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 2020

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 2020 together with the comparative figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**90,544**	137,585
Cost of sales		**(69,814)**	(110,965)
Gross profit		**20,730**	26,620
Other income	*6*	**92**	2
Other gains and losses, net	*7*	**(13,021)**	(24,086)
Loss from impairment	*8*	**(13,882)**	(3,528)
Selling and distribution expenses		**(2,398)**	(1,280)
Administrative expenses		**(17,378)**	(29,885)
Finance costs	*9*	**(1,113)**	(795)
Share of loss of an associate		**–**	(1,682)
Loss before taxation	*10*	**(26,970)**	(34,634)
Income tax expense	*11*	**(855)**	(1,311)
Loss for the year from continuing operations		**(27,825)**	(35,945)
Discontinued operation			
Loss for the year from discontinued operation	*12*	**(1,586)**	(15,511)
Loss for the year		**(29,411)**	(51,456)

	Notes	2020 HK$'000	2019 HK$'000 (Restated)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on:			
– Translation of foreign operations		**21**	(42)
Items that will not be reclassified to profit or loss			
Fair value change in financial assets at fair value through other comprehensive income		**(4,845)**	–
Other comprehensive expense for the year		**(4,824)**	(42)
Total comprehensive expense for the year		**(34,235)**	(51,498)
Loss for the year attributable to the owners of the Company			
– From continuing operations		**(27,825)**	(35,945)
– From discontinued operation		**(1,586)**	(15,511)
		(29,411)	(51,456)
Total comprehensive expense attributable to the owners of the Company		**(34,235)**	(51,498)

	Notes	2020 HK$	2019 HK$ (Restated)
Loss per share	*15*		
From continuing and discontinued operations – Basic/Diluted		**(0.05)**	(0.09)
From continuing operations – Basic/Diluted		**(0.05)**	(0.07)
From discontinued operation – Basic/Diluted		**–**	(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**364**	570
Right-of-use assets		**1,516**	–
Goodwill		**6,597**	21,999
Intangible assets		**–**	8,192
Loan receivables	*19*	**46,623**	60,920
Deferred tax assets		**616**	985
Financial assets at fair value through profit or loss	*16*	**–**	40,339
Financial assets at fair value through other comprehensive income	*17*	**18,686**	–
Statutory deposits		**–**	205
Deposits paid	*20*	**503**	1,031
		74,905	134,241
Current assets			
Inventories		**3,235**	4,128
Trade receivables	*18*	**250**	92,850
Loan and interest receivables	*19*	**98,880**	3,481
Other receivables, prepayments and deposits paid	*20*	**157,870**	1,167
Income tax recoverable		**–**	258
Cash deposits held by securities brokers		**1**	1
Client trust bank balance		**–**	18,178
Bank balances and cash		**7,433**	12,527
		267,669	132,590
Assets classified as held for sale		**–**	174,116
		267,669	306,706
Current liabilities			
Trade payables	*21*	**1,506**	92,065
Loan and interest payables		**5,893**	5,381
Other payables and accruals		**23,761**	19,544
Lease liabilities		**1,167**	–
Income tax payable		**1,236**	1,517
		33,563	118,507

	2020	2019
	HK$'000	*HK$'000*
Net current assets	**234,106**	188,199
Total assets less current liabilities	**309,011**	322,440
Non-current liabilities		
Lease liabilities	**393**	–
Unconvertible bonds	**10,158**	10,158
	10,551	10,158
Net assets	**298,460**	312,282
Capital and reserves		
Share capital	**62,464**	56,785
Share premium and reserves	**235,996**	255,497
Total equity	**298,460**	312,282

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 2019, relevant to the Group's operations and adopted by the Group:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for the application of HKFRS 16 Leases, as described below, the application of the new amendments to HKFRSs in current year has no material effect on the Group's results and financial position for the current or prior years and on the disclosure set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
	HK$'000
Operating lease commitments as at 31 March 2019	**4,989**
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	**(141)**
	4,848
Less: total future interest expenses	**(207)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	**4,641**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position as follows:

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	***HK$'000***	***HK$'000***
Non-current assets			
Right-of-use assets	–	4,641	4,641
Current liabilities			
Lease liabilities	–	3,006	3,006
Non-current liabilities			
Lease liabilities	–	1,635	1,635

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

(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 17	Insurance Contract[3]
Amendments to HKFRS 3	Definition of a Business[2]
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[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19 related Rent Concession[5]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period 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 annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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, intermediary and asset management services ("**Financial Services**") is analysed as belowed.

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of jewelry	**77,197**	129,115
– Provision of consulting and maintenance services for internet sales	**–**	390
	77,197	129,505
Revenue from other sources		
Interest income from Money Lending	**13,347**	8,080
	90,544	137,585

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Discontinued operation		
Revenue form contracts with customers with the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Provision of financial advisory and intermediary services	**249**	173
– Provision of asset management services	**39**	95
	288	268

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
– Over time	**–**	390
– At a point in time	**77,197**	129,115
	77,197	129,505

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Discontinued operation		
– Over time	**39**	95
– At a point in time	**249**	173
	288	268

As at 31 March 2020, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK$19,699,000 (2019: approximately HK$355,000). The transaction price allocated to the remaining performance obligations as at 31 March 2020 and 2019 and the expected timing of recognising revenue are as follows:–

	Provision of Asset Management Services	
	2020	2019
	HK$'000	*HK$'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:

Continuing operations

Internet Services *(Note)*:	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

Discontinued operation

Financial Services:	provision of financial advisory, intermediary and asset management services

Note: This segment has been merged to other segment since 1 April 2019 and no longer to disclose this segment after 1 April 2019.

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 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Sub-total *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	77,197	13,347	90,544	288	90,832
Revenue from external customers	77,197	13,347	90,544	288	90,832
Net segment result:					
Segment result	5,312	(10,826)	(5,514)	(1,171)	(6,685)
Impairment loss on goodwill	(15,402)	–	(15,402)	–	(15,402)
Net segment result	(10,090)	(10,826)	(20,916)	(1,171)	(22,087)
Other unallocated income			12,723	–	12,723
Change in fair value on financial assets at fair value through profit or loss			(12,149)	–	(12,149)
Gain on disposal of interest in an associate classified as held-for-sale			11,884	–	11,884
Gain on disposal of subsidiaries			–	67	67
Other unallocated expenses			(17,399)	(463)	(17,862)
Finance costs			(1,113)	(19)	(1,132)
Loss before taxation			(26,970)	(1,586)	(28,556)
Income tax expense			(855)	–	(855)
Loss for the year			(27,825)	(1,586)	(29,411)

For the year ended 31 March 2019

	Continued operation				Discontinued operation	
	Internet services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000 (Restated)	Financial Services HK$'000 (Restated)	Total HK$'000 (Restated)
Segment revenue:						
Sales to external customers	390	129,115	8,080	137,585	268	137,853
Revenue from external customers	390	129,115	8,080	137,585	268	137,853
Net segment result:						
Segment result	(410)	13,026	(578)	12,038	(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)	12,038	(15,149)	(3,111)
Other unallocated income				7,627	–	7,627
Change in fair value on financial assets at fair value through profit or loss				(15,126)	–	(15,126)
Realised loss on redemption of financial assets at fair value through profit or loss				(1,102)	–	(1,102)
Equity-settled share-based payment				(10,647)	–	(10,647)
Impairment loss on assets classified as held-for-sale				(22,492)	–	(22,492)
Written back on other payables				15,186	–	15,186
Share of loss of an associate				(1,682)	–	(1,682)
Other unallocated expenses				(17,641)	(362)	(18,003)
Finance costs				(795)	–	(795)
Loss before taxation				(34,634)	(15,511)	(50,145)
Income tax expense				(1,311)	–	(1,311)
Loss for the year				(35,945)	(15,511)	(51,456)

Segment profit or loss represents the profit or loss from each segment without allocation of certain other income, 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:

As at 31 March 2020

	Continuing operations		
	Design, OEM and Marketing of Jewelry *HK$'000*	**Money Lending** *HK$'000*	**Total** *HK$'000*
Assets and liabilities:			
Segment assets			
– Hong Kong	**171,210**	**146,545**	**317,755**
– PRC	**–**	**–**	**–**
	171,210	**146,545**	**317,755**
Financial assets at fair value through other comprehensive income			**18,686**
Unallocated corporate assets			**6,133**
Consolidated total assets			**342,574**
Segment liabilities:			
– Hong Kong	**22,154**	**148,800**	**170,954**
– Elimination of loan payables *(Note (a))*	**–**	**(148,600)**	**(148,600)**
– PRC	**–**	**–**	**–**
	22,154	**200**	**22,354**
Unconvertible bonds			**10,158**
Loan and interest payables			**5,893**
Unallocated corporate liabilities			**4,473**
Income tax payable			**1,236**
Consolidated total liabilities			**44,114**

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 2020, the carrying amount of loan was HK$148,600,000 (2019: HK$53,600,000).

As at 31 March 2019

	Continuing operations				Discontinued operation	
	Internet Services *HK$'000*	Design, OEM and Marketing of Jewelry *HK$'000*	Money Lending *HK$'000*	Sub-total *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
Assets and liabilities:						
Segment assets						
– Hong Kong	9	121,012	65,402	186,423	36,042	222,465
– PRC	53	–	–	53	–	53
	62	121,012	65,402	186,476	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	127,238	20,210	147,448
– Elimination of loan payables *(Note (a))*	–	–	(53,600)	(53,600)	–	(53,600)
– PRC	210	–	–	210	–	210
	246	73,422	180	73,848	20,210	94,058
Unconvertible bonds						10,158
Loan and interest payables						5,381
Unallocated corporate liabilities						17,551
Income tax payable						1,517
Consolidated total liabilities						128,665

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, financial assets at fair value through other comprehensive income, 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 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry	**Money Lending**	**Sub-total**	**Financial services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Other information of					
Depreciation of property, plant and equipment	**45**	**–**	**45**	**17**	**62**
Depreciation of right-of-use assets	**44**	**–**	**44**	**337**	**381**
Reversal of impairment loss recognised in respect of trade receivables	**(2,734)**	**–**	**(2,734)**	**–**	**(2,734)**
Impairment loss recognised in respect of loan and interest receivables	**–**	**13,882**	**13,882**	**–**	**13,882**
Additions to non-current assets	**305**	**–**	**305**	**–**	**305**

In respect of the year ended 31 March 2019

	Continuing operations				Discontinued operation	
	Internet Services	Design, OEM and Marketing of Jewelry	Money Lending	Sub-total	Financial services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Restated)
Other information of						
Depreciation of property, plant and equipment	4	3	–	7	258	265
Written off of trade receivables	254	–	–	254	–	254
Impairment loss recognised in respect of trade receivables	–	2,874	–	2,874	–	2,874
Impairment loss recognised in respect of loan and interest receivables	–	–	654	654	–	654
Additions to non-current assets	–	–	–	–	5	5

(b) Geographical information

The Group's continuing operations are mainly located in Hong Kong.

The geographic market of the Group's revenue are determined based on the location at which the services were provided, irrespective of the origin of customers. All services provided by the Group are in Hong Kong.

The non-current assets of the Group (other than financial assets and deferred tax assets) are located in Hong Kong based on the physical location of assets in the case of property, plant and equipment and right-of-use assets and the location of the operations to which they are allocated, in the case of intangible assets and goodwill and the location of operations.

(c) Information about major customers

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

	Revenue generated from	**2020** *HK$'000*	2019 *HK$'000* (Restated)
Customer A	Design, OEM and Marketing of Jewelry	**–**	16,973
Customer B	Design, OEM and Marketing of Jewelry	**24,300**	33,990
Customer C	Design, OEM and Marketing of Jewelry	**–**	23,964
Customer D	Design, OEM and Marketing of Jewelry	**13,888**	19,563
Customer E	Design, OEM and Marketing of Jewelry	**9,913**	–

6. OTHER INCOME

	2020 *HK$'000*	2019 *HK$'000* (Restated)
Continuing operations		
Bank interest income	**7**	2
Others	**85**	–
	92	2

7. OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Other gains:		
Gain on disposal of interest in an associate classified as held for sale *(Note 13)*	**11,884**	–
Reversal of impairment loss recognised in respect of trade receivables	**2,734**	–
Written back of other payables	**–**	15,186
	14,618	15,186
Other losses:		
Change in fair value on financial asset at fair value through profit or loss	**(12,149)**	(15,126)
Realised loss on redemption of financial asset at fair value through profit or loss	**–**	(1,102)
Loss on written off of property, plant and equipment	**–**	(298)
Written off of trade receivables	**–**	(254)
Impairment loss recognised on:		
– goodwill	**(15,402)**	–
– inventories	**(88)**	–
– assets classified as held for sale	**–**	(22,492)
	(27,639)	(39,272)
Other gains and losses, net	**(13,021)**	(24,086)

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Discontinued operation		
Other losses:		
Loss on written off of property, plant and equipment	–	(421)
Impairment loss recognised on:		
– goodwill	–	(1,375)
– intangible assets	–	(5,730)
	–	(7,526)

8. LOSS FROM IMPAIRMENT

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Impairment loss recognized on:		
– trade receivables	**–**	2,874
– loan and interest receivables	**13,882**	654
	13,882	3,528

9. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest expenses on:		
Loan payables	**512**	295
Imputed interest on unconvertible bonds	**500**	500
Interest on lease liabilities	**101**	–
	1,113	795

	2020	2019
	HK$'000	*HK$'000*
Discontinuing operations		
Interest on lease liabilities	**19**	–

10. LOSS BEFORE TAXATION

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	**9,623**	7,867
– Retirement benefits contributions	**230**	178
– Equity-settled share-based payment	**–**	10,647
Total staff costs	**9,853**	18,692
Auditors' remuneration	**800**	720
Cost of inventories recognised as an expense	**69,814**	110,965
Depreciation of property, plant and equipment	**275**	3,306
Depreciation of right-of-use assets	**1,065**	–
Operating lease rentals in respect of rental premises	**–**	1,161
Share of loss of an associate	**–**	1,682

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Discontinued operation		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	**957**	5,440
– Retirement benefits contributions	**30**	139
Total staff costs	**987**	5,579
Other service costs	**13**	14
Depreciation of property, plant and equipment	**17**	258
Depreciation of right-of-use assets	**337**	–
Operating lease rentals in respect of rental premises	**–**	1,170

11. INCOME TAX EXPENSE

Income tax recognised in profit or loss

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**486**	1,773
Deferred tax expenses/(credit)	**369**	(462)
Income tax expense for the year	**855**	1,311

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% (2019: 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 years ended 31 March 2020 and 2019.

12. DISCONTINUED OPERATION

During the year, the Company entered into four separate sales and purchase agreements to dispose of its entire interest of Maiden Faith Capital Group Limited and its subsidiaries (the "Disposal Group") at a total consideration of HK$14,350,000, which are engaged in Financial Services business. The purpose of the disposal is to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the businesses of Design, OEM and Marketing of Jewelry and Money Lending in order to strengthen the Group's income stream and maximise return to the shareholders of the Company. The disposal was completed on 31 May 2019, on which date the Group lost control of the Disposal Group. The Group's Financial Services business are treated as discontinued operation.

The loss from the discontinued operation for the current and preceding periods is analysed as follows:

	From 1 April 2019 to 31 May 2019 *HK$'000*	From 1 April 2018 to 31 March 2019 *HK$'000*
Loss of Financial Services business for the period	**(1,653)**	(15,511)
Gain on disposal of Financial Services business	**67**	–
	(1,586)	(15,511)

The results of the Financial Services business for the current and preceding periods were as follows:

	From 1 April 2019 to 31 May 2019 *HK$'000*	From 1 April 2018 to 31 March 2019 *HK$'000*
Revenue		
– Provision of financial advisory and intermediary services	**249**	173
– Provision of asset management services	**39**	95
Total revenue	**288**	268
Cost of income	**(13)**	(14)
Gross profit	**275**	254
Other losses	**–**	(7,526)
Administrative expenses	**(1,572)**	(8,239)
Depreciation of right-of-use assets	**(337)**	–
Finance cost	**(19)**	–
Loss before tax	**(1,653)**	(15,511)
Income tax expenses	**–**	–
Loss for the period	**(1,653)**	(15,511)

The net assets of Disposal Group at the date of disposal were as follows:

	HK$'000
Non-current assets	
Property, plant and equipment	220
Right-of-use assets	1,972
Intangible assets	8,192
Statutory deposits	205
Deferred tax assets	1,351
Deposits paid	614
	12,554
Current assets	
Trade receivables	12
Other receivables	252
Client trust bank	1,510
Bank balance and cash	8,880
	10,654
Non-current liabilities	
Deferred tax liabilities	1,351
Current liabilities	
Trade payables	1,511
Other payables and accruals	4,224
Lease liabilities	1,980
	7,715
Net assets	14,142
Gain on disposal	67
Transaction cost	141
Total consideration	14,350
Satisfied by:	
Cash	11,763
Other receivables	2,587
	14,350

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration received	11,763
Transaction costs paid	(141)
Bank balances and cash disposed of	(8,880)
	2,742

Cash flows from the Disposal Group:

	From 1 April 2019 to 31 May 2019	From 1 April 2018 to 31 March 2019
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**267**	(5,983)
Net cash inflows/(outflows) from investing activities	**2,742**	(5)
Net cash inflows from financing activities	**(348)**	10,409
Net cash inflows for the period/year	**2,661**	4,421

13. DISPOSAL OF INTEREST IN AN ASSOCIATE

On 2 September 2019, the Group completed the disposal of approximately 23.53% of interest in an associate to a third party for cash consideration of HK$106,000,000. On 10 October 2019, the Group completed the disposal of approximately 25.88% of interest in an associate to a third party for cash consideration of HK$80,000,000. Before the disposal, the Group owned 49.41% interest in an associate and the investment was previously accounted for as an interest in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a gain of approximately HK$11,884,000 in profit or loss, calculated as follows:

	HK$'000
Cash proceeds	186,000
Less: carrying amount of approximately 49.41% interest on the date of loss of significant influence of an associate	(174,116)
Gain recognised in profit or loss	11,884
Consideration was settled by:	
Deposit received as at 31 March 2019	14,800
Cash consideration received	171,200
	186,000
Net cash inflow arising on disposal cash consideration received during the year	171,200

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2020 (2019: Nil), nor has any dividend been proposed since the end of the reporting period (2019: Nil).

15. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company		
– Continuing operations	**(27,825)**	(35,945)
– Discontinued operation	**(1,586)**	(15,511)

	2020	2019
	'000	*'000*
Number of shares		
Issued ordinary shares at 1 April	**567,853**	524,139
Issue of shares upon exercise of share option	**29,633**	26,707
Weighted average number of ordinary shares for the purpose of basic loss per share	**597,486**	550,846

No diluted loss per share for 2020 was presented as there was no potential ordinary shares in issue for the year ended 31 March 2020.

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 for the year ended 31 March 2019.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Equity investment fund, at fair value	**–**	40,339

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

	2020	2019
	HK$'000	*HK$'000*
At the beginning of the year	**40,339**	59,044
Change in fair value of equity investment fund	**(12,149)**	(15,126)
Redemption on equity investment fund	**(28,190)**	(3,579)
At the end of the year	**–**	40,339

The equity investment fund has been fully compulsorily redeemed. Details of the compulsory redemption are set out in the Company's announcements on 29 October 2019 and 19 November 2019.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	HK$'000	*HK$'000*
Listed equity securities	**18,686**	–

As at 31 March 2020, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

This investment is not held for trading, instead, its is held for long-term strategic purpose.

Certain investments in equity instruments measured at fair value through other comprehensive income has been sold during the year due to risk management consideration. The fair value of the investments at the date of derecognition was HK$4,659,000 and it cumulative loss on disposal was HK$1,183,000.

18. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
– Design, OEM and Marketing of Jewelry business	**390**	95,715
– Financial Services business	**–**	9
Less: allowance for credit losses	**(140)**	(2,874)
	250	92,850

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.

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:

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**85**	32,292
4 to 6 months	**–**	40,347
Over 6 months	**165**	20,211
At the end of the year	**250**	92,850

At 31 March 2020 and 2019, the trade receivables were denominated in the following currencies:

	2020	2019
	HK$'000	*HK$'000*
United States dollars ("**USD**")	**–**	53,404
HK$	**250**	39,441
British Pound ("**GBP**")	**–**	5
	250	92,850

19. LOAN AND INTEREST RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables	**156,574**	63,074
Interest receivables	**3,465**	1,981
Less: allowance for credit losses	**(14,536)**	(654)
	145,503	64,401
Less: non-current portion	**(46,623)**	(60,920)
	98,880	3,481

Included in the gross balances are loans of approximately HK$106,574,000 which was secured by unlisted equity shares of some PRC companies provided by the customers. Remaining balance approximately HK$50,000,000 was secured by corporate guarantee from unlisted equity shares of some PRC companies provided by the customers (2019: approximately HK$61,574,000 secured by unlisted equity shares of some PRC companies provided by the customers).

At 31 March 2020, the loan receivables arising from Money Lending business bear fixed interest rate ranging from 10% to 18% per annum on principal amount, repayable quarterly (2019: 10% to 18%). The effective interest rates of the loan receivables are ranging from 10.4% to 18% (2019: 10.4% to 18%) 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:

	2020	2019
	HK$'000	*HK$'000*
Repayable:		
On demand and within 3 months	**744**	1,981
Over 3 months but less than 1 year	**98,136**	1,500
Over 1 year but less than 2 years	**46,623**	60,920
	145,503	64,401

During the year, loans with aggregated principal amount of HK$3,000,000 which were scheduled to be repaid in October 2020 has been early repaid. The Group has made new loans with aggregated principal amount of HK$98,000,000 during the year.

The loan receivables outstanding as at 31 March 2020 and 2019 are denominated in Hong Kong dollars ("**HK$**").

20. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS PAID

	2020	2019
	HK$'000	*HK$'000*
Other receivables	**2,605**	28
Prepayments	**10**	211
Deposits paid *(Notes (a) and (b))*	**155,758**	1,959
	158,373	2,198
Less: non-current portion	**(503)**	(1,031)
	157,870	1,167

Notes:

(a) As at 31 March 2020, included in the amount of are trade deposits paid approximately HK$155,225,000 to suppliers for design, OEM and marketing of Jewelry business.

(b) Up to the date of this announcement, these deposits paid amounting to approximately HK$126,272,000 have been returned to the Group.

21. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Amounts payable arising from securities broking:		
Clearing house *(Note a)*	**–**	1,495
Cash clients *(Note b)*	**–**	18,178
Other trade payables *(Note c)*	**1,506**	72,392
	1,506	92,065

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 30 to 180 days (2019: ranges from 90 to 180 days) included in the balances, approximately HK$1,298,000 (2019: approximately HK$29,533,000) was aged within 3 months and remaining approximately HK$208,000 was aged over 1 year (2019: approximately HK$42,859,000 was aged between 4 to 6 months) base on invoice date.

At 31 March 2020 and 2019, 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 2020, the Group's revenue from continuing operations was approximately HK$90.54 million (2019: approximately HK$137.59 million), representing a decrease of approximately HK$47.05 million or 34.20% as compared with last year. The revenue included approximately HK$77.20 million from design, original equipment manufacturing ("OEM") and marketing of jewelry (the "Design, OEM and Marketing of Jewelry") business (2019: approximately HK$129.11 million) and approximately HK$13.34 million from provision of loans as money lending (the "Money Lending") business (2019: approximately HK$8.08 million).

Gross profit from continuing operations was approximately HK$20.73 million (2019: approximately HK$26.62 million), representing a decrease of approximately HK$5.89 million or 22.13% as compared with last year. The decrease in gross profit was mainly in the Design, OEM and Marketing of Jewelry business due to the weaker consumer sentiment, continuous social incidents and the severe outbreak of COVID-19 during the year.

Gross profit margin from continuing operations of the Group was increased from approximately 19.35% to 22.89%. The increase in gross profit margin of 2020 as compared with 2019 was due to the combination of revenue and gross profit in different businesses.

The loss for the year of the Group was approximately HK$29.41 million (2019: approximately HK$51.46 million). The loss from continuing operations and the loss from discontinued operation for the year of the Group were approximately HK$27.82 million and HK$1.59 million, respectively (2019: approximately HK$35.95 million and HK$15.51 million, respectively).

The revenue and loss attributable to the owners of the Company for the discontinued operation were approximately HK$288,000 and HK$1,586,000, respectively, for the year ended 31 March 2020 (2019: approximately HK$268,000 and HK$15,511,000, respectively). The decrease in loss from the discontinued operation because only two months results of the discontinued operation were attributable to the Group.

The decrease of loss for the year of the Group was mainly due to, including but not limited to (i) benefiting from discontinued the operation in the provision of financial advisory, intermediary and asset management services (the "Financial Services") during the year whereas approximately HK$15.51 million of operating loss in the Financial Services in the last year; (ii) the gain on disposal of the assets classified as held for sale was approximately HK$11.88 million during the year whereas the total loss on the assets classified as held for sale was approximately HK$22.49 million in the last year; (iii) no share options were granted during the year ended 31 March 2020 whereas approximately HK$10.65 million equity-settled share-based payment expense in relation in the share options were granted in the last year; and (iv) the offset of the impairment losses on goodwill and loan and interests receivables were approximately HK$15.40 million and HK$13.88 million, respectively.

Selling, distribution and administrative expenses from continuing operations were approximately HK$19.78 million (2019: approximately HK$31.17 million), representing a decrease of HK$11.39 million or approximately 36.54% as compared with last year due to no share options were granted during the year ended 31 March 2020 whereas approximately HK$10.65 million equity-settled share-based payment expense in relation in the share options were granted in the last year.

The finance costs from continuing operations amounted to approximately HK$1.11 million (2019: approximately HK$0.80 million), representing an increase of approximately 38.75% as compared with last year since one of loan was borrowed from the third quarter of 2019 of the Group.

For the year ended 31 March 2020, the Group was principally engaged in the businesses of OEM and Marketing of Jewelry and Money Lending. And the Group has disposed Financial Services business in May 2019.

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$77.20 million (2019: approximately HK$129.11 million). Operating profit before tax and impairment loss on goodwill was approximately HK$5.31 million (2019: approximately HK$13.03 million). The gross profit margin was decreased from 14.06% to 9.56%.

Due to (i) the decline of visitor arrivals to Hong Kong and buyers to the exhibitions in Hong Kong, the weaker consumer sentiment and continuous social incidents in Hong Kong in the second half of 2019. Hong Kong Tourism Board statistics revealed that the number of tourist arrivals declined by approximately 39.1% year-on-year, during the second half of 2019; and (ii) the severe outbreak of COVID-19 since January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. These factors have resulted in a decline of revenue of Design, OEM and Marketing of Jewelry business by approximately 40.21% compare to the last year. The Group expects this business segment will continue to face more challenges in the foreseeable future and the Directors expect to see good growth potentials when the market recovers as the impact of COVID-19 fades away.

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$156.57 million in total at the average interest rate of 10.64% per annum. During the year, interest income from money lending was approximately HK$13.34 million (2019: approximately HK$8.08 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.

SIGNIFICANT INVESTMENTS

As at 31 March 2020, the market value of the equity securities (the "Listed Equities") listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was approximately HK$18.69 million. As at 31 March 2019, the fair value of the equity investment fund (the "Fund") was approximately HK$40.34 million.

During the year, the Group received a notification letter from the administrator of the Fund. The directors of the Fund upon recommendation of the investment manager of the Fund and in accordance with the provision of the memorandum, have resolved to compulsorily redeemed all of the participating shares of the Fund as of 1 November 2019 (the "Compulsory Redemption"). The settlement of the Compulsory Redemption of the Fund was settled by way of transfer of the portfolio of the Fund to the Group. After the completion of the Compulsory Redemption, the Group had the following significant investments in the Listed Equities which were classified as financial assets at fair value through other comprehensive income:

Name (Stock code)	Principal business	Net gain/(loss) on fair value change As at 31 March 2020 *HK$ million*	Market value As at 31 March 2020 *HK$ million*	% of shareholding held As at 31 March 2020	% of net assets of the Company As at 31 March 2020
China e-Wallet Payment Group Limited (802)	Provision of solutions services, internet and mobile's application and related services	(3.83)	4.64	2.11	1.55
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work, money lending business and securities investment business	1.44	10.05	2.50	3.37
Other listed equity securities *(Note)*		(1.27)	3.99		1.34
Total		(3.66)	18.68		6.26

Note: As at 31 March 2020, other listed equity securities comprised 12 listed equity securities and none of them was more than 1% of the total asset of the Group.

During the year under review, the Listed Equities recorded a fair value loss of approximately HK$4.84 million and the Fund recorded a fair value loss of approximately HK$12.15 million.

The future value of Listed Equities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. 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

On 16 May 2019, the Company, as vendor, and Extra Nice Limited, Mr. Chan Kam Kong, Mr. Tong Siu Ting ("Mr. Tong") and BC Asia Group Limited (collectively as the "Purchasers") entered into four separate sales and purchase agreements, pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire interest of Maiden Faith Capital Group Limited, (wholly owned subsidiary of the Company) and its subsidiaries, which are engaged in Financial Services business, at a total consideration of HK$14.35 million. Mr. Tong was a director of disposed subsidiary. Therefore, Mr. Tong was a connected person of the Company at the subsidiary level. As such, the sales and purchase agreement with Mr. Tong constituted a connected transaction of the Company and exempted under Chapter 14A of the Listing Rules.

The result of Financial Services business had been separately disclosed in discontinued operation in the consolidated statement of profit or loss and other comprehensive income. Upon completion of the Disposal in May 2019, the Company ceased to hold any equity interest in Maiden Faith Capital Group Limited and its subsidiaries and its result was no longer consolidated into the consolidated financial statements of the Group.

The Group operated the Financial Services business in Hong Kong several years which has been in continued loss of around HK$7 million each year and the revenue generated therefrom was not substantial. Considering the competition in the Financial Service business has been increased fiercely recently and that the financial resources requirement for operating the Financial Services 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 Board considered 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 businesses of Design, OEM and Marketing of Jewelry and Money Lending.

During the year, the Group has completed the disposal of approximately 23.53% and 25.88% of the entire issued share capital of Pure Power Holdings Limited owned by the Company to two independent third parties.

Save as disclosed above, the Company did not have any significant acquisition and disposal during the year ended 31 March 2020.

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 2020, the Group's net current assets were approximately HK$234.11 million (31 March 2019: HK$188.20 million), including cash and cash equivalents of approximately HK$7.43 million (31 March 2019: HK$12.53 million). Total interest-bearing borrowings amounted to approximately HK$15.15 million as at 31 March 2020 (31 March 2019: approximately HK$15.15 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2020 was 2.81% (31 March 2019: 0.95%).

SHARE CAPITAL AND CAPITAL STRUCTURE

During the year ended 31 March 2020, a total of 56,785,250 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 567,852,500 as at 1 April 2019 to 624,637,750 as at 31 March 2020.

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 2020.

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 2020, 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 2020 and 2019.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2020 and 2019.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2020 and 2019.

DIVIDEND

No dividend for the year ended 31 March 2020 (2019: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 13 May 2020, the Company granted 59,056,660 share options under the share option scheme of the Company, of which 53,150,994 share options were granted to employees and fully accepted and 5,905,666 share options were granted to Ms. Zhou Yaying (the director of the Company) ("Ms. Zhou"). On 5 June 2020, the Company cancelled the grant of 5,905,666 share options to Ms. Zhou with the agreement of Ms. Zhou at nil consideration.

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 47 employees as at 31 March 2020 (2019: 57). 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 2020, except for the code provision of A.4.1:

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 2020 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 2020 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 2020 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, 29 June 2020

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*