



**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)



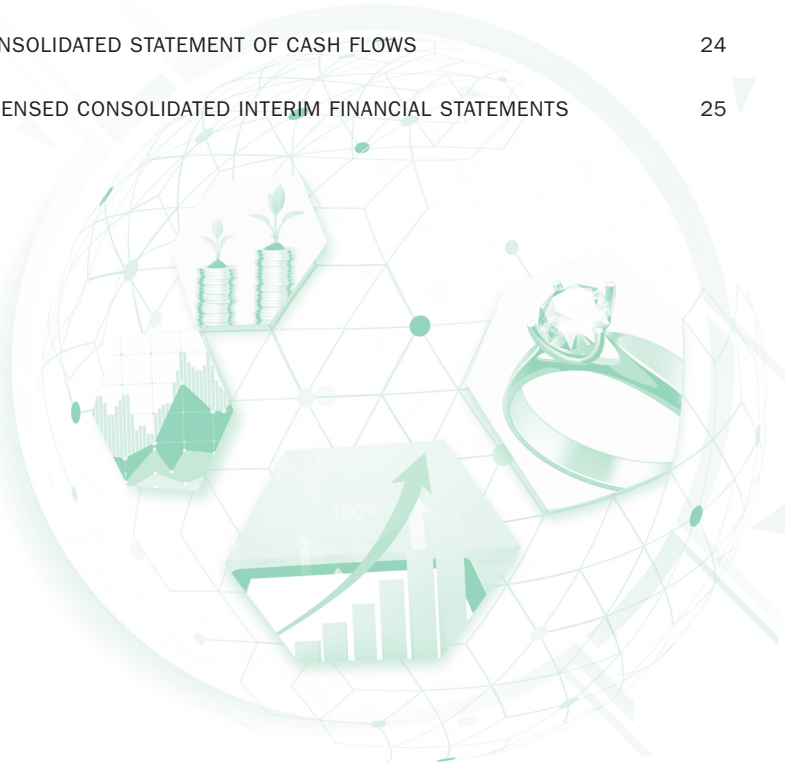
**2021/22**

**INTERIM  
REPORT**

\*For identification purposes only

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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Ms. Zhou Yaying (*Chairman*)  
Mr. Wei Liang (*Chief Executive Officer*)  
Mr. Tang Wing Cheung Louis

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### COMPANY SECRETARY

Mr. Chan Kin Ming

### 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  
188 Lockhart Road, Wanchai  
Hong Kong

### LEGAL ADVISOR

H.Y. Leung & Co. LLP Solicitors  
22/F., Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 910, 9/F., Harbour Centre  
25 Harbour Road, Wanchai  
Hong Kong

### PRINCIPAL BANKERS

China Construction Bank  
(Asia) Corporation Limited  
Industrial and Commercial Bank of  
China Limited  
CMB Wing Lung Bank Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th floor, North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04, 33/F.,  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong

### WEBSITE

<http://www.986.com.hk>

### 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 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and during the six months ended 30 September 2021, the Group was principally engaged in the businesses of design, OEM and marketing of jewelry and money lending.

### RESULTS

The Group’s results for the six months ended 30 September 2021 and the state of affairs of the Group as at that date are set out in the condensed consolidated interim financial statements on pages 19 to 52.

### FINANCIAL REVIEW

For the six months ended 30 September 2021, the Group’s revenue from continuing operations was approximately HK\$42.89 million, representing an increase of approximately HK\$6.15 million or 16.74% as compared to approximately HK\$36.74 million of corresponding period of 2020. The revenue included approximately HK\$31.79 million from design, original equipment manufacturer (“**OEM**”) and marketing of jewelry (the “**Design, OEM and Marketing of Jewelry**”) business (2020: approximately HK\$28.28 million) and approximately HK\$11.10 million from money lending (the “**Money Lending**”) business (2020: approximately HK\$8.46 million).

Gross profit was approximately HK\$12.76 million (2020: approximately HK\$10.92 million), representing an increase of approximately HK\$1.84 million or 16.85% as compared with 2020. The increase in gross profit due to the high demand of the Money Lending business in the COVID-19 pandemic.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The turn to profit was mainly due to, including but not limited to (a) no share options granted during this period, whereas share option was granted in the last period, the equity-settled share-based payment expense was approximately HK\$2.20 million; and (b) decrease of impairment of goodwill of Design, OEM and Marketing of Jewelry was made of approximately HK\$1.35 million during this period, whereas the impairment of goodwill of Design, OEM and Marketing of Jewelry business of approximately HK\$2.41 million in the last period.

Selling, distribution and administrative expenses were approximately HK\$9.10 million (2020: approximately HK\$10.32 million), representing a decrease of approximately HK\$1.22 million or approximately 11.82% as compared with last year due to (i) no share options granted during this period, whereas share option was granted in the last period, the equity-settled share-based payment expense was approximately HK\$2.20 million.

The finance costs amounted to approximately HK\$0.73 million, representing a slightly increase of approximately HK\$0.19 million as compared to approximately HK\$0.54 million of the last period.

### Design, OEM and Marketing of Jewelry business

During the period under review, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK\$31.79 million (2020: approximately HK\$28.28 million). Operating loss before tax was approximately HK\$3.42 million (2020: approximately HK\$2.7 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

According to the statistics from Hong Kong Census and Statistics Department, despite the retail sales of the jewelry, watches and clocks, and valuable gifts in Hong Kong increased by approximately 36.57% from approximately HK\$13,606 million for the six months ended 30 September 2020 to approximately HK\$18,582 million for the six months ended 30 September 2021, and the retail sales of the jewelry, watches and clocks, and valuable gifts in Hong Kong increased by approximately 18.57% from approximately HK\$31,188 million for the 12 months ended 30 September 2020 to approximately HK\$36,979 million for the 12 months ended 30 September 2021. The Directors believe that the jewelry, watches and clocks, and valuable gifts category in Hong Kong has started to recover.

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. The Directors have planned to use approximately HK\$30.00 million of the proceeds from the rights issue for the development of this business. It would broaden the Group's market to capture more business opportunities.

### 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 2021, Great Luck had made loans to certain borrowers amounting to approximately HK\$226.67 million (31 March 2021: approximately HK\$220.67 million) in total at the average interest rate of 7.96% (31 March 2021: 8.60%) per annum. During the six months ended 30 September 2021, interest income from money lending was approximately HK\$11.10 million (2020: approximately HK\$8.46 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.

## 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 2021, the Company did not have any material acquisition and disposal.

### SHARE CAPITAL AND CAPITAL STRUCTURE

On 20 September 2021, the Company allotted and issued 624,637,750 new ordinary shares of the Company to the shareholders of the Company on the basis of one rights share for every one share of the Company in issue at the subscription price of HK\$0.10 per rights share (the "**Rights Issue**"). The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$60.09 million. The number of issued ordinary shares of the Company was 1,249,275,500 shares upon completion of the Rights Issue on 20 September 2021.

Further details of the Rights Issue were set out in the Company's announcements dated 16 June 2021, 9 July 2021, 8 September 2021 and 17 September 2021, the circular of the Company dated 16 July 2021 and the prospectus of the Company dated 18 August 2021.

## OTHER INFORMATION (Continued)

### USE OF PROCEEDS FROM RIGHTS ISSUE

The intended use of the net proceeds, actual use of the net proceeds and the remaining balance of unutilised proceeds as at 30 September 2021 are summarised as follows:

<b>Use of proceeds</b>	<b>Original intended use of net proceeds stated in circular dated 16 July 2021</b> HK\$'million	<b>Actual use of net proceeds as at 30 September 2021</b> HK\$'million	<b>Remaining balance of unutilised proceeds as at 30 September 2021</b> HK\$'million
Repayment of the loan and interest payable	5.76	5.76	–
Repayment of the overdue debts	9.46	5.62	3.84
Development of Design, OEM and Marketing of jewelry business	30.00	–	30.00
General working capital	14.89	1.41	13.48
<b>Total</b>	<b>60.11</b>	<b>12.79</b>	<b>47.32</b>

The remaining balance of unutilised proceeds of approximately HK\$47.32 million as at 30 September 2021 is expected to be utilised unchanged with the original plan.



## OTHER INFORMATION (Continued)

### SIGNIFICANT INVESTMENTS

As at 30 September 2021, 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\$28.55 million (31 March 2021: approximately HK\$23.08 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 30 September 2021 and 31 March 2021.

During the period under review, the Group’s Listed Equities recorded a fair value gain of approximately HK\$5.48 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.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group’s net current assets were approximately HK\$258.54 million (31 March 2021: approximately HK\$133.82 million), including cash and cash equivalents of approximately HK\$50.07 million (31 March 2021: approximately HK\$1.53 million). Total principal of interest-bearing borrowings amounted to approximately HK\$20.55 million as at 30 September 2021 (31 March 2021: approximately HK\$25.15 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%, whereas the cash and cash equivalents were over the debts as at 31 March 2021.

## **OTHER INFORMATION (Continued)**

### **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 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 30 September 2021 and 31 March 2021.

### **CAPITAL COMMITMENTS**

The Group had no material capital commitments authorised but not provided for as at 30 September 2021 and 31 March 2021.

### **PLEDGE OF ASSETS**

As at 30 September 2021 and 31 March 2021, 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 38 employees as at 30 September 2021 (31 March 2021: 30). 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 Rules Governing the Listing of Securities on the Stock Exchange (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 2021.

### 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 2021.

## 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	Number of underlying shares (unlisted and physically settled equity derivatives)	Approximate percentage of interest (Note)
Ms. Zhou Yaying	Beneficial owner	4,371,386	6,490,912	0.87%

Note: The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 30 September 2021, that is 1,249,275,500 ordinary shares of the Company.

Save as disclosed above, as at 30 September 2021, 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 2021 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 2021, 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.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 29 September 2021 unless the Company obtains a refresh approval from its shareholders. The maximum number of new shares which may be issued upon exercise of all share options is 124,927,550.

## **OTHER INFORMATION (Continued)**

### **SHARE OPTION SCHEME (Continued)**

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company (or the subsidiary) shall not exceed 10% of the total number of shares in issue from time to time. No options may be granted under any share option schemes of the Company (or the Subsidiary) if this will result in the limit being exceeded.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

The options must be taken up within 28 days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options 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)**

### **SHARE OPTION SCHEME (Continued)**

The purpose of the New Share Option Scheme is 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.

No participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in 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.

## OTHER INFORMATION (Continued)

### SHARE OPTION SCHEME (Continued)

Details of the share options under the Old Share Option Scheme of the Company during the six months ended 30 September 2021 were shown as follows:

Grantee	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 1 April 2021	Granted	Exercised	Adjustment (note)	Outstanding as at 30 September 2021
<b>Director</b>								
Ms. Zhou Yaying	20/8/2020	20/8/2020 to 19/8/2022	HK\$0.337 (note)	5,905,666	-	-	585,246	6,490,912
<b>Employees</b>								
Employees	13/5/2020	13/5/2020 to 12/5/2022	HK\$0.121 (note)	53,150,994	-	-	5,267,216	58,418,210
Total				59,056,660	-	-	5,852,462	64,909,122

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.

The estimated fair values of the options at the dates of grant on 13 May 2020 and 20 August 2020 are approximately HK\$1,684,000 and approximately HK\$515,000, respectively. These fair values were calculated using the Binomial Model. The inputs into the model were as follows:

	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%



## OTHER INFORMATION (Continued)

### SHARE OPTION SCHEME (Continued)

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.

The fair value of the share options granted under the Old Share Option Scheme of approximately HK\$2,199,000 during the six months ended 30 September 2020 was recognised in equity-settled share-based payment expenses and the share option reserve of the Group as at 30 September 2020.

### 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 2021, except for the code provision A.4.1 and E.1.2:

#### Code provision 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 of the Company, namely Mr. Tse Kwong Chan, is not appointed for a specific term. However, all of the Company’s independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

#### Code provision E.1.2

Code provision E.1.2 of the CG Code, the Chairman of the Company should attend the annual general meetings of the Company. The Chairman of the Company, was unable to attend the annual general meeting of the Company held on 29 September 2021 due to COVID-19 pandemic control measures. However, the Chairman had arranged other directors to attend the meeting and communicate with shareholders.

## **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 2021.

### **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 2021.

### **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 2021 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 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		<b>Six months ended 30 September</b>	
		<b>2021</b>	2020
		<b>Unaudited</b>	Unaudited
		<b>HK\$'000</b>	HK\$'000
	Notes		
Revenue	4	<b>42,883</b>	36,736
Cost of sales		<b>(30,121)</b>	(25,815)
		<b>12,762</b>	10,921
Gross profit			
Other income	5	–	672
Other gains and losses	6	<b>(1,188)</b>	(2,545)
Provision for expected credit losses ("ECLs") on trade receivables and loan and interest receivables, net	7	<b>(163)</b>	(465)
Selling and distribution expenses		<b>(3,877)</b>	(1,899)
Administrative expenses		<b>(5,220)</b>	(8,423)
Finance costs	8	<b>(733)</b>	(539)
		<b>1,581</b>	(2,278)
Profit/(loss) before tax	9		
Income tax expense	10	<b>(232)</b>	(771)
		<b>1,349</b>	(3,049)
Profit/(loss) for the period			

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

For the six months ended 30 September 2021

		<b>Six months ended 30 September</b>	
		<b>2021</b>	2020
		<b>Unaudited</b>	Unaudited
Notes		<b>HK\$'000</b>	HK\$'000
	Other comprehensive income		
	<i>Items that may be reclassified subsequently to profit or loss</i>		
	Exchange differences on translation of foreign operations	<b>(18)</b>	(28)
	<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	<b>5,478</b>	3,801
	Other comprehensive income for the period	<b>5,460</b>	3,773
	Total comprehensive income for the period attributable to owners of the Company	<b>6,809</b>	724

		<b>Six months ended 30 September</b>	
		<b>2021</b>	2020
		<b>Unaudited</b>	Unaudited
		<b>HK\$</b>	HK\$ (Restated)
	<b>Earning/(loss) per share</b>		
	– Basic	<b>0.0019</b>	(0.0044)
	– Diluted	<b>0.0019</b>	(0.0044)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	62	128
Right-of-use assets	14	2,463	371
Goodwill	15	2,841	4,189
Loan receivables	16	101,084	163,401
Deferred tax assets		632	600
Financial assets at fair value through other comprehensive income	17	28,553	23,075
Deposits paid		358	–
		<b>135,993</b>	<b>191,764</b>
<b>Current assets</b>			
Inventories	18	44,564	45,993
Trade receivables	19	14,283	19,413
Loan and interest receivables	16	127,312	54,421
Other receivables, prepayments and deposits paid	20	46,311	46,814
Tax recoverable		275	104
Cash deposits held by securities brokers		2	2
Bank balances and cash		50,067	1,534
		<b>282,814</b>	<b>168,281</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2021

	Notes	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
<b>Current liabilities</b>			
Trade payables	21	4,393	869
Loan and interest payables		660	6,404
Other payables and accruals	22	18,341	26,797
Lease liabilities	23	882	393
		<u>24,276</u>	<u>34,463</u>
<b>Net current assets</b>		<u>258,538</u>	<u>133,818</u>
<b>Total assets less current liabilities</b>		<u>394,531</u>	<u>325,582</u>
<b>Non-current liabilities</b>			
Lease liabilities	23	1,592	–
Unconvertible bonds		16,607	16,145
		<u>18,199</u>	<u>16,145</u>
<b>Net assets</b>		<u>376,332</u>	<u>309,437</u>
<b>Capital and reserves</b>			
Share capital	24	124,928	62,464
Reserves		251,404	246,973
<b>Total equity</b>		<u>376,332</u>	<u>309,437</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus	Investments revaluation reserve	Exchange reserve	Capital redemption reserve	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	62,464	2,679,157	2,031	(12,155)	8,686	464	-	(2,442,187)	298,460
Loss for the period	-	-	-	-	-	-	-	(3,049)	(3,049)
Other comprehensive income									
- Exchange difference on translation of foreign operations	-	-	-	-	(28)	-	-	-	(28)
- Fair value change in financial assets at fair value through other comprehensive income	-	-	-	3,801	-	-	-	-	3,801
Total comprehensive income for the period	-	-	-	3,801	(28)	-	-	(3,049)	724
Grant of share options	-	-	-	-	-	-	2,199	-	2,199
At 30 September 2020 (Unaudited)	62,464	2,679,157	2,031	(8,354)	8,658	464	2,199	(2,445,236)	301,383
At 1 April 2021	62,464	2,679,157	2,031	(7,766)	8,628	464	2,199	(2,437,740)	309,437
Profit for the period	-	-	-	-	-	-	-	1,349	1,349
Other comprehensive income									
- Exchange difference on translation of foreign operations	-	-	-	-	(18)	-	-	-	(18)
- Fair value change in financial assets at fair value through other comprehensive income	-	-	-	5,478	-	-	-	-	5,478
Total comprehensive income for the period	-	-	-	5,478	(18)	-	-	1,349	6,809
Issue of rights shares	62,464	(2,378)	-	-	-	-	-	-	60,086
At 30 September 2021 (Unaudited)	124,928	2,676,779	2,031	(2,288)	8,610	464	2,199	(2,436,391)	376,332



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,983)</b>	565
<b>Cash flows from investing activities</b>		
Bank interest income	–	2
Net cash generated from investing activities	–	2
<b>Cash flows from financing activities</b>		
Proceeds from issue of unconvertible bonds	–	9,500
Repayment of lease liabilities	(555)	(574)
Interest expenses on lease liabilities	(18)	(33)
Repayment of borrowing	(4,600)	–
Interest paid	(1,397)	–
Proceeds from issue of rights shares	62,464	–
Directly attributable cost for issue of rights shares	(2,378)	–
Net cash generated from financing activities	53,516	8,893
<b>Net increase in cash and cash equivalents</b>	<b>48,533</b>	9,460
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,536</b>	7,434
Effects of exchange rate changes	–	(1)
<b>Cash and cash equivalents at end of the period</b>	<b>50,069</b>	16,893
<b>Cash and cash equivalents at end of the period represented by:</b>		
Cash deposits held by securities brokers	2	3
Bank balances and cash	50,067	16,890
	<b>50,069</b>	16,893

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 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 2021 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 2021.

## 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 2021, 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 2021.

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 2021

### 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 2021.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendment to HKFRS 16	Covid-19 Related Rent Concessions

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.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

#### (b) New and amended standards not yet adopted

The following new standards and amendments have been issued but are not effective for the financial year beginning on or after 1 April 2021 and have not been early adopted by the Group.

Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 (Revised) and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs Standards 2018–2020 <sup>1</sup>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

#### (b) New and amended standards not yet adopted (Continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>3</sup> Effective date not yet determined
- <sup>4</sup> Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group will apply the above new standards and amendments when they become effective. 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.

### 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 four reportable segments.

Design, Original Equipment Manufacturing (" <b>OEM</b> ") and Marketing of Jewelry:	design of jewelry, OEM and sales and marketing of jewelry
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Money Lending:	provision of loans as money lending
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## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 4. SEGMENT INFORMATION (CONTINUED)

#### (a) Revenue

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

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

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of Jewelry	<b>31,786</b>	28,273
<b>Revenue from other sources</b>		
Interest income from Money Lending	<b>11,097</b>	8,463
	<b>42,883</b>	36,736

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 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	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
At a point in time	<b>31,786</b>	28,273

As at 30 September 2021, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK\$9,434,000 (30 September 2020: approximately HK\$13,707,000).

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

During the six months ended 30 September 2021 and 2020, 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 2021

### 4. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 September 2021 (Unaudited)

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Revenue from external customers	<u>31,786</u>	<u>11,097</u>	<u>42,883</u>
Net Segment Result:			
Segment result	(2,075)	4,223	2,148
Impairment loss on goodwill	<u>(1,348)</u>	<u>-</u>	<u>(1,348)</u>
Net segment result	<u>(3,423)</u>	<u>4,223</u>	<u>800</u>
Other unallocated income			6,935
Other unallocated expenses			(5,421)
Finance costs			<u>(733)</u>
Profit before tax			1,581
Income tax expense			<u>(232)</u>
Profit for the period			<u>1,349</u>



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 4. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 September 2020 (Unaudited)

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Revenue from external customers	28,273	8,463	36,736
Net Segment Result:			
Segment result	(292)	79	(213)
Impairment loss on goodwill	(2,408)	—	(2,408)
Net segment result	(2,700)	79	(2,621)
Other unallocated income			8,391
Other unallocated expenses			(5,310)
Equity-settled share-based payment			(2,199)
Finance costs			(539)
Loss before tax			(2,278)
Income tax expense			(771)
Loss for the period			(3,049)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 4. SEGMENT INFORMATION (Continued)

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

As at 30 September 2021 (Unaudited)

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities			
Segment assets			
– Hong Kong	108,909	229,436	338,345
	<u>108,909</u>	<u>229,436</u>	<u>338,345</u>
Financial assets at fair value through other comprehensive income			28,553
Deferred tax assets			632
Unallocated corporate assets			<u>51,277</u>
Consolidated total assets			<u>418,807</u>
Segment liabilities:			
– Hong Kong	15,822	218,964	234,786
– Elimination of loan payables (Note)	–	(218,964)	(218,964)
	<u>15,822</u>	<u>–</u>	<u>15,822</u>
Unconvertible bonds			16,607
Loan and interest payables			660
Unallocated corporate liabilities			<u>9,386</u>
Consolidated total liabilities			<u>42,475</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 4. SEGMENT INFORMATION (Continued)

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

As at 31 March 2021 (Audited)

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	115,646	218,865	334,511
	<u>115,646</u>	<u>218,865</u>	334,511
Financial assets at fair value through other comprehensive income			23,075
Deferred tax assets			600
Unallocated corporate assets			<u>1,859</u>
Consolidated total assets			<u>360,045</u>
Segment liabilities:			
– Hong Kong	20,256	212,700	232,956
– Elimination of loan payables (Note)	–	(212,700)	(212,700)
	<u>20,256</u>	<u>–</u>	20,256
Unconvertible bonds			16,145
Loan and interest payables			6,404
Unallocated corporate liabilities			<u>7,803</u>
Consolidated total liabilities			<u>50,608</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 2021, the carrying amount of loan was approximately HK\$218,964,000 (31 March 2021: approximately HK\$212,700,000).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 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 and unconvertible bonds.

### 5. OTHER INCOME

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Interest income	–	2
Government subsidies (Note)	–	670
	<hr/>	<hr/>
	–	672
	<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 2021

### 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Other gains:		
Reversal of impairment loss recognised on inventories	160	–
Other losses:		
Impairment loss recognised on		
– goodwill	(1,348)	(2,408)
– inventories	–	(137)
	<u>(1,188)</u>	<u>(2,545)</u>

### 7. PROVISION FOR ECLs ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES, NET

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
(Provision for)/reversal of ECLs on:		
– trade receivables	(228)	12
– loan and interest receivables	65	(477)
	<u>(163)</u>	<u>(465)</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 8. FINANCE COSTS

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Interest expenses on:		
Loan payables	253	256
Imputed interest on unconvertible bonds	462	250
Lease liabilities	18	33
	<hr/>	<hr/>
	733	539
	<hr/>	<hr/>

### 9. PROFIT/(LOSS) BEFORE TAX

	Six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Auditor's remuneration	75	150
Staff costs (including directors' emoluments)	4,039	6,814
Cost of inventories recognised as an expense	30,121	25,815
Depreciation of property, plant and equipment	66	170
Depreciation on right-of-use assets	544	562
Short-term lease payment	63	58
Equity-settled share-based payment (included in staff costs)	-	2,199
	<hr/>	<hr/>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 10. INCOME TAX EXPENSE

#### Income tax recognised in profit or loss

	Six months ended 30 September	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Hong Kong Profits Tax	264	783
Deferred tax	(32)	(12)
	<hr/>	<hr/>
Income tax expense for the period	<b>232</b>	<b>771</b>

#### 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 2021 and 2020.

### 11. INTERIM DIVIDEND

The Board did not propose to declare an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).





## **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the six months ended 30 September 2021

### **12. EARNING/(LOSS) PER SHARE (Continued)**

The weighted average number of ordinary shares used for the purpose of calculating basic loss per share for the six months ended 30 September 2020 has been adjusted to reflect of bonus element in rights issue on 20 September 2021. Basic loss per share for the six months ended 30 September 2020 has been restated accordingly.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in an increase in loss per share for the six months ended 30 September 2020.

### **13. PROPERTY, PLANT AND EQUIPMENT**

During the period, no any addition of property, plant and equipment (six months ended 30 September 2020: Nil) to the Group, the Group has not written off any property, plant and equipment during the period (six months ended 30 September 2020: Nil).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 14. RIGHT-OF-USE ASSETS

	<b>Leased properties</b>	
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>Unaudited</b>	Audited
	<b>HK\$'000</b>	HK\$'000
Carrying amount	<b>2,463</b>	371

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Expense relating to short-term leases (included in administrative expenses)	<b>63</b>	58
Depreciation expenses on right-of-use assets	<b>544</b>	562
Interest expense on lease liabilities (included in finance costs)	<b>18</b>	33
Total cash outflow for leases	<b>573</b>	607

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 (2020: 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 2021

### 15. GOODWILL

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Design, OEM and Marketing of Jewelry business	<b>1,841</b>	3,189
Money Lending business	<b>1,000</b>	1,000
	<hr/>	<hr/>
At the end of the reporting period	<b>2,841</b>	4,189
	<hr/>	<hr/>

Note:

Impairment loss on goodwill made on Design, OEM and Marketing of Jewelry business was recognised approximately HK\$1,348,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$2,408,000).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 16. LOAN AND INTEREST RECEIVABLES

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Loan receivables	<b>221,470</b>	212,914
Interest receivables	<b>9,908</b>	7,955
Less: allowance for ECLs	<b>(2,982)</b>	(3,047)
	<b>228,396</b>	217,822
Less: non-current portion	<b>(101,084)</b>	(163,401)
	<b>127,312</b>	54,421

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.

At 30 September 2021, the loan receivables arising from Money Lending business with fixed interest rate ranging from 6% to 12% per annum on principal amount, are repayable quarterly (31 March 2021: 6% to 16%). The effective interest rates of the loan receivables range from 6% to 12% (31 March 2021: 5.8% to 11.5%) per annum.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 16. LOAN AND INTEREST RECEIVABLES (Continued)

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:

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Repayable:		
On demand and within 3 months	<b>9,767</b>	6,939
Over 3 months but less than 1 year	<b>117,545</b>	47,482
Over 1 year but less than 2 years	<b>101,084</b>	163,401
	<b>228,396</b>	217,822

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 2021, reversal of ECLs was made on loan and interest receivables amounting approximately HK\$65,000 (2020: provision for ECLs was made of approximately HK\$477,000).

The loan and interest receivables outstanding as at 30 September 2021 and 31 March 2021 are denominated in HK\$.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Listed equity securities	<b>28,553</b>	23,075

As at 30 September 2021 and 31 March 2021, 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.

### 18. INVENTORIES

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Goods held for sales	<b>44,564</b>	45,993

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 19. TRADE RECEIVABLES

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Trade receivables	<b>14,709</b>	19,611
Less: allowance for ECLs	<b>(426)</b>	(198)
	<b>14,283</b>	19,413

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:

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Within 3 months	<b>6,776</b>	6,811
4 to 6 months	<b>4,304</b>	10,240
Over 6 months	<b>3,203</b>	2,362
	<b>14,283</b>	19,413

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 2021

### 19. 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.

### 20. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Other receivables	<b>86</b>	85
Prepayments	<b>11</b>	10
Deposits paid (Note)	<b>46,572</b>	46,719
	<b>46,669</b>	46,814
Less: non-current portion	<b>(358)</b>	–
	<b>46,311</b>	46,814

Note: The amounts mainly represent the trade deposit paid for design, OEM and Marketing of Jewelry business amounting approximately HK\$46,039,000 (31 March 2021: approximately HK\$46,186,000).

### 21. TRADE PAYABLES

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Trade payables (Note)	<b>4,393</b>	869



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 21. TRADE PAYABLES (Continued)

Note: Trade payables related to Design, OEM and Marketing of Jewelry business with credit period on purchase of goods ranges from 30 to 180 days (31 March 2021: ranges from 30 to 180 days) included in the balances, approximately HK\$4,309,000 aged within 3 months and approximately HK\$84,000 was aged over 6 months based on invoice date (31 March 2021: approximately HK\$640,000 aged within 3 months and approximately HK\$229,000 aged over 180 days based on invoice date).

At 30 September 2021 and 31 March 2021, the trade payables were denominated in HK\$ and the carrying amounts of trade payables approximate to their fair values.

### 22. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Other accrued charges and payables	<b>8,907</b>	10,458
Contract liabilities (Note)	<b>9,434</b>	16,339
	<b>18,341</b>	26,797

Note: Movements in contract liabilities:

	HK\$'000
Balance at 1 April 2021 (audited)	16,339
Decrease as a result of recognising revenue during the period	(6,905)
Balance at 30 September 2021 (unaudited)	9,434

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 22. OTHER PAYABLES AND ACCRUALS (Continued)

#### Income from design, OEM, 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.

### 23. LEASE LIABILITIES

	<b>30 September 2021 Unaudited HK\$'000</b>	31 March 2021 Audited HK\$'000
Lease liabilities payable:		
Within one year	<b>882</b>	393
Within a period of more than one year but not more than two years	<b>884</b>	–
More than two years	<b>708</b>	–
	<b>2,474</b>	393
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(882)</b>	(393)
Amount due for settlement after 12 months shown under non-current liabilities	<b>1,592</b>	–

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities is 2.75% (31 March 2021: 5.5%).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 24. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each at 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	10,000,000	10,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each at 1 April 2020, 31 March 2021 and 1 April 2021	624,638	62,464
Share issued on 20 September 2021 pursuant to rights issue (Note)	624,638	62,464
Ordinary shares of HK\$0.1 each at 30 September 2021	1,249,276	124,928

Note: 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 net proceeds from rights issue were approximately HK\$60,086,000 after deducting directly attributable costs of approximately HK\$2,378,000.

All the new ordinary shares issued and allotted during the period ended 30 September 2021 presented rank pari passu in all respect with the then existing ordinary shares of the Company.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 25. 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 2021 (six months ended 30 September 2020: Nil) and there were no material forfeitures available to reduce the Group’s future contributions at 30 September 2021 and 31 March 2021.

### 26. CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2021 (31 March 2021: Nil).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2021

### 27. 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:

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>887</b>	978
Equity-settled share-based payment	<b>–</b>	515
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>887</b>	1,493