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

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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINAL RESULTS

The Board of Directors (the "**Board**") of New Provenance Everlasting Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Revenue	*3(a)*	**2,392,876**	1,872,541
Cost of sales		**(2,089,699)**	(1,632,909)
Gross profit		**303,177**	239,632
Other income	*4*	**143,492**	5,032
Selling and distribution costs		**(11,191)**	(11,339)
Administrative expenses		**(125,892)**	(88,994)
Other operating expenses		**–**	(342)
Profit from operations		**309,586**	143,989
Finance costs	*5(a)*	**(22,709)**	(50,989)
Profit before taxation	*5*	**286,877**	93,000
Income tax	*6*	**(52,901)**	(27,752)
Profit for the year		**233,976**	65,248

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**233,638**	66,348
Non-controlling interests		**338**	(1,100)
Profit for the year		**233,976**	65,248
		HK cent	*HK cent*
Earnings per share	*8*		
Basic		**1.108**	0.318
Diluted		**1.108**	0.315

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**233,976**	65,248
Other comprehensive income/(expenses) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**69,003**	(30,616)
Other comprehensive income/(expenses) for the year (net of nil tax (2017: nil))	**69,003**	(30,616)
Total comprehensive income for the year	**302,979**	34,632
Attributable to:		
Owners of the Company	**303,190**	35,434
Non-controlling interests	**(211)**	(802)
	302,979	34,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**258,402**	256,866
Prepaid land lease payments		**3,693**	3,412
Goodwill		**–**	–
Other intangible asset		**–**	–
Deferred tax assets		**49**	49
Rental deposit		**2,013**	697
		264,157	261,024
Current assets			
Inventories		**49,495**	52,500
Trade and bills receivables	*9*	**2,373,981**	1,491,495
Prepayments, deposits and other receivables		**548,846**	36,037
Prepaid land lease payments		**77**	69
Tax recoverable		**462**	442
Restricted bank deposits		**–**	7,547
Cash and cash equivalents		**212,545**	15,165
		3,185,406	1,603,255
Current liabilities			
Trade and bills payables	*10*	**1,245,453**	947,410
Accruals, deposits and other payables		**636,382**	113,416
Bank advances for discounted bills		**851,210**	414,080
Tax payable		**42,273**	18,107
		2,775,318	1,493,013

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred tax liabilities		**66**	66
Net assets		**674,179**	371,200
Equity			
Equity attributable to owners of the Company			
Share capital		**4,217**	4,217
Reserves		**678,226**	375,036
		682,443	379,253
Non-controlling interests		**(8,264)**	(8,053)
Total equity		**674,179**	371,200

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2018

1. BASIS OF PREPARATION

The consolidated financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Sourcing and sale of metal minerals and related industrial materials	**2,114,606**	1,619,896
Production and sale of industrial products	**111,338**	133,073
Production and sale of utilities	**166,932**	119,343
Others	**–**	229
	2,392,876	1,872,541

(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 year ended 31 March 2017, the operation of sale of electrical and electronic consumer products segment was disposed.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief executive officer monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include property, plant and equipment, prepaid land lease payments, goodwill, other intangible asset, inventories, trade and bills receivables, prepayments, deposits and other receivables, tax recoverable, deferred tax assets and restricted bank deposits of each segment. Segment liabilities include trade and bills payables, accruals, deposits and other payables, bank advances for discounted bills, tax payable and deferred tax liabilities of each segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, amortisation of prepaid land lease payments, impairment of property, plant and equipment and other receivables, finance costs, income tax expense and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

The accounting policies of the operating segments are the same as the Group's accounting policies.

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 years ended 31 March 2018 and 2017 are set out below:

	2018				
	Sourcing and sale of metal minerals and related industrial materials *HK$'000*	**Production and sale of industrial products** *HK$'000*	**Production and sale of utilities** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue	**2,114,606**	**111,338**	**166,932**	**–**	**2,392,876**
Reportable segment profit	**258,183**	**20,584**	**13,219**	**–**	**291,986**
Depreciation for property, plant and equipment	**–**	**(9,235)**	**(22,344)**	**(2)**	**(31,581)**
Amortisation of prepaid land lease payments	**–**	**(73)**	**–**	**–**	**(73)**
Finance costs	**(22,709)**	**–**	**–**	**–**	**(22,709)**
Income tax expense	**(45,949)**	**(4,063)**	**(2,889)**	**–**	**(52,901)**
Reportable segment assets	**2,868,257**	**135,001**	**224,523**	**1,260**	**3,229,041**
Additions to non-current segment assets during the year	**–**	**3,763**	**2,325**	**–**	**6,088**
Reportable segment liabilities	**(2,649,312)**	**(26,881)**	**(87,823)**	**(4,553)**	**(2,768,569)**

	2017				
	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	1,619,896	133,073	119,343	229	1,872,541
Reportable segment profit/(loss)	153,109	34,066	42,749	(1,631)	228,293
Depreciation for property, plant and equipment	–	(8,908)	(9,227)	(2)	(18,137)
Amortisation of prepaid land lease payments	–	(71)	(544)	–	(615)
Impairment of:					
– property, plant and equipment	–	–	–	(52)	(52)
– other receivables	–	–	–	(290)	(290)
Finance costs	(50,114)	–	(875)	–	(50,989)
Income tax expense	(11,680)	(8,074)	(8,170)	(4)	(27,928)
Reportable segment assets	1,460,545	87,239	297,615	960	1,846,359
Additions to non-current segment assets during the year	–	1,982	70,742	–	72,724
Reportable segment liabilities	(1,401,924)	(30,655)	(47,931)	(4,054)	(1,484,564)

There are no inter-segment sales during the years ended 31 March 2018 and 2017.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2018	2017
	HK$'000	*HK$'000*
Metal minerals and related industrial materials	**2,114,606**	1,619,896
Industrial products	**111,338**	133,073
Utilities	**166,932**	119,343
Others	**–**	229
	2,392,876	1,872,541

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid land lease payments, goodwill, other intangible asset and non-current rental deposit. The geographical location of customers is based on the location at which the products were delivered or the services were provided. The geographical locations of property, plant and equipment, prepaid land lease payments and non-current rental deposit is based on the physical location of the assets under consideration. In the case of goodwill and other intangible asset, it is based on the location of the operation to which they are allocated.

	Revenue from external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**6,803**	1,296
PRC except Hong Kong	**2,392,876**	1,872,541	**257,305**	259,679
	2,392,876	1,872,541	**264,108**	260,975

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A *(note (i))*	**832,058**	N/A
Customer B *(note (ii))*	**854,646**	580,091
Customer C *(note (iii))*	**706,104**	1,118,492

Notes:

(i) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2018 (2017: the corresponding revenue did not contribute 10% or more of the Group's total revenue during the year).

(ii) Revenue from the above customer arose from the businesses of production and sale of industrial products, production and sale of utilities and sourcing and sale of metal minerals and related industrial materials for the years ended 31 March 2018 and 2017.

(iii) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the years ended 31 March 2018 and 2017.

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income on bank deposits	**48**	1,635
Interest income on loan receivable	**304**	290
Total interest income on financial assets not at fair value through profit or loss	**352**	1,925
Sundry income	**214**	761
Gain on disposal of prepaid land lease payments	**–**	23
Gain on disposal of subsidiaries	**–**	21
Net foreign exchange gain	**142,926**	–
Fair value gain on derivative financial instruments – forward foreign exchange contracts	**–**	2,302
	143,492	5,032

5. PROFIT BEFORE TAXATION

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

	2018	2017
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loan and overdrafts	**–**	29,503
Interest on other loan	**–**	876
Bills discount charges	**22,709**	20,610
Total interest expense on financial liabilities not at fair value through profit or loss	**22,709**	50,989

	2018	2017
	HK$'000	*HK$'000*

(b) Staff costs (including directors' emoluments)

	2018	2017
Salaries, wages and other benefits	**63,477**	50,535
Contributions to defined contribution retirement plans	**5,726**	4,709
	69,203	55,244

(c) Other items

	2018	2017
Cost of inventories #	**2,089,699**	1,631,074
Auditors' remuneration	**1,133**	914
Amortisation of prepaid land lease payments	**73**	615
Depreciation for property, plant and equipment	**32,631**	18,506
Operating lease charges: minimum lease payments	**16,409**	14,687
Net loss on disposal of property, plant and equipment	**15**	2
Written off of property, plant and equipment	**2,798**	255
Impairment allowance for other receivables*	**–**	290
Impairment loss for property, plant and equipment*	**–**	52
Net foreign exchange (gain)/loss	**(142,926)**	41,588
Fair value loss/(gain) on derivative financial instruments		
– forward foreign exchange contracts	**65,467**	(2,302)

Cost of inventories included HK$69,277,000 (2017: HK$47,250,000) relating to staff costs, depreciation and operating lease charges for the years ended 31 March 2018 and 2017 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.

* These items are included in "other operating expenses" on the face of the consolidated statement of profit or loss.

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

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

	2018	2017
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**45,949**	11,378
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**6,952**	16,585
	52,901	27,963
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**–**	(218)
Deferred tax		
– Origination and reversal of temporary differences	**–**	7
Total	**52,901**	27,752

Notes:

(i) The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5% (2017: 16.5%) of estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2017: 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 years ended 31 March 2018 and 2017.

7. DIVIDENDS

a) The Board does not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

b) Dividends paid to owners of the Company attributable to the previous financial year, approved and paid during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 March 2018 of nil per ordinary share (2017: HK0.1 cent per ordinary share)	**–**	20,984

8. EARNINGS PER SHARE

a) Basic earnings per share

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

	2018	2017
Earnings		
Profit for the year attributable to owners of the Company *(HK$'000)*	**233,638**	66,348
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	20,836,044,743
Basic earnings per share *(HK cent per share)*	**1.108**	0.318

b) Diluted earnings per share

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

	2018	2017
Earnings		
Profit for the year attributable to owners of the Company *(HK$'000)*	**233,638**	66,348
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**21,084,072,140**	20,836,044,743
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	230,768,820
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**21,084,072,140**	21,066,813,563
Diluted earnings per share *(HK cent per share)*	**1.108**	0.315

9. TRADE AND BILLS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**97,035**	447,984
Bills receivables	**2,277,019**	1,043,584
Less: Allowance for doubtful debts *(note (b))*	**(73)**	(73)
	2,373,981	1,491,495

All of the trade and bills receivables are expected to be recovered within one year.

Notes:

(a) 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:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**94,551**	426,838
61 – 120 days	**1,540**	19,678
121 – 180 days	**–**	1,329
181 – 360 days	**597**	66
Over 360 days	**274**	–
	96,962	447,911

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

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**234,552**	112,670
61 – 120 days	**477,388**	418,555
121 – 180 days	**434,396**	238,107
181 – 360 days	**973,632**	274,252
Over 360 days *(remark)*	**157,051**	–
	2,277,019	1,043,584

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

Remark:

The amount of bills receivables with ageing over 360 days represented bills with 360 days maturity day and were received by the banks within one to two months after the shipment date. These bills were fully settled after the year end.

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

Movements in the allowance for doubtful debts

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**73**	160
Amount written off upon disposal of subsidiaries	**–**	(87)
At end of the year	**73**	73

10. TRADE AND BILLS PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**121,591**	304,426
Bills payables	**1,123,862**	642,984
	1,245,453	947,410

Notes:

(a) Trade and bills payables are expected to be settled within one year.

(b) 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:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**105,523**	242,641
61 – 120 days	**9,878**	19,583
121 – 180 days	**1,377**	10,988
181 – 360 days	**696**	1,126
Over 360 days	**4,117**	30,088
	121,591	304,426

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

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**129,897**	154,874
61 – 120 days	**–**	202,782
121 – 180 days	**335,211**	73,664
181 – 360 days	**658,754**	211,664
	1,123,862	642,984

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 March 2018 (2017: Nil).

OPERATIONS REVIEW

For the year ended 31 March 2018, 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 year ended 31 March 2018.

Revenue and Gross Profit

During the year under review, the Group recorded a significant increase in revenue, from HK$1,872,541,000 for the year ended 31 March 2017 to HK$2,392,876,000 for the year ended 31 March 2018, representing increase of 27.8% as compared to last year. The Group's gross profit also increased by 26.5% from HK$239,632,000 for the year ended 31 March 2017 to HK$303,177,000 for the year ended 31 March 2018.

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 year 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 year ended 31 March 2018. During the year under review, this segment reported a segment revenue of HK$2,114,606,000 (Year ended 31 March 2017: HK$1,619,896,000) and a segment profit of HK$258,183,000 (Year ended 31 March 2017: HK$153,109,000), representing increase of 30.5% and 68.6% when compared to 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 segment revenue of HK$111,338,000 (Year ended 31 March 2017: HK$133,073,000), representing decrease of 16.3% as compared to last year. This segment reported a decrease in its segment profit by 39.6%, from HK$34,066,000 for the year ended 31 March 2017 to HK$20,584,000 for the year ended 31 March 2018. The decrease in segment revenue and profit was mainly attributable to the decrease in the sales of our industrial products due to the slowdown of this segment business during the second half of our financial year ended 31 March 2018. The management will devote more marketing efforts on boosting the sales and also optimize the operations by exploring the initiation of new technologies.

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$166,932,000 (Year ended 31 March 2017: HK$119,343,000), representing increase of 39.9% as compared to last year. The Power Company commenced its operation in August 2016 and as the above segment revenue for the year ended 31 March 2017 only represented eight month's time, this segment therefore recorded a significant increase in segment revenue for the year ended 31 March 2018 when compared to last year. Compared with the segment profit of HK$42,749,000 made by the Power Company for the year ended 31 March 2017, this segment reported a segment profit of HK$13,219,000 for the year ended 31 March 2018, representing a decrease in segment profit by 69.1%. The decrease in profit of this segment was mainly attributable to the substantial increase in the production material cost of the Power Company during the year under review. Also, more machines have been deployed and operated by the Power Company at the beginning of the year ended 31 March 2018, which led to the relatively higher depreciation portion incurred for the year ended 31 March 2018 as compared to last year.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses, exchange loss, depreciation and amortization. For the year ended 31 March 2018, the Group recorded the administrative expenses of HK$125,892,000 (Year ended 31 March 2017: HK$88,994,000), representing increase of 41.5% as compared to 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 year ended 31 March 2018, the Group recorded the other income of HK$143,492,000 (Year ended 31 March 2017: HK$5,032,000), and the substantial increase in other income when compared to the other income last year was mainly attributable to the net foreign exchange gain during the year 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$28,280,000, or 55.5% from HK$50,989,000 for the year ended 31 March 2017 to HK$22,709,000 for the year ended 31 March 2018. 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 capital structure and utilize the financial resources to meet its ongoing operational requirements and business expansion.

Profit for the year

During the year under review, we recorded a profit for the year of HK$233,976,000, representing increase of 258.6% when compared to the profit for the year of HK$65,248,000 in the previous year. The increase in the Group's profit for the year is mainly attributable to the improvement in the result of the Group's sourcing and sale of metal minerals and related industrial materials business during the year ended 31 March 2018 and the increase in net foreign exchange gain as a result of appreciation of RMB against USD during the year ended 31 March 2018.

The profit attributable to owners of the Company for the year ended 31 March 2018 amounted to HK$233,638,000 whereas a comparable profit of HK$66,348,000 was recorded in the previous year. This represented the basic earnings per share of HK1.108 cent for the year ended 31 March 2018, whereas a comparable basic earnings per share of HK0.318 cent was recorded in the previous 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 31 March 2018, the Group had current assets of HK$3,185,406,000 (31 March 2017: HK$1,603,255,000), comprising cash and bank balances of HK$212,545,000 (31 March 2017: HK$15,165,000 together with HK$7,547,000 restricted bank deposits).

The Group's current ratio, calculated based on current assets of HK$3,185,406,000 (31 March 2017: HK$1,603,255,000) over current liabilities of HK$2,775,318,000 (31 March 2017: HK$1,493,013,000), was at a healthy level of 1.15 (31 March 2017: 1.07).

The trade payable terms of the Group's sourcing and sale of metal minerals and related industrial materials business was mainly by letter of credit. As at 31 March 2018, the Group's trade payable and bills payables amounted to HK$121,591,000 and HK$1,123,862,000 respectively (31 March 2017: HK$304,426,000 and HK$642,984,000); restricted bank deposits amounted to HK$nil (31 March 2017: HK$7,547,000); trade receivables and bills receivables amounted to HK$96,962,000 and HK$2,277,019,000 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 31 March 2018, the Group's equity attributable to owners of the Company increased to HK$682,443,000 (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 year.

The Group's gearing ratio, calculated based on total borrowings of HK$851,210,000 (31 March 2017: HK$414,080,000) divided by equity attributable to owners of the Company plus total borrowings of HK$1,533,653,000 (31 March 2017: HK$793,333,000), was at 56% (31 March 2017: 52%).

During the year 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 31 March 2018, the Group had bank advances for discounted bills of HK$851,210,000 (31 March 2017: HK$414,080,000) which were secured by the Group's certain bills receivables.

Restricted Bank Deposits

As at 31 March 2018, the Group had no restricted bank deposits (31 March 2017: HK$7,547,000).

Capital Commitment

As at 31 March 2018, the Group had capital commitments of RMB5,167,000 (equivalent to approximately HK$6,438,000) (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 31 March 2018, the Group had no material contingent liabilities (31 March 2017: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had a total of about 305 employees and directors (2017: 310). The Group's staff costs, including directors' remuneration, amounted to HK$69,203,000 (2017: HK$55,244,000). 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 forward to 2018/19, given the confronted recovery in major economies in the world, the Group continues to be cautiously optimistic in the China market demand for metal minerals and related industrial materials. However, in light of the challenging economic and operating environment, with the increased risks of trade protectionism and uncertainties on tariffs and the price of commodities, our Group will constantly review and adjust its existing business strategies and operations in order to optimise the Group's business risks arising from trading of metal minerals and related industrial materials by imposing more stringent control upon risks management relating to exchange rates, interest rates and cash flows.

The Group will continue to take advantage of its financing capability as a listed company in an effort to explore new investment opportunities with growth potential. We will also consider the feasibility to increase the production capacities in our existing waste recycling and production of utilities business. The Group is targeted to look for sustainable business opportunities 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.

CORPORATE GOVERNANCE CODE

During the year ended 31 March 2018, 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 during two relatively brief periods described below.

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. Mr. Zhong Guoxing, who was the last chief executive officer of the Company, took up the position of chairman on 30 June 2017 when his predecessor resigned as chairman effective from that day and continued to act as the chief executive officer of the Company until Mr. Hu Haifeng, the then deputy chief executive officer of the Company, was re-designated as chief executive officer of the Company around one month later (i.e. on 3 August 2017). Since then, Mr. Hu Haifeng has been the chief executive officer of the Company. He succeeded Mr. Zhong Guoxing as the chairman when Mr. Zhong Guoxing resigned as chairman effective from 2 March 2018. For the rest of the financial year ended 31 March 2018 and up till now, Mr. Hu Haifeng has been serving as both the chairman and chief executive officer of the Company.

Although for both the periods 30 June 2017 to 2 August 2017 and 2 March 2018 to 31 March 2018, the positions of chairman and chief executive officer were not separated, 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 for the year ended 31 March 2018.

AUDIT COMMITTEE

The audited consolidated financial information of the Group for the year ended 31 March 2018 had 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 year ended 31 March 2018, 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 results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.npegroup.com.hk) respectively. The relevant annual 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
Hu Haifeng
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

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