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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of China Environmental Energy Investment Limited (the “**Company**”) is pleased to announce the condensed consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2023 (the “**Interim Results**”). This announcement, containing the full text of the 2023 Interim Report (the “**Interim Report**”) of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of Interim Results.

By order of the Board
China Environmental Energy Investment Limited
Zhou Yaying
Chairman

Hong Kong, 30 November 2023

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

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

* *For identification purposes only*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhou Yaying (*Chairman*)
Mr. Wei Liang (*Chief Executive Officer*)
Mr. Liu Jun (Appointed on 1 June 2023)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen
Mr. Hong Hui Lung

COMPANY SECRETARY

Mr. Chan Chiu Kin
(Appointed on 1 August 2023)
Ms. Wong Chi Yan (Appointed on 13 July
2023 and resigned on 1 August 2023)
Mr. Chan Kin Ming
(Resigned on 13 July 2023)

AUDIT COMMITTEE

Mr. Yiu To Wa (*Chairman*)
Mr. Tse Kwong Chan
Mr. Lau Leong Yuen
Mr. Hong Hui Lung

REMUNERATION COMMITTEE

Mr. Tse Kwong Chan (*Chairman*)
Ms. Zhou Yaying
Mr. Lau Leong Yuen

NOMINATION COMMITTEE

Mr. Yiu To Wa (*Chairman*)
Ms. Zhou Yaying
Mr. Tse Kwong Chan

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
24/F., Siu On Centre
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LEGAL ADVISOR

H.Y. Leung & Co. LLP Solicitors
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PRINCIPAL BANKERS

Industrial and Commercial Bank of
China Limited
CMB Wing Lung Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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41 Cedar Avenue
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
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STOCK CODE

986

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of China Environmental Energy Investment Limited (the “**Company**”) hereby presents the condensed consolidated interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 September 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and during the six months ended 30 September 2023, the Group was principally engaged in the businesses of design and marketing of jewelry and money lending.

RESULTS

The Group’s results for the six months ended 30 September 2023 and the state of affairs of the Group as at that date are set out in the condensed consolidated interim financial statements on pages 23 to 50.

FINANCIAL REVIEW

For the six months ended 30 September 2023, the Group’s revenue was approximately HK\$32.33 million, representing a decrease of approximately HK\$4.97 million or 13.32% as compared to approximately HK\$37.30 million of corresponding period of 2022. The revenue included approximately HK\$18.53 million from design and marketing of jewelry (the “**Design and Marketing of Jewelry**”) business (2022: approximately HK\$23.91 million) and approximately HK\$13.80 million from money lending (the “**Money Lending**”) business (2022: approximately HK\$13.39 million).

Gross profit was approximately HK\$14.80 million (2022: approximately HK\$14.12 million), representing an increase of approximately HK\$0.68 million or 4.82% as compared with 2022. Gross profit margin of the Group was increased from approximately 37.86% to 45.77%. The increase in gross profit was due to the high demand of the Money Lending business.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The profit before tax for the period of the Group was approximately HK\$1.31 million (2022: approximately HK\$2.69 million), representing decrease of approximately HK\$1.38 million due to, including but not limited to (a) the expected credit losses on loan and interest receivables and trade receivables were approximately HK\$4.84 million compared to HK\$3.73 million of the six months ended 30 September 2022; and offset with (b) decrease of staff cost in the selling and distribution expenses due to the sales of Design and Marketing of Jewelry was decreased. The profit for the period of the Group was approximately HK\$0.5 million (2022: approximately HK\$1.35 million).

Selling, distribution and administrative expenses were approximately HK\$7.88 million (2022: approximately HK\$7.37 million), representing an increase of approximately HK\$0.51 million or approximately 6.92% as compared with last corresponding period mainly due to increase of professional fee.

The finance costs amounted to approximately HK\$0.77 million, representing a slightly increase of approximately HK\$0.24 million as compared to approximately HK\$0.53 million of the last corresponding period.

Design and Marketing of Jewelry business

During the period under review, the revenue generated from the Design and Marketing of Jewelry business was approximately HK\$18.53 million (2022: approximately HK\$23.91 million). Operating loss before tax was approximately HK\$0.62 million (2022: approximately HK\$2.79 million).

The pandemic in Mainland China (the “**Mainland**”) had affected all businesses, ours inclusive. Since the 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. Nevertheless, it appears that we are finally able to leave behind the nightmare of the pandemic.

But the fading of the threat of COVID-19 only puts into even starker contrast the spectre of geopolitical conflicts. At the same time, the major economies of the world are showing worrying signs of weakness. It is not inconceivable that trade issues could become catalysts for military actions. The world is fraught with uncertainty.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In February 2022 saw an escalation in geopolitical tensions further disrupt global supply chains, the sudden slump in pound-sterling in late September 2022 added to further market uncertainty with global inflation already high and global interest rates rising in response.

Despite the lifting of pandemic-related restrictions in mainland China in 2023, economic uncertainty may still be affecting consumer spending; uncertainty about employment and income may cause consumers to be more conservative in their consumption, especially for non-essential items. As a result, the Group's Design and Marketing of Jewelry business in mainland China has not been able to rebound, and compared to the same period last year, its performance has declined.

Looking ahead, the revenue is expected to continue to remain under immense pressure amid an arduous operating environment and in the face of prevalent external uncertainties. The Group will continue to enhance its risk management to manage external risks and leverage opportunities. The Directors believe it will rebound once the pandemic eases and government's change in strategy.

Money Lending business

During the period under review, 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 30 September 2023, Great Luck had 87 (31 March 2023: 87) individual borrowers principal amounting to approximately HK\$276.57 million (31 March 2023: HK\$276.57 million) in total at the average interest rate of 9.70% (31 March 2023: 9.70%) per annum. The tenure of loans were 1 to 3 years. During the period under review, interest income from money lending was approximately HK\$13.80 million (2022: approximately HK\$13.39 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The tenure of loans were 1 to 3 years. The following table sets forth the distribution of the remaining maturity of loan receivables as at 30 September 2023:

	HK\$'million
Within one year	102.17
Between one and three years	174.40
	<u>276.57</u>

All of the borrowers are individuals the and approximately HK\$50 million were secured by corporate guarantee from certain companies and the remaining balances were unsecured.

The loan amount of largest borrower of the Group was HK\$9,000,000, approximately 3.25% of the total loan receivables of the Group and the five largest borrowers were HK\$43,000,000, approximately 15.55% of the total loan receivables.

The Group strived to adhere to a set of policy and procedural manual (such as, internal loan and credit policy of the Group, Guideline on Compliance of Anti-Money Laundering and Counter Terrorist Financing Requirements for Licensed Money Lenders which is issued by Hong Kong Companies Registry and the Money Lenders Ordinance) in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

Before granting loans to potential customers, the Group performs credit assessment and due diligence process to assess the potential customers' credit quality individually and defines the credit limits granted to the borrowers.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The credit assessment and due diligence process encompasses (i) obtain personal information as to identity card copy and address proof; (ii) enquire the potential customer any relationship with our directors or staff; (iii) ensure the potential customer is an independent third party and not connected with the Group and its connected person; (iv) if the potential customer is a connected person, we may consider the approval or not and make disclosure under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) if required; (v) to perform notifiable transaction test to ensure the loan is in compliance with the Listing Rules; (vi) detailed assessment on the credit history and financial background of the potential customers are performed by the finance team, the officer will gather the information and pass it to finance manager to review and finally pass these information to directors of Great Luck for assessment and approval. The relevant documents of financial background including but not limited to securities statement, bank statement and property certificate for asset proof; (vii) to perform litigation search through the government/other platform for the potential customers; and (viii) to perform assessment on the recoverability by the finance team, the procedures including to review the asset proof to ensure the potential customer was not under bankruptcy or debt restructuring.

Under the Group’s credit policy, (i) the loan shall not exceed the maximum loan amount preset by the Group (i.e. HK\$10,000,000), (ii) the tenor of loan shall not exceed the preset by the Group (i.e. 3 years), (iii) the interest rate of loan shall not less than preset by the Group (i.e. 5%) and (iv) the credit limit should be based on the asset proof and the collateral value (if any), etc., to determine the credit limit by one of directors of Great Luck. The terms of loan will be depends on assets proof, background search, collateral to determine by case by case and it will fall within the policy.

Loan monitoring mechanism had been established. The finance team is responsible for ongoing monitoring of the loan portfolio, credit limit of loans, loan recoverability, debt collection, identifying potential problems and recommending mitigating measures. The Group will conduct regular repayment assessment on the repayment schedule and the date of payment, company searches, litigation searches, internet searches and regulatory compliance searches in order to monitor and determine the risk level. The Group will request borrowers for provision of any updated financial information if considered necessary to update their financial ability, credit risk and assess the loan recoverability. These exercises are to monitor if any material adverse change may arise on the financial or legal conditions on the borrowers.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group performs impairment assessment on loan receivables under the expected credit loss (“ECL”) model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of probability of default and loss given default is based on historical data and forward-looking information performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group’s loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition.

For the six months ended 30 September 2023, the net impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group’s loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collaterals pledged to the Group, and forward-looking information including the future macro-economic conditions affecting the borrowers (the negative impact of the COVID-19 pandemic on the state of the Hong Kong economy had also been considered).

The expected credit losses on loan and interest receivables were made approximately HK\$5.99 million which is mainly due to the global economics risk factor increased in 2023. Actually, the Group did not incur any bad debt during the year except for these accounting impairment provision.

Regarding monitoring the recoverability of the loans, the Company will quarterly review and monitor the loan repayment status subsequent to the drawdown of loans to ensure that loan repayments were punctual and past due accounts were handled efficiently. When there were past due accounts, the Group would take actions including reminding call, interview, issue demand note, discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

As at 30 September 2023, the allowance for ECLs of loan receivables are HKD37.03 million (2022: HKD30.04 million). The provision of default rate is 12.75% (2022: 10.91%). The increase of provision of default rate due to including but not limited to the global economic changes and political changes. In the fact, the Group did not record any bad debt and written off of loan receivable during the period ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Company has complied with requirements set out in chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrower(s), whose loan(s) was still outstanding as at 30 September 2023.

According to the statistics from Companies Registry, number of licensed money lenders has gradually increased from 1,994 to 2,304 for year 2017 to year 2023. Licensed money lenders, which are outside the banking system, provide an alternative source of financing for individuals and companies.

In view of the increasing demand in money lending in Hong Kong, the Group has placed advertisement in magazine to make public awareness and promote our business and 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.

OTHER INFORMATION

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.

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 September 2023, the Company did not have any material acquisition and disposal.

SHARE CAPITAL AND CAPITAL STRUCTURE

Save as disclosed in this interim report, there was no other change in the share capital and capital structure of the Company during the six month period ended 30 September 2023.

OTHER INFORMATION (Continued)

SIGNIFICANT INVESTMENTS

As at 30 September 2023, 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\$18.1 million (31 March 2023: approximately HK\$28.42 million), which were classified as financial assets at fair value through other comprehensive income.

Name (Stock code)	Principal business	Market value	Net gain/	Market value	% of	% of net
		as at 31 March 2023	(loss) on fair value change during the period	as at 30 September 2023	shareholding held as at 30 September 2023	assets of the Company as at 30 September 2023
		HK\$ million	HK\$ million	HK\$ million		
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	23.69	(9.69)	14.00	2.50	3.92
Other listed equity securities (Note)		4.73	(0.63)	4.10	N/A	1.15
Total		28.42	(10.32)	18.1	N/A	5.07

Note: As at 30 September 2023 and 31 March 2023, other listed equity securities comprised 11 listed equity securities and none of them was more than 1% of the total asset of the Group.

During the period under review, the Group’s Listed Equities recorded a fair value loss of approximately HK\$10.32 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.

OTHER INFORMATION (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group's net current assets were approximately HK\$183.48 million (31 March 2023: approximately HK\$259.64 million), including cash and cash equivalents of approximately HK\$9.73 million (31 March 2023: approximately HK\$1.35 million). Total principal of interest-bearing borrowings amounted to approximately HK\$26.0 million as at 30 September 2023 (31 March 2023: approximately HK\$23.25 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 30 September 2023 was 7.23% (31 March 2023: 4.87%).

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 six months ended 30 September 2023, 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 30 September 2023 and 31 March 2023.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2023 and 31 March 2023.

PLEDGE OF ASSETS

As at 30 September 2023 and 31 March 2023, the Group did not have any pledge on its assets.

OTHER INFORMATION (Continued)

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the period under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had 24 employees as at 30 September 2023 (31 March 2023: 47). Remunerations are commensurate with the nature of the job, experience and market conditions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), Appendix 10 to the Listing Rules, as its own code of conduct regarding directors’ dealings in the securities of the Company. Having made specific enquiry, all Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2023.

COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the “**Relevant Employees**”) in respect of their dealings in the securities of the Company (the “**Written Guidelines**”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, “Relevant Employee” includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines by the employees was noted by the Company during the six months ended 30 September 2023.

OTHER INFORMATION (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Long positions in the ordinary shares of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Approximate percentage of interest (Note)
Ms. Zhou Yaying	Beneficial owner	4,371,386	0.34%

Note: The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 30 September 2023, that is 1,294,705,500 ordinary shares of the Company.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ Interests and Short Positions in Shares and Underlying Shares” and “Share Option Scheme”, at no time during the six months ended 30 September 2023 was the Company or any of its subsidiaries a party to any arrangement which enabled the Company’s Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, so far as known to the Directors, there was no person who had an interest or short position in the shares of the Company and underlying shares which would require disclosure to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a share option scheme (the “**Old Share Option Scheme**”). Under the Old Share Option Scheme, the Company may grant options to eligible persons for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Old Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption. The share options must be taken up within 28 days from the date on which the offer letter is delivered to the grantee for acceptance of the offer. The Old Share Option Scheme was expired on 29 August 2021.

On 29 September 2021, the Company adopted a new share option scheme (the “**New Share Option Scheme**”). Under the New Share Option Scheme, the Company may grant options to eligible persons for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The New Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption.

OTHER INFORMATION (Continued)

A summary of the New Share Option Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the “Invested Entity”).
Eligible participants	<ul style="list-style-type: none">(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity;(ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and(iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the New Share Option Scheme and the percentage of the issued share capital that it represents as at the date of this annual report	124,927,550 ordinary shares in the share capital of the Company, representing 10% of the issued share capital are available for issue under the New Share Option Scheme as at the date of this annual report.

OTHER INFORMATION (Continued)

Maximum entitlement of each eligible participant

Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and
- (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000,

such grant or further grant of options must be approved by the shareholders in a general meeting.

Period within which the securities must be taken up under an option

An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the New Share Option Scheme.

OTHER INFORMATION (Continued)

Minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.

Amount payable on acceptance of the option and the period within which such payment must be made

The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK\$1.00 being payable by the grantee.

Exercise price

Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share.

Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain in force until 28 September 2031, subject to the provisions for early termination set out in the New Share Option Scheme.

OTHER INFORMATION (Continued)

Details of the share options granted by the Company pursuant to the Old Share Option Scheme and New Share Option Scheme and the movement of the share options were shown as follows:

Six months ended 30 September 2023 and 30 September 2022

Grantee	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 1 April 2022	Granted	Exercised	Lapsed	Outstanding as at 31 March 2023
Director								
Ms. Zhou Yaying	20/8/2020	20/8/2020 to 19/8/2022	HK\$0.337 (note)	6,490,912	-	-	(6,490,912)	-
Employees								
Employees	13/5/2020	13/5/2020 to 12/5/2022	HK\$0.121 (note)	58,418,210	-	(45,430,000)	(12,988,210)	-
Total				<u>64,909,122</u>	<u>-</u>	<u>(45,430,000)</u>	<u>(19,479,122)</u>	<u>-</u>
Exercisable at the end of the year								<u>N/A</u>
Weighted average exercise price				<u>HK\$0.143</u>				<u>N/A</u>

Note: The exercise price per share option and the number of share options were adjusted upon the completion of Rights Issue on 20 September 2021.

OTHER INFORMATION (Continued)

Fair value of share options and assumptions

The weighted average fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option-Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	Granted on 13 May 2020	Granted on 20 August 2020
Weighted average fair value of measurement date	HK\$0.032	HK\$0.087
Closing price of the shares immediately before date of grant	HK\$0.132	HK\$0.375
Closing price of the shares at grant date	HK\$0.133	HK\$0.370
Exercise price	HK\$0.133	HK\$0.370
Expected volatility	45.41%	46.29%
Option life	2 years	2 years
Risk-free interest rate	0.322%	0.137%
Expected dividend yield	0%	0%

The expected volatility is based on the historic volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There was no market vesting condition or non-market performance condition associated with the share options granted.

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**”) during the six months ended 30 September 2023.

OTHER INFORMATION (Continued)

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2023.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2023.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") comprises four independent non-executive Directors, Mr. Lau Leong Yuen, Mr. Tse Kwong Chan, Mr. Yiu To Wa and Mr. Hong Hui Lung. The Audit Committee has adopted terms of reference which are in line with the CG code contained in Appendix 14 to the Listing Rules and has reviewed the Company's condensed consolidated interim financial statements for the period ended 30 September 2023 and discussed financial and internal control, and financial reporting matters of the Company.

OTHER INFORMATION (Continued)

CORPORATE COMMUNICATIONS

In accordance with the Listing Rules, the Company has ascertained shareholders' wishes regarding their preferences on the language (i.e. English and/or Chinese) and means of receipt (i.e. in printed form or via the Company's website) of the Company's corporate communications*. Shareholders who have chosen/are deemed to have chosen to receive the corporate communications via the Company's website, and who for any reason have difficulty in receiving or gaining access to the Company's corporate communications will promptly upon request be sent the corporate communications in printed form free of charge. Shareholders have the right at any time to change their choice of language and means of receipt of the Company's corporate communications.

Shareholders may request for printed copy of the Company's corporate communications or change their choice of language and means of receipt of the Company's corporate communications by sending reasonable prior notice in writing to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

Shareholders who have chosen to receive the corporate communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

- * The Company's corporate communications refer to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to: (a) annual report; (b) interim report; (c) notice of meeting; (d) listing document; (e) circular; and (f) form of proxy.

On behalf of the Board

Zhou Yaying

Chairman

Hong Kong

30 November 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		Unaudited	Unaudited
		HK\$'000	HK\$'000
	Notes		
Revenue	4	32,334	37,303
Cost of sales		(17,536)	(23,179)
Gross profit		14,798	14,124
Other income	5	1	197
Impairment of expected credit losses ("ECLs") on trade receivables and loan and interest receivables, net	6	(4,838)	(3,733)
Selling and distribution expenses		(3,159)	(3,399)
Administrative expenses		(4,721)	(3,971)
Finance costs	7	(773)	(526)
Profit before tax	8	1,308	2,692
Income tax expense	9	(809)	(1,346)
Profit for the period		499	1,346

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		97	149
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change in financial assets at fair value through other comprehensive income		(10,321)	13,866
Other comprehensive income for the period		(10,224)	14,015
Total comprehensive income for the period attributable to owners of the Company		(9,725)	15,361

	Notes	Six months ended 30 September	
		2023 Unaudited HK\$	2022 Unaudited HK\$
Earning per share	11		
– Basic		0.0004	0.0011
– Diluted		0.0004	0.0011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Non-current assets			
Property, plant and equipment	12	–	–
Right-of-use assets	13	910	1,431
Goodwill	14	1,000	1,000
Loan receivables	15	164,204	85,002
Deferred tax assets		99	101
Financial assets at fair value through other comprehensive income	16	18,098	28,419
		184,311	115,953
Current assets			
Inventories	17	79,847	83,227
Trade receivables	18	9,752	26,008
Loan and interest receivables	15	89,227	168,558
Other receivables, prepayments and deposits paid	19	47,169	18,943
Cash deposits held by securities brokers		1	1
Bank balances and cash		9,729	1,353
		235,725	298,090

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2023

	Notes	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Current liabilities			
Trade payables	20	11,108	3,498
Loan and interest payables		3,567	1,701
Other payables and accruals	21	23,318	21,124
Lease liabilities	22	822	1,014
Unconvertible bonds		11,610	9,859
Tax payable		1,823	1,253
		<u>52,248</u>	<u>38,449</u>
Net current assets		<u>183,477</u>	<u>259,641</u>
Total assets less current liabilities		<u>367,788</u>	<u>375,594</u>
Non-current liabilities			
Lease liabilities	22	129	456
Unconvertible bonds		10,820	8,574
		<u>10,949</u>	<u>9,030</u>
Net assets		<u>356,839</u>	<u>366,564</u>
Capital and reserves			
Share capital	23	129,471	129,471
Reserves		227,368	237,093
		<u>356,839</u>	<u>366,564</u>
Total equity		<u>356,839</u>	<u>366,564</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	124,928	2,676,779	2,031	(3,697)	8,585	464	2,199	(2,437,136)	374,153
Profit for the period	-	-	-	-	-	-	-	1,346	1,346
Other comprehensive income									
- Exchange difference on translation of foreign operations	-	-	-	-	149	-	-	-	149
- Fair value change in financial assets at fair value through other comprehensive income	-	-	-	13,866	-	-	-	-	13,866
Total comprehensive income for the period	-	-	-	13,866	149	-	-	1,346	15,361
Issue of shares upon exercise of share options	4,543	2,268	-	-	-	-	(1,314)	-	5,497
Share issue expenses	-	(3)	-	-	-	-	-	-	(3)
Lapse of share options	-	-	-	-	-	-	(885)	885	-
At 30 September 2022 (Unaudited)	129,471	2,679,044	2,031	10,169	8,734	464	-	(2,434,905)	395,008
At 1 April 2023	129,471	2,679,044	2,031	(2,422)	8,688	464	-	(2,450,712)	366,564
Profit for the period	-	-	-	-	-	-	-	499	499
Other comprehensive income									
- Exchange difference on translation of foreign operations	-	-	-	-	97	-	-	-	97
- Fair value change in financial assets at fair value through other comprehensive income	-	-	-	(10,321)	-	-	-	-	(10,321)
Total comprehensive income for the year	-	-	-	(10,321)	97	-	-	499	(9,725)
At 30 September 2023 (unaudited)	129,471	2,679,044	2,031	(12,743)	8,785	464	-	(2,450,213)	356,839

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Net cash generated from/(used in) operating activities	3,788	(2,552)
Cash flows from investing activities		
Net cash generated from investing activities	1	–
Cash flows from financing activities		
Proceeds from issue of shares upon exercise of share options	–	5,497
Share issue expenses	–	(3)
Repayment of lease liabilities	(501)	(488)
Interest expenses on lease liabilities	(20)	(35)
Repayment of borrowing	(700)	(8,500)
Interest paid	(80)	(4)
Proceeds from loan payables	2,490	–
Proceeds from issue of unconvertible bond	3,400	–
Net cash generated/(used in) from financing activities	4,589	(3,533)
Net increase/(decrease) in cash and cash equivalents	8,378	(6,085)
Cash and cash equivalents at beginning of the period	1,354	10,186
Effects of exchange rate changes	(2)	(1)
Cash and cash equivalents at end of the period	9,730	4,100
Cash and cash equivalents at end of the period represented by:		
Cash deposits held by securities brokers	1	1
Bank balances and cash	9,729	4,099
	9,730	4,100

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

China Environmental Energy Investment Limited (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 condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rule**”). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report of the Company for the year ended 31 March 2023.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual report of the Company for the year ended 31 March 2023, except for the accounting policy changes that mentioned in note 3.

The preparation of condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the issuance of the annual financial statements for the year ended 31 March 2023.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amended standards adopted by the Group

The following new standards and amendments are mandatory for the financial year beginning on 1 April 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new standards and amendments did not have any significant impact on the preparation of these condensed consolidated interim financial information.

(b) New and amended standards not yet adopted

Certain new accounting standard, amendments to standards and interpretations have been published that are not mandatory for the financial year beginning 1 April 2023 and have not been early adopted by the Group. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION

The Group's operating and reportable segments are based on the types of products manufactured and services rendered. The Group has identified the following reportable segments.

Design and Marketing of Jewelry:	design of jewelry and sales and marketing of jewelry
Money Lending:	provision of loans as money lending

(a) Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts ("Design and Marketing of Jewelry"), and interest income from provision of loans as money lending ("Money Lending") is analysed as below.

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

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of Jewelry	18,530	23,916
Revenue from other sources		
Interest income from Money Lending	13,804	13,387
	32,334	37,303

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(a) Revenue (Continued)

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

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
At a point in time	18,530	23,916

As at 30 September 2023, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK\$165,000 (30 September 2022: approximately HK\$164,000).

(iii) *Disaggregation of revenue according to geographic location*

During the six months ended 30 September 2023 and 2022, revenue from external customers are wholly generated from Hong Kong. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(b) Analysis of segment revenue and result

For the six months ended 30 September 2023 (Unaudited)

	Design and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Revenue from external customers	<u>18,530</u>	<u>13,804</u>	<u>32,334</u>
Net segment result	<u>(621)</u>	<u>6,613</u>	<u>5,992</u>
Other unallocated income			1
Other unallocated expenses			(3,912)
Finance costs			<u>(773)</u>
Profit before tax			1,308
Income tax expense			<u>(809)</u>
Profit for the period			<u>499</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(b) Analysis of segment revenue and result (Continued)

For the six months ended 30 September 2022 (Unaudited)

	Design and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Revenue from external customers	23,916	13,397	37,303
Net segment result	(2,778)	10,341	7,563
Other unallocated income			197
Other unallocated expenses			(4,542)
Finance costs			(526)
Profit before tax			2,692
Income tax expense			(1,346)
Profit for the period			1,346

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(c) Analysis of segment assets and liabilities

As at 30 September 2023 (Unaudited)

	Design and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities			
Segment assets			
– Hong Kong	56,566	262,694	319,260
– The People's Republic of China ("PRC")	79,847	–	79,847
	<u>136,413</u>	<u>262,694</u>	<u>399,107</u>
Financial assets at fair value through other comprehensive income			18,098
Deferred tax assets			99
Unallocated corporate assets			<u>2,732</u>
Consolidated total assets			<u>420,036</u>
Segment liabilities:			
– Hong Kong	18,877	250,216	269,093
– Elimination of loan payables (Note)	–	(249,900)	(249,900)
	<u>18,877</u>	<u>–</u>	<u>19,193</u>
Unconvertible bonds			22,430
Loan and interest payables			3,567
Unallocated corporate liabilities			16,184
Tax payable			<u>1,823</u>
Consolidated total liabilities			<u>63,197</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(c) Analysis of segment assets and liabilities (Continued)

As at 31 March 2023 (Audited)

	Design and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	44,641	254,876	299,517
– The People's Republic of China ("PRC")	83,030	–	83,030
	<u>127,671</u>	<u>254,876</u>	<u>382,547</u>
Financial assets at FVTOCI			28,419
Deferred tax assets			101
Unallocated corporate assets			<u>2,976</u>
Consolidated total assets			<u>414,043</u>
Segment liabilities:			
– Hong Kong	9,968	249,516	259,484
– Elimination of loan payables (Note)	–	(249,516)	(249,516)
	<u>9,968</u>	<u>–</u>	<u>9,968</u>
Unconvertible bonds			18,433
Loan and interest payables			1,701
Tax payable			1,253
Unallocated corporate liabilities			<u>16,124</u>
Consolidated total liabilities			<u>47,479</u>

Note: The loan was made from the Company to the subsidiary under Money Lending segment which was under negotiated terms. As at 30 September 2023, the carrying amount of loan was approximately HK\$249,900,000 (31 March 2023: approximately HK\$249,516,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

(c) Analysis of segment assets and liabilities (Continued)

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, right-of-use assets, certain bank balances and cash, financial assets at fair value through other comprehensive income, certain other receivables, prepayments and deposits paid, 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, lease liabilities, unconvertible bonds and tax payable.

5. OTHER INCOME

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Bank interest income	1	–
Government subsidies	–	197
	<hr/>	<hr/>
	1	197
	<hr/>	<hr/>

Note: Government subsidies recognised were primarily related to subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

6. IMPAIRMENT OF ECLs ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES, NET

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
(Impairment of)/reversal of ECLs on:		
– trade receivables	1,148	(689)
– loan and interest receivables	(5,986)	(3,044)
	<u>(4,838)</u>	<u>(3,733)</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Interest on loan payables	86	14
Imputed interest on unconvertible bonds	667	477
Interest on lease liabilities	20	35
	<u>773</u>	<u>526</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

8. PROFIT BEFORE TAX

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Auditor's remuneration	75	75
Staff costs (including directors' emoluments)	3,053	3,488
Cost of inventories recognised as an expense	17,536	23,179
Depreciation on right-of-use assets	505	508

9. INCOME TAX EXPENSE

Income tax recognised in profit or loss

	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Hong Kong Profits Tax	806	1,343
Deferred tax	3	3
Income tax expense for the period	809	1,346

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the remaining assessable profits on the estimated assessable profits for the six months ended 30 September 2023 and 2022.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

10. INTERIM DIVIDEND

The Board did not propose to declare an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

11. EARNING PER SHARE

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

	Six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earning		
Earning for the purpose of basic and diluted earning per share		
Profit for the period attributable to owners of the Company	499	1,346

	Six months ended 30 September	
	2023	2022
	Unaudited	Unaudited
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,294,706	1,249,276

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

12. PROPERTY, PLANT AND EQUIPMENT

During the period, no any addition of property, plant and equipment (six months ended 30 September 2022: Nil) to the Group, the Group has not written off any property, plant and equipment during the period (six months ended 30 September 2022: Nil).

13. RIGHT-OF-USE ASSETS

	Leased properties	
	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Carrying amount	910	1,431
	Six months ended 30 September	
	2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Depreciation expenses on right-of-use assets	505	508
Interest expense on lease liabilities (included in finance costs)	20	35
Total cash outflow for leases	485	488

The Group regularly entered into short-term leases for office.

For both periods, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2022: 2 years to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

14. GOODWILL

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Money Lending business	1,000	1,000

Note:

No impairment loss was recognised for the six months ended 30 September 2023 and 30 September 2022.

15. LOAN AND INTEREST RECEIVABLES

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Loan receivables	276,572	276,572
Interest receivables	13,885	8,028
Less: allowance for ECLs	(37,026)	(31,040)
	253,431	253,560
Less: non-current portion	(164,204)	(85,002)
	89,227	168,558

The Group's loan receivables which arise from the money lending business in Hong Kong. Loan receivables include both secured and unsecured loans to individuals customers. Secured loan receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group's customers.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

15. LOAN AND INTEREST RECEIVABLES (Continued)

At 30 September 2023, the loan receivables arising from Money Lending business with fixed interest rate ranging from 8% to 11% per annum on principal amount, are repayable quarterly (31 March 2023: 8% to 11%). The effective interest rates of the loan receivables range from 9% to 12% (31 March 2023: 9% to 12%) per annum.

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

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Repayable:		
On demand and within 3 months	73,440	8,214
Over 3 months but less than 1 year	91,443	160,344
Over 1 year but less than 2 years	88,548	85,002
	253,431	253,560

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

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

During the six months ended 30 September 2023, provision of ECLs was made on loan and interest receivables amounting approximately HK\$5,986,000 (2022: HK\$3,044,000).

The loan and interest receivables outstanding as at 30 September 2023 and 31 March 2023 are denominated in HK\$.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Listed equity securities	18,098	28,419

As at 30 September 2023 and 31 March 2023, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Stock Exchange.

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

17. INVENTORIES

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Goods held for sales	79,847	83,227

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

18. TRADE RECEIVABLES

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Trade receivables	10,146	27,550
Less: allowance for ECLs	(394)	(1,542)
	9,752	26,008

The Group has a policy of allowing credit period 90 days 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 allowance for ECLs, at the end of reporting period, based on the invoice date, is as follows:

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Within 3 months	7,346	10,467
4 to 6 months	2,358	6,179
Over 6 months	48	9,362
	9,752	26,008

The carrying amounts of trade receivables approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

18. TRADE RECEIVABLES (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Other receivables	2	20
Prepayments	4	–
Deposits paid (Note)	47,163	18,923
	47,169	18,943

Note: The amounts mainly represent the trade deposit paid for design and Marketing of Jewelry business amounting approximately HK\$46,692,000 (31 March 2023: approximately HK\$18,420,000).

20. TRADE PAYABLES

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Trade payables (Note)	11,108	3,498

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

20. TRADE PAYABLES (Continued)

Note: Trade payables related to Design and Marketing of Jewelry business with credit period on purchase of goods ranges from 30 to 180 days (31 March 2023: ranges from 30 to 180 days) included in the balances, approximately HK\$10,881,000 aged within 90 days, nil aged between 91 to 180 days and approximately HK\$227,000 was aged over 180 days based on invoice date (31 March 2023: nil aged within 90 days, approximately HK\$3,270,000 aged between 91 to 180 days and approximately HK\$228,000 aged over 180 days based on invoice date).

At 30 September 2023 and 31 March 2023, the trade payables were denominated in HK\$ and the carrying amounts of trade payables approximate to their fair values.

21. OTHER PAYABLES AND ACCRUALS

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Other accrued charges and payables	23,153	20,959
Contract liabilities (Note)	165	165
	23,318	21,124

Note: Movements in contract liabilities:

	HK\$'000
Balance at 1 April 2023 (audited)	165
Result of recognising revenue during the period	—
Balance at 30 September 2023 (unaudited)	165

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

21. OTHER PAYABLES AND ACCRUALS (Continued)

Income from design and marketing of Jewelry business

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract liabilities being recognised until the customer obtains control of a promised jewelry products and the Group satisfies a performance obligation.

22. LEASE LIABILITIES

	30 September 2023 Unaudited HK\$'000	31 March 2023 Audited HK\$'000
Lease liabilities payable:		
Within one year	822	1,014
In the second to fifth years, inclusive	129	456
	951	1,470
Less: Amount due for settlement within 12 months shown under current liabilities	(822)	(1,014)
Amount due for settlement after 12 months shown under non-current liabilities	129	456

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities is 2.75% and 4.75% (31 March 2023: 2.75% and 4.75%).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

23. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	10,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1 April 2021	624,638	62,464
Share issued on 20 September 2021 pursuant to rights issue (Note a)	624,638	62,464
Ordinary shares of HK\$0.1 each at 31 March 2022 and 1 April 2022	1,249,276	124,928
Exercise of share options (Note b)	45,430	4,543
Ordinary shares of HK\$0.1 each at 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	1,294,706	129,471

Notes:

- a. On 20 September 2021, the Company completed a rights issue of 624,637,750 rights shares at the subscription price of HK\$0.10 per rights share on the basis of one rights share for every one share at the Company (the "Rights Issue"). The net proceeds from rights issue were approximately HK\$60,086,000 after deducting directly attributable costs of approximately HK\$2,378,000. The results of the rights issue are set out in the Company's announcement dated 17 September 2021.
- b. On 12 May 2022, 45,430,000 options were exercised at the exercise price of HK\$0.121 per share, resulting in the issue of 45,430,000 new shares of HK\$0.1 each. The proceeds generated from exercising the share options, net of the share issuance expense, amounted of approximately HK\$5,494,000, of which approximately HK\$4,543,000 and HK\$951,000 were credited to share capital and share premium account respectively. In addition, the share options reserve amounted to HK\$1,314,000 was reclassified to share premium upon the exercise of the share options, resulting in a total amount credited to the share premium account of HK\$2,265,000.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

24. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance (“MPF Schemes”) for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee’s relevant monthly income, up to a maximum of HK\$1,500 per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised during the six months ended 30 September 2023 (2022: Nil) and there were no material forfeitures available to reduce the Group’s future contributions at 30 September 2023 and 31 March 2023.

25. CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2023 (31 March 2023: Nil).

26. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties.

Compensation of key management personnel of the Group, who were the Directors, are as follows:

	Six months ended 30 September	
	2023 Unaudited HK\$’000	2022 Unaudited HK\$’000
Short-term employee benefits	705	801