



BEP International Holdings Limited
百靈達國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

2015
Interim Report

* For identification purpose only



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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$" and "cent"	Hong Kong dollars and cent
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	United States dollars
"%"	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Honghai (*Chairman*)
Mr. Cheung Ming (*Chief Executive Officer*)
Mr. Ren Haisheng

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin

AUDIT COMMITTEE

Mr. Ng Tze Kin (*Chairman*)
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick (*Chairman*)
Mr. Chan Kwong Fat, George
Mr. Ng Tze Kin
Mr. Cheung Ming

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George (*Chairman*)
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin
Mr. Cheung Ming

RISK MANAGEMENT COMMITTEE

Mr. Ng Tze Kin (*Chairman*)
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ren Haisheng

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suites 1004-1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited,
Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.,
Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia)
Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial
Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY HOMEPAGE

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

STOCK CODE

2326



Management Discussion and Analysis

OPERATIONS REVIEW

The Board of the Company is pleased to report that the Group continued to perform well for the six months ended 30 September 2015. The Group posted a revenue and gross profit of HK\$1,036,100,000 (30 September 2014: HK\$321,009,000) and HK\$142,496,000 (30 September 2014: HK\$20,099,000) respectively, showing increases of 2.2 times and 6.1 times from their comparables in the previous period. The significant growth in the Group's revenue and gross profit were mainly attributed to the contribution from the sourcing and sale of metal minerals and related industrial materials segment. During the review period, the Group recorded a profit of HK\$68,258,000 which increased by 16.0 times compared to the previous period (30 September 2014: HK\$4,025,000). The significant growth in profit recorded by the Group was attributable to the management's efforts in promoting the Group's businesses and the adoption of a series of profitable business solutions.

For the period under review, the Group recorded profit attributable to the owners of the Company of HK\$71,475,000 (30 September 2014: HK\$4,377,000) which increased by 15.3 times compared to the previous period. The Company's earnings per share for the period amounted to HK0.351 cent as compared to the corresponding period of HK0.022 cent (restated).

The results of the Group's operation in the sourcing and sale of metal minerals and related industrial materials is very encouraging. The Group continued to expand the product range of its sourcing and sale of metal minerals and related industrial materials, successfully established its foothold in the overseas markets and obtained better sales terms by meeting the specific customer needs. During the period under review, the Group's sourcing and sale of metal minerals and related industrial materials operation posted a revenue of HK\$1,029,717,000 (30 September 2014: HK\$306,288,000) and segment profit of HK\$142,576,000 (30 September 2014: HK\$18,998,000), showing increases of 2.4 times and 6.5 times respectively from their comparables in the previous period. The operating results of this segment was in line with expectations and the management will continue to pursue the business growth plan of this segment and endeavour to achieve better results in the second half of the financial year.

During the review period, as a result of adverse effects of intensifying competition in the electrical and electronic products industry and severe business environment, the sale of electrical and electronic consumer products operation remained stagnant and posted a year-on-year decrease of 67% in revenue to HK\$4,891,000 (30 September 2014: HK\$14,721,000) and segment loss of HK\$68,000 (30 September 2014: HK\$914,000).

In December 2014, the Group completed the acquisition of a company and its subsidiary, which primarily engage in logistics business in Hong Kong and China. During the review period, the Group's operation of logistics services which was adversely affected by the reduction in demand from customers due to slowdown of economic growth in the Mainland and the loss of major customers, posted revenue of HK\$1,492,000 and segment loss of HK\$2,408,000. The Group will consolidate the logistics operation and establish long-term financial goals, explore and develop opportunities to extend its logistics operation to other regions outside Shenzhen, China.

Management Discussion and Analysis

OPERATIONS REVIEW (continued)

As for administrative expenses, the amount was HK\$52,503,000 (30 September 2014: HK\$12,986,000) and the increase was mainly due to the recognition of the share based payment expenses relating to share options granted in April 2015, legal and professional fees and the Group's exposure to foreign exchange risk from various currencies. The foreign exchange risk was mainly related to Renminbi and the United State dollars, mostly arising from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in Renminbi. In response to specific customer needs, the Group have exposed to foreign exchange risk in exchange for better pricing in return.

During the period, the Group recognised other comprehensive income of HK\$282,000 (30 September 2014: HK\$27,000) due to exchange differences on translation of financial statements of overseas subsidiaries. With the result that the Group's total comprehensive income for the period increased to HK\$68,540,000 (30 September 2014: HK\$4,052,000). The Group's total comprehensive income, net of tax, attributable to owners of the Company was HK\$71,644,000 for the period under review compared to HK\$4,402,000 in the prior period.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group financed its operations mainly by cash generated from its business activities and credit facilities provided by banks. As at 30 September 2015, the Group had current assets of HK\$1,051,580,000 (31 March 2015: HK\$489,561,000), comprising cash and bank balances of HK\$157,609,000 together with HK\$72,719,000 restricted bank deposits for trade facilities granted by banks (31 March 2015: HK\$85,348,000 with nil balance for restricted bank deposits). The Group's current ratio, calculated based on current assets of HK\$1,051,580,000 (31 March 2015: HK\$489,561,000) over current liabilities of HK\$808,654,000 (31 March 2015: HK\$333,792,000), was at a healthy level of about 1.30 (31 March 2015: 1.47).

As at 30 September 2015, the Group's trade and bills receivables amounted to HK\$780,522,000 (31 March 2015: HK\$305,382,000), restricted bank deposits amounted to HK\$72,719,000 (31 March 2015: nil) and trade and bills payables amounted to HK\$737,941,000 (31 March 2015: HK\$21,514,000). Such increases in the Group's trade and bills receivables, restricted bank deposits and trade and bills payables were mainly due to the increase in the trade volume of sourcing of metal minerals and related industrial materials.

As at 30 September 2015, the Group's equity attributable to owners of the Company increased to HK\$251,845,000 (31 March 2015: HK\$164,154,000). The increase in equity attributable to owners of the Company was mainly due to a rise in the Group's total comprehensive income during the period.

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Liquidity, Financial Resources and Capital Structure (continued)

The Group's finance costs for the period under review was HK\$227,000 (30 September 2014: HK\$1,055,000) which was primarily interest paid on discounting of bills receivables. As at 30 September 2015, the Group's gearing ratio, calculated based on total liabilities of HK\$808,691,000 (31 March 2015: HK\$334,383,000) over total assets of HK\$1,059,785,000 (31 March 2015: HK\$500,890,000), was at a low level of 0.76 (31 March 2015: 0.67).

During the period, the Company issued 220,500,000 shares by the exercise of share options. In addition, starting from 9 June 2015, every one issued and unissued share of par value of HK\$0.002 each in the share capital of the Company has been subdivided into ten subdivided shares of par value of HK\$0.0002 each (the "Share Subdivision"). Upon completion of the Share Subdivision, the issued shares of the Company increased by 18,314,164,926 shares.

During the review period, the Group continued to implement a prudent financial management policy, striving to promote the operations of the Group. With the amount of liquid assets on hand, the management will explore the feasibility of carrying out certain fund-raising exercises, with the support from investment banks and professional advisers, to meet its ongoing operational requirements and business expansion.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign currency risk management, primarily by including the estimated exchange differences on currency exposure in our pricing of metal minerals trade to minimise the impact of the foreign exchange risk on the Group's profit. The Group thus believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a manageable foreign currency risk. As such, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purpose. Nevertheless, the management will closely monitor the foreign currency exposure and consider using necessary financial instruments for hedging purpose.

Pledge of Assets

As at 30 September 2015, the Group had bank advances for discounted bills of HK\$10,073,000 (31 March 2015: HK\$299,225,000) which were secured by the same amount of the Group's bills receivables.

Capital Commitment

As at 30 September 2015, the Group had capital commitments of RMB77,000,000 (equivalent to approximately HK\$97,580,000) (31 March 2015: nil) in respect of the acquisition of the entire equity interests in 寧夏華夏環保資源綜合利用有限公司 (Ningxia Huaxia Integrated Waste Recycling Company Limited), which was entered into a sale and purchase agreement but not provided in the condensed consolidated financial statements.

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Contingent Liabilities

As at 30 September 2015, the Group had no material contingent liabilities (31 March 2015: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group had a total of 34 employees and directors (30 September 2014: 30). The Group's staff costs, including directors' remuneration, amounted to HK\$23,505,000 (30 September 2014: HK\$9,501,000). During the period, the Group remunerated its employees and directors based on their performance, experience and prevailing market rate. Benefit plans provided by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

PROSPECTS

In light of the challenging economic and business environment, the Group constantly reviews its existing operations from time to time. The Group remains optimistic about the demand for metal minerals and related industrial materials and, capitalising on its resources, it will continue to expand the product range of its profitable sourcing and sale of metal minerals and related industrial materials business, as well as its market development, explore opportunities to integrate the logistics business with its sourcing and sale of metal minerals and related industrial materials business, and expand the logistics business to other regions outside Shenzhen, China for an improvement in turnover and profitability so as to bring the Group's operations to new heights.

The Group will continue to implement a business growth strategy, playing an active role in seeking potential investment opportunities. In this respect, the Group signed a sale and purchase agreement with a vendor (the "Vendor", which is a related company of 寧夏天元錳業有限公司 (Ningxia Tianyuan Manganese Industry Company Limited)) in August to acquire the entire equity interests of a company engaging in sulfuric acid business in Ningxia, China, details of which were set out in the announcement of the Company dated 6 August 2015. Besides, the Group entered into a sale and purchase agreement (the "S&P Agreement") this month with 寧夏天元錳業有限公司 (Ningxia Tianyuan Manganese Industry Company Limited), which is a major customer for raw materials including manganese ore and chromium ore and a major supplier of the Group's electrolytic manganese metal flakes of the Group's metal minerals trading business, to acquire the entire equity interests of a company which is engaged in integrated waste heat supply power generation in Ningxia, China. The S&P Agreement is subject to the approval and passing by the shareholders of the Company at the special general meeting of necessary resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder, details of which were set out in the announcement of the Company dated 16 November 2015. The Group is of the view that, upon completion of the acquisitions, it will allow the Group to expand its business scope to the production and distribution of sulfuric acid and to the integrated waste heat power generation and heat business. It is also believed that a synergistic effect could be created between the sulfuric acid business and the power generation business. The acquisitions will also allow the Group to diversify its business risks and accordingly explore the feasibility of cooperation on other operations to demonstrate the favourable momentum in development and bring about striking financial performance. We expect the Company could diversify its source of income to increase business opportunities for the Group.

Looking ahead, the Group will continue to promote its business development in full swing and optimise the efficiency and variety of all segments, hence laying a solid foundation for the Group's revenue growth going forward. The Group will also proactively identify lucrative investment opportunities aiming at pursuing maximum return for the Company's shareholders.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2015

	Notes	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	4	1,036,100	321,009
Cost of sales		(893,604)	(300,910)
Gross profit		142,496	20,099
Other revenue and other net income	5	274	1,315
Selling and distribution costs		(2,396)	(2,015)
Administrative expenses		(52,503)	(12,986)
Profit from operations		87,871	6,413
Finance costs	6(a)	(227)	(1,055)
Profit before taxation	6	87,644	5,358
Income tax	7	(19,386)	(1,333)
Profit for the period		68,258	4,025
Attributable to:			
Owners of the Company		71,475	4,377
Non-controlling interests		(3,217)	(352)
Profit for the period		68,258	4,025
		HK cent	HK cent (restated)
Earnings per share			
Basic	9	0.351	0.022
Diluted	9	0.342	0.022

Details of dividend payable to owners of the Company attributable to profit for the period are set out in note 8.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit for the period	68,258	4,025
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	282	50
Reclassification adjustments relating to disposal of overseas subsidiary during the period	–	(23)
Other comprehensive income for the period (net of nil tax (2014: nil))	282	27
Total comprehensive income for the period	68,540	4,052
Attributable to:		
Owners of the Company	71,644	4,402
Non-controlling interests	(3,104)	(350)
	68,540	4,052

Condensed Consolidated Statement of Financial Position

As at 30 September 2015

	<i>Notes</i>	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	2,060	1,879
Goodwill	11	5,368	5,368
Other intangible asset	12	–	3,362
Deferred tax assets		80	80
Rental deposit		697	640
		8,205	11,329
Current assets			
Inventories		1,558	8,808
Trade and bills receivables	13	780,522	305,382
Prepayments, deposits and other receivables		39,172	90,023
Restricted bank deposits		72,719	–
Cash and cash equivalents		157,609	85,348
		1,051,580	489,561
Current liabilities			
Trade and bills payables	14	737,941	21,514
Accruals, deposits and other payables		36,456	8,347
Bank loan		–	309
Bank advances for discounted bills		10,073	299,225
Tax payable		24,184	4,397
		808,654	333,792
Net current assets		242,926	155,769
Total assets less current liabilities		251,131	167,098
Non-current liabilities			
Deferred tax liabilities		37	591
Net assets		251,094	166,507
Equity			
Equity attributable to owners of the Company			
Share capital	15	4,110	4,031
Reserves		247,735	160,123
		251,845	164,154
Non-controlling interests		(751)	2,353
Total equity		251,094	166,507

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014 (audited)	4,031	174,518	(1,522)	8,173	706	-	-	513	(34,921)	151,498	1,009	152,507
Profit/(loss) for the period	-	-	-	-	-	-	-	-	4,377	4,377	(352)	4,025
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	-	25	-	25	2	27
Total comprehensive income/(expenses) for the period	-	-	-	-	-	-	-	25	4,377	4,402	(350)	4,052
Decrease in non-controlling interests arising on disposal of interests in non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	-	516	516
At 30 September 2014 (unaudited)	4,031	174,518	(1,522)	8,173	706	-	-	538	(30,544)	155,900	1,175	157,075
At 1 April 2015 (audited)	4,031	-	(1,522)	8,173	-	-	114,768	2	38,702	164,154	2,353	166,507
Profit/(loss) for the period	-	-	-	-	-	-	-	-	71,475	71,475	(3,217)	68,258
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	-	169	-	169	113	282
Total comprehensive income/(expenses) for the period	-	-	-	-	-	-	-	169	71,475	71,644	(3,104)	68,540
Recognition of equity settled share-based payments	-	-	-	-	-	11,001	-	-	-	11,001	-	11,001
Share issued under share option scheme	79	17,888	-	-	-	(4,701)	-	-	-	13,266	-	13,266
Dividend declared in respect of the period	-	-	-	-	-	-	(8,220)	-	-	(8,220)	-	(8,220)
At 30 September 2015 (unaudited)	4,110	17,888	(1,522)	8,173	-	6,300	106,548	171	110,177	251,845	(751)	251,094

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	342,521	(11,490)
Net cash generated from/(used in) investing activities	11,430	(6,550)
Net cash used in financing activities	(281,924)	(1,055)
Net increase/(decrease) in cash and cash equivalents	72,027	(19,095)
Cash and cash equivalents at beginning of the period	85,348	71,756
Effect of foreign exchange rate changes	234	10
Cash and cash equivalents at end of the period	157,609	52,671
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	157,609	40,131
Deposits with banks	–	12,540
	157,609	52,671

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Its parent and ultimate parent were Long Channel Investments Limited and Loyal Giant Holdings Limited respectively until 24 July 2015. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" of this interim report.

The Company is an investment holding company. Its subsidiaries are principally engaged in sourcing and sale of metal minerals and related industrial materials, sale of electrical and electronic consumer products and provision of logistics services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Listing Rules including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 23 November 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the share-based payments listed below and the accounting policy changes that are expected to be reflected in the 2016 annual financial statements which are set out in note 3.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the Binomial Model taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account or the option expires (when it is released directly to retained profits)).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

2. BASIS OF PREPARATION (continued)

This interim financial report contains unaudited 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 2015 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2015 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2015 are available in the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 29 June 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued the following amendments to HKFRSs that are first effective for current accounting period of the Group.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRS 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRS 2011-2013 Cycle

The Group has adopted these new and revised HKFRSs and the adoption of these new and revised HKFRSs did not have a significant impact on the Group's results and financial position for the current or prior periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of goods supplied and services rendered to customers. The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Sourcing and sale of metal minerals and related industrial materials	1,029,717	306,288
Sale of electrical and electronic consumer products	4,891	14,721
Provision of logistics services	1,492	–
	1,036,100	321,009

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (i) Sourcing and sale of metal minerals and related industrial materials;
- (ii) Sale of electrical and electronic consumer products; and
- (iii) Provision of logistics services.

During the year ended 31 March 2015, a new segment, provision of logistics services, has been included in the segment reporting. The Group has acquired the subsidiaries which are principally engaged in the provision of logistics services in Hong Kong and the PRC on 8 December 2014.

The comparative information of the above has been restated to conform with the current period's presentation.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the six months ended 30 September 2015 and 2014 is set out below:

	Six months ended 30 September 2015 (unaudited)			
	Sourcing and sale of metal minerals and related industrial materials HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Provision of logistics services HK\$'000	Total HK\$'000
Reportable segment revenue from external customers	1,029,717	4,891	1,492	1,036,100
Reportable segment profit/(loss)	142,576	(68)	(2,408)	140,100
	Six months ended 30 September 2014 (unaudited)			
	Sourcing and sale of metal minerals and related industrial materials HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Provision of logistics services HK\$'000	Total HK\$'000
Reportable segment revenue from external customers	306,288	14,721	–	321,009
Reportable segment profit/(loss)	18,998	(914)	–	18,084

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

There are no inter-segment sales for the six months ended 30 September 2015 and 2014.

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 September 2015 and 31 March 2015:

	At 30 September 2015 (unaudited)			
	Sourcing and sale of metal minerals and related industrial materials <i>HK\$'000</i>	Sale of electrical and electronic consumer products <i>HK\$'000</i>	Provision of logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	812,779	5	14,291	827,075
Reportable segment liabilities	792,326	72	5,098	797,496
	At 31 March 2015 (audited)			
	Sourcing and sale of metal minerals and related industrial materials <i>HK\$'000</i>	Sale of electrical and electronic consumer products <i>HK\$'000</i>	Provision of logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	383,496	11,620	18,728	413,844
Reportable segment liabilities	316,099	9,416	6,261	331,776

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Total reportable segment profit derived from the Group's external customers	140,100	18,084
Other revenue and other net income	274	1,315
Depreciation of reportable segment not included in measurement of segment profit	(86)	(116)
Amortisation of other intangible asset	(420)	–
Impairment loss for other intangible asset	(2,942)	–
Finance costs	(227)	(1,055)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	(149)	(76)
– Net foreign exchange loss	(11,858)	(356)
– Staff costs (including directors' emoluments)	(21,913)	(8,454)
– Others	(15,135)	(3,984)
Consolidated profit before taxation	87,644	5,358

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

5. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other revenue		
Interest income on bank deposits	17	68
Interest income on loan receivable	172	–
	<hr/>	<hr/>
Total interest income on financial assets not at fair value through profit or loss	189	68
Sundry income	40	113
Rental income	–	78
	<hr/>	<hr/>
	229	259
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Other net income		
Gain on disposal of subsidiaries (<i>Note 17</i>)	45	1,056
	<hr/>	<hr/>
	274	1,315
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the followings:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
(a) Finance costs		
Interest on bank loan	7	–
Bills discount charges	220	1,055
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	227	1,055
	<hr/>	<hr/>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	12,109	9,271
Contributions to defined contribution retirement plans	395	230
Equity-settled share based payment expenses	11,001	–
	<hr/>	<hr/>
	23,505	9,501
	<hr/>	<hr/>
(c) Other items		
Cost of inventories #	893,604	300,910
Depreciation for property, plant and equipment	235	241
Operating lease charges: minimum lease payments	3,777	1,775
Loss on disposal of property, plant and equipment	9	55
Amortisation of other intangible asset	420	–
Impairment loss for other intangible asset	2,942	–
Net foreign exchange loss	11,858	356
	<hr/>	<hr/>

Cost of inventories includes HK\$3,087,000 (2014: HK\$899,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 2015 which amounts are also included in the respective total amounts disclosed separately in notes 6(b) and 6(c) for each of these types of expenses.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

7. INCOME TAX

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax (<i>Note (i)</i>)	19,941	1,333
Deferred tax		
– Origination and reversal of temporary differences	(555)	–
Total	19,386	1,333

Notes:

- (i) The provision for Hong Kong Profits Tax for the six months ended 30 September 2015 is calculated at 16.5% (2014: 16.5%) of estimated assessable profits for the period.
- (ii) PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") at 25% (2014: 25%). No PRC EIT has been provided for in the condensed consolidated financial statements as the Group has no assessable profits for the six months ended 30 September 2015 and 2014.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by the PRC entities.

- (iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the six months ended 30 September 2015 and 2014.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

8. DIVIDENDS

- a) Dividend payable to owners of the Company attributable to the period:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interim dividend proposed of HK0.06 cent per ordinary share (2014: HK0.02* cent per ordinary share)	12,330	4,031

* The dividend per share was adjusted for the effect of share subdivision (the "Share Subdivision") of one share of par value of HK\$0.002 each subdivided into 10 shares of par value of HK\$0.0002 each in June 2015.

The interim dividend was proposed after the period ended 30 September 2015, and therefore had not been recognised as a liability in the condensed consolidated statement of financial position.

- b) Dividends paid to owners of the Company attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Final dividend in respect of the previous financial year, approved and paid during the six months ended 30 September 2015, of HK0.04 cent per ordinary share (2014: nil)	8,220	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

9. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2015	2014
Earnings		
Profit for the period attributable to owners of the Company (HK\$'000)	<u>71,475</u>	<u>4,377</u>
		(restated)
Number of shares		
Weighted average number of ordinary shares in issue (Note)	<u>20,381,389,080</u>	<u>20,154,072,140</u>
		(restated)
Basic earnings per share (HK cent per share)	<u>0.351</u>	<u>0.022</u>

Note: The number of ordinary shares for both periods for the purpose of calculating basic earnings per share has been adjusted retrospectively for the Share Subdivision. As a consequence, the amount of basic earnings per share for the period ended 30 September 2014 has been restated from HK0.22 cent to HK0.022 cent.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

9. EARNINGS PER SHARE (continued)

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the number of dilutive potential ordinary shares under the share option scheme.

	Six months ended 30 September	
	2015	2014
Earnings		
Profit for the period attributable to owners of the Company (HK\$'000)	71,475	4,377
Number of shares		(restated)
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	20,381,389,080	20,154,072,140
Effect of deemed issue of share under the Company's share option scheme for nil consideration	519,803,114	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	20,901,192,194	(restated) 20,154,072,140
Diluted earnings per share (HK cent per share)	0.342	(restated) 0.022

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 September 2015, the Group acquired items of property, plant and equipment with a cost of approximately HK\$469,000 (2014: HK\$486,000). Items of property, plant and equipment with carrying amounts of approximately HK\$9,000 (2014: HK\$66,000) and nil (2014: HK\$1,189,000) were disposed of and derecognised on disposal of subsidiaries, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

11. GOODWILL

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Cost		
At beginning of the period/year	5,368	819
Arising on acquisition of subsidiaries during the period/year	–	5,368
Derecognised on disposal of subsidiaries	–	(819)
At end of the period/year	5,368	5,368
Accumulated impairment losses		
At beginning of the period/year	–	819
Derecognised on disposal of subsidiaries	–	(819)
At end of the period/year	–	–
Carrying amount	5,368	5,368

For purposes of impairment testing, goodwill has been allocated to a cash generating unit (“CGU”). A subsidiary of the Company, Shing Kee International Logistics Holdings Limited (“SKIL”) together with its subsidiary, Shing Kee Sea-land Logistics & Warehousing (Shenzhen) Co., Ltd. (literal translation of 勝記海陸物流倉(深圳)有限公司) (“Sealand”) (collectively the “SKIL Group”), are principally engaged in logistics businesses comprising warehouse, transportation and cargo handling in Hong Kong and the PRC. The management considered SKIL Group is a CGU as synergies are derived in such arrangement.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

12. OTHER INTANGIBLE ASSET

	Customer relationship <i>HK\$'000</i>
Cost	
At 1 April 2014	–
Acquisition through business combination	4,202
	<hr/>
At 31 March 2015, 1 April 2015 and 30 September 2015	4,202
	<hr/>
Accumulated amortisation and impairment	
At 1 April 2014	–
Charge for the year	840
	<hr/>
At 31 March 2015 and 1 April 2015	840
Amortisation charge for the period	420
Impairment loss recognised in profit or loss	2,942
	<hr/>
At 30 September 2015	4,202
	<hr/>
Carrying amount	
At 30 September 2015 (unaudited)	–
	<hr/>
At 31 March 2015 (audited)	3,362
	<hr/>

The amortisation charge for the period/year is included in “administrative expenses” in the consolidated statement of profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

13. TRADE AND BILLS RECEIVABLES

	At 30 September 2015 <i>HK\$'000</i> (unaudited)	At 31 March 2015 <i>HK\$'000</i> (audited)
Trade and bills receivables	780,522	305,470
Less: Allowance for doubtful debts	–	(88)
	780,522	305,382

Note:

The following is an analysis of trade and bills receivables by age, presented based on the invoice date or the bills issue date, and net of allowance for doubtful debts:

	At 30 September 2015 <i>HK\$'000</i> (unaudited)	At 31 March 2015 <i>HK\$'000</i> (audited)
0 – 60 days	629,355	169,247
61 – 120 days	150,766	74,259
121 – 180 days	144	61,075
181 – 360 days	257	801
	780,522	305,382

Trade and bills receivables are due within 30 to 360 days (31 March 2015: 30 to 180 days) from the date of billing.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

14. TRADE AND BILLS PAYABLES

	At 30 September 2015 <i>HK\$'000</i> (unaudited)	At 31 March 2015 <i>HK\$'000</i> (audited)
Trade and bills payables	737,941	21,514

Note:

The following is an analysis of trade and bills payables by age presented based on the invoice date or the bills issue date:

	At 30 September 2015 <i>HK\$'000</i> (unaudited)	At 31 March 2015 <i>HK\$'000</i> (audited)
0 – 60 days	465,117	4,112
61 – 120 days	264,323	1,180
121 – 180 days	151	213
181 – 360 days	2,037	16,003
Over 360 days	6,313	6
	737,941	21,514

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

15. SHARE CAPITAL

	Notes	30 September 2015		31 March 2015	
		Number of shares	Amount HK\$'000 (unaudited)	Number of shares	Amount HK'000 (audited)
Authorised:					
At the beginning of the period/year (ordinary shares of HK\$0.002 each)					
		50,000,000,000	100,000	50,000,000,000	100,000
Share subdivision	(i)	450,000,000,000	-	-	-
At the end of period/year (ordinary shares of HK\$0.002 each)					
		-	-	50,000,000,000	100,000
(ordinary shares of HK\$0.0002 each)					
		500,000,000,000	100,000	-	-
Ordinary shares, issued and fully paid:					
At the beginning of the period/year					
		2,015,407,214	4,031	2,015,407,214	4,031
Share subdivision	(i)	18,314,164,926	-	-	-
Share issued under share option scheme	(ii)	220,500,000	79	-	-
At the end of the period/year (ordinary share of HK\$0.002 each)					
		-	-	2,015,407,214	4,031
(ordinary share of HK\$0.0002 each)					
		20,550,072,140	4,110	-	-

Notes:

- (i) Upon the Share Subdivision becoming effective on 9 June 2015, each of the issued and unissued ordinary shares of par value of HK\$0.002 each in the share capital of the Company was subdivided into ten ordinary shares of par value of HK\$0.0002 each ("Subdivided Shares"). The Subdivided Shares rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares are not affected by the Share Subdivision.
- (ii) During the six months ended 30 September 2015, the Company allotted and issued 19,500,000 ordinary shares of par value of HK\$0.002 each (before the Share Subdivision) and 201,000,000 ordinary shares of par value of HK\$0.0002 each (after the Share Subdivision).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 for the purpose of providing incentives to eligible participants and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date.

On 1 April 2015, the Company granted share options to subscribe for a total of 93,000,000 ordinary shares of HK\$0.002 each under the Company's Share Option Scheme to eligible persons. The exercise price of the options granted is HK\$0.335 per share and the exercisable period is from 1 April 2015 to 31 March 2017. Among the options granted, 71,000,000 options were granted to the directors of the Company and 22,000,000 options were granted to the employees of the Group.

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules, upon the Share Subdivision becoming effect on 9 June 2015, the number of shares of par value of HK\$0.002 each was adjusted to par value of HK\$0.0002 each and the exercise price of the outstanding options was adjusted to HK\$0.0335 per share.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) Terms of unexpired and unexercised share options at the end of the reporting period

	Outstanding at 30 September 2015	
	Exercise price (adjusted) HK\$	Number of shares (adjusted)
Exercise period		
1 April 2015 to 31 March 2017	0.0335	534,000,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 September 2015	
	Weighted average exercise price	Number of share options
	<i>HK\$</i>	
Outstanding at the beginning of the period	–	–
Granted during the period prior to Share Subdivision	0.335	93,000,000
Exercised during the period prior to Share Subdivision	0.335	(29,600,000)
	<u>0.335</u>	<u>63,400,000</u>
Adjusted during the period upon completion of Share Subdivision	0.0335	570,600,000
Exercised during the period after Share Subdivision	0.0335	(100,000,000)
	<u>0.0335</u>	<u>534,000,000</u>
Outstanding and exercisable at the end of the period	<u>0.0335</u>	<u>534,000,000</u>

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 September 2015 was HK\$1.2057. As at 30 September 2015, the share options outstanding had an exercise price of HK\$0.0335 and a weighted average remaining contractual life of 1.5 years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of share options and assumptions

The 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 Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Date granted	1 April 2015
Fair value per share option at measurement date	HK\$0.1183
Share price	HK\$0.33
Exercise price	HK\$0.335
Expected volatility (expressed as weighted average volatility used in the modelling under the Binomial Model)	75.997%
Option life (expressed as weighted average life used in the modelling under the Binomial Model)	2 years
Exit rate (expressed as weighted average rate used in the modelling under the Binomial Model)	10.82%
Exercise multiple (expressed as weighted average multiple used in the modelling under the Binomial Model)	2.9
Expected dividends	1.82%
Risk-free interest rate (based on Hong Kong Sovereign Curve)	0.452%

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

17. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 September 2015

On 30 July 2015, the Group disposed of its 100% equity interests in a subsidiary, which was engaged in sale of electrical and electronic consumer products in Hong Kong.

	HK\$'000 (unaudited)
Consideration received	
Consideration received in cash and cash equivalents	2,800
Total consideration received	2,800
Analysis of assets and liabilities over which control was lost	
<i>Current assets</i>	
Cash and cash equivalents	82
Trade receivables	2,678
	2,760
<i>Current liabilities</i>	
Trade payables	4
Tax payable	1
Shareholder's loan due to the Group	1,583
	1,588
Net assets disposed of	1,172
Gain on disposal of a subsidiary	
Consideration received	2,800
Net assets disposed of	(1,172)
Assignment of shareholder's loan due to the Group	(1,583)
Gain on disposal of a subsidiary	45
The gain on disposal of a subsidiary is included in the "other revenue and other net income"	
HK\$'000 (unaudited)	
Net cash inflow on disposal of a subsidiary	
Consideration received in cash and cash equivalents	2,800
Cash and cash equivalent balances disposed of	(82)
Net cash inflow	2,718

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

17. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 September 2014

On 29 August 2014, the Group disposed of its 92% equity interests in May Wilson Holding Limited and its subsidiaries, which was engaged in the manufacture and sale of electrical appliances, electronic products and related plastic injection components in Hong Kong and the PRC.

	<i>HK\$'000</i> (unaudited)
Consideration received	
Consideration received in cash and cash equivalents	100
Total consideration received	<u>100</u>
Analysis of assets and liabilities over which control was lost	
<i>Non-current assets</i>	
Property, plant and equipment	1,189
<i>Current assets</i>	
Cash and cash equivalents	257
Prepayments, deposits and other receivables	636
Inventories	250
	<u>1,143</u>
<i>Current liabilities</i>	
Trade payables	166
Accruals, deposits and other payables	3,615
Shareholder's loan due to the Group	5,004
	<u>8,785</u>
Net liabilities disposed of	<u>(6,453)</u>
Gain on disposal of subsidiaries	
Consideration received	100
Net liabilities disposed of	6,453
Assignment of shareholder's loan due to the Group	(5,004)
Non-controlling interests	(516)
Cumulative exchange gain in respect of the net liabilities of the subsidiaries reclassified from equity to profit or loss on lost of control of subsidiaries	23
Gain on disposal of subsidiaries	<u>1,056</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

17. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 September 2014 (continued)

The gain on disposal of subsidiaries is included in the "other revenue and other net income".

	<i>HK\$'000</i> (unaudited)
Net cash outflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	100
Cash and cash equivalent balances disposal of	(257)
Net cash outflow	<u>(157)</u>

18. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

(a) Key management personnel remuneration

All members of key management personnel are the directors of the Company, and the remuneration for them is as follows:

	Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Salaries and other short-term employee benefits	5,121	3,484
Post-employment benefits	129	37
Equity compensation benefits	8,359	–
	<u>13,609</u>	<u>3,521</u>

Total remuneration is included in "staff costs" (see note 6(b)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

18. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions

During the period, the Group entered into the following transactions with a related party that is not a member of the Group:

	Amount paid to the related party Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
An entity which is controlled by the ultimate controlling party of the Group		
– rental expense	–	57
– building management fee	–	5
– air-conditioning charge	–	3
	<u>–</u>	<u>65</u>

Terms and prices of above transactions were mutually agreed by both parties concerned.

19. CAPITAL COMMITMENTS

Capital commitments contracted at the end of the reporting period but not provided for in the condensed consolidated financial statements are as follows:

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Contracted for in respect of:		
– Acquisition of a subsidiary (Note)	<u>97,580</u>	<u>–</u>

Note: On 6 August 2015, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire equity interests in 寧夏華夏環保資源綜合利用有限公司 (Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Target Company"), a company incorporated in the PRC, for a consideration of RMB 77,000,000 (equivalent to approximately HK\$97,580,000), which is subject to adjustments determined by reference to the audited net asset value and the condition precedent of sale and purchase agreement of the Target Company at the date of completion of the acquisition.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

20. EVENT AFTER THE REPORTING PERIOD

On 16 November 2015, the Group entered into a sale and purchase agreement (the "S&P Agreement"), which is subject to the approval and passing by the shareholders of the Company at the special general meeting of necessary resolution(s) to approve the S&P Agreement and the transactions contemplated thereunder, with an independent third party to acquire the entire equity interests in 寧夏天元發電有限公司 (Ningxia Tianyuan Power Generation Company Limited) (the "Power Company"), a company incorporated in the PRC, for a consideration of RMB 142,620,000 (equivalent to approximately HK\$173,643,000) which is subject to adjustments determined by reference to the audited net asset value and the condition precedent of the S&P Agreement of the Power Company at the date of completion of the acquisition.



Other Information

INTERIM DIVIDEND

The Board have resolved to declare an interim dividend of HK0.06 cent (2014: HK0.02 cent, as adjusted for the effect of the share subdivision on 9 June 2015) per share of the Company in cash for the six months ended 30 September 2015 to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business on Wednesday, 23 December 2015. The interim dividend will be paid on or about Friday, 8 January 2016.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

The register of members of the Company will be closed from Monday, 21 December 2015 to Wednesday, 23 December 2015, both days inclusive, during which period no transfer of shares will be registered. For the purpose of determining shareholders' entitlement to the interim dividend for the six months ended 30 September 2015, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 18 December 2015.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of directors	Capacity and nature of interests	As at 30 September 2015			Approximate percentage of the Company's issued share capital (Note)
		Number of shares held	Number of share options held	Total interests	
Mr. Zhang Honghai	Beneficial owner	-	200,000,000	200,000,000	0.97%
Mr. Cheung Ming	Beneficial owner	-	180,000,000	180,000,000	0.88%
Mr. Ren Haisheng	Beneficial owner	50,000,000	100,000,000	150,000,000	0.73%
Mr. Chan Kwong Fat, George	Beneficial owner	10,000,000	-	10,000,000	0.05%
Mr. Siu Hi Lam, Alick	Beneficial owner	9,000,000	-	9,000,000	0.04%
Mr. Ng Tze Kin	Beneficial owner	10,000,000	-	10,000,000	0.05%

Note:

The approximate percentage of the Company's issued share capital was calculated on the basis of 20,550,072,140 shares of the Company as at 30 September 2015.

Other Information

Save as disclosed above, as at 30 September 2015, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

During the period, no share options under the Share Option Scheme were cancelled nor lapsed. A total of 93,000,000 share options were granted under the Share Option Scheme of which 29,600,000 share options (before share subdivision becoming effective on 9 June 2015) and 100,000,000 share options (after share subdivision becoming effective on 9 June 2015) were exercised during the period. As at 30 September 2015, share options were outstanding under the Share Option Scheme entitling the holders to subscribe for 534,000,000 shares of par value HK\$0.0002 each in the capital of the Company, which represented approximately 2.60% of the shares in issue.

Other Information

Details of share options held by the eligible participants and movements in such holdings during the six months ended 30 September 2015 are as follows:

Name of category of participants	Date of grant of share options	Number of share options										As at 30 September 2015	Approximate percentage of the Company's issue share capital	Exercise price (Note 1) HK\$	Exercise period	
		Before share subdivision becoming effective on 9 June 2015					After share subdivision becoming effective on 9 June 2015									
		Granted	Exercised	Cancelled	Lapsed	Adjustment for Share Subdivision	Granted	Exercised	Cancelled	Lapsed						
Directors																
Mr. Zhang Honghai	1.4.2015	20,000,000	-	-	-	180,000,000	-	-	-	-	200,000,000	0.97%	0.0335	1.4.2015-31.3.2017		
Mr. Cheung Ming	1.4.2015	18,000,000	-	-	-	162,000,000	-	-	-	-	180,000,000	0.88%	0.0335	1.4.2015-31.3.2017		
Mr. Ren Haisheng	1.4.2015	15,000,000	5,000,000	-	-	90,000,000	-	-	-	-	100,000,000	0.49%	0.0335	1.4.2015-31.3.2017		
Mr. Chan Kwong Fat, George	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017		
Mr. Siu Hi Lam, Alick	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017		
Mr. Ng Tze Kin	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017		
Employees																
In aggregate	1.4.2015	22,000,000	16,600,000	-	-	48,600,000	-	-	-	-	54,000,000	0.26%	0.0335	1.4.2015-31.3.2017		

Notes:

- As a result of the Share Subdivision, the exercise price of the share options granted on 1 April 2015 was adjusted from HK\$0.335 to HK\$0.0355.
- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The closing price of the shares traded on the Stock Exchange on 1 April 2015 was HK\$0.033 (after share subdivision becoming effective on 9 June 2015), being the date on which the relevant options were offered to eligible participants.
- As at 30 September 2015, the total number of issued shares of the Company was 20,550,072,140 shares.
- 15,000,000 share options of the Company granted on 1 April 2015 to Ms. Hu Denger and fully exercised during the six months ended 30 September 2015, who retired as Executive Director with effect from 20 August 2015.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" above, at no time during the six months ended 30 September 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six months ended 30 September 2015.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2015, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholders	Capacity and nature of interests	Number of shares held as at 30 September 2015	Approximate percentage of the Company's issued share capital (Note 3)
Sun Le	Interest of controlled corporation	5,040,000,000 (Note 1)	24.53%
Sheen Success Investments Limited	Beneficial owner	5,040,000,000 (Note 1)	24.53%
Zhou Qihong	Interest of controlled corporation	3,215,322,140 (Note 2)	15.65%
Ying Sheng Investment Co., Ltd	Beneficial owner	3,215,322,140 (Note 2)	15.65%

Notes:

1. These shares were beneficially owned by Sheen Success Investments Limited which was wholly owned by Sun Le. Accordingly, Sun Le was deemed to be interested in 5,040,000,000 shares under the SFO.
2. These shares were beneficially owned by Ying Sheng Investment Co., Ltd which was wholly owned by Zhou Qihong. Accordingly, Zhou Qihong was deemed to be interested in 3,215,322,140 shares under the SFO.
3. The approximate percentage of the Company's issued share capital was calculated on the basis of 20,550,072,140 shares of the Company as at 30 September 2015.

Other Information

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2015 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2015.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 September 2015 have not been audited, but have been reviewed by the audit committee of the Company (the "Audit Committee") before they are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Zhang Honghai

Chairman

Hong Kong, 23 November 2015