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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 2024

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 2024 (the “**Interim Results**”). This announcement, containing the full text of the 2024 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

Liu Jun

Chairman

Hong Kong, 29 November 2024

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Liu Jun and Mr. Wei Liang; and three independent non-executive directors, namely 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*

CONTENTS

	<i>Pages</i>
CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
OTHER INFORMATION	10
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	23
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	25
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	27
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	28
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	29

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liu Jun (*Chairman, effective since 20 September 2024*)

Mr. Wei Liang (*Chief Executive Officer*)

Ms. Zhou Yaying (*resigned on 20 September 2024*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yiu To Wa

Mr. Lau Leong Yuen

Mr. Hong Hui Lung

COMPANY SECRETARY

Mr. Chan Chiu Kin

AUDIT COMMITTEE

Mr. Yiu To Wa (*Chairman*)

Mr. Lau Leong Yuen

Mr. Hong Hui Lung

REMUNERATION COMMITTEE

Mr. Yiu To Wa (*Chairman*)

Ms. Zhou Yaying (*Tenure until 20 September 2024 due to retired*)

Mr. Lau Leong Yuen

Mr. Liu Jun (*effective since 20 September 2024*)

NOMINATION COMMITTEE

Mr. Yiu To Wa (*Chairman*)

Ms. Zhou Yaying (*Tenure until 20 September 2024 due to retired*)

Mr. Lau Leong Yuen

Mr. Liu Jun (*effective since 20 September 2024*)

AUDITOR

McMillan Woods (Hong Kong) CPA Limited
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Hong Kong

LEGAL ADVISOR

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

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China Limited
CMB Wing Lung Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

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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 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and during the six months ended 30 September 2024, the Group was principally engaged in the businesses of design and marketing of jewelry and provision of loans as money lending.

RESULTS

The Group’s results for the six months ended 30 September 2024 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 2024, the Group’s revenue was approximately HK\$27.36 million, representing a decrease of approximately HK\$4.97 million or 15.37% as compared to approximately HK\$32.33 million of corresponding period of 2023. The revenue included approximately HK\$11.32 million from design and marketing of jewelry (the “**Design and marketing of jewelry**”) business (2023: approximately HK\$18.53 million) and approximately HK\$16.04 million from money lending (the “**Money lending**”) business (2023: approximately HK\$13.80 million).

Gross profit was approximately HK\$16.59 million (2023: approximately HK\$14.80 million), representing an increase of approximately HK\$1.79 million or 12.09% as compared with 2023. Gross profit margin of the Group was increased from approximately 45.77% to 60.64%. 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\$11.31 million (2023: approximately HK\$1.31 million), representing increase of approximately HK\$10 million due to, including but not limited to (a) the reversal of expected credit losses on loan and interest receivables and trade receivables (“ECLs”) were approximately HK\$3.67 million compared to impairment losses of ECLs was approximately HK\$4.84 million of the six months ended 30 September 2023; and (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\$10.96 million (2023: approximately HK\$0.5 million).

Selling, distribution and administrative expenses were approximately HK\$7.83 million (2023: approximately HK\$7.88 million), representing a decrease of approximately HK\$0.05 million or approximately 0.63% as compared with last corresponding period.

The finance costs amounted to approximately HK\$1.12 million, representing a increase of approximately HK\$0.35 million as compared to approximately HK\$0.77 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\$11.32 million (2023: approximately HK\$18.53 million). Operating loss before tax was approximately HK\$0.56 million (2023: approximately HK\$0.62 million).

The pandemic in mainland China 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

The Group holds a money lender's licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to prospective clients. The Group earns interest income from the provision of such loan facilities through the wholly owned subsidiaries of the Company, Great Luck Finance Limited ("**Great Luck**") and Ritz Trading (Shanghai) Co., Limited.

As at 30 September 2024, there were a total of 126 (31 March 2024: 122) individual borrowers with principal amounts totalling approximately HK\$312.11 million (31 March 2024: HK\$310.14 million) at the average interest rate of 10.49% (31 March 2024: 10.58%) per annum. The tenure of loans were 1 to 3 years (31 March 2024: 1 to 4 years). During the period under review, interest income from money lending was approximately HK\$16.04 million (2023: approximately HK\$13.80 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The following table sets forth the distribution of the remaining maturity of loan receivables as at 30 September 2024:

	HK\$'million
Within one year	103.99
Between one and four years	209.11
	<u>313.10</u>

All of the borrowers are individuals. Out of the total loan receivables, approximately HK\$34.00 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 2.87% of the total loan receivables of the Group and the five largest borrowers were HK\$43,000,000, approximately 13.73% 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 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) obtaining personal information as to identity card copy and address proof; (ii) enquiring with the potential customer about any relationship with our directors or staff; (iii) ensuring 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 a notifiable transaction test to ensure the loan is in compliance with the Listing Rules; (vi) conducting a 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 the directors 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 will be reviewed; (vii) conducting a litigation search through the government/other platform for the potential customers; and (viii) performing an assessment on the recoverability by the finance team, the procedures include reviewing the asset proof to ensure the potential customer is 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. 4 years), (iii) the interest rate of loan shall not be less than the preset by the Group (i.e. 5%) and (iv) the credit limit should be based on, amongst others, the asset proof and the collateral value (if any), and determined by one of the directors. The terms of loan will depend on, amongst others, on assets proof, background search and collateral which will be determined on a case-by-case basis in accordance with the policy.

Loan monitoring mechanism has 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 assessments on the repayment schedule and the date of payment, and perform company searches, litigation searches, internet searches and regulatory compliance searches in order to monitor and determine the risk level. The Group will request borrowers provide 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 in the financial or legal conditions of 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 2024, 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 aging 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 reversal of expected credit losses on loan and interest receivables were made approximately HK\$3.56 million. Actually, the Group did not incur any bad debt during the year except for these accounting impairment provisions.

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 are punctual and past due accounts are handled efficiently. When there were past due accounts, the Group would take actions including reminder calls, interviews, issuing demand notes, discussing the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

As at 30 September 2024, the allowance for ECLs of loan receivables is HKD59.56 million (31 March 2024: HKD63.10 million). The provision of default rate is 18.09% (31 March 2024: 20.24%). 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 2024.

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 2024.

According to the statistics from Companies Registry, number of licensed money lenders has gradually increased from 1,994 to 2,133 for year 2017 to year 2024. Licensed money lenders, which are outside the banking system, provide an alternative source of financing for individuals and companies.



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 2024, 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 2024.

OTHER INFORMATION (Continued)

SIGNIFICANT INVESTMENTS

As at 30 September 2024, 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\$13.03 million (31 March 2024: approximately HK\$12.28 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 2024	(loss) on fair value change during the period	as at 30 September 2024	shareholding held as at 30 September 2024	assets of the Company as at 30 September 2024
		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	8.62	0.71	9.33	2.50	2.70
Other listed equity securities (Note)		3.66	0.04	3.70	N/A	1.07
Total		<u>12.28</u>	<u>0.75</u>	<u>13.03</u>	<u>N/A</u>	<u>3.77</u>

Note: As at 30 September 2024 and 31 March 2024, 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 gain of approximately HK\$0.75 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 2024, the Group's net current assets were approximately HK\$158.89 million (31 March 2024: approximately HK\$114.86 million), including cash and cash equivalents of approximately HK\$0.33 million (31 March 2024: approximately HK\$0.35 million). Total principal of interest-bearing borrowings amounted to approximately HK\$30.22 million as at 30 September 2024 (31 March 2024: approximately HK\$26.27 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 30 September 2024 was 8.75% (31 March 2024: 7.24%).

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 2024, 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 2024 and 31 March 2024.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2024 and 31 March 2024.

PLEDGE OF ASSETS

As at 30 September 2024 and 31 March 2024, 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 23 employees as at 30 September 2024 (31 March 2024: 25). 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 2024.

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 2024.



OTHER INFORMATION (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed in this report, as at 30 September 2024, 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 2024 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.

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

As at 30 September 2024, 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.

OTHER INFORMATION (Continued)

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 2024

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, 31 March 2024 and 30 September 2024
Former 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.

There were no share options outstanding as at 30 September 2024 and 2023.

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 2024.

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 2024.

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 2024.

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 three independent non-executive Directors, Mr. Lau Leong Yuen, 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 2024 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

Liu Jun

Chairman

Hong Kong

29 November 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
		Unaudited	Unaudited
		HK\$'000	HK\$'000
	Notes		
Revenue	4	27,362	32,334
Cost of sales		(10,771)	(17,536)
		<hr/>	<hr/>
Gross profit		16,591	14,798
Other income and losses	5	–	1
Reversal of/(impairment losses) of expected credit losses (“ECLs”) on trade receivables and loan and interest receivables, net	6	3,669	(4,838)
Selling and distribution expenses		(2,366)	(3,159)
Administrative expenses		(5,467)	(4,721)
Finance costs	7	(1,117)	(773)
		<hr/>	<hr/>
Profit before tax	8	11,310	1,308
Income tax expense	9	(351)	(809)
		<hr/>	<hr/>
Profit for the period		10,959	499
		<hr/>	<hr/>

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

For the six months ended 30 September 2024

	Note	Six months ended 30 September	
		2024 Unaudited HK\$'000	2023 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		1,487	97
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes on financial assets at fair value through other comprehensive income ("FVTOCI")		750	(10,321)
Other comprehensive income for the period		2,237	(10,224)
Total comprehensive income for the period		13,196	(9,725)

	11	Six months ended 30 September	
		2024 Unaudited HK\$	2023 Unaudited HK\$
Earnings per share			
– Basic		0.0085	0.0004
– Diluted		0.0085	0.0004

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	12	–	–
Right-of-use assets	13	1,450	421
Loan receivables	14	186,916	216,586
Deferred tax assets		89	95
Financial assets at FVTOCI	15	13,029	12,279
		<hr/> 201,484 <hr/>	<hr/> 229,381 <hr/>
Current assets			
Inventories	16	94,217	98,202
Trade receivables	17	9,962	8,249
Loan and interest receivables	14	82,812	32,020
Other receivables and deposits paid	18	21,086	19,211
Cash deposits held by securities brokers		1	1
Bank balances and cash		334	354
		<hr/> 208,412 <hr/>	<hr/> 158,037 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2024

	Notes	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Current liabilities			
Trade payables	19	608	501
Loan and interest payables		5,049	3,698
Other payables and accruals	20	32,179	27,882
Lease liabilities	21	854	374
Unconvertible bonds		10,593	10,406
Tax payable		235	320
		<u>49,518</u>	<u>43,181</u>
Net current assets		<u>158,894</u>	<u>114,856</u>
Total assets less current liabilities		<u>360,378</u>	<u>344,237</u>
Non-current liabilities			
Lease liabilities	21	598	71
Unconvertible bonds		14,580	12,162
		<u>15,178</u>	<u>12,233</u>
Net assets		<u>345,200</u>	<u>332,004</u>
Capital and reserves			
Share capital	22	129,471	129,471
Reserves		215,729	202,533
Total equity		<u>345,200</u>	<u>332,004</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company							Total HK\$'000
	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	Accumulated losses HK\$'000	
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 differences on translation of foreign operations	-	-	-	-	97	-	-	97
- Fair value changes on financial assets at FVTOCI	-	-	-	(10,321)	-	-	-	(10,321)
Total comprehensive income for the period	-	-	-	(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
At 1 April 2024	129,471	2,679,044	2,031	(18,562)	8,781	464	(2,469,225)	332,004
Profit for the period	-	-	-	-	-	-	10,959	10,959
Other comprehensive income:								
- Exchange differences on translation of foreign operations	-	-	-	-	1,487	-	-	1,487
- Fair value changes on financial assets at FVTOCI	-	-	-	750	-	-	-	750
Total comprehensive income for the period	-	-	-	750	1,487	-	10,959	13,196
At 30 September 2024 (unaudited)	129,471	2,679,044	2,031	(17,812)	10,268	464	(2,458,266)	345,200

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Net cash (used in)/from operating activities	(3,869)	3,788
Cash flows from investing activities		
Net cash generated from investing activities	1	1
Cash flows from financing activities		
Repayment of lease liabilities	(473)	(501)
Interest paid on lease liabilities	(14)	(20)
Repayment of loan payables	(300)	(700)
Other interest paid	(527)	(80)
Proceeds from loan payables	1,410	2,490
Proceeds from issue of unconvertible bond	2,270	3,400
Net cash generated from financing activities	2,366	4,589
Net (decrease)/increase in cash and cash equivalents	(1,502)	8,378
Cash and cash equivalents as at the beginning of the period	354	1,353
Effects of exchange rate changes	1,482	(2)
Cash and cash equivalents as at the end of the period	334	9,729
Cash and cash equivalents at the end of the period represented by:		
Bank balances and cash	334	9,729

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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. The condensed consolidated interim financial statements for the six months ended 30 September 2024 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 2024.

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 2024, 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 2024.

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 2024

3. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of new standards effective as of 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs during the reporting period has no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

4. SEGMENT INFORMATION

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

Design and marketing of jewelry: design, marketing and sales 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	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of jewelry	11,320	18,530
Revenue from other sources		
Interest income from money lending	16,042	13,804
	27,362	32,334

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

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	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
At a point in time	11,320	18,530

(b) Analysis of segment revenue and result

For the six months ended 30 September 2024 (Unaudited)

	Design and marketing of jewelry HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue:			
Revenue from external customers	11,320	16,042	27,362
Net segment result	(556)	18,279	17,723
Other unallocated income			-
Other unallocated expenses			(5,296)
Finance costs			(1,117)
Profit before tax			11,310
Income tax expense			(351)
Profit for the period			10,959

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

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

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	18,530	13,804	32,334
Net segment result	(621)	6,613	5,992
Other unallocated income			1
Other unallocated expenses			(3,912)
Finance costs			(773)
Profit before tax			1,308
Income tax expense			(809)
Profit for the period			499

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

(c) Analysis of segment assets and liabilities

As at 30 September 2024 (Unaudited)

	Design and marketing of jewelry HK\$'000	Money lending HK\$'000	Total HK\$'000
Assets and liabilities			
Segment assets			
– Hong Kong	31,110	269,873	300,983
– The People's Republic of China ("PRC")	94,020	–	94,020
	<u>125,130</u>	<u>269,873</u>	<u>395,003</u>
Financial assets at FVTOCI			13,029
Deferred tax assets			89
Unallocated corporate assets			<u>1,775</u>
Consolidated total assets			<u>409,896</u>
Segment liabilities:			
– Hong Kong	10,666	250,216	260,882
– Elimination of loan payables (Note)	–	(249,900)	(249,900)
	<u>10,666</u>	<u>316</u>	<u>10,982</u>
Unconvertible bonds			25,173
Loan and interest payables			5,049
Unallocated corporate liabilities			23,257
Tax payable			<u>235</u>
Consolidated total liabilities			<u>64,696</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

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

As at 31 March 2024 (Audited)

	Design and marketing of jewelry HK\$'000	Money lending HK\$'000	Total HK\$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	27,580	215,251	242,831
– PRC	98,005	–	98,005
	<u>125,585</u>	<u>215,251</u>	<u>340,836</u>
Financial assets at FVTOCI			12,279
Deferred tax assets			95
Unallocated corporate assets			<u>34,208</u>
Consolidated total assets			<u>387,418</u>
Segment liabilities:			
– Hong Kong	9,460	250,216	259,676
– Elimination of loan payables (Note)	–	(249,900)	(249,900)
	<u>9,460</u>	<u>316</u>	<u>9,776</u>
Unconvertible bonds			22,568
Loan and interest payables			3,698
Tax payable			320
Unallocated corporate liabilities			<u>19,052</u>
Consolidated total liabilities			<u>55,414</u>

Note: The loan was made from the money lending segment of the Company to a subsidiary under negotiated terms. As at 30 September 2024, the carrying amount of loan was approximately HK\$249,900,000 (31 March 2024: approximately HK\$249,900,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

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 financial assets at FVTOCI, certain other receivables and deposits paid and deferred tax assets; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, unconvertible bonds and tax payable.

5. OTHER INCOME AND LOSSES

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Bank interest income	1	1
Exchange losses, net	(1)	–
	<hr/>	<hr/>
	–	1
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

6. REVERSAL OF/(IMPAIRMENT LOSSES) OF ECLs ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES, NET

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Reversal of/(impairment losses) of ECLs on:		
– trade receivables	108	1,148
– loan and interest receivables	3,561	(5,986)
	<u>3,669</u>	<u>(4,838)</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Interest on loan payables	247	86
Imputed interest on unconvertible bonds	856	667
Interest on lease liabilities	14	20
	<u>1,117</u>	<u>773</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

8. PROFIT BEFORE TAX

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Auditor's remuneration	75	75
Staff costs (including directors' emoluments)	3,180	3,053
Cost of inventories sold	10,771	17,536
Depreciation of right-of-use assets	449	505

9. INCOME TAX EXPENSE

Income tax recognised in profit or loss

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Hong Kong Profits Tax	346	806
Deferred tax	5	3
Income tax expense for the period	351	809

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 2024 and 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

10. INTERIM DIVIDEND

The Board did not propose to declare an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: 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	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	10,959	499
	1,294,706	1,294,706
	1,294,706	1,294,706

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

12. PROPERTY, PLANT AND EQUIPMENT

During the period, no any addition of property, plant and equipment (six months ended 30 September 2023: Nil) to the Group, the Group has not written off any property, plant and equipment during the period (six months ended 30 September 2023: Nil).

13. RIGHT-OF-USE ASSETS

	Leased properties	
	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Carrying amount	1,450	421

	Six months ended 30 September	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Depreciation expenses on right-of-use assets	449	505
Interest expense on lease liabilities (included in finance costs)	14	20
Total cash outflow for leases	473	485

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 4 years (2023: 2 years to 4 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 2024

14. LOAN AND INTEREST RECEIVABLES

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Loan receivables	313,098	311,138
Interest receivables	16,191	568
Less: allowance for ECLs	(59,561)	(63,100)
	269,728	248,606
Less: non-current portion	(186,916)	(216,586)
	82,812	32,020

Loan receivables include both secured and unsecured loans to individuals customers, which are bearing interest and are repayable with fixed terms agreed with the Group's customers. Secured loan receivables are secured by collaterals provided by customers.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

14. LOAN AND INTEREST RECEIVABLES (Continued)

At 30 September 2024, the loan receivables arising from Money Lending business with fixed interest rate ranging from 8% to 11% (31 March 2024: 8% to 11%) per annum on principal amount, are repayable quarterly. The effective interest rates of the loan receivables range from 9% to 11% (31 March 2024: 9% to 11%) per annum.

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

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Repayable:		
On demand and within 3 months	23,804	5,798
Over 3 months but less than 1 year	59,008	27,609
Over 1 year but less than 2 years	135,499	181,843
Over 2 years but less than 3 years	51,417	33,356
	269,728	248,606

The loan receivables outstanding as at 30 September 2024 denominated in HK\$ amounted to HK\$215,674,000 (31 March 2024: HK\$214,261,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

15. FINANCIAL ASSETS AT FVTOCI

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Listed equity securities	13,029	12,279

As at 30 September 2024 and 31 March 2024, 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.

16. INVENTORIES

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Goods held for sales	94,217	98,202

As at 30 September 2024, the allowances for inventories amounted to approximately HK\$37,000 (31 March 2024: HK\$37,000).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

17. TRADE RECEIVABLES

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Trade receivables		
– Design and marketing of jewelry business	10,052	8,447
Less: allowance for ECLs	(90)	(198)
	9,962	8,249

The Group has a policy of allowing credit period 90 days (31 March 2024: 90 days) to its trade customers. The Group does not hold any collateral over the balances.

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

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Within 3 months	9,813	6,898
4 to 6 months	–	876
Over 6 months	149	475
	9,962	8,249

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 2024

17. 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.

18. OTHER RECEIVABLES AND DEPOSITS PAID

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Other receivables	5	5
Deposits paid (Note)	21,081	19,206
	21,086	19,211

Note: The amounts mainly represent the trade deposit paid for design and marketing of jewelry business amounting approximately HK\$20,769,000 (31 March 2024: approximately HK\$18,847,000).

19. TRADE PAYABLES

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Trade payables	608	501

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

19. TRADE PAYABLES (Continued)

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 2024: 30 to 180 days).

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

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Within 90 days	–	141
Between 91 to 180 days	227	22
Over 180 days	381	338
	<hr/> 608	<hr/> 501

At 30 September 2024 and 31 March 2024, the trade payables were denominated in HK\$ and the carrying amounts of trade payables approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

20. OTHER PAYABLES AND ACCRUALS

	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Amount due to a director (Note (a))	2,489	3,233
Other accrued charges and payables	29,525	24,484
Contract liabilities (Note (b))	165	165
	<hr/> 32,179 <hr/>	<hr/> 165 <hr/> 27,882 <hr/>

Notes:

- (a) The amount is unsecured, interest-free and repayable on demand.
- (b) Contract liabilities

Movements in contract liabilities:

	HK\$'000
Balance at 1 April 2024 (audited)	165
Result of recognising revenue during the period	–
	<hr/>
Balance at 30 September 2024 (unaudited)	165

Income from design and marketing of jewelry business

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

21. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000	30 September 2024 Unaudited HK\$'000	31 March 2024 Audited HK\$'000
Within one year	862	381	854	374
In the second to fifth years, inclusive	598	72	598	71
	<u>1,460</u>	<u>453</u>	<u>1,452</u>	<u>445</u>
Less: Future finance charges	(8)	(8)	N/A	N/A
Present value of lease obligations	<u>1,452</u>	<u>445</u>	<u>1,452</u>	<u>445</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(854)</u>	<u>(374)</u>
Amount due for settlement after 12 months			<u>598</u>	<u>71</u>

The incremental borrowing rates applied to lease liabilities are 2.75% and 4.75% (31 March 2024: 2.75% and 4.75%).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

22. 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, 31 March 2024 and 30 September 2024	10,000,000	1,000,000
	Number of shares '000	Share capital HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1 April 2022	1,249,276	124,928
Issue of shares upon exercise of share options (note)	45,430	4,543
Ordinary shares of HK\$0.1 each at 31 March 2023, 1 April 2023, 31 March 2024 and 30 September 2024	1,294,706	129,471

Notes: 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 approximately 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 approximately HK\$2,265,000.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2024

23. 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 2024 (2023: Nil) and there were no material forfeitures available to reduce the Group’s future contributions at 30 September 2024 and 31 March 2024.

24. CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 30 September 2024 (31 March 2024: Nil).

25. 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	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Short-term employee benefits	683	705