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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 2021

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 2021 together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|---|-------|------------------|------------------|
| Continuing operations | | | |
| Revenue | 4 | 105,651 | 90,544 |
| Cost of sales | | (82,145) | (69,814) |
| Gross profit | | 23,506 | 20,730 |
| Other income | 6 | 777 | 92 |
| Other gains and losses, net | 7 | (4,016) | (15,755) |
| Reversal of/(provision for) expected credit losses (“ ECLs ”) on trade receivables and loan and interest receivables | 8 | 8,775 | (11,148) |
| Selling and distribution expenses | | (8,628) | (2,398) |
| Administrative expenses | | (14,679) | (17,378) |
| Finance costs | 9 | (1,264) | (1,113) |
| Profit/(loss) before tax | 10 | 4,471 | (26,970) |
| Income tax expense | 11 | (24) | (855) |
| Profit/(loss) for the year from continuing operations | | 4,447 | (27,825) |
| Discontinued operation | | | |
| Loss for the year from discontinued operation | 12 | – | (1,586) |
| Profit/(loss) for the year | | 4,447 | (29,411) |

| | <i>Notes</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|---|--------------|--------------------------------|------------------|
| Other comprehensive income | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (58) | 21 |
| Item that will not be reclassified to profit or loss | | | |
| Fair value change in financial assets at fair value through other comprehensive income (“FVTOCI”) | | 4,389 | (4,845) |
| Other comprehensive income for the year | | 4,331 | (4,824) |
| Profit/(loss) and total comprehensive income for the year | | 8,778 | (34,235) |
| Profit/(loss) for the year attributable to the owners of the Company | | | |
| – From continuing operations | | 4,447 | (27,825) |
| – From discontinued operation | | – | (1,586) |
| | | 4,447 | (29,411) |
| Profit/(loss) and total comprehensive income attributable to the owners of the Company | | 8,778 | (34,235) |
| | | 2021 HK\$ | 2020 HK\$ |
| Earning/(loss) per share | <i>15</i> | | |
| From continuing and discontinued operations – Basic | | 0.0071 | (0.0492) |
| From continuing and discontinued operations – Diluted | | 0.0068 | N/A |
| From continuing operations – Basic | | 0.0071 | (0.0466) |
| From continuing operations – Diluted | | 0.0068 | N/A |
| From discontinued operation – Basic | | – | (0.0026) |
| From discontinued operation – Diluted | | – | N/A |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------|-------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 128 | 364 |
| Right-of-use assets | | 371 | 1,516 |
| Goodwill | | 4,189 | 6,597 |
| Loan receivables | 18 | 163,401 | 46,623 |
| Deferred tax assets | | 600 | 616 |
| Financial assets at FVTOCI | 16 | 23,075 | 18,686 |
| Deposits paid | 19 | – | 503 |
| | | <u>191,764</u> | <u>74,905</u> |
| Current assets | | | |
| Inventories | | 45,993 | 3,235 |
| Trade receivables | 17 | 19,413 | 250 |
| Loan and interest receivables | 18 | 54,421 | 98,880 |
| Other receivables, prepayments and deposits paid | 19 | 46,814 | 157,870 |
| Tax recoverable | | 104 | – |
| Cash deposits held by securities brokers | | 2 | 1 |
| Bank balances and cash | | 1,534 | 7,433 |
| | | <u>168,281</u> | <u>267,669</u> |
| Current liabilities | | | |
| Trade payables | 20 | 869 | 1,506 |
| Loan and interest payables | | 6,404 | 5,893 |
| Other payables and accruals | | 26,797 | 23,761 |
| Lease liabilities | | 393 | 1,167 |
| Income tax payable | | – | 1,236 |
| | | <u>34,463</u> | <u>33,563</u> |

| | <i>Notes</i> | 2021 HK\$'000 | 2020 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Net current assets | | <u>133,818</u> | <u>234,106</u> |
| Total assets less current liabilities | | <u>325,582</u> | <u>309,011</u> |
| Non-current liabilities | | | |
| Lease liabilities | | – | 393 |
| Unconvertible bonds | | <u>16,145</u> | <u>10,158</u> |
| | | <u>16,145</u> | <u>10,551</u> |
| Net assets | | <u><u>309,437</u></u> | <u><u>298,460</u></u> |
| Capital and reserves | | | |
| Share capital | | 62,464 | 62,464 |
| Reserves | | <u>246,973</u> | <u>235,996</u> |
| Total equity | | <u><u>309,437</u></u> | <u><u>298,460</u></u> |

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.

The principal activity of the Company is investment holding. The Group is principally engaged in design, original equipment manufacturing and marketing of jewelry business ("**Design, OEM and Marketing of Jewelry**") and provision of loans as money lending business ("**Money Lending**").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|--|
| HKFRS 17 | Insurance Contracts and the related Amendments ¹ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions ⁵ |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use ² |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract ² |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 ² |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

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

⁶ Effective for annual periods beginning on or after 1 April 2021

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

4. REVENUE

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Continuing operations | | |
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Sales of Jewelry | <u>86,889</u> | <u>77,197</u> |
| Revenue from other sources | | |
| Interest income from Money Lending | <u>18,762</u> | <u>13,347</u> |
| | <u>105,651</u> | <u>90,544</u> |
| | | |
| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
| Discontinued operation | | |
| Revenue from contracts with customers with the scope of HKFRS 15 | | |
| Disaggregated by major products or service lines | | |
| – Provision of Financial Advisory and Intermediary Services | – | 249 |
| – Provision of Asset Management Services | – | 39 |
| | <u>–</u> | <u>288</u> |

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------------------|--------------------------------|-------------------------|
| Continuing operations | | |
| – At a point in time | <u>86,889</u> | <u>77,197</u> |
| | | |
| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
| Discontinued operation | | |
| – Over time | – | 39 |
| – At a point in time | – | 249 |
| | <u>–</u> | <u>288</u> |

As at 31 March 2021, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK\$16,339,000 (2020: HK\$19,699,000).

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

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 (*Note*): provision of financial advisory, intermediary and asset management services

Note: This segment has been discontinued in May 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 2021

| | Design, OEM and Marketing of Jewelry <i>HK\$'000</i> | Money Lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------|--|-------------------------------------|--------------------------|
| Segment revenue: | | | |
| Sales to external customers | 86,889 | 18,762 | 105,651 |
| Revenue from external customers | <u>86,889</u> | <u>18,762</u> | <u>105,651</u> |
| Net segment result: | | | |
| Segment result | (3,377) | 2,957 | (420) |
| Impairment loss on goodwill | (2,408) | – | (2,408) |
| Net segment result | <u>(5,785)</u> | <u>2,957</u> | (2,828) |
| Other unallocated income | | | 9,201 |
| Other unallocated expenses | | | (638) |
| Finance costs | | | <u>(1,264)</u> |
| Profit before tax | | | 4,471 |
| Income tax expense | | | <u>(24)</u> |
| Profit for the year | | | <u>4,447</u> |

For the year ended 31 March 2020

| | Continuing operations | | | Discontinued operation | Total HK\$'000 |
|---|---|------------------------------|-----------------------|-----------------------------------|-------------------|
| | Design, OEM and Marketing of Jewelry HK\$'000 | Money Lending HK\$'000 | Sub-total HK\$'000 | Financial Services HK\$'000 | |
| Segment revenue: | | | | | |
| Sales to external customers | 77,197 | 13,347 | 90,544 | 288 | 90,832 |
| Revenue from external customers | <u>77,197</u> | <u>13,347</u> | <u>90,544</u> | <u>288</u> | <u>90,832</u> |
| 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 | <u>(10,090)</u> | <u>(10,826)</u> | <u>(20,916)</u> | <u>(1,171)</u> | <u>(22,087)</u> |
| Other unallocated income | | | 12,723 | – | 12,723 |
| Change in fair value of financial assets at fair value through profit or loss ("FVTPL") | | | (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 tax | | | (26,970) | (1,586) | (28,556) |
| Income tax expense | | | (855) | – | (855) |
| Loss for the year | | | <u>(27,825)</u> | <u>(1,586)</u> | <u>(29,411)</u> |

Segment profit or loss represents 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 2021

| | Design, OEM and Marketing of Jewelry <i>HK\$'000</i> | Money Lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|--|----------------------------------|
| Assets and liabilities: | | | |
| Segment assets | | | |
| – Hong Kong | <u>115,646</u> | <u>218,865</u> | <u>334,511</u> |
| | <u><u>115,646</u></u> | <u><u>218,865</u></u> | <u><u>334,511</u></u> |
| Financial assets at FVTOCI | | | 23,075 |
| Deferred tax assets | | | 600 |
| Unallocated corporate assets | | | <u>1,859</u> |
| Consolidated total assets | | | <u><u>360,045</u></u> |
| Segment liabilities: | | | |
| – Hong Kong | 20,256 | 212,700 | 232,956 |
| – Elimination of loan payables (<i>note</i>) | <u>–</u> | <u>(212,700)</u> | <u>(212,700)</u> |
| | <u><u>20,256</u></u> | <u><u>–</u></u> | <u><u>20,256</u></u> |
| Unconvertible bonds | | | 16,145 |
| Loan and interest payables | | | 6,404 |
| Unallocated corporate liabilities | | | <u>7,803</u> |
| Consolidated total liabilities | | | <u><u>50,608</u></u> |

As at 31 March 2020

| | Design, OEM and Marketing of Jewelry <i>HK\$'000</i> | Money Lending <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|-------------------------------------|--------------------------|
| Assets and liabilities: | | | |
| Segment assets | | | |
| – Hong Kong | 171,210 | 146,545 | 317,755 |
| | <u>171,210</u> | <u>146,545</u> | 317,755 |
| Financial assets at FVTOCI | | | 18,686 |
| Deferred tax assets | | | 616 |
| Unallocated corporate assets | | | <u>5,517</u> |
| Consolidated total assets | | | <u><u>342,574</u></u> |
| Segment liabilities: | | | |
| – Hong Kong | 22,154 | 148,800 | 170,954 |
| – Elimination of loan payables (<i>note</i>) | – | (148,600) | (148,600) |
| | <u>22,154</u> | <u>200</u> | 22,354 |
| Unconvertible bonds | | | 10,158 |
| Loan and interest payables | | | 5,893 |
| Unallocated corporate liabilities | | | 4,473 |
| Income tax payable | | | <u>1,236</u> |
| Consolidated total liabilities | | | <u><u>44,114</u></u> |

note: The loan was made from the Money Lending segment of the Company to the subsidiary under negotiated terms. As at 31 March 2021, the carrying amount of loan was approximately HK\$212,700,000 (2020: HK\$148,600,000)

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, financial assets at FVTOCI, 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 2021

| | Design, OEM and Marketing of Jewelry HK\$'000 | Money Lending HK\$'000 | Total HK\$'000 |
|--|--|---------------------------------------|---------------------------|
| Other information of | | | |
| Depreciation of property, plant and equipment | 133 | – | 133 |
| Depreciation of right-of-use assets | 124 | – | 124 |
| Provision for ECL on trade receivables | 58 | – | 58 |
| Reversal of ECL on loan and interest receivables | – | (8,833) | (8,833) |
| Loss on modification of loan receivables | – | 10,215 | 10,215 |

In respect of the year ended 31 March 2020

| | <u>Continuing operations</u> | | | <u>Discontinued operation</u> | |
|--|---|------------------------------|-----------------------|-----------------------------------|-------------------|
| | Design, OEM and Marketing of Jewelry HK\$'000 | Money Lending HK\$'000 | Sub-total HK\$'000 | Financial services HK\$'000 | Total HK\$'000 |
| Other information of | | | | | |
| Depreciation of property, plant and equipment | 45 | – | 45 | 16 | 61 |
| Depreciation of right-of-use assets | 44 | – | 44 | 337 | 381 |
| Reversal of ECL on trade receivables | (2,734) | – | (2,734) | – | (2,734) |
| Provision for ECL on loan and interest receivables | – | 13,882 | 13,882 | – | 13,882 |
| Additions to non-current assets | 305 | – | 305 | – | 305 |

(b) Geographical information

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

The geographic market of the Group's revenue is determined based on the location at which the services were provided or the goods were delivered, 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 at FVTOCI and deferred tax assets) by geographical areas determined 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 goodwill.

(c) **Information about major customers**

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

| | Revenue generated from | 2021 HK\$'000 | 2020 HK\$'000 |
|------------|--------------------------------------|--------------------------|--------------------------|
| Customer A | Design, OEM and Marketing of Jewelry | 33,335 | 24,300 |
| Customer B | Design, OEM and Marketing of Jewelry | 14,553 | 13,888 |
| Customer C | Design, OEM and Marketing of Jewelry | 10,909 | 9,913 |

6. OTHER INCOME

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------------|--------------------------|--------------------------|
| Continuing operations | | |
| Bank interest income | 1 | 7 |
| Government subsidies (<i>note</i>) | 775 | – |
| Others | 1 | 85 |
| | 777 | 92 |

note: The amount represents the receipts from Employment Support Scheme and Retail Sector Subsidy from the Anti-epidemic Fund provided by the Hong Kong government. The conditions of the government grant were fulfilled during the year ended 31 March 2021.

7. OTHER GAINS AND LOSSES, NET

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------------|--------------------------|
| Continuing operations | | |
| Other gains: | | |
| Gain on disposal of interest in an associate classified as held for sale | – | 11,884 |
| Gain on disposal of property, plant and equipment | 5,000 | – |
| Imputed interest income of unconvertible bond on initial recognition | 3,716 | – |
| | 8,716 | 11,884 |
| Other losses: | | |
| Change in fair value on financial asset at FVTPL | – | (12,149) |
| Loss on modification of loan receivables | (10,215) | – |
| Impairment loss recognised on: | | |
| – goodwill | (2,408) | (15,402) |
| – inventories | (109) | (88) |
| | (12,732) | (27,639) |
| | (4,016) | (15,755) |

| 8. REVERSAL OF/(PROVISION FOR) ECLS ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES | 2021 | 2020 |
|---|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | |
| Reversal of/(provision for) ECLs on: | | |
| – trade receivables | (58) | 2,734 |
| – loan and interest receivables | 8,833 | (13,882) |
| | <u>8,775</u> | <u>(11,148)</u> |
| 9. FINANCE COSTS | | |
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | |
| Interest on loan payables | 511 | 512 |
| Imputed interest on unconvertible bonds | 703 | 500 |
| Interest on lease liabilities | 50 | 101 |
| | <u>1,264</u> | <u>1,113</u> |
| Discontinued operation | | |
| Interest on lease liabilities | – | 19 |
| | <u>–</u> | <u>19</u> |
| 10. PROFIT/(LOSS) BEFORE TAX | | |
| | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | |
| Staff costs (including directors' emoluments) | | |
| – Directors' fees, staff salaries and allowances | 8,863 | 9,623 |
| – Retirement benefits contributions | 255 | 230 |
| – Equity-settled share-based payment | 2,199 | – |
| | <u>11,317</u> | <u>9,853</u> |
| Total staff costs | 11,317 | 9,853 |
| Auditors' remuneration | 580 | 800 |
| Cost of inventories sold | 82,145 | 69,814 |
| Depreciation of property, plant and equipment | 236 | 275 |
| Depreciation of right-of-use assets | 1,145 | 1,065 |
| Loss on modification of loan receivables | 10,215 | – |
| Short-term lease payment | 121 | 376 |
| | <u>121</u> | <u>376</u> |

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------------------|------------------|
| Discontinued operation | | |
| Staff costs (including directors' emoluments) | | |
| – Directors' fees, staff salaries and allowances | – | 957 |
| – Retirement benefits contributions | – | 30 |
| | <hr/> | <hr/> |
| Total staff costs | – | 987 |
| Other service costs | – | 13 |
| Depreciation of property, plant and equipment | – | 16 |
| Depreciation of right-of-use assets | – | 337 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. INCOME TAX EXPENSE

| | 2021 HK\$'000 | 2020 HK\$'000 |
|-------------------------------------|--------------------------------|------------------|
| Current tax – Hong Kong Profits Tax | | |
| Provision for the year | – | 486 |
| Under – provision for prior years | 8 | – |
| | <hr/> | <hr/> |
| | 8 | 486 |
| Deferred tax | 16 | 369 |
| | <hr/> | <hr/> |
| Income tax expense | 24 | 855 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 the Group's subsidiary in the PRC is 25% (2020: 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 2021 and 2020.

The reconciliation between the income tax expense and profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Continuing operations | | |
| Profit/(loss) before tax | <u>4,471</u> | <u>(26,970)</u> |
| Tax at the applicable rate of 16.5% (2020: 16.5%) | 738 | (4,450) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (31) | (35) |
| Tax effect of income not taxable for tax purpose | (3,431) | (1,978) |
| Tax effect of expenses not deductible for tax purpose | 2,578 | 4,942 |
| Tax effect of tax losses not recognised | 192 | 868 |
| Tax effect of prior year's tax losses utilised | (422) | – |
| Tax effect to unrecognised temporary differences | 415 | 1,804 |
| Recognised previously unrecognised deferred tax assets | – | (91) |
| Tax effect of adoption of two-tier profits tax rate | – | (165) |
| Tax reduction | (23) | (40) |
| Under-provision in prior years | <u>8</u> | <u>–</u> |
| Income tax expense | <u>24</u> | <u>855</u> |
| | | 2020 <i>HK\$'000</i> |
| Discontinued operation | | |
| Loss before tax | | <u>(1,586)</u> |
| Tax at the applicable rate of 16.5% (2020: 16.5%) | | (262) |
| Tax effect of income not taxable for tax purpose | | (11) |
| Tax effect of expenses not deductible for tax purpose | | 80 |
| Tax effect of tax losses not recognised | | 190 |
| Tax effect of unrecognised temporary differences | | <u>3</u> |
| | | <u>–</u> |

12. DISCONTINUED OPERATION

During the year ended 31 March 2020, 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 were engaging in Financial Services business (the “**Disposal**”). 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 the 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 preceding period is analysed as follows:

| | From 1 April 2019 to 31 May 2019 <i>HK\$'000</i> |
|--|--|
| Loss of Financial Services business for the period | (1,653) |
| Gain on disposal of Financial Services business | <u>67</u> |
| | <u><u>(1,586)</u></u> |

The results of the Financial Services business for the preceding period are as follows:

| | From 1 April 2019 to 31 May 2019 <i>HK\$'000</i> |
|---|--|
| Revenue | |
| – Provision of financial advisory and intermediary services | 249 |
| – Provision of asset management services | <u>39</u> |
| Total revenue | 288 |
| Cost of services | <u>(13)</u> |
| Gross profit | 275 |
| Administrative expenses | (1,572) |
| Depreciation of right-of-use assets | (337) |
| Finance costs | <u>(19)</u> |
| Loss before tax | (1,653) |
| Income tax | <u>–</u> |
| Loss for the period | <u><u>(1,653)</u></u> |

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

| | <i>HK\$'000</i> |
|---|----------------------|
| Non-current assets | |
| Property, plant and equipment | 220 |
| Right-of-use assets | 1,972 |
| Intangible assets | 8,192 |
| Statutory deposits | 205 |
| Deposits paid | 614 |
| | <hr/> |
| | 11,203 |
| Current assets | |
| Trade receivables | 12 |
| Other receivables | 252 |
| Client trust bank | 1,510 |
| Bank balance and cash | 8,880 |
| | <hr/> |
| | 10,654 |
| | <hr/> |
| Current liabilities | |
| Trade payables | 1,511 |
| Other payables and accruals | 4,224 |
| Lease liabilities | 1,980 |
| | <hr/> |
| | 7,715 |
| | <hr/> |
| Net assets | 14,142 |
| Gain on disposal | 67 |
| Transaction cost | 141 |
| | <hr/> |
| Total consideration | <u><u>14,350</u></u> |
| Satisfied by: | |
| Cash | 11,763 |
| Other receivables | 2,587 |
| | <hr/> |
| | 14,350 |
| | <hr/> <hr/> |
| | <i>HK\$'000</i> |
| Net cash inflow arising on the Disposal: | |
| Cash consideration received | 11,763 |
| Transaction costs paid | (141) |
| Bank balances and cash disposed of | (8,880) |
| | <hr/> |
| | 2,742 |
| | <hr/> <hr/> |

Cash flows from the Disposal Group:

| | From 1 April 2019 to 31 May 2019 <i>HK\$'000</i> |
|---|--|
| Net cash inflows from operating activities | 267 |
| Net cash inflows from investing activities | 2,742 |
| Net cash outflows from financing activities | <u>(348)</u> |
| Net cash inflows for the period | <u><u>2,661</u></u> |

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 the associate to a third party for cash consideration of HK\$80,000,000. Before the disposal, the Group owned 49.41% interest in the 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 for the year ended 31 March 2020, calculated as follows:

| | <i>HK\$'000</i> |
|--|-----------------------|
| Cash proceeds | 186,000 |
| Less: carrying amount of approximately 49.41% interest on the date of loss of significant influence of an associate | <u>(174,116)</u> |
| Gain recognised in profit or loss | <u><u>11,884</u></u> |
| Consideration was settled by: | |
| Deposit received | 14,800 |
| Cash consideration received | <u>171,200</u> |
| | <u><u>186,000</u></u> |
| Net cash inflow arising on disposal | <u><u>171,200</u></u> |

14. DIVIDEND

No dividend for the year ended 31 March 2021 (2020: Nil) is recommended by the Board.

15. EARNINGS/(LOSS) PER SHARE

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Earnings/(loss) | | |
| Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share | | |
| Profit/(loss) for the year attributable to owners of the Company | | |
| – Continuing operations | 4,447 | (27,825) |
| – Discontinued operation | – | (1,586) |
| | <u>4,447</u> | <u>(29,411)</u> |
| | 2021 <i>'000</i> | 2020 <i>'000</i> |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share | 624,638 | 597,486 |
| Effect of dilutive potential ordinary share arising from share options | 46,889 | – |
| Weighted average number of shares that would have been issued at average market prices | <u>(21,196)</u> | <u>–</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>650,331</u> | <u>597,486</u> |

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.

16. FINANCIAL ASSETS AT FVTOCI

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------------------|--------------------------------|-------------------------|
| Listed equity securities | <u>23,075</u> | <u>18,686</u> |

As at 31 March 2021 and 2020, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Stock Exchange.

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

During the year ended 31 March 2020, certain investments in equity instruments measured at FVTOCI have been sold due to risk management consideration. The fair value of the investments at the date of derecognition was approximately HK\$4,659,000 and its cumulative loss on disposal was approximately HK\$1,183,000. There was no disposal of investments in equity instruments unsecured at FVTOCI during the year ended 31 March 2021.

17. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Trade receivables | | |
| – Design, OEM and Marketing of Jewelry business | 19,611 | 390 |
| Less: allowance for ECLs | (198) | (140) |
| | <u>19,413</u> | <u>250</u> |

The Group has a policy of allowing credit period of 90 days (2020: 90 days) to its trade customers. The Group does not hold any collateral over the balances.

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-----------------|--------------------------------|-------------------------|
| Within 3 months | 6,811 | 85 |
| 4 to 6 months | 10,240 | – |
| Over 6 months | 2,362 | 165 |
| | <u>19,413</u> | <u>250</u> |

At 31 March 2021 and 2020, the trade receivables were denominated in HK\$.

18. LOAN AND INTEREST RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------------|--------------------------------|-------------------------|
| Loan receivables | 212,914 | 156,574 |
| Interest receivables | 7,955 | 3,465 |
| Less: allowance for ECLs | (3,047) | (14,536) |
| | <u>217,822</u> | <u>145,503</u> |
| Less: non-current portion | (163,401) | (46,623) |
| | <u>54,421</u> | <u>98,880</u> |

Included in the gross balances are loans of approximately HK\$106,574,000 (2020: HK\$106,574,000) which were secured by unlisted equity shares of certain PRC companies, and approximately HK\$50,000,000 (2020: HK\$50,000,000) was secured by corporate guarantee from certain PRC companies. The remaining balance was unsecured.

At 31 March 2021, the loan receivables arising from Money Lending business with fixed interest rate ranging from 6% to 16% (2020: 10% to 18%) per annum on principal amount, are repayable quarterly. The effective interest rates of the loan receivables range from 5.8% to 11.5% (2020: 10.4% to 18%) per annum.

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

| | 2021 | 2020 |
|------------------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Repayable: | | |
| On demand and within 3 months | 6,939 | 744 |
| Over 3 months but less than 1 year | 47,482 | 98,136 |
| Over 1 year but less than 2 years | 163,401 | 46,623 |
| | <u>217,822</u> | <u>145,503</u> |

During the year ended 31 March 2020, loans with aggregate principal amount of HK\$3,000,000 which were scheduled to be repaid in January 2020 has been early repaid. The Group has made new loans with aggregate principal amount of HK\$64,100,000 (2020: HK\$98,000,000) during the year.

The loan receivables outstanding as at 31 March 2021 and 2020 are denominated in HK\$.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

| | 2021 | 2020 |
|-------------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Other receivables | 85 | 2,605 |
| Prepayments | 10 | 10 |
| Deposits paid (<i>note</i>) | 46,719 | 155,758 |
| | <u>46,814</u> | <u>158,373</u> |
| Deduct: non-current portion | <u>–</u> | <u>(503)</u> |
| | <u>46,814</u> | <u>157,870</u> |

note:

As at 31 March 2021, included in the deposits paid of approximately HK\$46,186,000 (2020: HK\$155,225,000) are trade deposit paid to suppliers for design, OEM and marketing of Jewelry business.

20. TRADE PAYABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|---------------------------------------|-------------------------|
| Trade payables | <u>869</u> | <u>1,506</u> |

Trade payables related to Design, OEM and Marketing of Jewelry business with credit period on purchase of goods ranges from 30 to 180 days (2020: 30 to 180 days).

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|---------------------------------------|-------------------------|
| Within 90 days | 640 | 1,298 |
| Over 180 days | <u>229</u> | <u>208</u> |
| | <u>869</u> | <u>1,506</u> |

At 31 March 2021 and 2020, the trade payables were denominated in HK\$ and the carrying amount of trade payables approximate to their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2021, the Group's revenue from continuing operations was approximately HK\$105.65 million (2020: approximately HK\$90.54 million), representing an increase of approximately HK\$15.11 million or 16.68% as compared with last year. The revenue included approximately HK\$86.89 million (2020: approximately HK\$77.20 million) from design, original equipment manufacturing (“OEM”) and marketing of jewelry (the “**Design, OEM and Marketing of Jewelry**”) business and approximately HK\$18.76 million (2020: approximately HK\$13.34 million) from provision of loans as money lending (the “**Money Lending**”) business.

Gross profit from continuing operations was approximately HK\$23.51 million (2020: approximately HK\$20.73 million), representing an increase of approximately HK\$2.78 million or 13.41% as compared with last year. The slightly increase in gross profit consist of the increase in gross profit in Money Lending business due to the high demand in the COVID-19 situation and offset with the decrease in gross profit in the Design, OEM and Marketing of Jewelry business due to the lower profit margin in the severe outbreak of COVID-19 since January 2020.

Gross profit margin from continuing operations of the Group was decreased from approximately 22.89% to 22.25%. The decrease in gross profit margin of 2021 as compared with 2020 was due to the combination of revenue and gross profit in different businesses, i.e. the high profit margin of Money Lending business and the low profit margin of Design, OEM and Marketing of Jewelry business.

The profit for the year ended 31 March 2021 of the Group was approximately HK\$4.45 million. The loss from continuing operations and the loss from discontinued operation were approximately HK\$27.82 million and HK\$1.59 million, respectively, for the year ended 31 March 2020.

The turn to profit from continuing operations was mainly due to, including but not limited to (a) no fair value loss on financial assets at fair value through profit or loss in the year whereas loss of approximately HK\$12.15 million in the last year; (b) reversal of expected credit losses on loan and interest receivables was approximately HK\$8.83 million whereas losses was approximately HK\$13.88 million in the last year; (c) offset the share options granted during the year, the equity-settled share-based payment expense was approximately HK\$2.20 million whereas no share option was granted in the last year; and (d) offset the impairment of goodwill of Design, OEM and Marketing of Jewelry business of approximately HK\$2.41 million during the year.

Selling, distribution and administrative expenses from continuing operations were approximately HK\$23.31 million (2020: approximately HK\$19.78 million), representing an increase of HK\$3.53 million or approximately 17.85% as compared with last year due to (i) approximately HK\$2.20 million equity-settled share-based payment expense in relation to the share options granted during the year whereas no share options were granted in the last year and (ii) increase of approximately HK\$4.8 million promotion and marketing expenses to boost the businesses of OEM and Marketing of Jewelry and Money Lending during the serve outbreak of COVID-19.

The finance costs from continuing operations amounted to approximately HK\$1.26 million, representing a slightly increase of approximately HK\$0.15 million as compared to approximately HK\$1.11 million of the last year.

For the year ended 31 March 2021, the Group was principally engaged in the businesses of OEM and Marketing of Jewelry and Money Lending.

Design, OEM and Marketing of Jewelry business

During the year, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK\$86.89 million (2020: approximately HK\$77.20 million). Operating loss before tax and impairment loss on goodwill was approximately HK\$3.38 million (2020: operating profit before tax and impairment loss on goodwill was approximately HK\$5.31 million).

Since severe outbreak of COVID-19 from January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. The implementation of social distancing and quarantine measures in many countries worldwide have dampened consumer sentiment and brought the international tourism to a standstill, plunging the global economy into recession.

According to the statistics from Hong Kong Census and Statistics Department, retail sales of the jewellery, watches and clocks, and valuable gifts category in Hong Kong has decreased approximately 11% and 38% for 6 months and 12 months ended 31 March 2021, respectively, when comparing with 2020. The economy has been recovered since September 2020 in Hong Kong. The revenue of Design, OEM and Marketing of Jewelry business was also increased gradually since September 2020.

In light of vaccine rollouts, control of the COVID-19 pandemic is expected in the future, which in turn will boost consumption sentiment. The Directors believe this business segment will rebound quickly once border shutdowns are lifted as the pandemic eases.

Money Lending business

During the year, Great Luck Finance Limited (“**Great Luck**”), an indirect wholly-owned subsidiary, was principally engaged in the money lending business in Hong Kong. Great Luck is a company holding a money lender’s license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at 31 March 2021, Great Luck had made loans to certain borrowers amounting to approximately HK\$220.67 million (2020: HK\$156.57 million) in total at the average interest rate of 8.60% (2020: 10.64%) per annum. During the year, interest income from money lending was approximately HK\$18.76 million (2020: approximately HK\$13.34 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 2021, the market value of the equity securities (the “**Listed Equities**”) listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) held by the Group was approximately HK\$23.08 million (2020: HK\$18.69 million) which were classified as financial assets at fair value through other comprehensive income. There was no investment in an investee company with a value of 5% or more of the Group’s total assets as at 31 March 2021 and 2020.

During the year under review, the Group’s Listed Equities recorded a fair value gain of approximately HK\$4.39 million (2020: a fair value loss of approximately HK\$4.84 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

The Company did not have any significant acquisition and disposal during the year ended 31 March 2021.

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 2021, the Group’s net current assets were approximately HK\$133.82 million (2020: approximately HK\$234.11 million), including cash and cash equivalents of approximately HK\$1.53 million (2020: approximately HK\$7.43 million). Total interest-bearing borrowings amounted to approximately HK\$25.15 million as at 31 March 2021 (2020: 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 2021 was 6.36% (2020: 2.81%).

SHARE CAPITAL AND CAPITAL STRUCTURE

During the year ended 31 March 2021, 59,056,660 share options were granted under the share option scheme of the Company, of which 5,905,666 share options were granted to a director of the Company and 53,150,994 share options were granted to employees.

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 2021.

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 2021, 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 2021 and 2020.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2021 and 2020.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2021 and 2020.

DIVIDEND

No dividend for the year ended 31 March 2021 (2020: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 16 June 2021, the Company proposed to raise up to approximately HK\$62.46 million on the basis of one rights share for every one share of HK\$0.10 each in the share capital of the Company by issuing 624,637,750 rights shares at the subscription price of HK\$0.10 per rights share. The rights issue is subject to the approval of the independent shareholders of the Company at the special general meeting by way of poll.

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 30 employees as at 31 March 2021 (2020: 47). 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 2021, 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, Mr. Lau Leong Yuen and Mr. Hong Hui Lung. The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2021 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 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA 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 McMillan Woods (Hong Kong) CPA 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 2021 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, 30 June 2021

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

* *For identification purposes only*