新源萬恒控股有限公司
New Provenance Everlasting Holdings Limited

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The Board of Directors (the "**Board**") of New Provenance Everlasting Holdings Limited (formerly known as 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 2017 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**1,017,601**	520,127
Cost of sales		**(897,514)**	(475,949)
Gross profit		**120,087**	44,178
Other income	4	**45,266**	14,365
Selling and distribution costs		**(4,252)**	(4,835)
Administrative expenses		**(54,511)**	(39,351)
Profit from operations		**106,590**	14,357
Finance costs	5(a)	**(10,380)**	(43,805)
Profit/(loss) before taxation	5	**96,210**	(29,448)
Income tax	6	**(18,529)**	(4,741)
Profit/(loss) for the period		**77,681**	(34,189)

	Notes	Six months ended 30 September **2017** *HK$'000* **(unaudited)**	2016 *HK$'000* (unaudited)
Attributable to:			
Owners of the Company		**77,547**	(33,567)
Non-controlling interests		**134**	(622)
Profit/(loss) for the period		**77,681**	(34,189)
		HK cent	*HK cent*
Earnings/(loss) per share	8		
Basic		**0.368**	(0.163)
Diluted		**0.368**	(0.163)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**258,991**	256,866
Prepaid land lease payments		**3,515**	3,412
Goodwill		**–**	–
Other intangible asset		**–**	–
Deferred tax assets		**49**	49
Rental deposit		**2,013**	697
		264,568	261,024
Current assets			
Inventories		**24,382**	52,500
Trade and bills receivables	9	**2,118,991**	1,491,495
Prepayments, deposits and other receivables		**37,322**	36,037
Prepaid land lease payments		**72**	69
Tax recoverable		**462**	442
Restricted bank deposits		**4,375**	7,547
Cash and cash equivalents		**122,332**	15,165
		2,307,936	1,603,255
Current liabilities			
Trade and bills payables	10	**915,715**	947,410
Accruals, deposits and other payables		**120,965**	113,416
Bank advances for discounted bills		**1,034,484**	414,080
Tax payable		**28,822**	18,107
		2,099,986	1,493,013
Non-current liabilities			
Deferred tax liabilities		**66**	66
Net assets		**472,452**	371,200
Equity			
Equity attributable to owners of the Company			
Share capital		**4,217**	4,217
Reserves		**476,366**	375,036
		480,583	379,253
Non-controlling interests		**(8,131)**	(8,053)
Total equity		**472,452**	371,200

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

The 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 2017.

The condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements which are set out in note 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 2014-2016 Cycle
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

3. **REVENUE AND SEGMENT REPORTING**

a) **Revenue**

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

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

b) **Segment reporting**

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

In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments.

i) Sourcing and sale of metal minerals and related industrial materials;

ii) Production and sale of industrial products;

iii) Production and sale of utilities; and

iv) Others

Others segment represents business activities and operating segments not separately reported, including provision of logistics services and sale of electrical and electronic consumer products. During the six months ended 30 September 2016, the operation of sale of electrical and electronic consumer products segment was disposed.

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the six months ended 30 September 2017 and 2016 are set out below:

	Six months ended 30 September 2017 (unaudited)				
	Sourcing and sale of metal minerals and related industrial materials	**Production and sale of industrial products**	**Production and sale of utilities**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment revenue	**908,003**	**59,617**	**49,981**	**–**	**1,017,601**
Reportable segment profit/(loss)	**110,626**	**9,359**	**(3,230)**	**(920)**	**115,835**

	Six months ended 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	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue	444,632	60,731	14,534	230	520,127
Reportable segment profit/(loss)	21,263	18,623	191	(734)	39,343

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

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

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

	At 30 September 2017 (unaudited)				
	Sourcing and sale of metal minerals and related industrial materials	**Production and sale of industrial products**	**Production and sale of utilities**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets	**2,124,348**	**81,136**	**235,001**	**1,224**	**2,441,709**
Reportable segment liabilities	**(2,020,069)**	**(25,810)**	**(42,287)**	**(4,181)**	**(2,092,347)**

	At 31 March 2017 (audited)				
	Sourcing and sale of metal minerals and related industrial materials	Production and sale of industrial products	Production and sale of utilities	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	1,460,545	87,239	297,615	960	1,846,359
Reportable segment liabilities	(1,401,924)	(30,655)	(47,931)	(4,054)	(1,484,564)

Reconciliation of reportable segment profit:

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

4. OTHER INCOME

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

5. PROFIT/(LOSS) BEFORE TAXATION

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

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

Cost of inventories includes HK$31,452,000 (2016: HK$13,365,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 2017 and 2016 which amounts were also included in the respective total amounts disclosed separately in notes 5(b) and 5(c) for each of these types of expenses.

6. INCOME TAX

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

Notes:

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

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

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

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

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Cayman Islands, Samoa and the British Virgin Islands for the six months ended 30 September 2017 and 2016.

7. DIVIDENDS

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

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

8. EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

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

	Six months ended 30 September	
	2017	2016
	(unaudited)	(unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company (HK$'000)	**77,547**	(33,567)
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	20,647,405,473
Basic earnings/(loss) per share (HK cent per share)	**0.368**	(0.163)

b) Diluted earnings/(loss) per share

For the six months ended 30 September 2017

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

For the six months ended 30 September 2016

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

9. TRADE AND BILLS RECEIVABLES

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

Ageing analysis:

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

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

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

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

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

10. TRADE AND BILLS PAYABLES

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

Ageing analysis:

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

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

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

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

11. MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

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

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**11,630**	6,313
Post-employment benefits	**175**	178
	11,805	6,491

Total remuneration is included in "staff costs" (see note 5(b)).

OPERATIONS REVIEW

For the six months ended 30 September 2017, the Group was principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and production and sale of utilities.

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

Revenue and Gross Profit

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

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

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

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

Administrative Expenses

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

Other Income

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

Finance Costs

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

Profit/(loss) For The Period

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

The profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to HK$77,547,000 whereas a comparable loss of HK$33,567,000 was recorded in the previous period. This represented the earnings per share of HK0.368 cent for the six months ended 30 September 2017, whereas a comparable loss per share of HK0.163 cent was recorded in the previous period.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group financed its operations mainly by cash generated from its business activities and credit facilities provided by banks. As at 30 September 2017, the Group had current assets of HK$2,307,936,000 (31 March 2017: HK$1,603,255,000), comprising cash and bank balances of HK$122,332,000 together with HK$4,375,000 restricted bank deposits for trade facilities granted by banks (31 March 2017: HK$15,165,000 with HK$7,547,000 restricted bank deposits).

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

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

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

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

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

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a strategy in its foreign currency risk management, primarily by including the estimated exchange differences on currency exposure in our pricing of metal minerals trade to minimize the impact of foreign exchange risk on the Group's profit. The Group has entered into forward foreign exchange contracts to hedge against the Group's currency exposure. The Group thus believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a manageable foreign currency risk. The management is paying vigilant attention to the fluctuation of Renminbi and closely monitor the foreign currency exposure. The Group will further consider using any appropriate financial derivatives to hedge against the Group's currency risk and manage its exposure.

Borrowings and Pledge of Assets

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

Restricted Bank Deposits

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

Capital Commitment

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

Contingent Liabilities

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

Event After The Reporting Period

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group had a total of about 311 employees and directors (2016: 299). The Group's staff costs, including directors' remuneration, amounted to HK$29,374,000 (2016: HK$22,099,000). Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance and discretionary bonuses.

PROSPECTS

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

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

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

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2017.

AUDIT COMMITTEE

The condensed consolidated financial information of the Group for the six months ended 30 September 2017 have not been audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**") before they are duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Zhong Guoxing
Chairman

Hong Kong, 28 November 2017

As at the date of this announcement, the Board comprises Mr. Zhong Guoxing (Chairman), Mr. Wang Zhonghe (Vice-Chairman) and Mr. Hu Haifeng (Chief Executive Officer) 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*