Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board of directors (the "**Board**") of BEP International Holdings Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2016 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**520,127**	1,036,100
Cost of sales		**(475,949)**	(893,604)
Gross profit		**44,178**	142,496
Other revenue and other net income	4	**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	5(a)	**(43,805)**	(227)
(Loss)/profit before taxation	5	**(29,448)**	87,644
Income tax	6	**(4,741)**	(19,386)
(Loss)/profit for the period		**(34,189)**	68,258

	Notes	Six months ended 30 September **2016** *HK$'000* (unaudited)	2015 *HK$'000* (unaudited)
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	8		
Basic		**(0.163)**	0.351
Diluted		**(0.163)**	0.342

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	2015
	HK$'000	*HK$'000*
	(unaudited)	(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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

	Notes	At 30 September 2016 HK$'000 (unaudited)	At 31 March 2016 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**240,716**	226,713
Prepaid land lease payments		**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	9	**1,554,459**	1,842,228
Prepayments, deposits and other receivables		**80,847**	77,688
Prepaid land lease payments		**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	10	**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		**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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

This condensed consolidated financial information 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 2.

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

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("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 information.

3. 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	2015
	HK$'000	*HK$'000*
	(unaudited)	(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

(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.

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	Production and sale of industrial products	Production and sale of utilities	Provision of logistics services	Sale of electrical and electronic consumer products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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.

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	**Production and sale of industrial products**	**Production and sale of utilities**	**Provision of logistics services**	**Sale of electrical and electronic consumer products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'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	Production and sale of industrial products	Production and sale of utilities	Provision of logistics services	Sale of electrical and electronic consumer products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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)

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(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

4. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(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 12)*	**21**	45
	11,871	45
	14,365	274

5. (LOSS)/PROFIT BEFORE TAXATION

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

		Six months ended 30 September	
		2016	2015
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
(a)	**Finance costs**		
	Interest on bank loan	**30,113**	7
	Bills discount charges	**13,692**	220
	Total interest expenses on financial liabilities not at fair value through profit or loss	**43,805**	227
(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
		22,099	23,505
(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

Cost of inventories includes 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 are also included in the respective total amounts disclosed separately in notes 5(b) and 5(c) for each of these types of expenses.

6. INCOME TAX

	Six months ended 30 September 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax *(note (i))*	**–**	19,941
– People's Republic of China (the "PRC") Enterprise Income Tax ("EIT") *(note (ii))*	**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 for in the condensed consolidated financial information 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) The 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 the PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the six months ended 30 September 2016 and 2015.

7. 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).

8. (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	2015
	(unaudited)	(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: The number of ordinary shares for the six months ended 30 September 2015 for the purpose of calculating basic earnings per share had been adjusted for the effect of share subdivision of every one share into ten shares which became effective on 9 June 2015.

(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)
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

9. 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

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.

10. 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

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

11. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules, upon the share subdivision becoming effect on 9 June 2015, 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

(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).

12. 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 was engaged in provision of management services in Hong Kong.

	HK$'000 **(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**

On 31 August 2016, the Group disposed of its 92% equity interests in May Wilson Investment Co. Ltd and its subsidiaries, which was engaged in sale of electrical and electronic consumer products in Hong Kong.

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

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)**
Net cash inflow	**15**

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.

	HK$'000
Consideration received	
Consideration received in cash and cash equivalents	2,800
Total consideration received	2,800
Analysis of assets and liabilities over which control was lost	
Current asset	
Cash and cash equivalents	82
Trade receivables	2,678
	2,760
Current liabilities	
Trade payables	4
Tax payable	1
Shareholder's loan due to the Group	1,583
	1,588
Net assets disposed of	1,172
Gain on disposal of a subsidiary	
Consideration received	2,800
Net assets disposed of	(1,172)
Assignment of shareholder's loan due to the Group	(1,583)
Gain on disposal of a subsidiary	45

The gain on disposal of a subsidiary is included in the "other revenue and other net income" line item in the condensed consolidated statement of profit or loss.

Net cash inflow on disposal of a subsidiary	
Consideration received in cash and cash equivalents	2,800
Cash and cash equivalent balances disposed of	(82)
Net cash inflow	2,718

13. 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	2015
	HK$'000	*HK$'000*
	(unaudited)	(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 5(b)).

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, the People's Republic of China 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.

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.

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.

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.

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).

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.

AUDIT COMMITTEE

The condensed consolidated financial information 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.

By Order of the Board
Zhang Honghai
Chairman

Hong Kong, 28 November 2016

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

* *For identification purpose only*