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 2019

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 2019 together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*4*	**137,853**	35,220
Cost of sales		**(110,979)**	(19,457)
Gross profit		**26,874**	15,763
Other income	*6*	**2**	47
Other gains and losses	*7*	**(31,612)**	(102,437)
Loss from impairment	*8*	**(3,528)**	(218,607)
Selling and distribution expenses		**(1,280)**	(305)
Administrative expenses		**(38,124)**	(28,366)
Finance costs	*9*	**(795)**	(3,209)
Share of loss of an associate		**(1,682)**	(2,832)
Loss before taxation	*10*	**(50,145)**	(339,946)
Income tax (expense)/credit	*11*	**(1,311)**	2,508
Loss for the year		**(51,456)**	(337,438)

	Note	2019 HK$'000	2018 HK$'000
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on:			
– Translation of foreign operations		**(42)**	86
Available-for-sale investments			
Increase in fair value		**–**	8,694
Reclassification adjustments for amounts transferred to profit or loss:			
– Gain on disposal		**–**	(410,007)
– Impairment loss		**–**	7,126
		–	(394,187)
Other comprehensive expense for the year		**(42)**	(394,101)
Total comprehensive expense for the year		**(51,498)**	(731,539)
Loss for the year attributable to:			
Owners of the Company		**(51,456)**	(337,438)
Non-controlling interests		**–**	–
		(51,456)	(337,438)
Total comprehensive expense attributable to:			
Owners of the Company		**(51,498)**	(731,539)
Non-controlling interests		**–**	–
		(51,498)	(731,539)

	Note	2019 HK$	2018 HK$
Loss per share	*13*		
Basic/Diluted		**(0.09)**	(0.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**570**	4,868
Goodwill		**21,999**	23,374
Intangible assets		**8,192**	13,922
Interest in an associate		**–**	198,290
Loan receivables	*16*	**60,920**	50,000
Deferred tax assets		**985**	523
Available-for-sale investments	*14*	**–**	59,044
Financial assets at fair value through profit or loss		**40,339**	–
Financial assets at fair value through other comprehensive income		**–**	–
Statutory deposits		**205**	205
Deposits paid		**1,031**	377
		134,241	350,603
Current assets			
Inventories		**4,128**	–
Trade receivables	*15*	**92,850**	6,787
Loan and interest receivables	*16*	**3,481**	3,994
Other receivables, prepayments and deposits paid		**1,167**	1,913
Income tax recoverable		**258**	784
Cash deposits held by securities brokers		**1**	1
Client trust bank balance		**18,178**	103
Bank balances and cash		**12,527**	5,537
		132,590	19,119
Assets classified as held for sale	*17*	**174,116**	–
		306,706	19,119
Current liabilities			
Trade payables	*18*	**92,065**	335
Loan and interest payables		**5,381**	1,853
Other payables and accruals		**19,544**	19,325
Income tax payable		**1,517**	202
		118,507	21,715
Net current assets/(liabilities)		**188,199**	(2,596)
Total assets less current liabilities		**322,440**	348,007

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Unconvertible bonds	**10,158**	10,158
Net assets	**312,282**	337,849
Capital and reserves		
Share capital	**56,785**	52,414
Share premium and reserves	**255,497**	285,435
Total equity	**312,282**	337,849

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 of the Company 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, revision and amendments to existing standards effective for annual periods beginning 1 April 2018, relevant to the Group's operations and adopted by the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years, except for the following:

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments 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 subsequent accounting periods;

- in relation to the impairment of financial assets, of which HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39. There is no impact of transition to HKFRS 9 on accumulated losses and reserves at 1 April 2018.

Based on the Group's financial instruments and risk management policies as at 31 March 2018 and 2019, all the financial assets and financial liabilities will continue to be measured on the same bases as are measured under HKAS 39 on initial application of HKFRS 9 except equity instrument designated as at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL").

Equity instrument designated as at FVTOCI

At the date of initial application, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI, because these equity investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with zero fair value were reclassified from available-for-sale investments to equity instruments at FVTOCI.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss. In addition, impairment losses previously recognised of approximately HK$8,493,000 were transferred from accumulated losses to investment revaluation reserve as at 1 April 2018.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. At the date of initial application of HKFRS 9, the Group's equity investment fund of approximately HK$59,044,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The cumulative fair value changes of the instrument as at 1 April 2018 of approximately HK$25,680,000 was reclassified from investment revaluation reserve to accumulated losses.

Impairment under ECL model

The Group assesses on a forward looking basis the ECL associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on loan and interest receivables, other receivables and bank balances is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Groups has concluded that there has been no material impact on the financial assets measured at amortised cost as at 1 April 2018 upon initial application of the new impairment requirements after considering all trade receivables, loan and interest receivables, other receivables and bank balances which did not have any historical default payment record.

Impact and changes in accounting policies of application on HKFRS 15, Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 superseded the revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations.

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, the Standard 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, an entity recognises revenue when (or as) 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.

HKFRS 15 does not have a significant impact on the financial position and the financial result of the Group upon initial application at 1 April 2018. Comparative information continues to be reported under HKASs 11 and 18.

Under HKFRS 15, a contracted liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. The adoption of HKFRS 15 does not have a significant impact on the Group’s financial position as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, approximately HK$355,000 was classified as contract liabilities in relation to the consideration received from customers in advance for the Financial services.

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

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[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 HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] *Effective for annual periods beginning on or after 1 January 2019.*
[2] *Effective for annual periods beginning on or after 1 January 2020.*
[3] *Effective for annual periods beginning on or after 1 January 2021.*
[4] *Effective for annual periods beginning on or after a date to be determined.*
[5] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period on or after 1 January 2020.*

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 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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 remeasurement 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, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, 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, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$5.0 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of 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 leases.

In addition, the Group currently considers refundable rental deposits paid of HK$1.39 million as rights 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. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

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 ("Design, Original Equipment Manufacturing ("OEM") and Marketing of Jewelry"), 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 belowed.

(i) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of Jewelry	**129,115**	21,362
– Provision of Consultancy and Maintenance Services for Internet Sales	**390**	3,048
– Provision of Financial Advisory and Intermediary Services	**173**	480
– Provision of Asset Management Services	**95**	–
	129,773	24,890
Revenue from other sources		
Interest income from Money Lending	**8,080**	10,330
	137,853	35,220

(ii) Disaggregation by timing of revenue recognition within the scope of HKFRS 15

	2019	2018
	HK$'000	*HK$'000*
– Over time	**485**	3,048
– At a point in time	**129,288**	21,842
	129,773	24,890

As at 31 March 2019, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK$355,000. The transaction price allocated to the remaining performance obligations as at 31 March 2019 and the expected timing of recognizing revenue are as follows:–

	Provision of Asset Management Services
	HK$'000
Within one year	**355**

5. SEGMENT INFORMATION

(a) Business segments

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

Internet Services:	online products sales, provision of marketing, web design and maintenance services
Design, OEM and Marketing of Jewelry*:	design of jewelry, OEM and sales and marketing of jewelry
Money Lending:	provision of loans as money lending
Financial Services:	provision of financial advisory, intermediary services and asset management

* *The management redefined the "Trading of Gold and Diamond" segment to "Design, OEM and Marketing of Jewelry" to reflect the strategic decision during the year.*

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 2019

	Internet Services *HK$'000*	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	**390**	**129,115**	**8,080**	**268**	**137,853**
Revenue from external customers	**390**	**129,115**	**8,080**	**268**	**137,853**
Net Segment Result:					
Segment result	**(410)**	**13,026**	**(578)**	**(8,044)**	**3,994**
Impairment loss on goodwill	**–**	**–**	**–**	**(1,375)**	**(1,375)**
Impairment loss on intangible assets	**–**	**–**	**–**	**(5,730)**	**(5,730)**
Net segment result	**(410)**	**13,026**	**(578)**	**(15,149)**	**(3,111)**
Other unallocated income					**7,627**
Change in fair value of financial assets at fair value through profit or loss					**(15,126)**
Realised loss on redemption of financial assets at fair value through profit or loss					**(1,102)**
Equity-settled share-based payment					**(10,647)**
Impairment loss on assets classified as held-for-sale					**(22,492)**
Written back on other payables					**15,186**
Share of loss of an associate					**(1,682)**
Other unallocated expenses					**(18,003)**
Finance costs					**(795)**
Loss before taxation					**(50,145)**
Income tax expense					**(1,311)**
Loss for the year					**(51,456)**

For the year ended 31 March 2018

	Internet Services *HK$'000*	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	3,048	21,362	10,330	480	35,220
Revenue from external customers	3,048	21,362	10,330	480	35,220
Net Segment Result:					
Segment result	423	3,096	2,524	(7,015)	(972)
Impairment loss on goodwill	(28,840)	–	–	–	(28,840)
Net segment result	(28,417)	3,096	2,524	(7,015)	(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)

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 2019

	Internet Services *HK$'000*	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Assets and liabilities:					
Segment assets					
– Hong Kong	9	121,012	65,402	36,042	222,465
– PRC	53	–	–	–	53
	62	121,012	65,402	36,042	222,518
Financial assets at fair value through profit or loss					40,339
Assets classified as held for sale					174,116
Unallocated corporate assets					3,974
Consolidated total assets					440,947
Segment liabilities:					
– Hong Kong	36	73,422	53,780	20,210	147,448
– Elimination of loan payables *(Note (a))*	–	–	(53,600)	–	(53,600)
– PRC	210	–	–	–	210
	246	73,422	180	20,210	94,058
Unconvertible bonds					10,158
Loan and interest payables					5,381
Unallocated corporate liabilities					19,068
Consolidated total liabilities					128,665

Note:

(a) The loan was made from the Company to the subsidiary under Money Lending segment which was under negotiated terms. As at 31 March 2019, the carrying amount of loan was HK$53,600,000 (2018: HK$47,245,000).

For the year ended 31 March 2018

	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Financial Services HK$'000	Total HK$'000
Assets and liabilities:					
Segment assets					
– Hong Kong	10	29,650	54,997	21,474	106,131
– PRC	647	–	–	–	647
	657	29,650	54,997	21,474	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
– Elimination of loan payables	–	–	(47,245)	–	(47,245)
– PRC	2	–	–	–	2
	1,132	392	635	588	2,747
Unconvertible bonds					10,158
Loan and interest payables					1,853
Unallocated corporate liabilities					17,115
Consolidated total liabilities					31,873

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, assets classified as held for sale, financial assets at fair value through profit or loss, 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, income tax payable and unconvertible bonds.

Other segment information

In respect of the year ended 31 March 2019

	Internet Services *HK$'000*	**Design, OEM and Marketing of Jewelry** *HK$'000*	**Money Lending** *HK$'000*	**Financial Services** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment	**4**	**3**	**–**	**258**	**265**
Written off to trade receivables	**254**	**–**	**–**	**–**	**254**
Impairment loss recognised in respect of trade receivables	**–**	**2,874**	**–**	**–**	**2,874**
Impairment loss recognised in respect of loan and interest receivables	**–**	**–**	**654**	**–**	**654**
Additions to non-current assets	**–**	**–**	**–**	**5**	**5**

In respect of the year ended 31 March 2018

	Internet Services *HK$'000*	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	152	6	–	272	430
Impairment loss recognised in respect of trade receivables	166	–	–	–	166
Additions to non-current assets	–	–	–	11	11

The depreciation of property, plant and equipment do not include the depreciation charged during the year of approximately HK$3,299,000 (2018: approximately HK$3,438,000) which have not been allocated to the business segments.

(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		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**137,853**	33,331	**–**	1,889	**137,853**	35,220

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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets other than financial assets and deferred tax assets	**30,761**	41,841	**–**	323	**–**	198,290	**30,761**	240,454

(c) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	**2019**	2018
		HK$'000	*HK$'000*
Customer A	Design, OEM and Marketing of Jewelry	**16,973**	9,294
Customer B	Money Lending business	**–**	4,884
Customer C	Money Lending business	**–**	4,884
Customer D	Design, OEM and Marketing of Jewelry	**33,990**	N/A
Customer E	Design, OEM and Marketing of Jewelry	**23,964**	N/A
Customer F	Design, OEM and Marketing of Jewelry	**19,563**	N/A

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**2**	–
Others	**–**	47
	2	47

7. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Other gains:		
Written back of other payables	**15,186**	–
Other losses:		
Change in fair value on financial asset at FVTPL	**(15,126)**	–
Realised loss on redemption of financial asset at FVTPL	**(1,102)**	–
Loss on written off of property, plant and equipment	**(719)**	–
Net realised loss on disposal of listed equity securities held for investment	**–**	(68,466)
Loss on settlement of promissory notes by issue of shares	**–**	(5,131)
Written off to trade receivables	**(254)**	–
Impairment loss recognised on:		
– goodwill	**(1,375)**	(28,840)
– intangible assets	**(5,730)**	–
– assets classified as held for sale	**(22,492)**	–
	(46,798)	(102,437)
Other losses, net	**(31,612)**	(102,437)

8. LOSS FROM IMPAIRMENT

	2019	2018
	HK$'000	*HK$'000*
Impairment loss recognized on:		
– available-for-sales investments	**–**	(218,441)
– trade receivables	**(2,874)**	(166)
– loan and interest receivables	**(654)**	–
	(3,528)	(218,607)

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on:		
Promissory notes payable	**–**	2,470
Loan payables	**295**	53
Imputed interest on unconvertible bonds	**500**	686
	795	3,209

10. LOSS BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	**13,307**	13,295
– Retirement benefits contributions	**317**	310
– Equity-settled share-based payment	**10,647**	–
Total staff costs	**24,271**	13,605
Auditors' remuneration	**720**	840
Cost of inventories recognised as an expense	**110,965**	17,936
Other service costs	**14**	1,521
Depreciation of property, plant and equipment	**3,564**	3,868
Operating lease rentals in respect of rental premises	**2,331**	2,076
Share of loss of an associate	**1,682**	2,832

11. INCOME TAX EXPENSE/(CREDIT)

Income tax recognised in profit or loss

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**1,773**	312
Deferred tax credit	**(462)**	(2,820)
Income tax expense/(credit) for the year	**1,311**	(2,508)

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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% (2018: 25%). No PRC income tax has been provided for the Group as the Group's subsidiary in the PRC did not have any assessable profit for the year ended 31 March 2019.

12. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2019 (2018: Nil), nor has any dividend been proposed since the end of the reporting period (2018: Nil).

13. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(51,456)**	(337,438)

	2019	2018
	'000	*'000*
Number of shares		
Issued ordinary shares at 1 April	**524,139**	374,229
Issue of shares upon exercise of share option	**26,707**	–
Effect of share allotments for settlement of promissory notes	**–**	76,393
Weighted average number of ordinary shares for the purpose of basic loss per share	**550,846**	450,622

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

No diluted loss per share for 2018 was presented as there was no potential ordinary share in issue for the year ended 31 March 2018.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENTS

	2019	2018
	HK$'000	*HK$'000*
Equity investment fund, at fair value	**40,339**	59,044

The equity investment fund was reclassified from available-for-sale investments to financial assets at fair value through profit or loss as at 1 April 2018 under the adoption of HKFRS 9.

The movement of the equity investment fund during the year are as follow:

	2019	2018
	HK$'000	*HK$'000*
At the beginning of the year	**59,044**	770,657
Change in fair value of equity investment fund	**(15,126)**	–
Redemption on equity investment fund	**(3,579)**	–
Addition for equity investment fund	**–**	260,298
Addition for listed equity securities	**–**	13,344
Increase in fair value of equity investment fund	**–**	8,694
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)
Disposal of listed equity securities and transferred to equity investment fund	**–**	(279,752)
At the end of the year	**40,339**	59,044

The Group holds the equity investment fund for long term investment purpose.

15. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables		
– Design, OEM and Marketing of Jewelry business	**95,715**	6,484
– Internet Services business	**–**	461
– Financial Services business	**9**	8
Less: allowance for credit losses	**(2,874)**	(166)
	92,850	6,787

The Group has a policy of allowing credit period ranging from 1 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.

Up to the date of this annual results announcement, these trade receivables amounting to approximately HK$90,430,000 have been received.

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:

	2019	2018
	HK$'000	*HK$'000*
Within 3 months	**32,292**	4,795
4 to 6 months	**40,347**	1,600
Over 6 months	**20,211**	392
At the end of the year	**92,850**	6,787

Movements in allowance for impairment loss of trade receivables are as follows:

	2018
	HK$'000
At the beginning of the year	–
Impairment loss recognised during the year	166
At the end of the year	166

As at 31 March 2018, trade receivables of approximately HK$166,000 of the Group were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these receivables.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2018
	HK$'000
Not past due	4,795
Less than 3 months past due	1,600
4 to 6 months past due	2
Over 6 months past due	390
At the end of the year	6,787

As at 31 March 2018, the Group's trade receivables that are neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the Group's assessment of their recoverability.

At 31 March 2019 and 2018, the trade receivables were denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
RMB	**–**	295
United States dollars ("USD")	**53,404**	95
HK$	**39,441**	6,393
British Pound ("GBP")	**5**	4
	92,850	6,787

16. LOAN AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Loan receivables	**63,074**	50,000
Interest receivables	**1,981**	3,994
Less: allowance for credit losses	**(654)**	–
	64,401	53,994
Less: non-current portion	**(60,920)**	(50,000)
	3,481	3,994

Included in the gross balances are loans of approximately HK$61,574,000 which were secured by unlisted equity shares of some PRC companies provided by the customers (2018: approximately HK$50,000,000 secured by corporate guarantee from independent third parties and listed shares in Hong Kong).

At 31 March 2019, the loan receivables arising from Money Lending business bear fixed interest rate ranging from 10%-18% per annum on principal amount, repayable quarterly (2018: 20%). The effective interest rates of the loan receivables ranging from 10.4%-18% (2018: 20%) per annum.

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

	2019	2018
	HK$'000	*HK$'000*
Repayable:		
Within 3 months	**1,981**	–
Over 3 months but less than 1 year	**1,500**	3,994
Over 1 year but less than 2 years	**60,920**	50,000
	64,401	53,994

During the year, loans with aggregated principal amount of HK$50,000,000 which were scheduled to be repaid in August 2019 has been early repaid. The Group has made new loans with aggregated principal amount of HK$63,074,000 during the year.

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

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**64,401**	53,994

(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 2019 and 2018 are denominated in Hong Kong dollars ("HK$").

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 21 June 2018, approximately 23.53% of interest in an associate was transferred to assets classified as held for sale with carrying amount of approximately HK$94,116,000. As at the date of this announcements, the disposal was not yet completed. Deposits of HK$42,300,000 has been received for the disposal up to the date of this announcement. Among HK$42,300,000, HK$14,800,000 were received and included in "Other payables and accruals" as at 31 March 2019. Details of the disposal is set out in the Company's announcements on 21 June 2018, 13 July 2018, 3 August 2018, 24 August 2018, 18 February 2019, 30 April 2019, 31 May 2019 and 28 June 2019 and circular on 14 September 2018. The net proceeds of this disposal are expected to exceed the carrying amount and accordingly, no impairment loss has been recognised.

On 28 February 2019, the remaining interest in an associate (approximately 25.88% of interest in an associate) was transferred to assets classified as held for sale with carrying amount of approximately HK$102,492,000. As at the date of this announcement, the disposal was not yet completed. Deposit of HK$8,000,000 has been received up to the date of this announcement. Details of the disposal is set out in the Company's announcements on 28 February 2019, 21 March 2019, 25 April 2019 and 24 May 2019 and circular on 24 June 2019. The net proceeds of this disposal are expected to be below the carrying amount and accordingly, an impairment loss of approximately HK$22,492,000 has been recognised by the Group and charged to the profit or loss for the year ended 31 March 2019.

18. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Amounts payable arising from securities broking:		
Clearing house *(note a)*	**1,495**	232
Cash clients *(note b)*	**18,178**	103
Other trade payables *(note c)*	**72,392**	–
	92,065	335

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 Design, OEM and Marketing of Jewellery business with credit period on purchase of goods ranges from 90 to 180 days (2018: 60 to 90 days) included in the balances, approximately HK$29,533,000 (2018: Nil) was aged within 3 months and remaining HK$42,859,000 (2018: Nil) was aged between 4-6 months based on invoice date.

At 31 March 2019 and 2018, the trade payables were denominated in HK$ and the carrying amounts of trade payable approximate to their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2019, the Group's revenue was approximately HK$137.85 million (2018: approximately HK$35.22 million), representing an increase of approximately HK$102.63 million or 291.41% as compared with last year. The revenue included approximately HK$0.39 million from online products sales, provision of marketing, web design and maintenance services (the "Internet Services") business (2018: approximately HK$3.05 million), approximately HK$129.11 million from design, original equipment manufacturing ("OEM") and marketing of jewelry (the "Design, OEM and Marketing of Jewelry") business (2018: approximately HK$21.36 million), approximately HK$8.08 million from provision of loans as money lending (the "Money Lending") business (2018: approximately HK$10.33 million) and approximately HK$0.27 million from provision of financial advisory, intermediary and asset management services (the "Financial Services") business (2018: approximately HK$0.48 million).

Gross profit was approximately HK$26.87 million (2018: approximately HK$15.76 million), representing an increase of approximately HK$11.11 million or 70.49% as compared with last year. The increase in gross profit was due to the fact that the Group has changed the operation of trading of jewelry business to Design, OEM and Marketing of Jewelry business during the year. Gross profit margin of the Group was decreased from approximately 44.76% to 19.49%.

The decrease in gross profit margin of 2019 as compared with 2018 was due to (a) the combination of revenue and gross profit in different businesses; and (b) low revenue basis in last year. Considering the gross profit of each business, the gross profit is slightly decreased in Design, OEM and Marketing of Jewelry business.

Loss after tax of the Group was approximately HK$51.46 million (2018: approximately HK$337.44 million). The significant decrease of loss after tax was mainly due to, including but not limited to (a) the increase in revenue generated from Design, OEM and Marketing of Jewelry business of approximately HK$107.75 million; (b) the recorded impairment loss on goodwill, available-for-sale investments and receivables of approximately HK$28.84 million, HK$218.44 million and HK$0.17 million, respectively, for the year ended 31 March 2018 whereas the impairments were only made on goodwill, intangible assets and loan and trade receivables of HK$1.38 million, HK$5.73 million and HK$3.53 million, respectively, for the year ended 31 March 2019; (c) the loss on investment which amounted to approximately HK$16.23 million, representing a decrease of approximately HK$52.24 million compared with the figure last year of approximately HK$68.47 million; and (d) the offset of the expenses relating to the share options which were granted to director and employees during the year ended 31 March 2019, including the share-based payment expense of approximately HK$10.65 million.

Selling, distribution and administrative expenses were approximately HK$39.40 million (2018: approximately HK$28.67 million), representing an increase of HK$10.73 million or approximately 37.43% as compared with last year due to additional staff cost incurred for Design, OEM and Marketing of Jewelry business. The finance costs of the Group amounted to approximately HK$0.80 million (2018: approximately HK$3.21 million), representing a decrease of approximately 75.08% as compared with last year since some of unconvertible bonds and the promissory notes were settled in last year.

For the year ended 31 March 2019, the Group was principally engaged in the businesses of Internet Services, Design, OEM and Marketing of Jewelry, Money Lending and Financial Services.

Internet Services business

During the year under review, the revenue generated from the Internet Services business was approximately HK$0.39 million (2018: approximately HK$3.05 million). Operating loss before tax of approximately HK$0.41 million was made for the year ended 31 March 2019 (2018: operating profit before tax and impairment loss on goodwill of approximately HK$0.42 million). The revenue of the Internet Services business was mainly attributable to the market of Mainland China. The decrease in revenue of approximately 87.20% as compared with last year was due to the unsustainable growth of the market. The Board decided to reallocate the resources of this business to other businesses and the Group will not disclose this business in future.

Design, OEM and Marketing of Jewelry business

During the year under review, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK$129.11 million (2018: approximately HK$21.36 million). Operating profit before tax was approximately HK$13.03 million (2018: operating profit before tax approximately HK$3.10 million). The gross profit margin was slightly decreased from 16.04% to 14.06% due to the change of business model from trading of gold and diamond (the "Original Business Model") to Design, OEM and Marketing of Jewelry (the "New Business Model"). The Original Business Model focused on selling products with lower unit selling price which generate higher gross profit margins (such as melee and loose diamonds). In contrast, the New Business Model focused on selling jewelry products which have higher unit selling price but generate lower gross profit margins (such as in-house designed diamond-set jewelry). The increase in gross profit was due to the increase in revenue generated from Design, OEM and Marketing of Jewelry business. Notwithstanding there was lower profit margin for New Business Model, it generated higher revenue and gross profit and larger base of sales as compared with the Original Business Model.

Alongside the development of the existing business, with the Group' s proposed establishment of retail point, the retail point was established in Tsim Sha Tsui, the tourist area in Hong Kong, in the end of March 2019 to sell brand products of the Group in order to broaden the customer base of the Design, OEM and Marketing of Jewelry business to retail customers.

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$63.07 million in total at the average interest rate of 10.19% per annum. During the year, interest income from money lending was approximately HK$8.08 million (2018: approximately HK$10.33 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. In addition, the external gross profit of Money Lending business is almost 100% because the funding of loan is from internal resource of the Group.

Financial Services business

The Group had commenced its Financial Services business in Hong Kong through a wholly-owned subsidiary, First Fidelity Capital (International) Limited ("FFCI") (formerly known as C.E. Securities and Asset Management Limited ("CE Securities")) since August 2016. FFCI contributed approximately HK$0.27 million to the Group's revenue for the year ended 31 March 2019 (2018: approximately HK$0.48 million). The Financial Services business has incurred the loss before tax and impairment loss on goodwill and intangible assets of approximately HK$8.04 million and HK$7.02 million for the year ended 31 March 2019 and 2018, respectively.

Financial Services business has been in continued loss and the revenue generated therefrom is not substantial. Considering the competition in the Financial Services business has been increased fiercely recently and that the financial resources requirement for operating FFCI is high in order to satisfy the financial resources rules according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the Board considers that it is in the interest of the Company to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the Design, OEM and Marketing of Jewelry business and Money Lending business in order to strengthen the Group's income stream and maximise return to the shareholders of the Company. On 16 May 2019, the Company has entered into sale and purchase agreements with four purchasers to dispose the Financial Services business and the disposal has been completed on 31 May 2019.

Investment in exploration and exploitation of natural resources

On 21 June 2018, the Company entered into a sale and purchase agreement with Hongkong Dragon Well Co., Limited, 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 Holdings Limited ("Pure Power") owned by the Company at consideration of HK$106 million (the "Disposal I"). At the end of the reporting period, the Disposal I did not yet complete and is classified as assets held for sale in the consolidated statement of financial position and has ceased to be classified as an associate.

On 28 February 2019, the Company entered into a sale and purchase agreement with a merchant, who is a third party independent of the Company, in relation to the disposal of approximately 25.88% of the entire issued share capital of Pure Power owned by the Company at consideration of HK$80 million (the "Disposal II"). At the end of the reporting period, the Disposal II did not yet complete and is classified as assets held for sale in the consolidated statement of financial position and has ceased to be classified as an associate.

During the year under review, the Group shared the loss of an associate of approximately HK$1.68 million (2018: approximately HK$2.83 million) before Pure Power being classified as assets held for sale.

SIGNIFICANT INVESTMENTS

As at 31 March 2019, the fair value of the equity investment fund was approximately HK$40.34 million (31 March 2018: HK$59.04 million).

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

MATERIAL ACQUISITION AND DISPOSAL

Save as the Disposal I and Disposal II disclosed in the heading "Investment in exploration and exploitation of natural resources" of this section, the Company did not have any significant acquisition and disposal during the year ended 31 March 2019.

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 2019, the Group's net current assets were approximately HK$188.20 million (31 March 2018: net current liabilities of approximately HK$2.60 million), including cash and cash equivalents of approximately HK$12.53 million (31 March 2018: HK$5.54 million). Total interest-bearing borrowings amounted to approximately HK$15.15 million as at 31 March 2019 (31 March 2018: approximately HK$11.80 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2019 was 0.95% (31 March 2018: 1.88%).

SHARE CAPITAL AND CAPITAL STRUCTURE

On 3 July 2018, the Company granted 43,713,860 share options under the share option scheme of the Company, of which 4,371,386 share options were granted to the Director and 39,342,474 share options were granted to employees. And on 5 March 2019, the Company granted 56,785,250 share options to employees under the share option scheme of the Company. A total of 43,713,860 new shares of the Company were issued and allotted upon exercise of share options granted under the Company's share option scheme.

As a result, the number of shares of the Company in issue increased from 524,138,640 as at 1 April 2018 to 567,852,500 as at 31 March 2019.

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 2019.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China. Most transactions, assets and liabilities are denominated in Hong Kong Dollars, United States dollars ("USD") and Renminbi. As Hong Kong dollars are pegged to USD, the management does not expect that the Group has significant foreign exchange exposure to USD. During the year ended 31 March 2019, 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 2019 and 2018.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2019 and 2018.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2019 and 2018.

DIVIDEND

No dividend for the year ended 31 March 2019 (2018: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 16 May 2019, the Company has entered into sale and purchase agreements with four purchasers to dispose the entire issued share capital of Maiden Faith Capital Group Limited (formerly known as GOLD CASTLE GROUP LIMITED), a holding company of FFCI at consideration of HK$14.35 million and the disposal has been completed on 31 May 2019.

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 57 employees as at 31 March 2019 (2018: 27). 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 2019, 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 2018 to 2 May 2018, Ms. Xie Yan ("Ms. Xie") has held the positions of Chairman and Chief Executive Officer of the Company until 25 May 2018 and 2 May 2018, respectively, and Ms. Xie resigned on 25 May 2018. Ms. Xie has 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 and 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. An independent non-executive Director, namely Mr. Tse Kwong Chan, is 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 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 2019 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 2019 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 results for the year ended 31 March 2019 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 2019

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*