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 2019

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 2019 together with comparative figures of the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000* (reclassified)
Revenue	*3(a)*	**1,296,035**	2,392,876
Cost of sales		**(1,196,735)**	(2,089,699)
Gross profit		**99,300**	303,177
Other net (loss)/income	*4*	**(67,885)**	78,025
Selling and distribution costs		**(10,722)**	(11,191)
Administrative expenses		**(36,983)**	(60,425)
(Loss)/profit from operations		**(16,290)**	309,586
Finance costs	*5(a)*	**(44,632)**	(22,709)
(Loss)/profit before taxation	*5*	**(60,922)**	286,877
Income tax	*6*	**(9,750)**	(52,901)
(Loss)/profit for the year		**(70,672)**	233,976

	Notes	2019 HK$'000	2018 HK$'000 (reclassified)
Attributable to:			
Owners of the Company		**(70,350)**	233,638
Non-controlling interests		**(322)**	338
(Loss)/profit for the year		**(70,672)**	233,976

	Notes	HK cent	HK cent
(Loss)/earnings per share	*8*		
Basic		**(0.334)**	1.108
Diluted		**(0.334)**	1.108

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(70,672)**	233,976
Other comprehensive (expenses)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(52,398)**	69,003
Other comprehensive (expenses)/income for the year (net of nil tax (2018: nil))	**(52,398)**	69,003
Total comprehensive (expenses)/income for the year	**(123,070)**	302,979
Attributable to:		
Owners of the Company	**(123,107)**	303,190
Non-controlling interests	**37**	(211)
	(123,070)	302,979

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Property, plant and equipment		**213,265**	258,402
Prepaid land lease payments		**3,393**	3,693
Goodwill		**–**	–
Other intangible asset		**–**	–
Deferred tax assets		**47**	49
Rental deposit		**1,321**	2,013
		218,026	264,157
Current assets			
Inventories		**48,878**	49,495
Trade and bills receivables	*9*	**538,771**	2,373,981
Prepayments, deposits and other receivables		**140,275**	548,846
Prepaid land lease payments		**72**	77
Tax recoverable		**369**	462
Cash and cash equivalents		**92,373**	212,545
		820,738	3,185,406
Current liabilities			
Trade and bills payables	*10*	**24,651**	1,245,453
Accruals, deposits and other payables		**42,815**	636,382
Bank advances for discounted bills		**412,557**	851,210
Tax payable		**7,566**	42,273
		487,589	2,775,318

	Notes	2019 *HK$'000*	2018 *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**66**	66
Net assets		**551,109**	674,179
Equity			
Equity attributable to owners of the Company			
Share capital		**4,217**	4,217
Reserves		**555,119**	678,226
		559,336	682,443
Non-controlling interests		**(8,227)**	(8,264)
Total equity		**551,109**	674,179

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2019

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:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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

(i) Disaggregation of revenue

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

	2019	2018
	HK$'000	*HK$'000*
		(Note)
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	**1,023,695**	2,114,606
Production and sale of industrial products	**89,773**	111,338
Production and sale of utilities	**182,567**	166,932
	1,296,035	2,392,876

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

Revenue from the above enterprises are recognised at point in time. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 3(b).

(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 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.

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 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, finance costs, income tax credit/(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 2019 and 2018 are set out below:

	2019				
	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 from external customers	**1,023,695**	**89,773**	**182,567**	**–**	**1,296,035**
Reportable segment profit	**48,749**	**23,034**	**16,795**	**–**	**88,578**
Depreciation for property, plant and equipment	**–**	**(8,413)**	**(17,943)**	**(2)**	**(26,358)**
Amortisation of prepaid land lease payments	**–**	**(72)**	**–**	**–**	**(72)**
Finance costs	**(44,632)**	**–**	**–**	**–**	**(44,632)**
Income tax credit/(expense)	**258**	**(4,420)**	**(5,513)**	**(75)**	**(9,750)**
Reportable segment assets	**520,571**	**145,809**	**271,977**	**1,470**	**939,827**
Additions to non-current segment assets during the year	**–**	**8,361**	**9,372**	**–**	**17,733**
Reportable segment liabilities	**(431,118)**	**(13,005)**	**(36,269)**	**(3,906)**	**(484,298)**

	2018				
	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 from external customers	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)

There are no inter-segment sales during the years ended 31 March 2019 and 2018.

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

	2019	2018
	HK$'000	*HK$'000*
Metal minerals and related industrial materials	**1,023,695**	2,114,606
Industrial products	**89,773**	111,338
Utilities	**182,567**	166,932
	1,296,035	2,392,876

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. 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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other Asian countries	**430,529**	–	**–**	–
Hong Kong (place of domicile)	**–**	–	**4,657**	6,803
PRC except Hong Kong	**865,506**	2,392,876	**213,322**	257,305
	1,296,035	2,392,876	**217,979**	264,108

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A *(note (i))*	**702,795**	854,646
Customer B *(note (ii))*	**398,942**	706,104
Customer C *(note (iii))*	**N/A**	832,058

Notes:

i) 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 2019 and 2018.

ii) 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 2019 and 2018.

iii) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials did not contribute 10% or more of the Group's total sales for the year ended 31 March 2019 (2018: HK$832,058,000).

4. OTHER NET (LOSS)/INCOME

	2019 *HK$'000*	2018 *HK$'000* (reclassified)
Interest income on bank deposits	**218**	48
Interest income on loan receivable	**320**	304
Total interest income on financial assets measured at amortised cost	**538**	352
Sundry income	**61**	214
Net foreign exchange (loss)/gain	**(69,329)**	142,926
Fair value gain/(loss) on derivative financial instruments		
– forward foreign exchange contracts	**845**	(65,467)
	(67,885)	78,025

5. (LOSS)/PROFIT BEFORE TAXATION

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

	2019 *HK$'000*	2018 *HK$'000*
(a) Finance costs		
Bills discount charges	**44,632**	22,709
Total interest expense on financial liabilities not at fair value through profit or loss	**44,632**	22,709
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**48,273**	63,477
Contributions to defined contribution retirement plans	**7,859**	5,726
	56,132	69,203

	2019	2018
	HK$'000	*HK$'000*

(c) Other items

	2019	2018
Cost of inventories [#]	**1,196,735**	2,089,699
Auditors' remuneration	**1,200**	1,133
Amortisation of prepaid land lease payments	**72**	73
Depreciation for property, plant and equipment	**27,812**	32,631
Operating lease charges: minimum lease payments	**16,860**	16,409
Net loss on disposal of property, plant and equipment	**–**	15
Written off of property, plant and equipment	**1,918**	2,798

[#] Cost of inventories, being the carrying amount of inventories sold, included HK$69,907,000 (2018: HK$69,277,000) relating to staff costs, depreciation and operating lease charges for the years ended 31 March 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.

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

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

	2019	2018
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**73**	45,949
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**9,933**	6,952
	10,006	52,901
Over-provision in respect of prior years		
– Hong Kong Profits Tax	**(258)**	–
Deferred tax		
– Origination and reversal of temporary differences	**2**	–
Total	**9,750**	52,901

Notes:

(i) No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the year ended 31 March 2019.

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

(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 years ended 31 March 2019 and 2018.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 March 2019 and 2018.

8. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

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

	2019	2018
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company *(HK$'000)*	**(70,350)**	233,638
Number of shares		
Weighted average number of ordinary shares in issue	**21,084,072,140**	21,084,072,140
Basic (loss)/earnings per share *(HK cent per share)*	**(0.334)**	1.108

b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 31 March 2019 and 2018 is the same as the basic (loss)/earnings per share as there is no potential ordinary shares outstanding during the years.

9. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**122,729**	97,035
Bills receivables	**416,115**	2,277,019
Less: Loss allowance	**(73)**	(73)
	538,771	2,373,981

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 loss allowance is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	**79,551**	94,551
61 – 120 days	**42,288**	1,540
121 – 180 days	**–**	–
181 – 360 days	**–**	597
Over 360 days	**817**	274
	122,656	96,962

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:

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	–	234,552
61 – 120 days	–	477,388
121 – 180 days	–	434,396
181 – 360 days	**405,970**	973,632
Over 360 days *(remark)*	**10,145**	157,051
	416,115	2,277,019

Trade and bills receivables are usually due within 360 days (2018: 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) Transferred receivables

During the year, the Group discounted bills receivables to banks for cash proceeds. If the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the discounting as secured bank advances. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

At the end of the reporting period, the carrying amount of the bills receivables that have been discounted but have not been derecognised amounted to HK$416,115,000 (2018: HK$879,867,000) and the carrying amount of the associated liability is HK$412,557,000 (2018: HK$851,210,000).

10. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**24,651**	121,591
Bills payables	**–**	1,123,862
	24,651	1,245,453

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:

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	**16,893**	105,523
61 – 120 days	**482**	9,878
121 – 180 days	**896**	1,377
181 – 360 days	**231**	696
Over 360 days	**6,149**	4,117
	24,651	121,591

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

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	**–**	129,897
61 – 120 days	**–**	–
121 – 180 days	**–**	335,211
181 – 360 days	**–**	658,754
	–	1,123,862

11. COMPARATIVE FIGURES

(a) The Group has initially applied HKFRS 15 and HKFRS 9 on 1 April 2018. Under the transition methods chosen, comparative information is not restated.

(b) With a review of financial statements presentation, certain items in the financial information were reclassified which would result in a more appropriate presentation of events or transactions. Particularly, the Group consider the fair value changes on derivative financial instruments and net foreign exchange differences should be presented under "other net (loss)/income" whereas the income and expense of these items were presented under "other income" and "administrative expenses", respectively, in prior year. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.

OPERATIONS REVIEW

For the year ended 31 March 2019, 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 2019.

Revenue and Gross Profit

During the year under review, the Group recorded a decrease in revenue, from HK$2,392,876,000 for the year ended 31 March 2018 to HK$1,296,035,000 for the year ended 31 March 2019, representing a decrease of 45.8% as compared to last year. The Group's gross profit also decreased by 67.2% from HK$303,177,000 for the year ended 31 March 2018 to HK$99,300,000 for the year ended 31 March 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 year under review. The effect of volatility of the global economy this year in tandem with the depreciation of RMB, had a certain impact on the Group's customers and in turn affected the Group's gross profit. During the year under review, this segment reported a segment revenue of HK$1,023,695,000 (Year ended 31 March 2018: HK$2,114,606,000) and a segment profit of HK$48,749,000 (Year ended 31 March 2018: HK$258,183,000), representing a decrease of 51.6% and 81.1% respectively 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 a segment revenue of HK$89,773,000 (Year ended 31 March 2018: HK$111,338,000), representing a decrease of 19.4 % as compared to last year. The decrease in segment revenue was mainly attributable to the decrease in the sales of one of the industrial products. This segment reported an increase in its segment profit by 11.9 %, from HK$20,584,000 for the year ended 31 March 2018 to HK$23,034,000 for the year ended 31 March 2019 due to the enhancement of production efficiency.

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 a segment revenue of HK$182,567,000 (Year ended 31 March 2018: HK$166,932,000), representing an increase of 9.4% as compared to last year. Compared with the segment profit of HK$13,219,000 made by the Power Company for the year ended 31 March 2018, this segment reported a segment profit of HK$16,795,000 for the year ended 31 March 2019, representing an increase in segment profit by 27.1%. The increase in profit of this segment was mainly attributable to the increase in demand of certain utilities of the Power Company during the year under review.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses, depreciation and amortization. For the year ended 31 March 2019, the Group recorded administrative expenses of HK$36,983,000 (Year ended 31 March 2018 (reclassified): HK$60,425,000), representing a decrease of 38.8% as compared to last year. The decrease in administrative expenses was mainly due to a decrease in the staff costs.

Other Net (Loss)/Income

For the year ended 31 March 2019, the Group recorded other net loss of HK$67,885,000 (Year ended 31 March 2018 (reclassified): other net income of HK$78,025,000), and the substantial turnaround was mainly attributable to the fluctuation of exchange rates of various foreign currencies, mainly related to RMB and USD. Such turnaround mostly arose from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in RMB, and the deep depreciation in RMB against USD was the main reason for the exchange loss recorded for the year ended 31 March 2019.

Finance Costs

Finance costs increased by HK$21,923,000, or 96.5% from HK$22,709,000 for the year ended 31 March 2018 to HK$44,632,000 for the year ended 31 March 2019. Finance cost represents bills discount charges derived from the bank advances for discounted bills. 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)/profit for the year

During the year under review, we recorded a loss for the year of HK$70,672,000 which was an adverse result when compared to the profit for the year of HK$233,976,000 in the previous year. The Group's turnaround result was mainly attributable to the depreciation in RMB against USD which had a direct negative effect to the results of the Group's sourcing and sale of metal minerals and related industrial materials business during the year ended 31 March 2019.

The loss attributable to owners of the Company for the year ended 31 March 2019 amounted to HK$70,350,000 whereas a profit of HK$233,638,000 was recorded in the previous year. This represented a basic loss per share of HK0.334 cent for the year ended 31 March 2019, whereas a basic earnings per share of HK1.108 cent was recorded in the previous year.

The Group had no significant material acquisitions or disposals during the year ended 31 March 2019.

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 2019, the Group had current assets of HK$820,738,000 (31 March 2018: HK$3,185,406,000), comprising cash and bank balances of HK$92,373,000 (31 March 2018: HK$212,545,000).

The Group's current ratio, calculated based on current assets of HK$820,738,000 (31 March 2018: HK$3,185,406,000) over current liabilities of HK$487,589,000 (31 March 2018: HK$2,775,318,000), was at a healthy level of 1.68 (31 March 2018: 1.15).

The trade payables terms of the Group's sourcing and sale of metal minerals and related industrial materials business was by letter of credit for the year ended 31 March 2018 and the first half of this year. The Group will continue to reduce the use of letter of credit in the second half of this year in order to minimise our selling and distribution costs. As at 31 March 2019, the Group's trade payables and bills payables amounted to HK$24,651,000 and HK$Nil respectively (31 March 2018: HK$121,591,000 and HK$1,123,862,000); trade receivables and bills receivables amounted to HK$122,656,000 and HK$416,115,000 respectively (31 March 2018: HK$96,962,000 and HK$2,277,019,000). 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 2019, the Group's equity attributable to owners of the Company decreased to HK$559,336,000 (31 March 2018: HK$682,443,000). The decrease in equity attributable to owners of the Company was mainly due to the total comprehensive expenses recorded by the Group during the year.

The Group's gearing ratio, calculated based on total borrowings of HK$412,557,000 (31 March 2018: HK$851,210,000) divided by equity attributable to owners of the Company plus total borrowings of HK$971,893,000 (31 March 2018: HK$1,533,653,000), was at 42% (31 March 2018: 56%).

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 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.

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 has 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 31 March 2019, the Group had bank advances for discounted bills of HK$412,557,000 (31 March 2018: HK$851,210,000) which were secured by the Group's certain bills receivables.

Capital Commitment

As at 31 March 2019, the Group had capital commitments of RMB1,120,000 (equivalent to approximately HK$1,309,000) (31 March 2018: RMB5,167,000, equivalent to approximately HK$6,438,000) mainly for acquisition of machineries, equipment and related installation works for the Waste Recycling Company.

Contingent Liabilities

As at 31 March 2019, the Group had no material contingent liabilities (31 March 2018: nil).

Event After The Reporting Period

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of about 308 employees and directors (2018: 305). The Group's staff costs, including directors' remuneration, amounted to HK$56,132,000 (2018: HK$69,203,000). 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 recent years, the Group has established solid partnerships with the world's leading minerals companies. We look forward to further capitalising the market share of some major types of metal minerals transactions in the Mainland and across Asia as a result of the strong demand for metal minerals and related industrial raw materials in the Mainland and Southeast Asia. With the expansion in the scale of transactions, we will establish a more comprehensive trading system, and utilise the latest mainstream information technology to carry out various types of data analysis for metal mineral trading handled by the Group. Thus, we can understand the needs of our customers and suppliers in a more efficient and scientific way. We aim at materialising these business opportunities, transforming them into various incomes and profits, and maximising profits for shareholders.

Taking full advantage of our long-standing relationships with various business partners and continuing to leverage the financing capability as a listed company, the Group will strive to expand in opportunities with potential and sustainable development, expand its revenue sources and improve profitability, while at the same time reduce the operational risk of the Group, to ensure its sustainable development and maximise returns for shareholders.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 March 2019 (2018: Nil).

CORPORATE GOVERNANCE CODE

Pursuant to Code Provision A.2.1 of the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Hu Haifeng, who was the last chief executive officer of the Company, took up the position of chairman on 2 March 2018 when his predecessor resigned as chairman and chief executive officer effective from that day and continued to act as the chief executive officer of the Company until 31 July 2018. After the resignation of Mr. Hu Haifeng on 31 July 2018, Mr. Sin Lik Man, an executive director of the Company, has been appointed as acting chairman on 31 July 2018 and was re-designated as the chairman on 14 September 2018. For the rest of the financial year ended 31 March 2019 and up to the date of this announcement, Mr. Sin Lik Man has been serving as both the chairman and chief executive officer of the Company.

Although for the year ended 31 March 2019, 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.

The Directors will review the Company's corporate governance policies and compliance with the CG Code from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**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 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of four independent non-executive directors, namely, Dr. Ng Tze Kin, David (Chairman), Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Dr. Liu Yongping.

The audited consolidated financial information of the Group for the year ended 31 March 2019, including the accounting principles and policies adopted by the Group, had been reviewed by 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 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 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
Sin Lik Man
Chairman and Chief Executive Officer

Hong Kong, 14 June 2019

As at the date of this announcement, the Board comprises Mr. Sin Lik Man (Chairman and Chief Executive Officer) and Mr. Li Zhendong as Executive Directors, Mr. Zheng Gang as Non-Executive Director, 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.