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BEP INTERNATIONAL HOLDINGS LIMITED

百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

FINAL RESULTS

The Board of Directors (the “**Board**”) of BEP International Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2017 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	3(a)	1,872,541	2,269,381
Cost of sales		(1,632,909)	(1,912,119)
Gross profit		239,632	357,262
Other income	4	5,032	5,156
Selling and distribution costs		(11,339)	(9,048)
Administrative expenses		(88,994)	(114,019)
Other operating expenses		(342)	(15,119)
Profit from operations		143,989	224,232
Finance costs	5(a)	(50,989)	(8,966)
Profit before taxation	5	93,000	215,266
Income tax	6	(27,752)	(46,128)
Profit for the year		65,248	169,138
Attributable to:			
Owners of the Company		66,348	177,716
Non-controlling interests		(1,100)	(8,578)
Profit for the year		65,248	169,138
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share	8		
Basic		0.318	0.868
Diluted		0.315	0.844

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	65,248	169,138
Other comprehensive (expenses)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	(30,616)	1,479
Other comprehensive (expenses)/income for the year (net of nil tax (2016: nil))	(30,616)	1,479
Total comprehensive income for the year	34,632	170,617
Attributable to:		
Owners of the Company	35,434	179,043
Non-controlling interests	(802)	(8,426)
	34,632	170,617

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		256,866	226,713
Prepaid land lease payments		3,412	3,617
Deposit paid for acquisition of property, plant and equipment		–	31,938
Goodwill	9	–	–
Other intangible asset	10	–	–
Deferred tax assets		49	84
Rental deposit		697	697
		261,024	263,049
Current assets			
Inventories		52,500	40,815
Trade and bills receivables	11	1,491,495	1,842,228
Prepayments, deposits and other receivables		36,037	77,688
Prepaid land lease payments		69	52
Tax recoverable		442	1,331
Restricted bank deposits		7,547	1,271,880
Cash and cash equivalents		15,165	80,326
		1,603,255	3,314,320
Current liabilities			
Trade and bills payables	12	947,410	1,270,521
Accruals, deposits and other payables		113,416	264,837
Bank loan		–	1,199,055
Bank advances for discounted bills		414,080	458,555
Tax payable		18,107	44,491
		1,493,013	3,237,459
Non-current liabilities			
Deferred tax liabilities		66	94
Net assets		371,200	339,816
Equity			
Equity attributable to owners of the Company			
Share capital	13	4,217	4,111
Reserves		375,036	342,937
		379,253	347,048
Non-controlling interests		(8,053)	(7,232)
Total equity		371,200	339,816

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2017

1. BASIS OF PREPARATION

The consolidated financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The Group has not applied any new HKFRSs that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial information.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	2017 <i>HK\$’000</i>	2016 <i>HK\$’000</i>
Sourcing and sale of metal minerals and related industrial materials	1,619,896	2,225,538
Production and sale of industrial products	133,073	37,405
Production and sale of utilities	119,343	–
Others	229	6,438
	<u>1,872,541</u>	<u>2,269,381</u>

(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 four reportable segments.

- (i) Sourcing and sale of metal minerals and related industrial materials;
- (ii) Production and sale of industrial products;
- (iii) Production and sale of utilities; and
- (iv) Others

Others segment represents business activities and operating segments not separately reported, including provision of logistics services and sale of electrical and electronic consumer products. During the year ended 31 March 2017, the operation of sale of electrical and electronic consumer products segment was disposed.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief executive officer monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset, inventories, trade and bills receivables, prepayments, deposits and other receivables, tax recoverable, deferred tax assets and restricted bank deposits of each segment. Segment liabilities include trade and bills payables, accruals, deposits and other payables, bank loan, bank advances for discounted bills, tax payable and deferred tax liabilities of each segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, amortisation of other intangible asset and prepaid land lease payments, impairment of property, plant and equipment, goodwill, other intangible asset, trade receivables and other receivables, finance costs, income tax expense or income and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

The accounting policies of the operating segments are the same as the Group's accounting policies.

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 years ended 31 March 2017 and 2016 are set out below:

	2017				
	Sourcing and sale of metal minerals and related industrial materials HK\$'000	Production and sale of industrial products HK\$'000	Production and sale of utilities HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment revenue	1,619,896	133,073	119,343	229	1,872,541
Reportable segment profit/(loss)	153,109	34,066	42,749	(1,631)	228,293
Depreciation for property, plant and equipment	–	(8,908)	(9,227)	(2)	(18,137)
Amortisation of prepaid land lease payments	–	(71)	(544)	–	(615)
Impairment of:					
– property, plant and equipment	–	–	–	(52)	(52)
– other receivables	–	–	–	(290)	(290)
Finance costs	(50,114)	–	(875)	–	(50,989)
Income tax expense	(11,680)	(8,074)	(8,170)	(4)	(27,928)
Reportable segment assets	1,460,545	87,239	297,615	960	1,846,359
Additions to non-current segment assets during the year	–	1,982	70,742	–	72,724
Reportable segment liabilities	(1,401,924)	(30,655)	(47,931)	(4,054)	(1,484,564)

	Sourcing and sale of metal minerals and related industrial materials <i>HK\$'000</i>	Production and sale of industrial products <i>HK\$'000</i>	Production and sale of utilities <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	<u>2,225,538</u>	<u>37,405</u>	<u>–</u>	<u>6,438</u>	<u>2,269,381</u>
Reportable segment profit/(loss)	<u>339,960</u>	<u>13,971</u>	<u>–</u>	<u>(5,717)</u>	<u>348,214</u>
Depreciation for property, plant and equipment	–	(1,532)	–	(169)	(1,701)
Amortisation of:					
– other intangible asset	–	–	–	(420)	(420)
– prepaid land lease payments	–	(12)	–	–	(12)
Impairment of:					
– goodwill	–	–	–	(5,368)	(5,368)
– other intangible asset	–	–	–	(2,942)	(2,942)
– property, plant and equipment	–	–	–	(1,077)	(1,077)
– trade receivables	–	–	–	(72)	(72)
– other receivables	–	–	–	(5,660)	(5,660)
Finance costs	(8,959)	–	–	(7)	(8,966)
Income tax (expense)/income	(43,036)	(3,384)	–	340	(46,080)
Reportable segment assets	3,087,573	136,987	262,351	973	3,487,884
Additions to non-current segment assets during the year	–	58,196	203,928	7	262,131
Reportable segment liabilities	<u>(2,938,394)</u>	<u>(29,647)</u>	<u>(91,970)</u>	<u>(4,930)</u>	<u>(3,064,941)</u>

There are no inter-segment sales during the years ended 31 March 2017 and 2016.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Metal minerals and related industrial materials	1,619,896	2,225,538
Industrial products	133,073	37,405
Utilities	119,343	–
Others	229	6,438
	<u>1,872,541</u>	<u>2,269,381</u>

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset and non-current rental deposit. The geographical location of customers is based on the location at which the products were delivered or the services were provided. The geographical locations of property, plant and equipment, deposit paid for acquisition of property, plant and equipment, prepaid land lease payments and non-current rental deposit is based on the physical location of the assets under consideration. In the case of goodwill and other intangible asset, it is based on the location of the operation to which they are allocated.

	Revenue from		Non-current assets	
	external customers		2017	2016
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	–	195,602	1,296	1,594
The People's Republic of China ("PRC") except Hong Kong	1,872,541	1,973,558	259,679	261,371
Other Asian countries	–	9,589	–	–
Europe	–	88,349	–	–
Others	–	2,283	–	–
	<u>1,872,541</u>	<u>2,269,381</u>	<u>260,975</u>	<u>262,965</u>

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2017	2016
	HK\$'000	HK\$'000
Customer A (note (i))	580,091	1,861,253
Customer B (note (ii))	1,118,492	–

Notes:

- (i) Revenue from the above customer arose from the businesses of production and sale of industrial products, production and sale of utilities and sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2017 (2016: sourcing and sale of metal minerals and related industrial materials and production and sale of industrial products).
- (ii) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2017 (2016: the corresponding revenue did not contribute 10% or more of the Group's total revenue during the year).

4. OTHER INCOME

	2017	2016
	HK\$'000	HK\$'000
Interest income on bank deposits	1,635	112
Interest income on loan receivable	290	319
Total interest income on financial assets not at fair value through profit or loss	1,925	431
Sundry income	761	142
Gain on disposal of prepaid land lease payments	23	–
Gain on disposal of subsidiaries	21	45
Gain on a bargain purchase	–	4,538
Fair value gain on derivative financial instruments – forward foreign exchange contracts	2,302	–
	5,032	5,156

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the followings:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loan and overdrafts	29,503	707
Interest on other loan	876	–
Bills discount charges	20,610	8,259
	<u> </u>	<u> </u>
Total interest expense on financial liabilities not at fair value through profit or loss	50,989	8,966
	<u> </u>	<u> </u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	50,535	24,909
Contributions to defined contribution retirement plans	4,709	1,110
Equity-settled share-based payments	–	11,001
	<u> </u>	<u> </u>
	55,244	37,020
	<u> </u>	<u> </u>
(c) Other items		
Cost of inventories [#]	1,631,074	1,904,989
Auditors' remuneration	914	1,200
Amortisation of other intangible asset	–	420
Amortisation of prepaid land lease payments	615	12
Depreciation for property, plant and equipment	18,506	2,016
Operating lease charges: minimum lease payments	14,687	8,897
Loss on disposal of property, plant and equipment	2	–
Written off of property, plant and equipment	255	18
Impairment allowance for trade receivables*	–	72
Impairment allowance for other receivables*	290	5,660
Impairment loss for property, plant and equipment*	52	1,077
Impairment loss for goodwill*	–	5,368
Impairment loss for other intangible asset*	–	2,942
Net foreign exchange loss	41,588	29,516
Fair value loss on derivative financial instruments	–	13,601
	<u> </u>	<u> </u>

Cost of inventories included HK\$47,250,000 (2016: HK\$3,804,000) relating to staff costs, depreciation and operating lease charges for the years ended 31 March 2017 and 2016 which amounts were also included in the respective total amounts disclosed separately in notes 5(b) and 5(c) for each of these types of expenses.

* These items are included in “other operating expenses” on the face of the consolidated statement of profit or loss.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax (<i>note (i)</i>)	11,378	43,036
– PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>)	<u>16,585</u>	<u>3,384</u>
	27,963	46,420
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	(217)	209
Deferred tax		
– Origination and reversal of temporary differences	<u>6</u>	<u>(501)</u>
Total	<u><u>27,752</u></u>	<u><u>46,128</u></u>

Notes:

(i) The provision for Hong Kong Profits Tax for 2017 is calculated at 16.5% (2016: 16.5%) of estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2016: 25%).

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 PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the years ended 31 March 2017 and 2016.

7. DIVIDENDS

- (a) The Board does not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HK0.06 cent per ordinary share for interim dividend and HK0.1 cent per ordinary share for final dividend amounted to HK\$12,330,000 and HK\$20,554,000, respectively).
- (b) Dividends paid to owners of the Company attributable to the previous financial year, approved and paid during the year are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 March 2017, of HK0.1 cent per ordinary share (2016: HK0.04 cent per ordinary share)	<u>20,984</u>	<u>8,220</u>

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u>66,348</u>	<u>177,716</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>20,836,044,743</u>	<u>20,466,801,648</u>
Basic earnings per share (<i>HK cent per share</i>)	<u>0.318</u>	<u>0.868</u>

(b) **Diluted earnings per share**

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

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u><u>66,348</u></u>	<u><u>177,716</u></u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	20,836,044,743	20,466,801,648
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>230,768,820</u>	<u>596,763,353</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>21,066,813,563</u></u>	<u><u>21,063,565,001</u></u>
Diluted earnings per share (<i>HK cent per share</i>)	<u><u>0.315</u></u>	<u><u>0.844</u></u>
9. GOODWILL		
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost		
At beginning and at end of the year	<u>5,368</u>	<u>5,368</u>
Accumulated impairment losses		
At beginning of the year	(5,368)	–
Impairment loss	<u>–</u>	<u>(5,368)</u>
At end of the year	<u>(5,368)</u>	<u>(5,368)</u>
Carrying amount	<u><u>–</u></u>	<u><u>–</u></u>

10. OTHER INTANGIBLE ASSET

	Customer relationship HK\$'000
Cost	
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	<u>4,202</u>
Accumulated amortisation and impairment	
At 1 April 2015	840
Amortisation for the year	420
Impairment loss recognised in profit or loss	<u>2,942</u>
At 31 March 2016, 1 April 2016 and 31 March 2017	<u>4,202</u>
Carrying amount	
At 31 March 2017	<u><u>–</u></u>
At 31 March 2016	<u><u>–</u></u>

11. TRADE AND BILLS RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	447,984	166,301
Bills receivables	1,043,584	1,676,087
Less: Allowance for doubtful debts (<i>note (b)</i>)	<u>(73)</u>	<u>(160)</u>
	<u>1,491,495</u>	<u>1,842,228</u>

All of the trade and bills receivables are expected to be recovered within one year.

Notes:

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date or shipment date and net of allowance for doubtful debts is as follows:

	2017	2016
	HK\$'000	HK\$'000
0 - 60 days	426,838	155,050
61 - 120 days	19,678	8,921
121 - 180 days	1,329	2,076
181 - 360 days	66	94
	<u>447,911</u>	<u>166,141</u>

As of the end of the reporting period, the ageing analysis of bills receivables based on the shipment date is as follows:

	2017	2016
	HK\$'000	HK\$'000
0 - 60 days	112,670	208,558
61 - 120 days	418,555	570,265
121 - 180 days	238,107	388,668
181 - 360 days	274,252	508,596
	<u>1,043,584</u>	<u>1,676,087</u>

Trade and bills receivables are due within 90 to 360 days (2016: 30 to 360 days) from the date of billing or shipment date.

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

Movements in the allowance for doubtful debts

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At beginning of the year	160	88
Impairment allowance recognised	–	72
Amount written off upon disposal of subsidiaries	(87)	–
	<u>73</u>	<u>160</u>
At end of the year	<u><u>73</u></u>	<u><u>160</u></u>

12. TRADE AND BILLS PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	304,426	255,902
Bills payables	642,984	1,014,619
	<u>947,410</u>	<u>1,270,521</u>
	<u><u>947,410</u></u>	<u><u>1,270,521</u></u>

Notes:

- (a) Trade and bills payables are expected to be settled within one year.
- (b) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date or shipment date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 60 days	242,641	74,875
61 – 120 days	19,583	53,211
121 – 180 days	10,988	70,195
181 – 360 days	1,126	56,736
Over 360 days	30,088	885
	<u>304,426</u>	<u>255,902</u>
	<u><u>304,426</u></u>	<u><u>255,902</u></u>

As of the end of the reporting period, the ageing analysis of bills payables based on the shipment date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 60 days	154,874	213,429
61 – 120 days	202,782	324,805
121 – 180 days	73,664	263,836
181 – 360 days	211,664	212,549
	<u>642,984</u>	<u>1,014,619</u>

13. SHARE CAPITAL

	<i>Notes</i>	2017		2016	
		Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised:					
At the beginning of the year					
(ordinary shares of HK\$0.0002 each)		500,000,000,000	100,000	–	–
(ordinary shares of HK\$0.002 each)		–	–	50,000,000,000	100,000
Share Subdivision	(i)	<u>–</u>	<u>–</u>	<u>450,000,000,000</u>	<u>–</u>
At the end of the year					
(ordinary shares of HK\$0.0002 each)		<u>500,000,000,000</u>	<u>100,000</u>	<u>500,000,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid:					
At the beginning of the year					
(ordinary shares of HK\$0.0002 each)		20,554,072,140	4,111	–	–
(ordinary shares of HK\$0.002 each)		–	–	2,015,407,214	4,031
Share Subdivision	(i)	<u>–</u>	<u>–</u>	<u>18,314,164,926</u>	<u>–</u>
Shares issued under share option scheme	(ii)	<u>530,000,000</u>	<u>106</u>	<u>224,500,000</u>	<u>80</u>
At the end of the year					
(ordinary shares of HK\$0.0002 each)		<u>21,084,072,140</u>	<u>4,217</u>	<u>20,554,072,140</u>	<u>4,111</u>

Notes:

- (i) Upon the share subdivision (“Share Subdivision”), the subdivided shares of par value of HK\$0.0002 each in the share capital of the Company (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 year ended 31 March 2017, the Company allotted and issued 530,000,000 ordinary shares of par value of HK\$0.0002 each.

During the year ended 31 March 2016, the Company allotted and issued 19,500,000 ordinary shares of par value of HK\$0.002 each (before the Share Subdivision) and 205,000,000 ordinary shares of par value of HK\$0.0002 each (after the Share Subdivision).

The owner of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

FINAL DIVIDEND

The Board of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: HK0.1 cent).

OPERATIONS REVIEW

For the year ended 31 March 2017, the Group was principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and production and sale of utilities.

For the year under review, the Group reported a revenue of HK\$1,872,541,000, decreased by 17.5% from the previous year (2016: HK\$2,269,381,000), and gross profit of HK\$239,632,000, which also dropped by 32.9% comparing to last year (2016: HK\$357,262,000). The declines of the Group's revenue and gross profit were primarily due to the challenges faced by the Group in its operations and the slowdown of our sourcing and sale of metal minerals and related industrial material business. The Group posted a profit for the year amounting to HK\$65,248,000, decreased by 61.4% comparing to last year (2016: HK\$169,138,000), and profit attributable to owners of the Company of HK\$66,348,000, which also declined by 62.7% from the previous year (2016: HK\$177,716,000). Earnings per share of the Company were HK0.318 cent (2016: HK0.868 cent).

For the review year, the Group's operation in sourcing and sale of metal minerals and related industrial materials reported revenue of HK\$1,619,896,000 (2016: HK\$2,225,538,000) and segment profit of HK\$153,109,000 (2016: HK\$339,960,000), decreased by 27.2% and 55.0% respectively from the previous year. The declines in the operation's revenue and segment profit were the combination impact of the market competition, contraction in purchase from customers, decrease in export from local metal mineral suppliers in respond to the domestic demand together with the devaluation of Renminbi.

The Group's operation in production and sale of industrial products delivered impressive results for the review year. The operation achieved revenue of HK\$133,073,000 (2016: HK\$37,405,000) and segment profit of HK\$34,066,000 (2016: HK\$13,971,000), which showed sharp increases as compared to the 2 months results for previous year. Performance of this operation was satisfactory, the Group will continue to explore the opportunities to increase the production capacity as well as improving the production technology of this operation.

The Group has already commenced its operation in production and sale of utilities in August 2016. This operation posted revenue and segment profit of HK\$119,343,000 and HK\$42,749,000 respectively for the 8 months ended 31 March 2017. Performance of this operation achieved its initial expectation and become a foundation for the Group to tap into the clean energy business.

During the year under review, in view of the reduction in size of the provision of logistics services, the operation results of logistics services is classified into the "Others" business segment in the consolidated financial information.

With the view to better utilise its resources, the Group disposed of few subsidiaries engaged in the sale of electrical and electronic consumer products during the year under review. Upon the disposal, the Group recorded a gain of HK\$21,000 which was recognised as other income.

Other income of the Group amounted to HK\$5,032,000 (2016: HK\$5,156,000), which mainly attributable to the gain on change in fair value of forward foreign exchange contracts and interest income on bank deposits during the year.

As for administrative expenses, the amount was HK\$88,994,000 which decreased by 21.9% when compared to HK\$114,019,000 in last year. The decrease was a combination effect of the increase in staff cost and foreign exchange losses, decrease in legal and professional fee and also the absent of the share-based payment expenses relating to share options granted in April 2015. The foreign exchange losses incurred was due to exposure to foreign exchange risk from various currencies, 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 the exposure to foreign exchange risk in exchange for better pricing in return.

During the year under review, the other operating expenses amounted to HK\$342,000 (2016: HK\$15,119,000). The substantial decrease in other operating expenses was mainly the result of reduction of impairment losses and/or allowances for goodwill, other intangible asset, trade and other receivables and property, plant and equipment.

The Group recorded finance costs of HK\$50,989,000 (2016: HK\$8,966,000), which were primarily interests on bank loan, other loan and discounting of bills receivables. The increase in finance costs was mainly attributable to the increase in interest on discounting of bills receivables and the interest on bank loan which was drawn down in March 2016 but fully repaid in August 2016.

During the year, the Group recognised other comprehensive expenses of HK\$30,616,000 (2016: other comprehensive income of HK\$1,479,000) being exchange differences on translation of financial statements of subsidiaries with the result that the Group recorded total comprehensive income for the year of HK\$34,632,000, compared to HK\$170,617,000 in the prior year. The Group's total comprehensive income, net of tax, attributable to owners of the Company was HK\$35,434,000 for the year under review compared to HK\$179,043,000 in the prior year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

During the year ended 31 March 2017, the Group financed its operations mainly by cash generated from its business activities, advances for discounted bills and credit facilities provided by banks. At 31 March 2017, the Group had current assets of HK\$1,603,255,000 (2016: HK\$3,314,320,000) comprising cash and bank balances of HK\$15,165,000 (excluding restricted bank deposits) (2016: HK\$80,326,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$1,493,013,000 (2016: HK\$3,237,459,000) was at a health ratio of 1.07 (2016: 1.02).

The trade payment terms of the Group's sourcing and sale of metal minerals and related industrial materials business was mainly by letters of credit. The credit risk on bills receivables is at a low level as such amounts are due by banks with good reputation. At the year end, the Group's trade and bills receivables amounted to HK\$1,491,495,000 (2016: HK\$1,842,228,000), restricted bank deposits amounted to HK\$7,547,000 (2016: HK\$1,271,880,000), trade and bills payables amounted to HK\$947,410,000 (2016: HK\$1,270,521,000) and bank advances for discounted bills amounted to HK\$414,080,000 (2016: HK\$458,555,000). Such decreases in the Group's trade and bills receivables and trade and bills payables were mainly due to the decreases in trade volume of metal minerals and related industrial materials during the year.

The Group's gearing ratio represented its total borrowings over the sum of equity attributable to owners of the Company and total borrowings of the Group. At the year end, the Group's borrowings comprised bank advances for discounted bills of HK\$414,080,000 and nil for bank loan (2016: HK\$458,555,000 and HK\$1,199,055,000 respectively). The Group's equity attributable to owners of the Company stood at HK\$379,253,000 (2016: HK\$347,048,000), the Group's gearing ratio was therefore at about 52% (2016: 83%).

At the year end, the Group's equity attributable to owners of the Company amounting to HK\$379,253,000 (2016: HK\$347,048,000). The increase in equity attributable to owners of the Company was mainly due to the profit earned by the Group during the year.

During the year under review, the Company issued 530,000,000 shares by the exercise of share options. As at 31 March 2017, the total number of issued shares of the Company was 21,084,072,140 shares (2016: 20,554,072,140 shares).

With the amount of liquid assets on hand together with advances and credit facilities granted by banks, the management will explore the feasibility of carrying out certain fund-raising exercises, with the support from financial and securities institutions 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 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 foreign exchange risk on the Group's profit. The Group has entered into forward foreign exchange contracts to hedge against the Group's currency exposure. 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. The management is paying vigilant attention to the fluctuation of Renminbi and closely monitor the foreign currency exposure. The Group will further consider using any appropriate financial derivatives to hedge against the Group's currency risk and manage its exposure.

Borrowings and Pledge of Assets

As at 31 March 2017, the Group had bank advances for discounted bills of HK\$414,080,000 and nil for bank loan (2016: HK\$458,555,000 and HK\$1,199,055,000 respectively). The bank advances for discounted bills were secured by the Group's bills receivables.

Restricted Bank Deposits

As at 31 March 2017, restricted bank deposits in the amount of HK\$7,547,000 (2016: HK\$1,271,880,000) mainly refers to the deposits placed at designated bank account as guarantee deposits to secure the bills payables of the Group.

Capital Commitments

As at 31 March 2017, the Group had capital commitments of RMB11,811,000 (equivalent to approximately HK\$13,323,000) (2016: HK\$24,285,000) for acquisition of machineries, equipment and related installation works for Ningxia Tianyuan Power Generation Co., Ltd., a wholly owned subsidiary of the Company.

Contingent Liabilities

As at 31 March 2017, the Group had no material contingent liabilities (2016: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had a total of about 310 employees and directors with head count maintained at the same level as last year (2016: 310). Total staff costs for the year, including directors' remuneration, was HK\$55,244,000 (2016: HK\$37,020,000). The increase in staff costs was mainly due to increase in salaries and emolument of the staff and the directors and also the full year staff cost for a sulfuric acid production plant and a waste heat power generation plant in Ningxia Hui Autonomous Region, China, which were acquired in February 2016 and March 2016 respectively. However, the share-based payment expenses relating to share options granted in the prior year was absent during the year. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

PROSPECTS

Looking ahead, the paces of global economic recovery vary, trade protectionism rises, macroeconomic environment and capital markets remain volatile. At the same time, China's opening up to the world will accelerate, its integration with the world's economy will be increasing. In particular, the gradual facilitation of "Belt and Road" development strategy will bring China's economic development into a new norm.

The Group will pay close attention to the changes in domestic and foreign economic situations. The management will strive to promote the existing businesses while strengthening strategic planning, lead and explore the "new business" of recycling low-carbon economic resources, with the aim of achieving simultaneous development of both new and old businesses and creating values for the shareholders.

In March 2017, the Group entered into a memorandum of understanding on strategic cooperation with its partners to focus on seeking and exploring investment opportunities in renewable energy. In addition, in line with future business development, the Group may consider diversified financing methods, which include bank loans and fund raising at financial markets.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2017.

AUDIT COMMITTEE

The audited consolidated financial information of the Group for the year ended 31 March 2017 had 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 year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF INFORMATION ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the Stock Exchange’s website (<http://www.hkex.com.hk>) and the Company’s website (<http://www.bepgroup.com.hk>) respectively. The relevant annual report of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Zhang Honghai
Chairman

Hong Kong, 23 June 2017

As at the date of this announcement, the Board comprises Mr. Zhang Honghai (Chairman), Mr. Wang Zhonghe (Vice-Chairman), Mr. Zhong Guoxing (Chief Executive Officer), Mr. Hu Haifeng (Deputy Chief Executive Officer) and Mr. Ren Haisheng as Executive Directors and Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin, David as Independent Non-executive Directors

* *For identification purpose only*