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

(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM RESULTS

The Board of Directors (the "**Board**") of New Provenance Everlasting 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 2019 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)
Continuing operations			
Revenue	*3*	**277,601**	943,558
Cost of sales		**(272,092)**	(875,308)
Gross profit		**5,509**	68,250
Other net income/(loss)	*4*	**18,260**	(54,273)
Selling and distribution costs		**(2,457)**	(6,965)
Administrative expenses		**(14,677)**	(20,343)
Other operating expenses	*5(c)*	**(624)**	–
Profit/(loss) from operations		**6,011**	(13,331)
Finance costs	*5(a)*	**(2,136)**	(23,782)

	Notes	Six months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited) (restated)
Profit/(loss) before taxation	*5*	**3,875**	(37,113)
Income tax	*6*	**(4,160)**	(2,249)
Loss for the period from continuing operations		**(285)**	(39,362)
Discontinued operation			
Loss for the period from discontinued operation	*8*	**(21,638)**	(17,168)
Loss for the period		**(21,923)**	(56,530)
Attributable to:			
Owners of the Company		**(21,375)**	(56,142)
Non-controlling interests		**(548)**	(388)
Loss for the period		**(21,923)**	(56,530)
Profit/(loss) for the period attributable to owners of the Company:			
– from continuing operations		**263**	(38,974)
– from discontinued operation		**(21,638)**	(17,168)
		(21,375)	(56,142)

	Notes	Six months ended 30 September 2019 HK cent (unaudited)	2018 HK cent (unaudited) (restated)
Profit/(loss) per share	*10*		
From continuing operations			
Basic and diluted		**0.001**	(0.185)
From discontinued operation			
Basic and diluted		**(0.103)**	(0.081)
From continuing and discontinued operations			
Basic and diluted		**(0.102)**	(0.266)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Loss for the period	**(21,923)**	(56,530)
Other comprehensive expenses for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of subsidiaries	**(43,994)**	(71,030)
Other comprehensive expenses for the period (net of nil tax (2018: nil))	**(43,994)**	(71,030)
Total comprehensive expenses for the period	**(65,917)**	(127,560)
Attributable to:		
Owners of the Company	**(65,689)**	(127,669)
Non-controlling interests	**(228)**	109
	(65,917)	(127,560)
Total comprehensive expenses attributable to owners of the Company arises from:		
Continuing operations	**(30,987)**	(92,671)
Discontinued operation	**(34,702)**	(34,998)
	(65,689)	(127,669)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	**At 30 September 2019** ***HK$'000*** **(unaudited)**	At 31 March 2019 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**53,125**	213,265
Prepaid land lease payments		**–**	3,393
Goodwill		**–**	–
Other intangible asset		**–**	–
Deferred tax assets		**44**	47
Rental deposit		**1,372**	1,321
		54,541	218,026
Current assets			
Inventories		**59,155**	48,878
Trade and bills receivables	*11*	**284,408**	538,771
Prepayments, deposits and other receivables		**118,486**	140,275
Prepaid land lease payments		**–**	72
Tax recoverable		**25**	369
Cash and cash equivalents		**62,890**	92,373
		524,964	820,738
Assets held for sale	*9*	**227,327**	–
		752,291	820,738
Current liabilities			
Trade payables	*12*	**244,132**	24,651
Accruals, deposits and other payables		**14,023**	42,815
Bank advances for discounted bills		**–**	412,557
Lease liabilities		**8,393**	–
Tax payable		**5,351**	7,566
		271,899	487,589
Liabilities directly associated with the assets held for sale	*9*	**49,675**	–
		321,574	487,589

	Notes	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**66**	66
Net assets		**485,192**	551,109
Equity			
Equity attributable to owners of the Company			
Share capital		**4,217**	4,217
Reserves		**489,430**	555,119
		493,647	559,336
Non-controlling interests		**(8,455)**	(8,227)
Total equity		**485,192**	551,109

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2019

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 22 November 2019.

The condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements which are set out in note 2.

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

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

- HKFRS 16, Leases
- Amendments to HKAS 19, Plan amendment, curtailment or settlement
- Amendments to HKAS 28, Long-term interests in associates and joint ventures
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Annual improvements to HKFRSs 2015-2017 Cycle
- HK(IFRIC) 23, Uncertainty over income tax treatments

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (that is 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.70%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, that is, where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
	HK$'000
	(unaudited)
Operating lease commitments at 31 March 2019 (audited)	24,786
Less: total future interest expenses	(1,009)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019, and total lease liabilities recognised at 1 April 2019 (unaudited)	23,777

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019. There is no impact on the opening balance of equity.

The Group presents right-of-use assets in 'property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 *HK$'000* **(audited)**	**Capitalisation of operating lease contracts** *HK$'000* **(unaudited)**	**Carrying amount at 1 April 2019** *HK$'000* **(unaudited)**
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	213,265	27,242	240,507
Prepaid land lease payments	3,393	(3,393)	–
Total non-current assets	**218,026**	**23,849**	**241,875**
Prepaid land lease payments	72	(72)	–
Total current assets	**820,738**	**(72)**	**820,666**
Lease liabilities (current)	–	(15,410)	(15,410)
Total current liabilities	**(487,589)**	**(15,410)**	**(502,999)**
Lease liabilities (non-current)	–	(8,367)	(8,367)
Total non-current liabilities	**(66)**	**(8,367)**	**(8,433)**
Net assets	**551,109**	**–**	**551,109**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 September 2019	At 1 April 2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Included in "Property, plant and equipment":		
Properties leased for own use, carried at depreciated cost	**3,558**	5,913
Plant, machinery and equipment, carried at depreciated cost	**4,727**	17,864
Land use right	**3,227**	3,465
	11,512	27,242

(d) ***Lease liabilities***

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 September 2019		At 1 April 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	***HK$'000***	HK$'000	HK$'000
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Within 1 year	**8,393**	**8,590**	15,410	16,207
After 1 year but within 2 years	**–**	**–**	8,367	8,579
	–	**–**	8,367	8,579
	8,393	**8,590**	23,777	24,786
Less: Total future interest expenses		**(197)**		(1,009)
Present value of lease liabilities		**8,393**		23,777

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported loss from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the period.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following table may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result and segment results for the six months ended 30 September 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial information to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	Six months ended 30 September 2019				Six months ended 30 September 2018
	Amounts reported under HKFRS 16 (A) *HK$'000* (unaudited)	Add back: HKFRS 16 depreciation and interest expense (B) *HK$'000* (unaudited)	Deduct: Estimated amounts related to operating leases as if under HKAS 17 *(note (i))* (C) *HK$'000* (unaudited)	Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B-C) *HK$'000* (unaudited)	Compared to amounts reported for 2018 under HKAS 17 *HK$'000* (unaudited)
Financial result for the six months ended 30 September 2019 impacted by the adoption of HKFRS 16:					
Continuing operations					
Profit/(loss) from operations	**6,011**	**5,264**	**(5,455)**	**5,820**	**(13,331)**
Finance costs	**(2,136)**	**301**	**–**	**(1,835)**	**(23,782)**
Profit/(loss) before taxation	**3,875**	**5,565**	**(5,455)**	**3,985**	**(37,113)**
Loss for the period	**(285)**	**5,565**	**(5,455)**	**(175)**	**(39,362)**
Reportable segment (loss)/profit for the six months ended 30 September 2019 (note 3(b)) impacted by the adoption of HKFRS 16:					
– Sourcing and sale of metal minerals and related industrial materials	**(158)**	**–**	**–**	**(158)**	**49,720**
– Production and sale of industrial products	**3,210**	**2,908**	**(3,040)**	**3,078**	**11,565**
– Others	**–**	**–**	**–**	**–**	**–**
Total	**3,052**	**2,908**	**(3,040)**	**2,920**	**61,285**
Discontinued operation					
Loss from operations	**(25,491)**	**2,371**	**(2,531)**	**(25,651)**	**(16,679)**
Finance costs	**(271)**	**271**	**–**	**–**	**–**
Loss before taxation	**(25,762)**	**2,642**	**(2,531)**	**(25,651)**	**(16,679)**
Loss for the period	**(21,638)**	**2,642**	**(2,531)**	**(21,527)**	**(17,168)**

Note:

(i) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

3. REVENUE AND SEGMENT REPORTING

a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	**234,018**	902,406
Production and sale of industrial products	**43,583**	41,152
	277,601	943,558

Revenue from the above categories are recognised at point in time.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

All sales contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

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 three reportable segments.

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

(ii) Production and sale of industrial products; and

(iii) Others

Others segment represents business activities and operating segments not separately reported, including provision of logistics services.

The operation of production and sale of utilities was discontinued in the current period. The following segment information does not include any amounts for the discontinued operation, which is described in more detail in note 8.

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 2019 and 2018 are set out below:

Continuing operations

	Six months ended 30 September 2019 (unaudited)			
	Sourcing and sale of metal minerals and related industrial materials	**Production and sale of industrial products**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment revenue from external customers	**234,018**	**43,583**	**–**	**277,601**
Reportable segment (loss)/profit	**(158)**	**3,210**	**–**	**3,052**

	Six months ended 30 September 2018 (unaudited and restated)			
	Sourcing and sale of metal minerals and related industrial materials	Production and sale of industrial products	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	902,406	41,152	–	943,558
Reportable segment profit	49,720	11,565	–	61,285

There are no inter-segment sales for the six months ended 30 September 2019 and 2018.

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 reportable segments as at 30 September 2019 and 31 March 2019:

Continuing operations

	At 30 September 2019 (unaudited)			
	Sourcing and sale of metal minerals and related industrial materials	**Production and sale of industrial products**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets	**336,800**	**170,628**	**619**	**508,047**
Reportable segment liabilities	**(237,744)**	**(23,271)**	**(3,630)**	**(264,645)**

	At 31 March 2019 (audited)			
	Sourcing and sale of metal minerals and related industrial materials	Production and sale of industrial products	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	520,571	145,809	1,470	667,850
Reportable segment liabilities	(431,118)	(13,005)	(3,906)	(448,029)

Reconciliation of reportable segment profit:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
		(Notes)
Continuing operations		
Profit		
Total reportable segment profit derived from the Group's external customers	**3,052**	61,285
Other net income/(loss)	**18,260**	(54,273)
Depreciation of reportable segment not included in measurement of segment profit	**(35)**	(1)
Amortisation of prepaid land lease payments	**–**	(36)
Impairment allowance for other receivables	**(624)**	–
Finance costs	**(2,136)**	(23,782)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	**(2,994)**	(729)
– Staff costs (including directors' emoluments)	**(7,620)**	(11,452)
– Others	**(4,028)**	(8,125)
Consolidated profit/(loss) before taxation (continuing operations)	**3,875**	(37,113)

Notes:

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated (see note 2).

Comparative information is restated for not including any amounts for the discontinued operation (see note 8).

4. OTHER NET INCOME/(LOSS)

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
		(Note)
Continuing operations		
Interest income on bank deposits	**94**	127
Interest income on loan receivable	**166**	158
Total interest income on financial assets measured at amortised cost	**260**	285
Sundry income	**17**	8
Gain on disposal of property, plant and equipment	**76**	–
Fair value gain on derivative financial instruments		
– forward foreign exchange contracts	**1,911**	3,172
Net foreign exchange gain/(loss)	**15,996**	(57,738)
	18,260	(54,273)

Note:

Comparative information is restated for not including any amounts for the discontinued operation (see note 8).

5. PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited) (restated) (Notes)
Continuing operations		
(a) Finance costs		
Bills discount charges	**1,835**	23,782
Interest on lease liabilities	**301**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**2,136**	23,782
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**15,123**	19,494
Contributions to defined contribution retirement plans	**1,324**	1,874
	16,447	21,368
(c) Other items		
Cost of inventories#	**272,092**	875,308
Amortisation of prepaid land lease payments	**–**	36
Impairment allowance for other receivables	**624**	–
Depreciation charges		
– owned property, plant and equipment	**4,969**	4,976
– other land use right	**35**	–
– right-of-use assets	**5,264**	–
Operating lease charges: minimum lease payments	**–**	5,596
Written off of property, plant and equipment	**–**	1,881

Cost of inventories, being the carrying amount of inventories sold, included HK$13,695,000 (2018 (restated): HK$15,788,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 2019 and 2018 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.

Notes:

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated (see note 2).

Comparative information is restated for not including any amounts for the discontinued operation (see note 8).

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

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
		(Note (iv))
Continuing operations		
Current tax		
– Hong Kong Profits Tax *(note (i))*	**3,023**	–
– PRC Enterprise Income Tax ("**EIT**") *(note (ii))*	**1,134**	2,249
	4,157	2,249
Deferred tax		
– Origination and reversal of temporary differences	**3**	–
Total	**4,160**	2,249

Notes:

(i) The provision for Hong Kong Profits Tax for the six months ended 30 September 2019 was calculated at 16.5% of the estimated assessable profits for the period.

No Hong Kong Profits Tax had been provided as the Group had no assessable profits for the six months ended 30 September 2018.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2018: 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, Cayman Islands and the British Virgin Islands for the six months ended 30 September 2019 and 2018.

(iv) Comparative information is restated for not including any amounts for the discontinued operation (see note 8).

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

8. DISCONTINUED OPERATION

Disposal of operation of production and sale of utilities

On 11 September 2019, the Group entered into a sale agreement to dispose of entire equity interests in Ningxia Tianyuan Power Generation Company Limited ("**Power Company**"), a wholly-owned subsidiary of the Company, which carried out all of the Group's operation of production and sale of utilities, at a consideration of RMB169,000,000 (equivalent to approximately HK$187,590,000). The disposal was effected in order to generate cash flow for the expansion of the Group's other business. The disposal is expected to be completed on or before 15 January 2020, on which date control of Power Company is to be passed to the acquirer. Details of the assets and liabilities to be disposed of are disclosed in note 9.

The results of the discontinued operation included in the loss for the period are set out below. The comparative consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Revenue	**54,648**	44,689
Cost of sales	**(80,004)**	(63,419)
Gross loss	**(25,356)**	(18,730)
Other net income	**209**	2,534
Administrative expenses	**(344)**	(483)
Loss from operation	**(25,491)**	(16,679)
Finance costs	**(271)**	–
Loss before taxation	**(25,762)**	(16,679)
Income tax credit/(expense)	**4,124**	(489)
Loss for the period from discontinued operation and attributable to owners of the Company	**(21,638)**	(17,168)

Loss for the period from discontinued operation includes the following:

	Six months ended 30 September 2019 *HK$'000* **(unaudited)**	2018 *HK$'000* (unaudited) (restated)
Interest income on bank deposits	**1**	2
Sundry income	**208**	2,532
Interest on lease liabilities	**271**	–
Salaries, wages and other benefits	**6,409**	4,015
Contributions to defined contribution retirement plans	**1,782**	2,078
Staff costs	**8,191**	6,093
Cost of inventories#	**80,004**	63,419
Depreciation charges		
– owned property, plant and equipment	**9,793**	10,507
– right-of-use assets	**2,371**	–
	12,164	10,507
Operating lease charges: minimum lease payments	**–**	2,213

\# Cost of inventories, being the carrying amount of inventories sold, included HK$21,286,000 (2018 (restated): HK$18,475,000) relating to staff costs, depreciation and operating lease charges for the six months ended 30 September 2019 and 2018 which amounts were also included in the respective total amounts disclosed separately above for each of these types of expenses.

Loss per share

	2019	2018
Basic and diluted, from discontinued operation (HK cent per share)	**(0.103)**	(0.081)

The calculations of basic and diluted loss per share from discontinued operation are based on:

	Six months ended 30 September 2019 **(unaudited)**	2018 (unaudited) (restated)
Loss attributable to owners of the Company from discontinued operation *(HK$'000)*	**(21,638)**	(17,168)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation *(note 10)*	**21,084,072,140**	21,084,072,140

9. DISPOSAL GROUP HELD FOR SALE

As at 30 September 2019, the Group's management was committed to a plan to sell Power Company. Accordingly, Power Company is presented as a disposal group held for sale. Efforts to sell the disposal group have commenced and the disposal is expected to be completed on or before 15 January 2020.

At 30 September 2019, the disposal group comprised the following assets and liabilities.

	At 30 September 2019 *HK$'000* **(unaudited)**
Property, plant and equipment	**161,906**
Inventories	**12**
Trade receivables	**56,092**
Prepayments, deposits and other receivables	**9,291**
Cash and cash equivalents	**26**
Assets held for sale	**227,327**
Trade payables	**23,582**
Accruals, deposits and other payables	**19,046**
Lease liabilities	**7,047**
Liabilities directly associated with the assets held for sale	**49,675**

Cumulative income or expenses included in other comprehensive income

Cumulative expense of HK$16,962,000, being exchange differences relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

10. 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	
	2019	2018
	(unaudited)	(unaudited) (restated)
Continuing operations		
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company *(HK$'000)*	**263**	(38,974)
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	21,084,072,140
Basic earnings/(loss) per share (HK cent per share)	**0.001**	(0.185)
Discontinued operation		
Loss		
Loss for the period attributable to owners of the Company *(HK$'000)*	**(21,638)**	(17,168)
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	21,084,072,140
Basic loss per share (HK cent per share)	**(0.103)**	(0.081)
Continuing and discontinued operations		
Loss		
Loss for the period attributable to owners of the Company *(HK$'000)*	**(21,375)**	(56,142)
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	21,084,072,140
Basic loss per share (HK cent per share)	**(0.102)**	(0.266)

b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the six months ended 30 September 2019 and 2018 is the same as the basic earnings/(loss) per share as there is no potential ordinary shares outstanding during the periods.

11. TRADE AND BILLS RECEIVABLES

	At 30 September 2019 *HK$'000* (unaudited)	At 31 March 2019 *HK$'000* (audited)
Trade receivables	**284,481**	122,729
Bills receivables	**–**	416,115
Less: Loss allowance	**(73)**	(73)
	284,408	538,771

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 loss allowance is as follows:

	At 30 September 2019 *HK$'000* (unaudited)	At 31 March 2019 *HK$'000* (audited)
0 – 60 days	**13,428**	79,551
61 – 120 days	**164,287**	42,288
121 – 180 days	**105,532**	–
181 – 360 days	**–**	–
Over 360 days	**1,161**	817
	284,408	122,656

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

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**–**	–
61 – 120 days	**–**	–
121 – 180 days	**–**	–
181 – 360 days	**–**	405,970
Over 360 days	**–**	10,145
	–	416,115

Trade and bills receivables are usually due within 360 days (31 March 2019: 360 days) from the date of billing, shipment date or bills issue date.

12. TRADE PAYABLES

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**244,132**	24,651

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 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
0 – 60 days	**1,987**	16,893
61 – 120 days	**143,301**	482
121 – 180 days	**93,068**	896
181 – 360 days	**563**	231
Over 360 days	**5,213**	6,149
	244,132	24,651

13. MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel compensation

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	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	**3,643**	6,792
Post-employment benefits	**18**	9
	3,661	6,801

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

14. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	At 30 September 2019 ***HK$'000*** **(unaudited)**	At 31 March 2019 *HK$'000* (audited)
Property, plant and equipment	**1,233**	1,309

15. SEASONALITY OF OPERATIONS

The Group's operation of production and sale of utilities is subject to seasonal fluctuations as a result of weather conditions. In particular, the demands in this geographic area are adversely affected by summer weather conditions, which occur primarily from April to September in each year. Therefore, this business typically has reported lower revenue and results for the first half of the year.

For the twelve months ended 30 September 2019, the operation of production and sale of utilities reported revenue of HK$192,526,000 (twelve months ended 30 September 2018: HK$161,640,000) and segment profit of HK$10,169,000 (twelve months ended 30 September 2018: segment loss of HK$2,281,000).

16. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

OPERATIONS REVIEW

Continuing operations

For the six months ended 30 September 2019 ("**period under review**"), the Group was principally engaged in sourcing and sale of metal minerals and related industrial materials and the production and sale of industrial products. 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**") is upon disposal after the end of the reporting period and the details of the disposal of Power Company during the period are set out under the heading "Material Disposal" below.

Revenue and Gross Profit

During the period under review, the Group recorded a decrease in revenue, from HK$943,558,000 (restated) for the six months ended 30 September 2018 to HK$277,601,000 for the six months ended 30 September 2019, representing a decrease of 70.6% as compared to the corresponding period last year. The Group's gross profit also decreased by 91.9% from HK$68,250,000 (restated) for the six months ended 30 September 2018 to HK$5,509,000 for the six months ended 30 September 2019.

The decrease in revenue and gross profit was mainly attributable to the decrease in demand of the customers of our sourcing and sale of metal minerals and related industrial materials business during the period under review. The persistent uncertainty of global economy this period together with the sustainable volatility of the exchange rate of RMB against various currencies, had a certain impact on the Group's customers and in turn affected the Group's gross profit to a minimal level. During the period under review, this segment reported a segment revenue of HK$234,018,000 (Six months ended 30 September 2018: HK$902,406,000) and a segment loss of HK$158,000 (Six months ended 30 September 2018: segment profit of HK$49,720,000), representing a decrease of 74.1% and 100.3% respectively when 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 a segment revenue of HK$43,583,000 (Six months ended 30 September 2018: HK$41,152,000), representing an increase of 5.9% as compared to the corresponding period last year. This segment reported a decrease in its segment profit by 72.2%, from HK$11,565,000 for the six months ended 30 September 2018 to HK$3,210,000 for the six months ended 30 September 2019. The decrease in segment profit was mainly attributable to the increase of sale of an industrial product with higher cost this period.

Other Net Income/(Loss)

For the six months ended 30 September 2019, the Group recorded an other net income of HK$18,260,000 (Six months ended 30 September 2018 (restated): net loss of HK$54,273,000), the turnaround was mainly attributable to the fluctuation of exchange rate of various foreign currencies, mainly related to RMB and USD. In the corresponding period last year, the deteriorated effects arose from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in RMB, and the sustainable depreciation in RMB against USD was the main challenge to the business of the Group.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses and depreciation. For the six months ended 30 September 2019, the Group recorded an administrative expenses of HK$14,677,000 (Six months ended 30 September 2018 (restated): HK$20,343,000), representing a decrease of 27.9% as compared to the corresponding period last year. The decrease in administrative expenses was mainly due to the cost control measures implemented by the management.

Other Operating Expenses

Other operating expenses of HK$624,000 (Six months ended 30 September 2018: nil) mainly represents impairment allowance for other receivables.

Finance Costs

Finance costs decreased by HK$21,646,000, or 91.0% from HK$23,782,000 for the six months ended 30 September 2018 to HK$2,136,000 for the six months ended 30 September 2019. The decrease was due to the decrease in bills discount charge and such decrease was due to the reduced use of letter of credit by the Group in its sourcing and sale of metal minerals and related industrial materials business. In the corresponding period last year, the Group had made the discounting of bills receivables to maintain certain level of cash flows and the Group management is continuously and carefully monitoring the Group capital structure in order to utilize the financial resources to meet its ongoing operational requirements and business expansion.

Loss for the period

Continuing operations

During the period under review, we recorded a loss for the period from continuing operations of HK$285,000 (Six months ended 30 September 2018 (restated): HK$39,362,000). The decrease in loss was mainly attributable to several reasons including 1) the foreign exchange gain for the six months ended 30 September 2019 arising from exposure to foreign exchange risk mainly related to Renminbi and the United States dollars; 2) the decrease in finance costs and administrative expenses and offset by 3) the decrease in revenue and gross profit owing to the persistent uncertainty of global economy in sourcing and sale of metal minerals and related industrial materials business during the six months ended 30 September 2019.

Discontinued operation

During the period under review, we recorded a loss for the period from discontinued operation of HK$21,638,000 (Six months ended 30 September 2018 (restated): HK$17,168,000). The increase in loss was mainly due to the increased in cost of operation during the period under review.

The loss attributable to owners of the Company for the six months ended 30 September 2019 amounted to HK$21,375,000 whereas a loss of HK$56,142,000 was recorded in the corresponding period last year. This represented a basic loss per share of HK0.102 cent for the six months ended 30 September 2019, whereas the basic loss per share of HK0.266 cent was recorded in the corresponding period last year.

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 2019, the Group had current assets of HK$752,291,000 (31 March 2019: HK$820,738,000), comprising cash and bank balances of HK$62,890,000 (31 March 2019: HK$92,373,000).

The Group's current ratio, calculated based on current assets of HK$752,291,000 (31 March 2019: HK$820,738,000) over current liabilities of HK$321,574,000 (31 March 2019: HK$487,589,000), was at a healthy level of 2.34 (31 March 2019: 1.68).

As at 30 September 2019, the Group's trade payables amounted to HK$244,132,000 (31 March 2019: HK$24,651,000); trade receivables and bills receivables amounted to HK$284,408,000 and HK$nil respectively (31 March 2019: HK$122,656,000 and HK$416,115,000).

As at 30 September 2019, the Group's equity attributable to owners of the Company decreased to HK$493,647,000 (31 March 2019: HK$559,336,000). The decrease in equity attributable to owners of the Company was mainly due to the total comprehensive expenses recorded by the Group during the period under review.

The Group's gearing ratio, calculated based on total borrowings of HK$nil (31 March 2019: HK$412,557,000) divided by equity attributable to owners of the Company plus total borrowings of HK$493,647,000 (31 March 2019: HK$971,893,000), was nil (31 March 2019: 42%).

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 credit facilities granted by banks, the management will keep on 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 requirements.

Material Disposal

On 11 September 2019, the Group entered into a disposal agreement with an independent third party for the disposal of 100% equity interests in Power Company at a total consideration of RMB169,000,000 (equivalent to approximately HK$187,590,000). The Power Company is an indirect wholly-owned subsidiary of the Group which operates a waste heat power generation plant with an installed capacity of 36 megawatts in the Ningxia Hui Autonomous Region of the PRC. The transaction was categorized as a major transaction under the Listing Rules. On 31 October 2019, the transaction was duly passed as an ordinary resolution by the Shareholders.

For details, please refer to the announcement of the Company dated 11 September 2019 and the circular of the Company dated 16 October 2019 for the disposal of Power Company. For the poll results announcement, please refer to the announcement of the Company dated 31 October 2019.

Save for the aforementioned, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this report.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in HK$, RMB and USD. 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 entered into forward foreign exchange contracts to hedge against the Group's currency exposure. The management thus believes the current level of bank balances, certain receivables and payables denominated in RMB and USD expose the Group to a manageable foreign currency risk. The management is paying vigilant attention to the fluctuation of RMB and is constantly and closely monitoring 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 2019, the Group had no bank advances for discounted bills (31 March 2019: HK$412,557,000) which were secured by the Group's certain bills receivables.

Capital Commitment

As at 30 September 2019, the Group had capital commitments of RMB1,120,000 (equivalent to approximately HK$1,233,000) (31 March 2019: RMB1,120,000, equivalent to approximately HK$1,309,000) mainly for acquisition of machineries, equipment and related installation works for the Waste Recycling Company.

Contingent Liabilities

As at 30 September 2019, the Group had no material contingent liabilities (31 March 2019: nil).

Event After The Reporting Period

The disposal of Power Company at a consideration of RMB169,000,000 (equivalent to approximately HK$187,590,000) is expected to be completed on or before 15 January 2020 (31 March 2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had a total of approximately 298 employees and directors (2018: 299), including approximately 137 (2018: 151) employees from discontinued operation. The Group's staff costs, including directors' remuneration, amounted to HK$16,447,000 (2018 (restated): HK$21,368,000). 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

In view of the uncertain global economy and the exchange rate fluctuation during the period under review which affected the sourcing and sale of metal minerals and related industrial materials business, the management of the Group will continue to stay abreast of market trends, keep close communications with customers and suppliers, so as to maintain development of such business.

The Group will also enhance its control over the operating risk and the liquidity risk, and strive to explore opportunities with development potential and sustainability to create diversified revenues for the shareholders and mitigate the Company's business risks as a whole.

As mentioned in the "Material Disposal" paragraph, the disposal of the Power Company represents a prosperous timing and opportunity for the Group to (i) realize its investments before the declining operation environment together with the expected continuous declining profitability of the power generation industry; (ii) focus its resources on the sourcing and sale of metal minerals and related industrial materials business by exploring opportunities to deal in high demand minerals and metal products from third parties; and (iii) strengthen its liquidity for future investment opportunities and potential development in improving the metal minerals trading efficiency and diversifying our source of revenue by investing in auxiliary services in relation to metal minerals and related industrial materials business.

The Group is in the course of identifying suitable future investment opportunities and potential development in improving the metal minerals trading efficiency and auxiliary services, such as supply chain management and/or financing arrangement, and aims to seek those which will fit into the business model of the Group and provide synergy to both parties in order to further enhance the value of its Shares and bring valuable return to the Company and its Shareholders.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2019, the Company has complied with the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except for the deviation from Code Provision A.2.1.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the six months ended 30 September 2019, Mr. Sin Lik Man has been serving as both the chairman and chief executive officer of the Company.

Although the positions of chairman and chief executive officer were not separated during the six months ended 30 September 2019, the responsibilities between the two positions were clearly separated. The Board believes that such structure helps to provide consistent leadership, facilitates effective business planning and implementation of long-term business strategies.

In addition, all major decisions of the Company are made only after discussion among Board members and appropriate members of the Board committees and the heads of departments. The power and authority are not concentrated in one individual. Moreover, the Board is composed of experienced members who are not involved in the day to day management of the Company. They are in a position to and do provide independent opinions effectively. The Board considers that in the circumstances having the roles of the chairman and chief executive officer played by the same individual would not impair the balance of power and authority between the Board and the management of the Company.

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 2019.

AUDIT COMMITTEE

The condensed consolidated financial information of the Group for the six months ended 30 September 2019 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

This interim results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.npegroup.com.hk) respectively. The relevant interim report of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Sin Lik Man
Chairman and Chief Executive Officer

Hong Kong, 22 November 2019

As at the date of this announcement, the Board comprises Mr. Sin Lik Man (Chairman and Chief Executive Officer) and Ms. Sun Le as Executive Directors, Mr. Zheng Gang and Ms. Sun Di as Non-executive Directors, and Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick, Dr. Ng Tze Kin, David and Dr. Liu Yongping as Independent Non-executive Directors.