



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

2016

* For identification purpose only

CONTENTS

Corporate Information	3
Management Discussion and Analysis	4
Condensed Consolidated Statement of Profit or Loss	8
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Financial Statements	13
Other Information	34

Abbreviations

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

“Board”	the Board of Directors of the Company
“Company”	BEP International Holdings Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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
“%”	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Honghai (*Chairman*)
 Mr. Wang Zhonghe (*Vice-Chairman*)
 (appointed on 16 May 2016)
 Mr. Cheung Ming (*Chief Executive Officer*)
 Mr. Ren Haisheng

Independent Non-executive Directors

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

STOCK CODE

2326

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY HOMEPAGE

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

Management Discussion and Analysis

OPERATIONS REVIEW

The Group is currently engaged in four business segments: sourcing and sale of metal minerals and related industrial materials; production and sale of industrial products; production and sale of utilities and provision of logistics services.

The Group has completed the acquisitions of 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") and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the "Power Company") located in Ningxia Hui Autonomous Region, PRC in February and March 2016 respectively. This period is the first financial year of the Group after completion of the acquisitions of the Waste Recycling Company and the Power Company.

For the six months ended 30 September 2016, the Group posted revenue and gross profit of HK\$520,127,000 (30 September 2015: HK\$1,036,100,000) and HK\$44,178,000 (30 September 2015: HK\$142,496,000) respectively, representing decrease of 50% and 69% as compared to the corresponding period last year. The decrease in revenue and gross profit were mainly due to the challenges faced by the Group in its operation; and the slowdown of our sourcing and sale of metal minerals and related industrial materials business.

During the period under review, we recorded a net loss of HK\$34,189,000 as a result of the increase in finance costs, the decrease in revenue and gross profit, and the increase in exchange loss of Renminbi as compared to the net profit of HK\$68,258,000 in the previous period.

The loss attributable to owners of the Company for the six months ended 30 September 2016 amounted to HK\$33,567,000 whereas a comparable profit of HK\$71,475,000 was recorded in the previous period. This represented a loss per share of HK0.163 cent when compared to the earnings per share of HK0.351 cent in the prior period.

During the period under review, the deterioration in the global economic environment, slowdown of economic growth, contraction of purchase from customers, decrease in export from local metal mineral suppliers in respond to the domestic demand together with the devaluation of Renminbi have combination impact on the Group's operation in sourcing and sale of metal minerals and related industrial materials, which led to the decrease in revenue and gross margin of this segment. This segment reported a segment revenue of HK\$444,632,000 (30 September 2015: HK\$1,029,717,000) and a segment profit of HK\$21,263,000 (30 September 2015: HK\$142,576,000), representing decrease of 57% and 85% compared to the corresponding period last year. In order to improve the performance of this business segment, the management will monitor market changes, execute a redeployment with close communication with our customers and suppliers and negotiate for better trading terms.

For the period under review, the results of the Group's operation in production and sale of industrial products (that is the Waste Recycling Company) was encouraging, which recorded revenue of HK\$60,731,000 and segment profit of HK\$18,623,000. The management will continue to pursue the growth plan of this segment and endeavour to achieve better result in the second half of the financial year.

Management Discussion and Analysis

OPERATIONS REVIEW (continued)

The Group's Power Company has already commenced its operation in production and sale of utilities in August 2016, which contributed revenue of HK\$14,534,000 and segment profit of HK\$191,000 in two months' time. The management expect a greater contribution from this segment once the operation gets on track in the second half of the financial year.

During the period, the Group's operation in provision of logistics services remained stagnant and posted a revenue of HK\$230,000 (30 September 2015: HK\$1,492,000), representing a decrease of 85% compared to the corresponding period last year, and recorded a segment loss of HK\$710,000 (30 September 2015: HK\$2,408,000). Due to the intensifying competition in the logistics services industry, the Group is not optimistic about the business development of this segment.

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

Other revenue and other net income of the Group amounted to HK\$14,365,000 representing an increase of HK\$14,091,000 when compared to the prior period, which mainly attributable to the gain on change in fair value of forward foreign exchange contracts during the period.

Administrative expenses during the period was HK\$39,351,000 (30 September 2015: HK\$52,503,000). The decrease in administrative expenses was mainly due to share based payment expenses related to the share options granted in last year, which was absent during the period.

During the period under review, the Group recorded finance costs of HK\$43,805,000 (30 September 2015: HK\$227,000), which was primarily interest on bank loan and discounting of bills receivables. In addition, the Group has fully repaid its bank loan in August 2016 in order to reduce finance costs. As at the end of the period, the Group's borrowings comprised bank advances for discounted bills of approximately HK\$904,311,000 and no bank loan respectively (31 March 2016: HK\$458,555,000 and HK\$1,199,055,000).

During the period, the Group recognised other comprehensive expenses of HK\$14,626,000 (30 September 2015: other comprehensive income of HK\$282,000) due to exchange differences on translation of financial statements of subsidiaries. As a result, the Group's total comprehensive expenses for the period increased to HK\$48,815,000 (30 September 2015: other comprehensive income of HK\$68,540,000). The Group's total comprehensive expenses, net of tax, attributable to owners of the Company was HK\$48,350,000 for the period under review when compared to the total comprehensive income of HK\$71,644,000 in the prior period.

Management Discussion and Analysis

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 2016, the Group had current assets of HK\$1,821,106,000 (31 March 2016: HK\$3,314,320,000), comprising cash and bank balances of HK\$53,631,000 together with HK\$79,286,000 restricted bank deposits for trade facilities granted by banks (31 March 2016: HK\$80,326,000 with HK\$1,271,880,000 restricted bank deposits). The Group's current ratio, calculated based on current assets of HK\$1,821,106,000 (31 March 2016: HK\$3,314,320,000) over current liabilities of HK\$1,827,833,000 (31 March 2016: HK\$3,237,459,000), was at a healthy level of 1.00 (31 March 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 letter of credit. As at 30 September 2016, the Group's trade payables and bills payables amounted to HK\$214,311,000 and HK\$501,051,000 respectively (31 March 2016: HK\$255,902,000 and HK\$1,014,619,000); restricted bank deposits amounted to HK\$79,286,000 (31 March 2016: HK\$1,271,880,000); trade receivables and bills receivables amounted to HK\$198,646,000 and HK\$1,355,813,000 respectively (31 March 2016: HK\$166,141,000 and HK\$1,676,087,000). The credit risk on bills receivables is at a low level as such amounts are due by banks with good reputation.

As at 30 September 2016, the Group's equity attributable to owners of the Company decreased to HK\$292,119,000 (31 March 2016: HK\$347,048,000). The decrease in equity attributable to owners of the Company was mainly due to the total comprehensive loss recorded by the Group during the period. The Group's gearing ratio, calculated based on total borrowings of HK\$904,311,000 (31 March 2016: HK\$1,657,610,000) divided by equity plus total borrowings of HK\$1,196,430,000 (31 March 2016: HK\$2,004,658,000), was at 76% (31 March 2016: 83%).

During the period under review, the Group continued to implement a prudent financial management policy, striving to promote the operations of the Group. With the amount of liquid assets on hand, the management will explore the feasibility of carrying out certain fund-raising exercises, with the support from 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 prudent strategy in its foreign currency risk management, primarily by including the estimated exchange differences on currency exposure in our pricing of metal minerals trade to minimise the impact of the foreign exchange risk on the Group's profit. The Group thus believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a manageable foreign currency risk. The management will pay vigilant attention to the fluctuation of Renminbi and monitor the foreign currency exposure closely. The Group will further consider using any appropriate financial derivatives to hedge against the Group's currency risk and manage its exposure.

Management Discussion and Analysis

FINANCIAL REVIEW (continued)

Borrowings and Pledge of Assets

As at 30 September 2016, the Group had bank advances for discounted bills of HK\$904,311,000 (31 March 2016: HK\$458,555,000) which were secured by the Group's restricted bank deposits and bills receivables. During the period, the Group fully repaid its bank loan (31 March 2016: HK\$1,199,055,000).

Restricted Bank Deposits

As at 30 September 2016, restricted bank deposits in the amount of HK\$79,286,000 (31 March 2016: HK\$1,271,880,000) mainly referred to the security deposits placed at designated bank accounts to secure the trade facilities and bank loan of the Group.

Capital Commitment

As at 30 September 2016, the Group had capital commitments of RMB15,424,000 (equivalent to approximately HK\$17,946,000) (31 March 2016: HK\$24,285,000) mainly for the machineries, equipment owned by the Power Company and their installation works.

Contingent Liabilities

As at 30 September 2016, the Group had no material contingent liabilities (31 March 2016: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group had a total of around 299 employees and directors (30 September 2015: 34). The increase in the Group's headcount was mainly due to the completion of acquisitions of the Waste Recycling Company and the Power Company. The Group's staff costs, including directors' remuneration, amounted to HK\$22,099,000 (30 September 2015: HK\$23,505,000). The increase in headcount of employees and directors resulted in the increase in the salaries and/or remuneration of staff and directors. However, the share-based payment expenses relating to share options granted in the prior year was absent during the period. During the period, the Group remunerated its employees and directors based on their performance, experience and prevailing market rate. Benefit plans provided by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

PROSPECTS

In spite of the surging uncertainties in the market and ongoing competitions together with the various risks in our businesses, the Group has adopted a diversified business model with focus on the fundamentals of each operation. We believe that under the leadership of our management with our consistent effort, the Company will be able to overcome the challenges ahead and seize the opportunities in the market, so as to create greater value for our shareholders, customers, employees and the society.

We are committed and determined in implementing our development goals to achieve future success.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2016

	Notes	Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	520,127	1,036,100
Cost of sales		(475,949)	(893,604)
Gross profit		44,178	142,496
Other revenue and other net income	5	14,365	274
Selling and distribution costs		(4,835)	(2,396)
Administrative expenses		(39,351)	(52,503)
Profit from operations		14,357	87,871
Finance costs	6(a)	(43,805)	(227)
(Loss)/profit before taxation	6	(29,448)	87,644
Income tax	7	(4,741)	(19,386)
(Loss)/profit for the period		(34,189)	68,258
Attributable to:			
Owners of the Company		(33,567)	71,475
Non-controlling interests		(622)	(3,217)
(Loss)/profit for the period		(34,189)	68,258
		HK cent	HK cent
(Loss)/earnings per share	9		
Basic		(0.163)	0.351
Diluted		(0.163)	0.342

The notes on pages 13 to 33 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 2016

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(Loss)/profit for the period	(34,189)	68,258
Other comprehensive (expenses)/income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries		
– Exchange differences arising during the period	(14,626)	282
Other comprehensive (expenses)/income for the period (net of nil tax (2015: nil))	(14,626)	282
Total comprehensive (expenses)/income for the period	(48,815)	68,540
Attributable to:		
Owners of the Company	(48,350)	71,644
Non-controlling interests	(465)	(3,104)
	(48,815)	68,540

The notes on pages 13 to 33 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 September 2016

	<i>Notes</i>	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	240,716	226,713
Prepaid land lease payments	11	44,337	3,617
Deposit paid for acquisition of property, plant and equipment		5,433	31,938
Deferred tax assets		41	84
Rental deposit		697	697
		291,224	263,049
Current assets			
Inventories		51,555	40,815
Trade and bills receivables	12	1,554,459	1,842,228
Prepayments, deposits and other receivables		80,847	77,688
Prepaid land lease payments	11	886	52
Tax recoverable		442	1,331
Restricted bank deposits		79,286	1,271,880
Cash and cash equivalents		53,631	80,326
		1,821,106	3,314,320
Current liabilities			
Trade and bills payables	13	715,362	1,270,521
Accruals, deposits and other payables		146,593	264,837
Bank loan		–	1,199,055
Bank advances for discounted bills		904,311	458,555
Dividends payable		20,994	–
Tax payable		40,573	44,491
		1,827,833	3,237,459
Non-current liabilities			
Deferred tax liabilities		94	94
Net assets			
		284,403	339,816
Equity			
Equity attributable to owners of the Company			
Share capital	14	4,197	4,111
Reserves		287,922	342,937
		292,119	347,048
Non-controlling interests			
		(7,716)	(7,232)
Total equity			
		284,403	339,816

The notes on pages 13 to 33 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Merger reserve	Capital reserve	Share option reserve	Contributed surplus	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	4,031	-	(1,522)	8,173	-	114,768	2	38,702	164,154	2,353	166,507
Profit/(loss) for the period	-	-	-	-	-	-	-	71,475	71,475	(3,217)	68,258
Exchange differences on translation of financial statements of subsidiaries	-	-	-	-	-	-	169	-	169	113	282
Total comprehensive income/(expenses) for the period	-	-	-	-	-	-	169	71,475	71,644	(3,104)	68,540
Recognition of equity settled share-based payments	-	-	-	-	11,001	-	-	-	11,001	-	11,001
Share issued under share option scheme	79	17,888	-	-	(4,701)	-	-	-	13,266	-	13,266
Dividend declared in respect of the period	-	-	-	-	-	(8,220)	-	-	(8,220)	-	(8,220)
At 30 September 2015 (unaudited)	4,110	17,888	(1,522)	8,173	6,300	106,548	171	110,177	251,845	(751)	251,094
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)
Share 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	-	-	-	-	-	-	-	(20,984)	(20,984)	-	(20,984)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(18)	(18)
Disposal of interests in non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	-	(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

The notes on pages 13 to 33 form part of this condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Net cash generated from operating activities	808,477	342,521
Net cash (used in)/generated from investing activities	(65,373)	11,430
Net cash used in financing activities	(769,109)	(281,924)
Net (decrease)/increase in cash and cash equivalents	(26,005)	72,027
Cash and cash equivalents at beginning of the period	80,326	85,348
Effect of foreign exchange rate changes	(690)	234
Cash and cash equivalents at end of the period	53,631	157,609
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	53,631	157,609

The notes on pages 13 to 33 form part of this condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. The addresses of the registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business and head office of the Company are at Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong respectively.

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, production and sale of utilities and provision of logistics services.

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 2016.

The condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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.

The 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 2016 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 2016 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 2016 are available in the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 22 June 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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 2012-2014 Cycle
Amendments to HKAS 1	Presentation of Financial Statements: Disclosure Initiative

The Group has not applied any new standard or interpretation that is not yet effective for the current account 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 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Sourcing and sale of metal minerals and related industrial materials	444,632	1,029,717
Production and sale of industrial products	60,731	–
Production and sale of utilities	14,534	–
Provision of logistics services	230	1,492
Sale of electrical and electronic consumer products	–	4,891
	520,127	1,036,100

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment Reporting

The Group manages its businesses by divisions, which are organised by business lines.

During the year ended 31 March 2016, the Group acquired 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) and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) on 1 February 2016 and 31 March 2016 respectively. Consequently, two new segments, production and sale of industrial products and production and sale of utilities, have been included in the segment reporting.

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 five reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

Note: During the six months ended 30 September 2016, the operation of sale of electrical and electronic consumer products segment was disposed of on 31 August 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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 2016 and 2015 are set out below:

	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	Provision of logistics services HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Total HK\$'000
Reportable segment revenue	444,632	60,731	14,534	230	-	520,127
Reportable segment profit/(loss)	21,263	18,623	191	(710)	(24)	39,343
	Six months ended 30 September 2015 (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	Provision of logistics services HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Total HK\$'000
Reportable segment revenue	1,029,717	-	-	1,492	4,891	1,036,100
Reportable segment profit/(loss)	142,576	-	-	(2,408)	(68)	140,100

There are no inter-segment sales for the six months ended 30 September 2016 and 2015.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment Reporting (continued)

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 September 2016 and 31 March 2016:

	At 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	Provision of logistics services HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Total HK\$'000
Reportable segment assets	1,639,421	119,194	296,730	1,175	-	2,056,520
Reportable segment liabilities	(1,630,453)	(24,006)	(129,237)	(3,827)	-	(1,787,523)
	At 31 March 2016 (audited)					
	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	Provision of logistics services HK\$'000	Sale of electrical and electronic consumer products HK\$'000	Total HK\$'000
Reportable segment assets	3,087,573	136,987	262,351	971	2	3,487,884
Reportable segment liabilities	(2,938,394)	(29,647)	(91,970)	(3,772)	(1,158)	(3,064,941)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment Reporting (continued)

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit		
Total reportable segment profit derived from the Group's external customers	39,343	140,100
Other revenue and other net income	14,365	274
Depreciation of reportable segment not included in measurement of segment profit	(1)	(86)
Amortisation of other intangible asset	–	(420)
Amortisation of prepaid land lease payments	(310)	–
Impairment loss for other intangible asset	–	(2,942)
Finance costs	(43,805)	(227)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	(182)	(149)
– Net foreign exchange loss	(21,988)	(11,858)
– Staff costs (including directors' emoluments)	(16,502)	(21,913)
– Others	(368)	(15,135)
Consolidated (loss)/profit before taxation	(29,448)	87,644

5. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Other revenue		
Interest income on bank deposits	1,641	17
Interest income on loan receivable	214	172
Total interest income on financial assets not at fair value through profit or loss	1,855	189
Sundry income	639	40
	2,494	229
Other net income		
Gain on change in fair value of derivative financial instruments – forward foreign exchange contracts	11,850	–
Gain on disposal of subsidiaries (note 16)	21	45
	11,871	45
	14,365	274

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(a) Finance costs		
Interest on bank loan	30,113	7
Bills discount charges	13,692	220
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	43,805	227
	<hr/>	<hr/>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	20,031	12,109
Contributions to defined contribution retirement plans	2,068	395
Equity-settled share-based payments	–	11,001
	<hr/>	<hr/>
	22,099	23,505
	<hr/>	<hr/>
(c) Other items		
Cost of inventories [#]	475,009	893,604
Depreciation for property, plant and equipment	4,617	235
Operating lease charges: minimum lease payments	4,955	3,777
Loss on disposal of property, plant and equipment	1	9
Amortisation for other intangible asset	–	420
Amortisation of prepaid land lease payments	310	–
Impairment loss for other intangible asset	–	2,942
Net foreign exchange loss	21,988	11,858
	<hr/>	<hr/>

[#] Cost of inventories included HK\$13,365,000 (2015: HK\$3,087,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 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 2016

7. INCOME TAX

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax (<i>note (i)</i>)	–	19,941
– PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>)	4,698	–
Deferred tax		
– Origination and reversal of temporary differences	43	(555)
Total	4,741	19,386

Notes:

- (i) No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the six months ended 30 September 2016.

The provision for Hong Kong Profits Tax for the six months ended 30 September 2015 is calculated at 16.5% of estimated assessable profits.

- (ii) PRC subsidiaries are subject to PRC EIT at 25% (2015: 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 six months ended 30 September 2016 and 2015.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: HK0.06 cent per ordinary share).

Final dividend of HK0.1 cent per ordinary share in respect of the year ended 31 March 2016 was approved during the six months ended 30 September 2016 (2015: HK0.04 cent per ordinary share).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	Six months ended 30 September	
	2016 (unaudited)	2015 (unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(33,567)	71,475
Number of shares		
Weighted average number of ordinary shares in issue (note)	20,647,405,473	20,381,389,080
Basic (loss)/earnings per share (HK cent per share)	(0.163)	0.351

Note: Starting from 9 June 2015, every one issued and unissued share of par value of HK\$0.002 each in the share capital of the Company has been subdivided into ten subdivided shares of par value of HK\$0.0002 each (the "Share Subdivision"). The number of ordinary shares for the six months ended 30 September 2015 for the purpose of calculating basic earnings per share has been adjusted for the effect of Share Subdivision.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

9. (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted (loss)/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.

For the six months ended 30 September 2015

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

10. PROPERTY, PLANT AND EQUIPMENT

Acquisitions, disposals and written off

During the six months ended 30 September 2016, the Group acquired items of property, plant and equipment with a cost of HK\$25,284,000 (2015: HK\$469,000). There was no disposal of property, plant and equipment during the six months ended 30 September 2016 (2015: HK\$9,000) Items of property, plant and equipment with carrying amounts of HK\$1,000 (2015: nil) were written off during the six months ended 30 September 2016.

11. PREPAID LAND LEASE PAYMENTS

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
Carrying amount at beginning of the period/year	3,669	–
Acquisition through business combination	–	3,634
Additions for the period/year	41,970	–
Amortisation for the period/year	(310)	(12)
Effect of foreign currency exchange differences	(106)	47
Carrying amount at end of the period/year	45,223	3,669
Current portion	(886)	(52)
Non-current portion	44,337	3,617

Note:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

12. TRADE AND BILLS RECEIVABLES

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
Trade receivables	198,719	166,301
Bills receivables	1,355,813	1,676,087
Less: Allowance for doubtful debts	(73)	(160)
	1,554,459	1,842,228

Note:

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

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
0 – 60 days	196,837	155,050
61 – 120 days	27	8,921
121 – 180 days	–	2,076
181 – 360 days	1,782	94
	198,646	166,141

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

12. TRADE AND BILLS RECEIVABLES (continued)

Note: (continued)

The following is an analysis of bills receivables by age, presented based on the bills issue date:

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
0 – 60 days	122,475	208,558
61 – 120 days	163,052	570,265
121 – 180 days	123,339	388,668
181 – 360 days	946,947	508,596
	1,355,813	1,676,087

Trade and bills receivables are due within 90 to 360 days (31 March 2016: 30 to 360 days) from the date of billing or shipment date.

13. TRADE AND BILLS PAYABLES

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
Trade payables	214,311	255,902
Bills payables	501,051	1,014,619
	715,362	1,270,521

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

13. TRADE AND BILLS PAYABLES (continued)

Note:

The following is an analysis of trade payables by age, presented based on the invoice date:

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
0 – 60 days	127,408	74,875
61 – 120 days	24,615	53,211
121 – 180 days	10,469	70,195
181 – 360 days	40,303	56,736
Over 360 days	11,516	885
	214,311	255,902

The following is an analysis of bills payables by age, presented based on the bills issue date:

	At 30 September 2016 HK\$'000 (unaudited)	At 31 March 2016 HK\$'000 (audited)
0 – 60 days	169,022	213,429
61 – 120 days	101,244	324,805
121 – 180 days	110,091	263,836
181 – 360 days	120,694	212,549
Over 360 days	–	–
	501,051	1,014,619

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

14. SHARE CAPITAL

	Notes	30 September 2016		31 March 2016	
		Number of shares	Amount HK\$'000 (unaudited)	Number of shares	Amount HK'000 (audited)
Authorised:					
At the beginning of the period/year					
(ordinary shares of HK\$0.0002 each)		500,000,000,000	100,000	-	-
(ordinary shares of HK\$0.002 each)		-	-	50,000,000,000	100,000
Share Subdivision	(i)	-	-	450,000,000,000	-
At the end of period/year		500,000,000,000	100,000	500,000,000,000	100,000
(ordinary shares of HK\$0.0002 each)					
Ordinary shares, issued and fully paid:					
At the beginning of the period/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)	-	-	18,314,164,926	-
Shares issued under share option scheme	(ii)	430,000,000	86	224,500,000	80
At the end of the period/year		20,984,072,140	4,197	20,554,072,140	4,111
(ordinary shares of HK\$0.0002 each)					

Notes:

(i) Upon the Share Subdivision, the subdivided share(s) of par value of HK\$0.0002 each of the Company (the "Subdivided Share(s)") rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares are not affected by the Share Subdivision.

(ii) During the six months ended 30 September 2016, the Company allotted and issued 430,000,000 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules, upon the Share Subdivision, each of the issued and unissued ordinary shares of par value of HK\$0.002 each in the share capital of the Company was subdivided into ten shares of par value of HK\$0.0002 each and the exercise price of the outstanding options was adjusted to HK\$0.0335 per share accordingly.

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

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

	Outstanding at 30 September 2016		Outstanding at 30 September 2015	
	Exercise price HK\$	Number of share options	Exercise price HK\$	Number of share options
Exercise period				
1 April 2015 to 31 March 2017	0.0335	100,000,000	0.0335	534,000,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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

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

	Six months ended 30 September 2016		Six months ended 30 September 2015	
	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$	Number of share options
Outstanding at the beginning of the period	0.0335	530,000,000	-	-
Granted during the period prior to Share Subdivision	-	-	0.335	93,000,000
Exercised during the period prior to Share Subdivision	-	-	0.335	(29,600,000)
		530,000,000		63,400,000
Adjusted during the period upon completion of Share Subdivision	-	-	0.0335	570,600,000
Exercised during the period after Share Subdivision	0.0335	(430,000,000)	0.0335	(100,000,000)
Outstanding and exercisable at the end of the period		100,000,000		534,000,000

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 September 2016 is HK\$0.4079 (2015: HK\$1.2057). As at 30 September 2016, the share options outstanding has an exercise price of HK\$0.0335 (2015: HK\$0.0335) and a weighted average remaining contractual life of 0.5 year (2015: 1.5 years).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

16. DISPOSAL OF SUBSIDIARIES

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.

	<i>HK\$'000</i> (unaudited)
Consideration received	
Consideration received in cash and cash equivalents	180
Total consideration received	180
Analysis of assets and liabilities over which control was lost	
Current asset	
Cash and cash equivalents	169
	169
Net assets disposed of	169
Gain on disposal of subsidiaries	
Consideration received	180
Net assets disposed of	(169)
Gain on disposal of subsidiaries	11
The gain on disposal of subsidiaries is included in the "other revenue and other net income" line item in the condensed consolidated statement of profit or loss.	
Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	180
Cash and cash equivalent balances disposed of	(169)
Net cash inflow	11

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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 sale of electrical and electronic consumer products in Hong Kong.

	<i>HK\$'000</i> (unaudited)
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 asset	
Prepayments, deposits and other receivables	6
Cash and cash equivalents	5
	<u>11</u>
Net assets disposed of	<u>11</u>
Gain on disposal of subsidiaries	
Consideration received	20
Net assets disposed of	(11)
Non-controlling interests	1
	<u>10</u>
Gain on disposal of subsidiaries	<u>10</u>
The gain on disposal of subsidiaries is included in the "other revenue and other net income" line item in the condensed consolidated statement of profit or loss.	
Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	20
Cash and cash equivalent balances disposed of	(5)
	<u>15</u>
Net cash inflow	<u>15</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

16. DISPOSAL OF SUBSIDIARIES (continued)

For the six months ended 30 September 2015

On 30 July 2015, the Group disposed of its 100% equity interests in a subsidiary, which was engaged in sale of electrical and electronic consumer products in Hong Kong together with an assignment of a shareholder's loan of HK\$1,583,000 due by the subsidiary, to an independent third party at a consideration of HK\$2,800,000.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Salaries and other short-term employee benefits	6,313	5,121
Post-employment benefits	178	129
Equity compensation benefits	–	8,359
	6,491	13,609

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:

	As at 30 September 2016 HK\$'000 (unaudited)	As at 31 March 2016 HK\$'000 (audited)
Contracted for in respect of: – construction in progress	17,946	24,285

19. EVENT AFTER THE REPORTING PERIOD

The following event took place after 30 September 2016:

Subsequent to the end of the reporting period, the Group has entered into a contract for the transfer of land use right to dispose of a land parcel located in Ningxia, PRC at a consideration of approximately RMB34,986,000 (equivalent to approximately HK\$40,388,000) in October 2016.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: HK0.06 cent).

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

As at 30 September 2016, 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 2016			Approximate percentage of the Company's issued share capital (Note)
		Number of shares held	Number of share options held	Total interests	
Mr. Zhang Honghai	Beneficial owner	184,010,000	–	184,010,000	0.88%
Mr. Cheung Ming	Beneficial owner	180,000,000	–	180,000,000	0.86%
Mr. Ren Haisheng	Beneficial owner	43,750,000	100,000,000	143,750,000	0.69%
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 20,984,072,140 shares of the Company as at 30 September 2016.

Save as disclosed above, as at 30 September 2016, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

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, cancelled or lapsed. A total of 93,000,000 share options were granted on 1 April 2015 under the Share Option Scheme in which 430,000,000 share options (after the Share Subdivision) were exercised during the period. As at 30 September 2016, share options were outstanding under the Share Option Scheme entitling the holders to subscribe for 100,000,000 shares of par value HK\$0.0002 each in the capital of the Company, which represented approximately 0.48% of the shares in issue.

Details of share options held by the eligible participants and movements in such holdings during the six months ended 30 September 2016 are as follows:

Name of category of participants	Date of grant of share options	As at 1 April 2016	Number of share options During the period				As at 30 September 2016	Approximate percentage of the Company's issue share capital	Exercise price (Note 1) HK\$	Exercise period
			Granted	Exercised	Cancelled	Lapsed				
Directors										
Mr. Zhang Honghai	1.4.2015	200,000,000	-	200,000,000	-	-	-	0.88%	0.0335	1.4.2015-31.3.2017
Mr. Cheung Ming	1.4.2015	180,000,000	-	180,000,000	-	-	-	0.86%	0.0335	1.4.2015-31.3.2017
Mr. Ren Haisheng	1.4.2015	100,000,000	-	-	-	-	100,000,000	0.48%	0.0335	1.4.2015-31.3.2017
Mr. Chan Kwong Fat, George	1.4.2015	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Mr. Siu Hi Lam, Alick	1.4.2015	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Mr. Ng Tze Kin, David	1.4.2015	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Employees										
In aggregate	1.4.2015	50,000,000	-	50,000,000	-	-	-	-	0.0335	1.4.2015-31.3.2017

Notes:

- As a result of the Share Subdivision, the exercise price of the share options granted on 1 April 2015 was adjusted from HK\$0.335 to HK\$0.0335.
- The vesting period of the share options was from the date of grant until the commencement of the exercise period.
- The closing price of the shares traded on the Stock Exchange on 1 April 2015 was HK\$0.033 (adjusted for the effect of the Share Subdivision), being the date on which the relevant options were offered to eligible participants.
- As at 30 September 2016, the total number of issued shares of the Company was 20,984,072,140 shares.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME", at no time during the six months ended 30 September 2016 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 2016.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2016, 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 2016	Approximate percentage of the Company's issued share capital (Note 3)
Sun Le	Interest of controlled corporation	5,040,000,000 (Note 1)	24.02%
Sheen Success Investments Limited	Beneficial owner	5,040,000,000 (Note 1)	24.02%
Zhou Qihong	Interest of controlled corporation	3,215,322,140 (Note 2)	15.32%
Ying Sheng Investment Co., Ltd	Beneficial owner	3,215,322,140 (Note 2)	15.32%

Notes:

- 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.
- 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.
- The approximate percentage of the Company's issued share capital was calculated on the basis of 20,984,072,140 shares of the Company as at 30 September 2016.

Other Information

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 September 2016 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.

As noted from the notices of disclosure of interest filed with the Stock Exchange, as at 30 September 2016, the following parties had interests of 5% or more of the issued share capital of the Company#:

Name of shareholder	Capacity and nature of interest	Number of shares held as at 30 September 2016	Approximate percentage of the Company's issued share capital (Note 3)
China Huarong Asset Management Co., Ltd. ("China Huarong Asset Management")	Person having a security interest in shares	1,971,000,000 (Note 4)	9.39%

Note:

4. As disclosed in the notices of disclosure of interest filed with the Stock Exchange on 23 June 2016, as at 22 March 2016, 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.

- # The information contained in this paragraph (including Note 4) has not been notified to the Company and does not form part of it.

Other Information

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 throughout the six months ended 30 September 2016.

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 2016.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in information of Directors subsequent to the date of the Annual Report 2016.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 September 2016 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 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Zhang Honghai

Chairman

Hong Kong, 28 November 2016