(i) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2017, relevant to the Group's operations and adopted by the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised losses
Amendment to HKFRSs	Annual Improvements 2014-2016 Cycle

The amendments to HKAS 7 require an entity to make disclosures that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Reconciliations of various types of the Group's financing liabilities are disclosed in the 2018 annual report. Other than such additional disclosures, the application of the amendments has not had any material effect on the consolidated financial statements.

The amendments to HKAS 12 clarify when unrealised losses on a debt instrument measured at fair value would give rise to a deductible temporary difference and how to evaluate whether sufficient future taxable profits are available to utilise a deductible temporary difference. The application of the amendments has not had any material effect on the consolidated financial statements.

Annual improvements to HKFRSs (2014-2016 cycle) include an amendment to HKFRS 12 that clarifies that, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 Non-current Assets held for Sale and Discontinued operations, it is not required to disclose summarised financial information for that subsidiary, joint venture or associate, as required by HKFRS 12 Disclosure of Interests in Other Entities.

(ii) New and amended standards issued but not yet effective

The Group has not applied any of the following new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments to HKFRSs and new interpretations ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvement to HKFRS Standards 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2014-2016 Cycle[4]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective date not yet determined*

[4] *For those amendments that will become effective for annual periods beginning on or after 1 January 2018*

[5] *Effective for annual periods beginning on or after 1 January 2021*

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statement in the foreseeable future.

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for (a) classification and measurement of financial assets, (b) impairment of financial assets and (c) general hedge accounting.

With regards to the classification and measurement of financial assets, financial assets that are within the scope of HKFRS 9 are subsequently measured at either amortised cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. All other financial assets are measured at fair value at the end of each of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt instrument, financial assets and equity investments are measured at their fair value at the end of subsequent accounting periods with changes in fair value recognised in profit or loss, except that the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is neither held for trading nor being contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and the cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regards to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. This differs from the accounting treatment under HKAS 39, whereby the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is recognised in profit or loss.

With regards to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to the incurred credit loss model required under HKAS 39. In general, the adoption of the expected credit loss model will require the Group to assess at each reporting date whether there is a significant increase in credit risk of its financial assets since initial recognition and to recognise loss allowance equal to the lifetime or 12-month expected credit losses depending on whether or not there is a significant increase in credit risk.

With regards to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. HKFRS 9 will provide greater flexibility as to the types of transactions eligible for hedge accounting, specifically by broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

HKFRS 9 contains specific transitional provisions for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) hedge accounting, which will be adopted by the Group when it applies HKFRS 9 in the year ending 31 March 2019.

The amendments to HKFRS 9 *Prepayment Features with Negative Compensation* mainly clarify and provide additional guidance as to when a debt instrument financial asset with a prepayment option would satisfy the "solely payment of principal and interest" test.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on the initial application of HKFRS 9:

Classification and measurement

Equity investment fund classified as available-for-sale investment carried at fair value qualified for designation as measured at FVTOCI under HKFRS 9. However, the fair value gains or losses accumulated in the investments revaluation reserve of approximately HK$8,694,000 as at 1 April 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from current treatment. This will affect the amounts recognized in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

Impairment

The directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

The Group is in the process of assessing the impact of HKFRS 9 of impairment model and considers that the adoption of the new standard of HKFRS 9 will not have significant impact on the Group's financial position and financial performance.

HKFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

HKFRS 15 contains a number of transitional provisions as well as practical expedients to help preparers so through the transition. Please refer to HKFRS 15 for details.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 *Leases* and the related interpretations when it becomes effective.

With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regards to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the consolidated financial statements.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,361,000. For future arrangement that will meet the definition of a lease under HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term upon the application of HKFRS 16.

The Group currently considers refundable rental deposits paid of approximately HK$731,000 and refundable rental deposit received of nil as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts ("Trading of Gold and Diamond"), 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	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Trading of Gold and Diamond	**21,362**	40,065	**–**	1,007	**21,362**	41,072
Income from Internet Services	**3,048**	5,493	**–**	–	**3,048**	5,493
Interest income from Money Lending	**10,330**	20,808	**–**	–	**10,330**	20,808
Services income from Financial Services	**480**	1,306	**–**	–	**480**	1,306
	35,220	67,672	**–**	1,007	**35,220**	68,679

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*

* *These businesses were discontinued during the year ended 31 March 2017, details in Note 11 of this announcement.*

Segment revenue and result

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

For the year ended 31 March 2018

	Continuing operations					Discontinued operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Financial Services	Sub-total	Waste 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	3,048	21,362	10,330	480	35,220	–	–	–	35,220
Revenue from external customers	3,048	21,362	10,330	480	35,220	–	–	–	35,220
Net Segment Result:									
Segment result	423	3,096	2,524	(7,015)	(972)	–	–	–	(972)
Impairment loss on goodwill	(28,840)	–	–	–	(28,840)	–	–	–	(28,840)
Net segment result	(28,417)	3,096	2,524	(7,015)	(29,812)	–	–	–	(29,812)
Other unallocated income									7,615
Net realised loss on disposal of listed equity securities held for investment									(68,466)
Loss on settlement of promissory note by issue of shares									(5,131)
Impairment loss recognised on available-for-sale investments									(218,441)
Share of loss of an associate									(2,832)
Other unallocated expenses									(19,670)
Finance costs									(3,209)
Loss before tax									(339,946)
Income tax credit									2,508
Loss for the year									(337,438)

For the year ended 31 March 2017

	Continuing operations					Discontinued operations			
	Internet Services	Trading of Gold and Diamond	Money Lending	Financial Services	Sub-total	Waste 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 tax									28,182
Income tax expense									(761)
Profit for the year									27,421

Segment profit or loss represents the profit or loss from each segment without allocation of certain other income, other gains and losses, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

For the year ended 31 March 2018

	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	10	29,650	54,997	21,474	106,131	–	–	–	106,131
– The People's Republic of China ("PRC")	647	–	–	–	647	–	–	–	647
	657	29,650	54,997	21,474	106,778	–	–	–	106,778
Available-for-sale investments									59,044
Interest in an associate									198,290
Unallocated corporate assets									5,610
Consolidated total assets									369,722
Segment liabilities:									
– Hong Kong	1,130	392	47,880	588	49,990	–	–	–	49,990
– Elimination of loan payables	–	–	(47,245)	–	(47,245)	–	–	–	(47,245)
– PRC	2	–	–	–	2	–	–	–	2
	1,132	392	635	588	2,747	–	–	–	2,747
Unconvertible bonds									10,158
Loan and interest payables									1,853
Unallocated corporate liabilities									17,115
Consolidated total liabilities									31,873

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
– 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 purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain bank balances and cash, available-for-sale investments, interest in an associate, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and

- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, promissory notes payable, income tax payable, unconvertible bonds and deferred tax liabilities.

(b) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The operations of the Group's associate is located in the United States of America (the "USA").

The following table provides an analysis of the Group's revenue by geographic market, determined based on the location at which the services were provided, irrespective of the origin of customers:

	Hong Kong		PRC		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Sales to external customers	**33,331**	4,854	**1,889**	23,760	**–**	40,065	**35,220**	68,679

An analysis of the non-current assets of the Group (other than financial assets and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and the location of the operations to which they are allocated, in the case of intangible assets and goodwill and the location of operations, in the case of interest in an associate:

	Hong Kong		PRC		USA		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets other than financial assets	**41,841**	45,546	**323**	29,276	**198,290**	201,122	**240,454**	275,944

6. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**–**	1	**–**	9	**–**	10
Others	**47**	39	**–**	95	**47**	134
	47	40	**–**	104	**47**	144

7. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other gains:						
Realised gain on disposal of listed equity securities held for investment	**–**	33,818	**–**	–	**–**	33,818
Gain on disposal of non-listed securities	**–**	390	**–**	–	**–**	390
	–	34,208	**–**	–	**–**	34,208
Other losses:						
Foreign exchange losses, net	**–**	(52)	**–**	–	**–**	(52)
Loss on disposal of property, plant and equipment	**–**	(1)	**–**	–	**–**	(1)
Net realised loss on disposal of listed equity securities held for investment	**(68,466)**	–	**–**	–	**(68,466)**	–
Loss on settlement of promissory notes by issue of shares	**(5,131)**	–	**–**	–	**(5,131)**	–
Impairment loss recognised on:						
– goodwill	**(28,840)**	(40,654)	**–**	–	**(28,840)**	(40,654)
– available-for-sale investments	**(218,441)**	–	**–**	–	**(218,441)**	–
– trade receivables	**(166)**	–	**–**	–	**(166)**	–
	(321,044)	(40,707)	**–**	–	**(321,044)**	(40,707)
Other losses, net	**(321,044)**	(6,499)	**–**	–	**(321,044)**	(6,499)

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank borrowings	**–**	–	**–**	580	**–**	580
Promissory notes payables	**2,470**	10,400	**–**	–	**2,470**	10,400
Loan payables	**53**	–	**–**	–	**53**	–
Imputed interest on unconvertible bonds	**686**	1,302	**–**	–	**686**	1,302
	3,209	11,702	**–**	580	**3,209**	12,282

9. LOSS BEFORE TAX

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including directors' emoluments)						
– Directors' fees, staff salaries and allowances	**13,324**	14,227	**–**	96	**13,324**	14,323
– Retirement benefits contributions	**281**	339	**–**	68	**281**	407
Total staff costs	**13,605**	14,566	**–**	164	**13,605**	14,730
Auditors' remuneration	**840**	840	**–**	–	**840**	840
Cost of inventories recognised as an expense	**17,936**	35,692	**–**	348	**17,936**	36,040
Other service costs	**1,521**	1,991	**–**	–	**1,521**	1,991
Depreciation of property, plant and equipment	**3,868**	3,828	**–**	–	**3,868**	3,828
Operating lease rentals in respect of rental premises	**2,076**	2,512	**–**	–	**2,076**	2,512
Share of loss of an associate	**2,832**	3,236	**–**	–	**2,832**	3,236

10. INCOME TAX (CREDIT)/EXPENSE

Income tax recognised in profit or loss

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax	**312**	1,152	**–**	–	**312**	1,152
PRC Enterprise Income Tax	**–**	29	**–**	–	**–**	29
	312	1,181	**–**	–	**312**	1,181
Deferred tax credit	**(2,820)**	–	**–**	(420)	**(2,820)**	(420)
Income tax (credit)/expense for the year	**(2,508)**	1,181	**–**	(420)	**(2,508)**	761

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2017: 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% (2017: 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 (the "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.

Wastes Recycling and Trading of Petrochemical Products businesses were classified as discontinued operations.

	2018	2017
	HK$'000	*HK$'000*
Loss for the year from discontinued operations	**–**	(1,900)
Gain on disposal of subsidiaries	**–**	59,784
	–	57,884

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

	Waste recycling		**Trading of petrochemical products**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**–**	1,007	**–**	–	**–**	1,007
Cost of sales	**–**	(348)	**–**	–	**–**	(348)
Gross profit	**–**	659	**–**	–	**–**	659
Other income *(Note 6)*	**–**	104	**–**	–	**–**	104
Selling and distribution expenses	**–**	(164)	**–**	–	**–**	(164)
Administrative expenses	**–**	(2,339)	**–**	–	**–**	(2,339)
Finance costs *(Note 8)*	**–**	(580)	**–**	–	**–**	(580)
Loss before tax	**–**	(2,320)	**–**	–	**–**	(2,320)
Income tax credit	**–**	420	**–**	–	**–**	420
Loss for the year	**–**	(1,900)	**–**	–	**–**	(1,900)
Loss for the year attributable to:						
Owners of the Company					**–**	(1,856)
Non-controlling interests					**–**	(44)
					–	(1,900)

The cash flows of the discontinued operations for the current and prior year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**–**	(150)
Net cash inflows from investing activities	**–**	–
Net cash inflows from financing activities	**–**	119
Net cash outflows	**–**	(31)

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018 (2017: HK$ Nil), nor has any dividend been proposed since the end of the reporting period (2017: HK$ Nil).

13. (LOSS)/EARNINGS 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**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/earnings				
(Loss)/earnings for the purpose of basic (loss)/earnings per share				
(Loss)/profit for the year attributable to owners of the Company	**(337,438)**	27,465	**(337,438)**	(30,463)

	Continuing and discontinued operations		Continuing operations	
	2018	2017	**2018**	2017
	'000	*'000*	***'000***	*'000*
Number of shares				
Issued ordinary shares at 1 April	**374,229**	3,742,286	**374,229**	3,742,286
Share consolidation	**–**	(3,368,057)	**–**	(3,368,057)
Effect of share allotments for settlement of promissory notes	**76,393**	–	**76,393**	–
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**450,622**	374,229	**450,622**	374,229

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 March 2018 and 2017 in respect of a dilution as the Group did not have any potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

14. AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Equity investment fund, at fair value *(Note)*	**59,044**	–
Equity securities listed in Hong Kong, at market value *(Note)*	**–**	770,657
At end of the year	**59,044**	770,657

Note:

The Group (as subscriber) entered into the subscription agreement with the fund company pursuant to which the Group made the subscription of specific shares in the fund. The investment and payment for the subscription was settled by the transfer of listed equity securities listed in Hong Kong, at market value to the fund company upon entering into the subscription agreement. Realised gain of approximately HK$79,814,000 in relation to the transfer of listed equity securities to the equity investment fund was recognised by the Group and recognised in profit or loss for the year ended 31 March 2018 (2017: Nil).

Please refer to the announcement dated 27 March 2017 and 3 July 2017 and circular dated 11 May 2017 for details.

For significant transactions on available-for-sale investment incurred during the year, please refer to "Significant Investments" under "Management Discussion and Analysis" of this announcement for the details.

Movements of the available-for-sale investment during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**770,657**	835,517
Addition for equity investment fund	**260,298**	–
Addition for listed equity securities	**13,344**	276,100
Increase in fair value of equity investment fund	**8,694**	159,452
Impairment loss recognised on listed equity securities	**(1,367)**	–
Impairment loss recognised on equity investment fund	**(209,948)**	–
Disposal of listed equity securities	**(502,882)**	(500,412)
Disposal of listed equity securities and transferred to equity investment fund	**(279,752)**	–
At the end of the year	**59,044**	770,657

Available-for-sale investment are measured at fair value at the end of the reporting period. The Group holds the equity investment fund (2017: listed equity securities) for long term investment purpose. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the listed equity securities are disposed of or are determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

15. TRADE RECEIVABLES

The Group has a policy of allowing credit period ranging from 1 to 3 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:

	2018	2017
	HK$'000	*HK$'000*
Within 3 months	**4,795**	3,402
4 to 6 months	**1,600**	1,940
Over 6 months	**392**	712
At the end of the year	**6,787**	6,054

16. LOAN AND INTEREST RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan receivables	**50,000**	84,000
Interest receivables	**3,994**	1,427
	53,994	85,427
Less: non-current portion	**(50,000)**	–
	3,994	85,427

Included in the gross balances are loans of approximately HK$50,000,000 which was secured by corporate guarantee from independent third parties and secured by listed shares in Hong Kong (2017: approximately HK$84,000,000 secured by listed shares in Hong Kong).

At 31 March 2018, the loan receivables arising from Money Lending business bear fixed interest rate 20% per annum (2017: 20%). The effective interest rate of the loan receivables is 20% (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**–**	35,427
Over 3 months but less than 1 year	**3,994**	50,000
Over 1 year but less than 2 years	**50,000**	–
	53,994	85,427

The loan receivables from customers have been reviewed by management of the Company to assess impairment allowances which are based on the evaluation of collectability, aging analysis of accounts and on management's judgment, including the current creditworthiness, the value of pledged assets and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

The past due ageing of the loan and interest receivables, net of allowance for doubtful debts are as follow:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**53,994**	85,427

(i) Based on the evaluation of collectability, the value of pledged assets and aged analysis of accounts, the management assessed that the amount is expected to be recovered.

The fair value of the Group's loan and interest receivables, determined based on the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period, approximates to the carrying amount of the loan and interest receivables.

The loan receivables outstanding as at 31 March 2018 and 2017 are denominated in Hong Kong dollars ("HK$").

17. TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Amounts payable arising from securities broking:		
Clearing house *(note a)*	**232**	–
Cash clients *(note b)*	**103**	–
Other trade payables *(note c)*	**–**	425
	335	425

Note:

(a) The settlement terms of amounts payable to clearing house arising from securities broking are two trade days after the trade execution date. The balance is aged within 30 days.

(b) Amounts payable to cash clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the management, the aged analysis does not give additional value in view of the nature of the business.

(c) Other trade payables related to Trading of Gold and Diamond business with credit period on purchase of goods ranges from 60 to 90 days which was aged within 30 days.

At 31 March 2018 and 2017, the trade payables were denominated in HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2018, the Group's revenue from continuing operations was approximately HK$35.22 million (2017: approximately HK$67.67 million), representing a decrease of approximately HK$32.45 million or 47.95% as compared with last year. The revenue included approximately HK$3.05 million from online products sales, provision of marketing, web design and maintenance services (the "Internet Services") business (2017: approximately HK$5.49 million), approximately HK$21.36 million from trading of gold and diamond (the "Trading of Gold and Diamond") business (2017: approximately HK$40.07 million), approximately HK$10.33 million from provision of loans as money lending (the "Money Lending") business (2017: approximately HK$20.81 million) and approximately HK$0.48 million from provision of financial advisory and intermediary services (the "Financial Services") business (2017: approximately HK$1.31 million).

Gross profit from continuing operations was approximately HK$15.76 million (2017: approximately HK$29.99 million), representing a decrease of approximately HK$14.23 million or 47.45% as compared with last year. Gross profit margin was slightly increased from approximately 44.32% to 44.76%.

Operating loss from continuing operations and discontinued operations after tax of the Group was approximately HK$337.44 million (2017: operating profit of approximately HK$27.42 million). The turn from profit to loss was mainly attributable to (a) the impairment loss of equity investment fund of approximately HK$209.95 million; (b) the net disposal loss of listed equity securities of approximately HK$68.47 million; (c) the impairment loss on listed equity securities of approximately HK$8.49 million; and (d) impairment loss on goodwill of Internet Services business of approximately HK$28.84 million.

Selling, distribution and administrative expenses incurred in continuing operations were approximately HK$28.67 million (2017: approximately HK$37.87 million), representing a decrease of approximately 24.29% as compared with last year due to cost control on entertainment and commission paid and decrease of legal and professional fee. The finance costs of continuing operations of the Group amounted to approximately HK$3.21 million (2017: approximately HK$11.70 million), representing a decrease of approximately 72.56% as compared with last year due to some of unconvertible bonds and the promissory notes were settled during the year.

For the year ended 31 March 2018, 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$3.05 million (2017: approximately HK$5.49 million). Operating profit before tax and impairment loss on goodwill and trade receivables of approximately HK$0.59 million was made for the year ended 31 March 2018 (2017: approximately HK$2.67 million). The revenue of the Internet Services business was mainly attributed from the market of Mainland China. The decrease in revenue of approximately 44.44% as compared with last year. 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$28.84 million for its goodwill for the year under review (2017: approximately HK$33.13 million).

Trading of Gold and Diamond business

During the year under review, the revenue generated from the Trading of Gold and Diamond business was approximately HK$21.36 million (2017: approximately HK$40.07 million). Operating profit before tax was approximately HK$3.10 million (2017: operating profit before tax and impairment of goodwill approximately HK$3.76 million). The gross profit ratio was increased from 10.92% to 16.04% due to this business changed its strategy to focus on selling to the customers which can generate higher margin. As there is an intense competition in the market, 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 under review, Great Luck had made loans to certain borrowers amounting to HK$50 million in total at the average interest rate of 20% per annum. During the year, interest income from money lending was approximately HK$10.33 million (2017: HK$20.81 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

The Group had commenced its Financial Services business in Hong Kong through a wholly-owned subsidiary, C.E. Securities and Asset Management Limited ("C.E. Securities") since August 2016. C.E. Securities contributed approximately HK$0.48 million to the Group's revenue for the year ended 31 March 2018 (2017: HK$1.31 million). The Board continues to believe 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 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

During the year under review, Pure Power Holdings Limited ("Pure Power"), an associate of the Group, 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. The Group shared the loss of an associate of approximately HK$2.83 million (2017: HK$3.24 million). On 21 June 2018, the Company entered into a sales and purchases agreement with Hongkong Dragon Well Co., Limited (the "Purchaser II"), a company incorporated in Hong Kong, which is a third party independent of the Company, in relation to the disposal of approximately 23.53% of the entire issued share capital of Pure Power owned by the Company.

SIGNIFICANT INVESTMENTS

During the year under review, the Group's listed equity securities investment business recorded a net disposal loss of approximately HK$68.47 million (2017: a net disposal gain of approximately HK$33.82 million). The value of listed equity securities 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 equity securities, the Group invested 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 unlisted fund and listed equity securities to generate long-term returns for the shareholders of the Company.

During the year, the Group has entered a subscription agreement with Henghua Global Fund SPC (the "Fund Company"), the Group has transferred of the certain listed equity securities held by the Group to the Fund Company as payment for the subscription of Henghua Global New Opportunity Fund SP II, a segregated portfolio of and, established by the Fund Company (the "Fund"), resulted a gain of HK$79.81 million in this transfer. As at 31 March 2018, the market value of the listed equity securities held by the Group was nil (2017: approximately HK$770.66 million) and the fair value of the Fund was HK$59.04 million (2017: nil).

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2018, the Company made the following material acquisition and disposal:

Acquisition and Disposal

In May 2017, the Group has entered a subscription agreement with the Fund Company, the Group has transferred of the certain listed equity securities held by the Group to the Fund Company as payment for the subscription of Fund. Upon the completion, the Group had subscribed for approximately 260,297 Class B shares of the Fund based on an aggregate market value of the listed equity securities of approximately HK$260.30 million. Such investment in the Fund is accounted for as available-for-sales investments in the Group's consolidated financial statements.

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 2018, the Group's net current liabilities were approximately HK$2.60 million (2017: approximately HK$21.99 million), including cash and cash equivalents of approximately HK$5.64 million (2017: approximately HK$66.97 million). Total interest-bearing borrowings amounted to approximately HK$11.80 million as at 31 March 2018 (2017: approximately HK$160 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2018 was 7.15% (2017: 11.22%).

SHARE CAPITAL AND CAPITAL STRUCTURE

On 11 July 2017, the Company entered into a deed of settlement with Mr. Xiong Wei (the "First Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$16.36 million issued by the Company on 29 January 2016, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 62,910,000 ordinary shares under the general mandate of the Company (the "First Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.26 per First Settlement Share to the First Promissory Notes Holder. Such settlement was completed on 24 July 2017. For further details of the First Settlement Shares, please refer to the announcement of the Company dated 11 July 2017.

On 31 October 2017, the Company entered into a deed of settlement with Mr. Wong Him Shun Philip (the "Second Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$35.18 million issued by the Company on 18 September 2015, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 87,000,000 ordinary shares under the general mandate of the Company (the "Second Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.40 per Second Settlement Share to the Second Promissory Notes Holder. Such settlement was completed on 13 November 2017. For further details of the Second Settlement Shares, please refer to the announcement of the Company dated 31 October 2017.

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 2018.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, most transactions, assets and liabilities are denominated in Hong Kong Dollars and 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 2018 and 2017.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2018 and 2017.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2018 and 2017.

DIVIDEND

No dividend for the year ended 31 March 2018 (2017: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 21 June 2018, the Company, as vendor, and the Purchaser II entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 2,000 ordinary shares, representing approximately 23.53% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$106,000,000. Pure Power is an associate of the Company and its wholly owned subsidiary is principally engaged in exploration and exploitation of natural resources in Nevada, the United States of America.

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 27 employees as at 31 March 2018 (2017: 35). Remunerations are commensurate with the nature of job, staff experience and market conditions.

PURCHASE, REDEMPTION OR SALE OF LISTED EQUITY SECURITIES OF THE COMPANY

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

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 (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2018, except for the code provisions A.2.1 and A.4.1:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the period from 1 April 2017 to 10 October 2017, Ms. Chen Tong ("Ms. Chen") has held the positions of chairman and chief executive officer of the Company and she resigned on 10 October 2017. Following the resignation of Ms. Chen, Ms. Xie Yan ("Ms. Xie") has held the positions of chairman and chief executive officer of the Company until to 25 May 2018 and 2 May 2018, respectively, and she resigned on 25 May 2018. Ms. Chen and Ms. Xie have extensive experience in management 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.

On 26 April 2018, the Company appointed Ms. Zhou Yaying (“Ms. Zhou”) as an executive director and member of the remuneration committee and nomination committee. Following the resignation of Ms. Xie, Ms. Zhou has been re-designated as the chairman of the Board on 25 May 2018. On 2 May 2018, the Company appointed Mr. Wei Liang (“Mr. Wei”) as an executive director. Following the resignation of Ms. Xie, Mr. Wei has been appointed as the chief executive officer on that day.

Therefore, the Company has complied with the provision of code A.2.1 as from the date of 2 May 2018.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Mr. Yiu To Wa and Mr. Lau Leong Yuen who are the new independent non-executive directors of the Company and both appointed on 31 July 2017 and Ms. Zhang Ruisi, an independent non-executive director who retired on 11 September 2017, are engaged for a term of 1 year, which are automatically renewable for successive term of one year upon the expiry of the then current term; whereas the other independent non-executive director of the Company, namely Mr. Tse Kwong Chan, is not appointed for a specific term. However, all of the Company’s independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. 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 Mr. Yiu To Wa, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen. The Audit Committee has reviewed the Company’s audited consolidated financial statements for the year ended 31 March 2018 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 2018 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 RESULT

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 result for the year ended 31 March 2018 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
Zhou Yaying
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis and Ms. Hong Jingjuan; and three independent non-executive Directors, namely Mr. Tse Kwong Chan, Mr. Yiu To Wa and Mr. Lau Leong Yuen.

* *For identification purposes only*