

新源萬恒 控股有限公司

New Provenance Everlasting Holdings Limited

(Formerly known as BEP International Holdings Limited 百靈達國際控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)



Interim Report
2017/18

* 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”	New Provenance Everlasting Holdings Limited (formerly known as BEP International Holdings Limited)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars
“%”	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Guoxing (*Chairman*)
(*appointed on 15 May 2017*)
Mr. Wang Zhonghe (*Vice-Chairman*)
Mr. Hu Haifeng (*Chief Executive Officer*)
(*appointed on 15 May 2017*)
Mr. Ren Haisheng
(*resigned on 3 August 2017*)
Mr. Zhang Honghai
(*resigned on 30 June 2017*)
Mr. Cheung Ming
(*resigned on 15 May 2017*)

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Ng Tze Kin, David (*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, David
Mr. Zhong Guoxing
(*appointed on 15 May 2017*)
Mr. Cheung Ming
(*resigned on 15 May 2017*)

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George (*Chairman*)
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin, David
Mr. Zhong Guoxing
(*appointed on 15 May 2017*)
Mr. Cheung Ming
(*resigned on 15 May 2017*)

RISK MANAGEMENT COMMITTEE

Mr. Ng Tze Kin, David (*Chairman*)
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Hu Haifeng
(*appointed on 3 August 2017*)
Mr. Ren Haisheng
(*resigned on 3 August 2017*)

CHIEF FINANCIAL OFFICER

Mr. Sin Lik Man
(*appointed on 27 October 2017*)

COMPANY SECRETARY

Mr. Leung Ho Yan Julian
(*appointed on 27 October 2017*)
Ms. Hui Yee Ling
(*resigned on 10 October 2017*)

AUDITOR

Crowe Horwath (HK) CPA Limited

STOCK CODE

2326

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Unit 3201-09, 32/F
Shui On Centre
No. 6-8 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited,
Hong Kong Branch
Bank of Jinzhou Co., Ltd.
Bank of Communications Co., Ltd.,
Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank Corporation
Hang Seng Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda)
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 WEBSITE

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

Management Discussion and Analysis

OPERATIONS REVIEW

For the six months ended 30 September 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.

The Group had no significant material acquisitions or disposals during the six months ended 30 September 2017.

Revenue and Gross Profit

During the period under review, the Group recorded a significant increase in revenue, from HK\$520,127,000 for the six months ended 30 September 2016 to HK\$1,017,601,000 for the six months ended 30 September 2017, representing increase of 95.6% as compared to the corresponding period last year. The Group's gross profit also increased by 171.8% from HK\$44,178,000 for the six months ended 30 September 2016 to HK\$120,087,000 for the six months ended 30 September 2017.

The increase in revenue and gross profit was mainly attributable to the significant improvement of our sourcing and sale of metal minerals and related industrial materials business during the period under review. The Group management has devoted tremendous effort to restore the aforementioned business back to the right track by monitoring the market changes and communicating closely with our customers and suppliers to understand their needs. Together with the support from our principal bankers, we have recorded the sound revenue and gross profit for the six months ended 30 September 2017. During the period under review, this segment reported a segment revenue of HK\$908,003,000 (30 September 2016: HK\$444,632,000) and a segment profit of HK\$110,626,000 (30 September 2016: HK\$21,263,000), representing increase of 104.2% and 420.3% compared to the corresponding period last year.

For the production and sale of industrial products business under 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company"), we have recorded the stable segment revenue of HK\$59,617,000 (30 September 2016: HK\$60,731,000) and there was no material change of the Waste Recycling Company revenue when compared with the corresponding period last year. Nonetheless, this segment reported a decrease in its segment profit, from HK\$18,623,000 for the six months ended 30 September 2016 to HK\$9,359,000 for the six months ended 30 September 2017. The decrease in segment profit was mainly attributable to the additional safety maintenance expenses incurred in the period under review. The management will continue to pursue the growth plan of this segment and optimize the operations by exploring the initiation of new technologies and expanding the production scale.

Management Discussion and Analysis

For the production and sale of utilities business under 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the “Power Company”), we have recorded the segment revenue of HK\$49,981,000 (30 September 2016: HK\$14,534,000), representing increase of 243.9% compared to the corresponding period last year. The Power Company commenced its operation in August 2016 and as the above segment revenue for the six months ended 30 September 2016 only represented two month’s time, this segment therefore recorded a significant increase in segment revenue for the six months ended 30 September 2017 compared to the corresponding period last year. The period under review (i.e. six months ended 30 September 2017) was the slack season for the Power Company as its profit was mainly derived from the provision of steam which the demand is used to be low in the summer time. Compared with the slight segment profit of HK\$191,000 made by the Power Company for the six months ended 30 September 2016, this segment reported a segment loss of HK\$3,230,000 for the six months ended 30 September 2017. During the period under review, more machines have been deployed and operated by the Power Company, which led to the relatively higher depreciation portion for the six months ended 30 September 2017 compared to the corresponding period last year. Following the increased demand and the improved operational efficiency in the second half of the financial year, the management expect a greater contribution from this segment in the full financial year as a whole.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses, exchange loss, depreciation and amortization. For the six months ended 30 September 2017, the Group recorded the administrative expenses of HK\$54,511,000 (30 September 2016: HK\$39,351,000), representing increase of 38.5% compared to the corresponding period last year. The increase in administrative expenses was mainly due to the fair value loss on derivative financial instruments that were used to mitigate the foreign currency risk of certain monetary assets and liabilities of the Group.

Other Income

For the six months ended 30 September 2017, the Group recorded the other income of HK\$45,266,000 (30 September 2016: HK\$14,365,000), representing increase of 215.1% compared to the corresponding period last year. The increase in other income was mainly attributable to the net foreign exchange gain during the period under review. The foreign exchange gain recorded was due to the fluctuation of exchange rate of various foreign currencies mainly related to Renminbi and the United States dollars, mostly arising from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in Renminbi.

Finance Costs

Finance costs significantly decreased by HK\$33,425,000, or 76.3% from HK\$43,805,000 for the six months ended 30 September 2016 to HK\$10,380,000 for the six months ended 30 September 2017. The significant decrease of finance costs was mainly due to the repayment of bank loan in August 2016, which has substantially reduced the financial burden of the Group. The Group management will carefully monitor the Group’s capital structure and utilize the financial resources to meet its ongoing operational requirements and business expansion.

Management Discussion and Analysis

Profit/(loss) For The Period

During the period under review, we recorded a net profit of HK\$77,681,000 as a result of the decrease in finance costs and the substantial increase in revenue and gross profit as compared to the net loss of HK\$34,189,000 in the previous period.

The profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to HK\$77,547,000 whereas a comparable loss of HK\$33,567,000 was recorded in the previous period. This represented the earnings per share of HK0.368 cent for the six months ended 30 September 2017, whereas a comparable loss per share of HK0.163 cent was recorded in the previous 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 2017, the Group had current assets of HK\$2,307,936,000 (31 March 2017: HK\$1,603,255,000), comprising cash and bank balances of HK\$122,332,000 together with HK\$4,375,000 restricted bank deposits for trade facilities granted by banks (31 March 2017: HK\$15,165,000 with HK\$7,547,000 restricted bank deposits).

The Group's current ratio, calculated based on current assets of HK\$2,307,936,000 (31 March 2017: HK\$1,603,255,000) over current liabilities of HK\$2,099,986,000 (31 March 2017: HK\$1,493,013,000), was at a healthy level of 1.10 (31 March 2017: 1.07).

The trade payables terms of the Group's sourcing and sale of metal minerals and related industrial materials business was mainly by letter of credit. As at 30 September 2017, the Group's trade payables and bills payables amounted to HK\$149,304,000 and HK\$766,411,000 respectively (31 March 2017: HK\$304,426,000 and HK\$642,984,000); restricted bank deposits amounted to HK\$4,375,000 (31 March 2017: HK\$7,547,000); trade receivables and bills receivables amounted to HK\$221,973,000 and HK\$1,897,018,000 respectively (31 March 2017: HK\$447,911,000 and HK\$1,043,584,000). The credit risk on bills receivable is at a low level as such amounts are due by banks with good reputation.

As at 30 September 2017, the Group's equity attributable to owners of the Company increased to HK\$480,583,000 (31 March 2017: HK\$379,253,000). The increase in equity attributable to owners of the Company was mainly due to the total comprehensive income recorded by the Group during the period.

The Group's gearing ratio, calculated based on total borrowings of HK\$1,034,484,000 (31 March 2017: HK\$414,080,000) divided by equity attributable to owners of the Company plus total borrowings of HK\$1,515,067,000 (31 March 2017: HK\$793,333,000), was at 68% (31 March 2017: 52%).

Management Discussion and Analysis

During the period under review, the Group continued to implement a prudent financial management policy to protect the shareholders' interest of the Group. With the amount of liquid assets on hand together with advances and credit facilities granted by banks, the management will keep exploring the feasibility of carrying out certain financing activities, with the support from financial and securities institutions and professional advisors, to meet its ongoing operational requirements and business expansions.

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 minimize 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 30 September 2017, the Group had bank advances for discounted bills of HK\$1,034,484,000 (31 March 2017: HK\$414,080,000) which were secured by the Group's certain bills receivables.

Restricted Bank Deposits

As at 30 September 2017, restricted bank deposits in the amount of HK\$4,375,000 (31 March 2017: HK\$7,547,000) mainly referred to the security deposit placed at designated bank accounts to secure the trade facilities and bills payables of the Group.

Capital Commitment

As at 30 September 2017, the Group had capital commitments of RMB7,675,000 (equivalent to approximately HK\$9,010,000) (31 March 2017: RMB11,811,000, equivalent to approximately HK\$13,323,000) mainly for acquisition of machineries, equipment and related installation works for the Power Company, a wholly owned subsidiary of the Company.

Contingent Liabilities

As at 30 September 2017, the Group had no material contingent liabilities (31 March 2017: nil).

Event After The Reporting Period

The Group had no significant events occurred after the end of the reporting period.



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group had a total of about 311 employees and directors (2016: 299). The Group's staff costs, including directors' remuneration, amounted to HK\$29,374,000 (2016: HK\$22,099,000). 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 and discretionary bonuses.

PROSPECTS

Looking ahead to the second half of 2017, the Group expects the overall economy will maintain momentum, which will bode well for the sale of metal minerals and the output of the Waste Recycling Company and the Power Company in Ningxia.

For everlasting development of the Group, in addition to its existing operations, the Group will focus on clean energy, energy-saving and environmental protection businesses. This is consistent with the new Chinese company name “新源萬恒控股有限公司” resolved to be adopted as the secondary name of the Company at its 2017 annual general meeting.

The Group will take advantage of its financing capability as a listed company in an effort to explore clean energy, energy-saving and environmental protection projects with investment value in China and other countries along the “Belt and Road”. The Group will consider investment in and operation of projects such as photovoltaic, wind energy, natural gas and hydropower in a holistic manner to facilitate the development of and transition to clean energy. The aim is to become a leading investor, operator and service provider in the area of clean energy to widen the income stream and usher in additional business opportunities for the Group, laying the foundation for the Group's future growth and maximising shareholders' return.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2017

	Notes	Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	1,017,601	520,127
Cost of sales		(897,514)	(475,949)
Gross profit		120,087	44,178
Other income	5	45,266	14,365
Selling and distribution costs		(4,252)	(4,835)
Administrative expenses		(54,511)	(39,351)
Profit from operations		106,590	14,357
Finance costs	6(a)	(10,380)	(43,805)
Profit/(loss) before taxation	6	96,210	(29,448)
Income tax	7	(18,529)	(4,741)
Profit/(loss) for the period		77,681	(34,189)
Attributable to:			
Owners of the Company		77,547	(33,567)
Non-controlling interests		134	(622)
Profit/(loss) for the period		77,681	(34,189)
		HK cent	HK cent
Earnings/(loss) per share	9		
Basic		0.368	(0.163)
Diluted		0.368	(0.163)

The notes on pages 14 to 34 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit/(loss) for the period	77,681	(34,189)
Other comprehensive income/(expenses) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	23,571	(14,626)
Other comprehensive income/(expenses) for the period (net of nil tax (2016: nil))	23,571	(14,626)
Total comprehensive income/(expenses) for the period	101,252	(48,815)
Attributable to:		
Owners of the Company	101,330	(48,350)
Non-controlling interests	(78)	(465)
	101,252	(48,815)

The notes on pages 14 to 34 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Notes	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	258,991	256,866
Prepaid land lease payments	11	3,515	3,412
Goodwill	12	–	–
Other intangible asset		–	–
Deferred tax assets		49	49
Rental deposit		2,013	697
		264,568	261,024
Current assets			
Inventories		24,382	52,500
Trade and bills receivables	13	2,118,991	1,491,495
Prepayments, deposits and other receivables		37,322	36,037
Prepaid land lease payments	11	72	69
Tax recoverable		462	442
Restricted bank deposits		4,375	7,547
Cash and cash equivalents		122,332	15,165
		2,307,936	1,603,255
Current liabilities			
Trade and bills payables	14	915,715	947,410
Accruals, deposits and other payables		120,965	113,416
Bank advances for discounted bills		1,034,484	414,080
Tax payable		28,822	18,107
		2,099,986	1,493,013
Non-current liabilities			
Deferred tax liabilities		66	66
Net assets			
		472,452	371,200
Equity			
Equity attributable to owners of the Company			
Share capital		4,217	4,217
Reserves		476,366	375,036
		480,583	379,253
Non-controlling interests			
		(8,131)	(8,053)
Total equity			
		472,452	371,200

The notes on pages 14 to 34 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserve	Share option reserve	Contributed surplus	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2016 (audited)	4,111	18,069	(1,522)	8,173	-	6,252	94,218	1,329	216,418	347,048	(7,232)	339,816
Loss for the period	-	-	-	-	-	-	-	-	(33,567)	(33,567)	(622)	(34,189)
Exchange differences on translation of financial statements of subsidiaries	-	-	-	-	-	-	-	(14,783)	-	(14,783)	157	(14,626)
Total comprehensive expenses for the period	-	-	-	-	-	-	-	(14,783)	(33,567)	(48,350)	(465)	(48,815)
Shares issued under share option scheme	86	19,394	-	-	-	(5,075)	-	-	-	14,405	-	14,405
Release the capital reserve upon disposal of subsidiaries	-	-	-	(322)	-	-	-	-	322	-	-	-
Dividend declared in respect of the previous year (note 8)	-	-	-	-	-	-	-	-	(20,984)	(20,984)	-	(20,984)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Disposal of interests in non-wholly owned subsidiaries (note 16)	-	-	-	-	-	-	-	-	-	-	(1)	(1)
At 30 September 2016 (unaudited)	4,197	37,463	(1,522)	7,851	-	1,177	94,218	(13,454)	162,189	292,119	(7,716)	284,403
At 1 April 2017 (audited)	4,217	41,970	(1,522)	7,851	4,040	-	31,960	(29,585)	320,322	379,253	(8,053)	371,200
Profit for the period	-	-	-	-	-	-	-	-	77,547	77,547	134	77,681
Exchange differences on translation of financial statements of subsidiaries	-	-	-	-	-	-	-	23,783	-	23,783	(212)	23,571
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	-	-	23,783	77,547	101,330	(78)	101,252
At 30 September 2017 (unaudited)	4,217	41,970	(1,522)	7,851	4,040	-	31,960	(5,802)	397,869	480,583	(8,131)	472,452

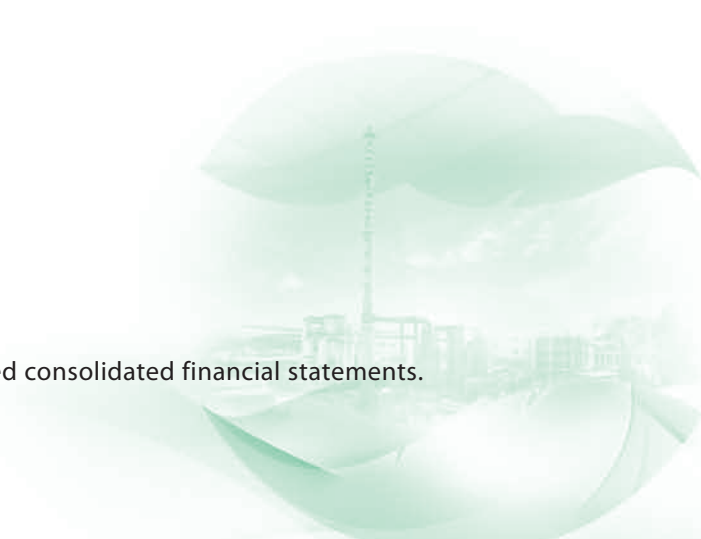
The notes on pages 14 to 34 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(535,377)	808,477
Net cash used in investing activities	(7,744)	(65,373)
Net cash generated from/(used in) financing activities	647,764	(769,109)
Net increase/(decrease) in cash and cash equivalents	104,643	(26,005)
Cash and cash equivalents at beginning of the period	15,165	80,326
Effect of foreign exchange rate changes	2,524	(690)
Cash and cash equivalents at end of the period	122,332	53,631
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	122,332	53,631

The notes on pages 14 to 34 form part of this condensed consolidated financial statements.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Pursuant to a special resolution passed at the Company's annual general meeting on 15 September 2017, the name of the Company was changed from "BEP International Holdings Limited" to "New Provenance Everlasting Holdings Limited" with effect from 15 September 2017. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong of the Company is located at Unit 3201-09, 32/F, Shui On Centre, No. 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are currently engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and production and sale of utilities.

2. BASIS OF PREPARATION

The 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 28 November 2017.

The condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements which are set out in note 3.

The preparation of the condensed consolidated financial statements 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.

This condensed consolidated financial statements 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 2017 annual financial statements. This condensed consolidated financial statements 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 2017 that is included in the condensed consolidated financial statements 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 2017 are available in the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 23 June 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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 period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this condensed consolidated financial statements.

4. 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 period is as follows:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sourcing and sale of metal minerals and related industrial materials	908,003	444,632
Production and sale of industrial products	59,617	60,731
Production and sale of utilities	49,981	14,534
Others	–	230
	1,017,601	520,127

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

4. REVENUE AND SEGMENT REPORTING (continued)

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 six months ended 30 September 2016, the operation of sale of electrical and electronic consumer products segment was disposed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

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 2017 and 2016 are set out below:

Six months ended 30 September 2017 (unaudited)					
	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	<u>908,003</u>	<u>59,617</u>	<u>49,981</u>	<u>-</u>	<u>1,017,601</u>
Reportable segment profit/(loss)	<u>110,626</u>	<u>9,359</u>	<u>(3,230)</u>	<u>(920)</u>	<u>115,835</u>
Six months ended 30 September 2016 (unaudited)					
	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	<u>444,632</u>	<u>60,731</u>	<u>14,534</u>	<u>230</u>	<u>520,127</u>
Reportable segment profit/(loss)	<u>21,263</u>	<u>18,623</u>	<u>191</u>	<u>(734)</u>	<u>39,343</u>

There are no inter-segment sales for the six months ended 30 September 2017 and 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

4. REVENUE AND SEGMENT REPORTING (continued)

b) Segment reporting (continued)

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

The following tables present segment assets and segment liabilities of the Group's segments as at 30 September 2017 and 31 March 2017:

	At 30 September 2017 (unaudited)				
	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 assets	<u>2,124,348</u>	<u>81,136</u>	<u>235,001</u>	<u>1,224</u>	<u>2,441,709</u>
Reportable segment liabilities	<u>(2,020,069)</u>	<u>(25,810)</u>	<u>(42,287)</u>	<u>(4,181)</u>	<u>(2,092,347)</u>
	At 31 March 2017 (audited)				
	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 assets	<u>1,460,545</u>	<u>87,239</u>	<u>297,615</u>	<u>960</u>	<u>1,846,359</u>
Reportable segment liabilities	<u>(1,401,924)</u>	<u>(30,655)</u>	<u>(47,931)</u>	<u>(4,054)</u>	<u>(1,484,564)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

4. REVENUE AND SEGMENT REPORTING (continued)

b) Segment reporting (continued)

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit		
Total reportable segment profit derived from the Group's external customers	115,835	39,343
Other income	45,266	14,365
Depreciation of reportable segment not included in measurement of segment profit	(1)	(1)
Amortisation of prepaid land lease payments	(36)	(310)
Finance costs	(10,380)	(43,805)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	(322)	(182)
– Net foreign exchange loss	–	(21,988)
– Staff costs (including directors' emoluments)	(17,388)	(16,502)
– Fair value loss on derivative financial instruments		
– forward foreign exchange contracts	(30,029)	–
– Others	(6,735)	(368)
Consolidated profit/(loss) before taxation	96,210	(29,448)



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

5. OTHER INCOME

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest income on bank deposits	17	1,641
Interest income on loan receivable	150	214
Total interest income on financial assets not at fair value through profit or loss	167	1,855
Sundry income	175	639
Fair value gain on derivative financial instruments – forward foreign exchange contracts	–	11,850
Net foreign exchange gain	44,924	–
Gain on disposal of subsidiaries (<i>note 16</i>)	–	21
	45,266	14,365

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the followings:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
(a) Finance costs		
Interest on bank loan	–	30,113
Bills discount charges	10,380	13,692
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	10,380	43,805
	<hr/>	<hr/>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	28,052	20,031
Contributions to defined contribution retirement plans	1,322	2,068
	<hr/>	<hr/>
	29,374	22,099
	<hr/>	<hr/>
(c) Other items		
Cost of inventories [#]	896,594	475,009
Depreciation for property, plant and equipment	16,018	4,617
Operating lease charges: minimum lease payments	8,213	4,955
Written off of property, plant and equipment	23	1
Fair value loss/(gain) on derivative financial instruments		
– forward foreign exchange contracts	30,029	(11,850)
Amortisation of prepaid land lease payments	36	310
Net foreign exchange (gain)/loss	(44,924)	21,988
	<hr/>	<hr/>

Cost of inventories includes HK\$31,452,000 (2016: HK\$13,365,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 2017 and 2016 which amounts were 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 2017

7. INCOME TAX

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax (<i>note (i)</i>)	15,722	–
– PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>)	2,807	4,698
Deferred tax		
– Origination and reversal of temporary differences	–	43
Total	18,529	4,741

Notes:

- (i) The provision for Hong Kong Profits Tax for the six months ended 30 September 2017 is calculated at 16.5% of estimated assessable profits.

No Hong Kong Profits Tax had been provided as the Group had no assessable profits for the six months ended 30 September 2016.

- (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, Cayman Islands, Samoa and the British Virgin Islands for the six months ended 30 September 2017 and 2016.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

Final dividend of HK0.1 cent per ordinary share in respect of the year ended 31 March 2016 amounted to HK\$20,984,000 was approved during the six months ended 30 September 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

9. EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2017 (unaudited)	2016 (unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company (HK\$'000)	77,547	(33,567)
Number of shares		
Weighted average number of ordinary shares in issue	21,084,072,140	20,647,405,473
Basic earnings/(loss) per share (HK cent per share)	0.368	(0.163)

b) Diluted earnings/(loss) per share

For the six months ended 30 September 2017

As there is no potential ordinary shares outstanding during the six months ended 30 September 2017, the diluted earnings per share for the six months ended 30 September 2017 is the same as the basic earnings per share.

For the six months ended 30 September 2016

Diluted loss per share for the six months ended 30 September 2016 is the same as the basic loss per share because the share options outstanding during the period have an anti-dilutive effect.

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions, disposals and written off

During the six months ended 30 September 2017, the Group acquired items of property, plant and equipment with a cost of HK\$7,894,000 (2016: HK\$25,284,000). There was no disposal of property, plant and equipment during the six months ended 30 September 2017 (2016: Nil). Items of property, plant and equipment with carrying amounts of HK\$23,000 (2016: HK\$1,000) were written off during the six months ended 30 September 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

11. PREPAID LAND LEASE PAYMENTS

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Carrying amount at beginning of the period/year	3,481	3,669
Additions for the period/year	–	41,506
Disposal	–	(40,861)
Amortisation for the period/year	(36)	(615)
Effect of foreign currency exchange differences	142	(218)
Carrying amount at end of the period/year	3,587	3,481
Current portion	(72)	(69)
Non-current portion	3,515	3,412

Note: The Group's leasehold land is held under medium-term leases and is situated in mainland China.

12. GOODWILL

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Cost		
At beginning and at end of the period/year	5,368	5,368
Accumulated impairment loss		
At beginning of the period/year and at end of the period/year	(5,368)	(5,368)
Carrying amount	–	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

13. TRADE AND BILLS RECEIVABLES

	At 30 September 2017 <i>HK\$'000</i> (unaudited)	At 31 March 2017 <i>HK\$'000</i> (audited)
Trade receivables	222,046	447,984
Bills receivables	1,897,018	1,043,584
Less: Allowance for doubtful debts	(73)	(73)
	2,118,991	1,491,495

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:

	At 30 September 2017 <i>HK\$'000</i> (unaudited)	At 31 March 2017 <i>HK\$'000</i> (audited)
0 - 60 days	217,008	426,838
61 - 120 days	4,045	19,678
121 - 180 days	662	1,329
181 - 360 days	258	66
	221,973	447,911



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

13. TRADE AND BILLS RECEIVABLES (continued)

Ageing analysis: (continued)

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

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
0 - 60 days	103,584	112,670
61 - 120 days	322,344	418,555
121 - 180 days	287,945	238,107
181 - 360 days	1,153,919	274,252
Over 360 days	29,226	–
	1,897,018	1,043,584

Trade and bills receivables are usually due within 90 to 360 days (31 March 2017: 90 to 360 days) from the date of billing, shipment date or bills issue date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

14. TRADE AND BILLS PAYABLES

	At 30 September 2017 <i>HK\$'000</i> (unaudited)	At 31 March 2017 <i>HK\$'000</i> (audited)
Trade payables	149,304	304,426
Bills payables	766,411	642,984
	915,715	947,410

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:

	At 30 September 2017 <i>HK\$'000</i> (unaudited)	At 31 March 2017 <i>HK\$'000</i> (audited)
0 - 60 days	97,392	242,641
61 - 120 days	14,101	19,583
121 - 180 days	1,378	10,988
181 - 360 days	28,532	1,126
Over 360 days	7,901	30,088
	149,304	304,426



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

14. TRADE AND BILLS PAYABLES (continued)

Ageing analysis: (continued)

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

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
0 - 60 days	165,503	154,874
61 - 120 days	257,238	202,782
121 - 180 days	170,771	73,664
181 - 360 days	172,899	211,664
	766,411	642,984

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

15. FINANCIAL INSTRUMENTS

a) Carrying amounts

The Group's major financial instruments include the followings:

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Financial assets		
Trade and bills receivables	2,118,991	1,491,495
Amount due from a non-controlling interest and other receivables	1,925	96
Restricted bank deposits	4,375	7,547
Cash and cash equivalents	122,332	15,165
	2,247,623	1,514,303
Financial liabilities		
Trade and bills payables	915,715	947,410
Accruals and other payables	21,213	60,777
Bank advances for discounted bills	1,034,484	414,080
	1,971,412	1,422,267
Derivative financial instruments	38,408	8,647
Financial liabilities at fair value through profit or loss	38,408	8,647



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

15. FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurement as at			Fair value at	Fair value measurement as at		
	30 September	30 September 2017 categorised into			31 March	31 March 2017 categorised into		
	2017	Level 1	Level 2	Level 3	2017	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
Recurring fair value measurements								
Liabilities:								
Derivative financial instruments:								
- Forward foreign exchange contracts	38,408	-	38,408	-	8,647	-	8,647	-

During the six months ended 30 September 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. There is no significant unobservable inputs involved in the measurement of fair values.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

15. FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement (continued)

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2017 and at 31 March 2017.

16. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 September 2017

No subsidiary was disposed of during the period.

For the six months ended 30 September 2016

On 31 August 2016, the Group disposed of its 100% equity interests in BEP International Trading Limited and its subsidiaries, which were engaged in provision of management services in Hong Kong, to an independent third party at a consideration of HK\$180,000.

	<i>HK\$'000</i>
<hr/>	
Consideration received	
Consideration received in cash and cash equivalents	180
Total consideration received	<u>180</u>
Analysis of assets and liabilities over which control was lost	
Current asset	
Cash and cash equivalents	169
Net assets disposed of	<u>169</u>



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

16. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 September 2016 (continued)

HK\$'000

Gain on disposal of subsidiaries

Consideration received	180
Net assets disposed of	<u>(169)</u>
Gain on disposal of subsidiaries	<u>11</u>

The gain on disposal of subsidiaries is included in the "other income" line item in the condensed consolidated statement of profit or loss.

HK\$'000

Net cash inflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	180
Cash and cash equivalent balances disposed of	<u>(169)</u>
Net cash inflow	<u>11</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

16. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 September 2016 (continued)

On 31 August 2016, the Group disposed of its 92% equity interests in May Wilson Investment Co. Ltd and its subsidiaries, which were engaged in the sale of electrical and electronic consumer products in Hong Kong, to an independent third party at a consideration of HK\$20,000.

	<i>HK\$'000</i>
Consideration received	
Consideration received in cash and cash equivalents	20
Total consideration received	<u>20</u>
Analysis of assets and liabilities over which control was lost	
Current assets	
Prepayments, deposits and other receivables	6
Cash and cash equivalents	<u>5</u>
Net assets disposed of	<u>11</u>
Gain on disposal of subsidiaries	
Consideration received	20
Net assets disposed of	(11)
Non-controlling interests	<u>1</u>
Gain on disposal of subsidiaries	<u>10</u>

The gain on disposal of subsidiaries is included in the "other income" line item in the condensed consolidated statement of profit or loss.

	<i>HK\$'000</i>
Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	20
Cash and cash equivalent balances disposed of	<u>(5)</u>
Net cash inflow	<u>15</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

17. MATERIAL RELATED PARTY TRANSACTIONS

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

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Salaries and other short-term employee benefits	11,630	6,313
Post-employment benefits	175	178
	11,805	6,491

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

18. CAPITAL COMMITMENTS

Capital commitments outstanding as at the end of the reporting period not provided for in the condensed consolidated financial statements were as follows:

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Contracted for in respect of property, plant and equipment	9,010	13,323

Other Information

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

As at 30 September 2017, 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 2017			Approximate percentage of the Company's issued share capital (Note)
		Number of shares held	Number of share options held	Total interests	
Mr. Chan Kwong Fat, George	Beneficial owner	10,000,000	–	10,000,000	0.05%
Mr. Siu Hi Lam, Alick	Beneficial owner	7,000,000	–	7,000,000	0.03%
Mr. Ng Tze Kin, David	Beneficial owner	9,000,000	–	9,000,000	0.04%

Note: The approximate percentage of the Company's issued share capital was calculated on the basis of 21,084,072,140 shares of the Company as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, none of the directors and chief executive of the Company had registered an 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 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.

During the period, no share options under the Share Option Scheme were granted, exercised, cancelled or lapsed. As at 30 September 2017, no share options were outstanding under the Share Option Scheme.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme", at no time during the six months ended 30 September 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions 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 2017.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2017, the following interests of 5% or more 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 shareholder	Capacity and nature of interest	Number of shares held as at 30 September 2017	Approximate percentage of the Company's issued share capital (Note 4)
Sun Le	Interest of controlled corporation	5,040,000,000 (Note 1)	23.90%
Sheen Success Investments Limited	Beneficial owner	5,040,000,000 (Note 1)	23.90%
Zhou Qihong	Interest of controlled corporation	3,215,322,140 (Note 2)	15.25%
Ying Sheng Investment Co., Ltd	Beneficial owner	3,215,322,140 (Note 2)	15.25%
China Huarong Asset Management Co., Ltd. ("China Huarong Asset Management")	Person having a security interest in shares	1,971,000,000 (Note 3)	9.35%

Other Information

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. Beaverway Limited ("Beaverway") was a wholly-owned subsidiary of Linewear Assets Limited ("Linewear"); Linewear was a wholly-owned subsidiary of Huarong International Financial Holdings Limited ("Huarong International"), which in turn was a 51.00% interest subsidiary of Camellia Pacific Investment Holding Limited ("Camellia"), Camellia was a wholly-owned subsidiary of China Huarong International Holdings Limited ("China Huarong International"), which in turn was a 88.10% interest subsidiary of Huarong Real Estate Co., Ltd. (華融置業有限公司) ("Huarong Real Estate (華融置業)"); and Huarong Real Estate (華融置業) was a wholly-owned subsidiary of China Huarong Asset Management.

Accordingly, each of Beaverway, Linewear, Huarong International, Camellia, China Huarong International, Huarong Real Estate (華融置業) and China Huarong Asset Management is deemed to be interested in these 1,971,000,000 shares under the SFO.
4. The approximate percentage of the Company's issued share capital was calculated on the basis of 21,084,072,140 shares of the Company as at 30 September 2017.

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 2017 as required pursuant to section 324 of the SFO. Such other relevant interest or short positions, if notified to the Company, would have to be recorded in the said register of interests required to be kept by the Company pursuant to section 336 of the SFO.

UPDATES ON DIRECTORS' INFORMATION

The updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Annual Report 2017 :

Mr. Zhong Guoxing resigned as a non-executive director of Skyfame Realty (Holdings) Limited (stock code: 59), a listed company in Hong Kong, on 20 July 2017.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

CORPORATE GOVERNANCE CODE

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 throughout the six months ended 30 September 2017.

Other Information

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 2017.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Group for the six months ended 30 September 2017 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 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Zhong Guoxing
Chairman

Hong Kong, 28 November 2017