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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 2023

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 2023 together with comparative figures of the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3(a)	1,888,298	262,229
Cost of sales		(1,869,190)	(251,321)
Gross profit		19,108	10,908
Other net income	4	2,185	2,057
Selling and distribution costs		(1,181)	(886)
Administrative expenses		(14,816)	(13,601)
Other operating expenses		(1,296)	(4,425)
Profit/(loss) from operations		4,000	(5,947)
Finance costs	5(a)	(631)	(889)

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	<i>5</i>	3,369	(6,836)
Income tax	<i>6</i>	<u>(2,032)</u>	<u>1,399</u>
Profit/(loss) for the year		<u>1,337</u>	<u>(5,437)</u>
Attributable to:			
Owners of the Company		1,842	(5,452)
Non-controlling interests		<u>(505)</u>	<u>15</u>
Profit/(loss) for the year		<u>1,337</u>	<u>(5,437)</u>
Profit/(loss) for the year attributable to owners of the Company		<u>1,842</u>	<u>(5,452)</u>
		HK Cent	HK Cent
Profit/(loss) per share	<i>8</i>		
Basic and diluted		<u>0.009</u>	<u>(0.026)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) for the year	1,337	(5,437)
Other comprehensive (expenses)/income for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of subsidiaries	(39,315)	20,593
Reclassification adjustments for the deregistration of a subsidiary	<u>26</u>	<u>1,532</u>
Other comprehensive (expenses)/income for the year (net of nil tax (2022: nil))	<u>(39,289)</u>	<u>22,125</u>
Total comprehensive (expenses)/ income for the year	<u>(37,952)</u>	<u>16,688</u>
Attributable to:		
Owners of the Company	(37,871)	16,906
Non-controlling interests	<u>(81)</u>	<u>(218)</u>
	<u>(37,952)</u>	<u>16,688</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		29,452	31,610
Right-of-use assets		16,315	23,796
Goodwill		–	–
Other intangible asset		–	–
Deferred tax assets		39	40
		<u>45,806</u>	<u>55,446</u>
Current assets			
Inventories		45,455	57,553
Trade receivables	<i>9</i>	1,383,652	98,920
Prepayments, deposits and other receivables		322,731	404,082
Cash and cash equivalents		7,532	9,018
		<u>1,759,370</u>	<u>569,573</u>
Current liabilities			
Trade payables	<i>10</i>	1,280,023	45,840
Accruals, deposits and other payables		31,230	37,451
Lease liabilities		1,196	1,063
Tax payable		3,296	2,964
		<u>1,315,745</u>	<u>87,318</u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets	<u>443,625</u>	<u>482,255</u>
Total assets less current liabilities	<u>489,431</u>	<u>537,701</u>
Non-current liabilities		
Lease liabilities	5,293	15,611
Deferred tax liabilities	<u>66</u>	<u>66</u>
	<u>5,359</u>	<u>15,677</u>
Net assets	<u><u>484,072</u></u>	<u><u>522,024</u></u>
Equity		
Equity attributable to owners of the Company		
Share capital	4,217	4,217
Reserves	<u>488,989</u>	<u>526,860</u>
	493,206	531,077
Non-controlling interests	<u>(9,134)</u>	<u>(9,053)</u>
Total equity	<u><u>484,072</u></u>	<u><u>522,024</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2023

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2023 comprise New Provenance Everlasting Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”).

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company’s functional currency and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRSs”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS

The Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standards (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) to these consolidated financial statements for the current accounting period:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs and HKASs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) *Disaggregation of revenue*

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	1,768,648	163,441
Production and sale of industrial products	<u>119,650</u>	<u>98,788</u>
	<u>1,888,298</u>	<u>262,229</u>
Disaggregated by geographical location of customers		
– Hong Kong (place of domicile)	–	–
– The People’s Republic of China (“PRC”) except Hong Kong	<u>1,888,298</u>	<u>262,229</u>
	<u>1,888,298</u>	<u>262,229</u>

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.

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, right-of-use assets, goodwill, other intangible asset, inventories, trade receivables, prepayments, deposits and other receivables and deferred tax assets of each segment. Segment liabilities include lease liabilities, trade payables, accruals, deposits and other payables, 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 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 Group's chief executive officer is provided with segment information concerning revenue, depreciation, 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 2023 and 2022 are set out below:

	2023			
	Sourcing and sale of metal minerals and related industrial materials <i>HK\$'000</i>	Production and sale of industrial products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	<u>1,768,648</u>	<u>119,650</u>	<u>-</u>	<u>1,888,298</u>
Reportable segment profit	<u>8,546</u>	<u>9,381</u>	<u>-</u>	<u>17,927</u>
Depreciation for property, plant and equipment	-	(2,581)	-	(2,581)
Depreciation for right-of-use assets	-	(5,714)	-	(5,714)
Finance costs	-	(631)	-	(631)
Income tax expense	-	(2,031)	(1)	(2,032)
Reportable segment assets	1,581,494	214,795	8	1,796,297
Additions to non-current segment assets during the year	-	3,007	-	3,007
Reportable segment liabilities	<u>(1,271,536)</u>	<u>(42,257)</u>	<u>(3,725)</u>	<u>(1,317,518)</u>
	2022			
	Sourcing and sale of metal minerals and related industrial materials <i>HK\$'000</i>	Production and sale of industrial products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	<u>163,441</u>	<u>98,788</u>	<u>-</u>	<u>262,229</u>
Reportable segment profit	<u>360</u>	<u>9,662</u>	<u>-</u>	<u>10,022</u>
Depreciation for property, plant and equipment	-	(5,357)	-	(5,357)
Depreciation for right-of-use assets	-	(6,097)	-	(6,097)
Finance costs	-	(889)	-	(889)
Income tax credit/(expense)	-	1,400	(1)	1,399
Reportable segment assets	374,621	239,949	9	614,579
Additions to non-current segment assets during the year	-	4,094	-	4,094
Reportable segment liabilities	<u>(36,404)</u>	<u>(59,276)</u>	<u>(3,972)</u>	<u>(99,652)</u>

There are no inter-segment sales during the years ended 31 March 2023 and 2022.

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, right-of-use assets, goodwill and other intangible asset. The geographical location of customers is based on the location at which the products were delivered. The geographical locations of property, plant and equipment and right-of-use assets 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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong (place of domicile)	–	–	–	2
PRC except Hong Kong	<u>1,888,298</u>	<u>262,229</u>	<u>45,767</u>	<u>55,404</u>
	<u>1,888,298</u>	<u>262,229</u>	<u>45,767</u>	<u>55,406</u>

Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A (<i>note (i)</i>)	1,711,173	–
Customer B (<i>note (ii) and (v)</i>)	–	98,788
Customer C (<i>note (iii)</i>)	–	49,042
Customer D (<i>note (iv) and (v)</i>)	–	45,472
Customer E (<i>note (iii)</i>)	–	43,416
	<u>1,711,173</u>	<u>197,718</u>

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 2023.
- ii) Revenue from the above customer arose from the businesses of production and sale of industrial products for the years ended 31 March 2023 and 2022.
- iii) 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 2022.
- iv) Revenue from the above customers arose from the business of sourcing and sale of metal minerals and related industrial materials for the years ended 31 March 2023 and 2022.
- v) Revenue from the respective customer contributed less than 10% of the total sales for the year ended 31 March 2023.

4. OTHER NET INCOME

	2023	2022
	HK\$'000	HK\$'000
Interest income on bank deposits	–	–
Interest income on loan receivable	<u>391</u>	<u>372</u>
Total interest income on financial assets measured at amortised cost	391	372
Sundry income	652	2,570
Net foreign exchange gain/(loss)	1,046	(885)
Government grant (<i>note</i>)	<u>96</u>	<u>–</u>
	<u>2,185</u>	<u>2,057</u>

Note:

During the year ended 31 March 2023, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of HKSAR. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5. PROFIT/(LOSS) BEFORE TAXATION

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) Finance costs		
Interest on lease liabilities	<u>631</u>	<u>889</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>631</u></u>	<u><u>889</u></u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	20,131	22,667
Contributions to defined contribution retirement plans	<u>2,515</u>	<u>2,822</u>
	<u><u>22,646</u></u>	<u><u>25,489</u></u>
(c) Other items		
Cost of inventories #	1,869,190	251,321
Auditors' remuneration	700	660
Depreciation for property, plant and equipment	2,582	5,447
Depreciation for right-of-use assets	5,714	6,097
Loss on deregistration of subsidiaries	55	384
Loss allowance recognised/(reversal of loss allowance) on trade receivables	1,782	(239)
Reversal of loss allowance on other receivables	–	(54)
(Reversal of impairment loss)/impairment loss recognised on deposits and prepayments	(932)	2,106
Impairment loss recognised on non-controlling interests	391	372
Written down of inventories	–	1,682
Written off of property, plant and equipment	<u>263</u>	<u>158</u>

Cost of inventories, being the carrying amount of inventories sold, included HK\$20,609,000 (2022: HK\$26,783,000) relating to staff costs and depreciation for property, plant and equipment and for right-of-use assets for the years ended 31 March 2023 and 2022 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

Income tax expense/(credit) in the consolidated statement of profit or loss represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax (<i>note (i)</i>)	–	–
– PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>)	<u>2,031</u>	<u>967</u>
	2,031	967
Over-provision of prior year		
– Hong Kong Profits Tax	–	–
– PRC EIT	–	(2,367)
Deferred tax		
Origination and reversal of temporary differences	<u>1</u>	<u>1</u>
Total	<u>2,032</u>	<u>(1,399)</u>

Notes:

- (i) No Hong Kong Profits Tax has been provided as the Group has sufficient tax losses to set-off the assessable profits for the year ended 31 March 2023 (2022: nil).
- (ii) PRC subsidiaries are subject to PRC EIT at 25% (2022: 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 2023 and 2022.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 March 2023 and 2022.

8. PROFIT/(LOSS) PER SHARE

a) Basic profit/(loss) per share

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

	2023	2022
Profit/(loss)		
Profit/(loss) for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u><u>1,842</u></u>	<u><u>(5,452)</u></u>
Number of shares		
Weighted average number of ordinary shares in issue	<u><u>21,084,072,140</u></u>	<u><u>21,084,072,140</u></u>
Basic profit/(loss) per share (<i>HK cent per share</i>)	<u><u>0.009</u></u>	<u><u>(0.026)</u></u>

b) Diluted profit/(loss) per share

Diluted profit/(loss) per share for the years ended 31 March 2023 and 2022 is the same as the basic profit/(loss) per share as there is no potential ordinary shares outstanding during the years.

9. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	1,386,755	100,340
Less: Loss allowance recognised	<u>(3,103)</u>	<u>(1,420)</u>
	<u>1,383,652</u>	<u>98,920</u>

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

Note:

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 recognised is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	643,471	56,928
61 – 120 days	326,165	9,106
121 – 180 days	310,072	18,836
181 – 360 days	103,944	14,050
Over 360 days	<u>–</u>	<u>–</u>
	<u>1,383,652</u>	<u>98,920</u>

Trade receivables are usually due within 360 days (2022: 360 days) from invoice date or shipment date.

10. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>1,280,023</u>	<u>45,840</u>

Notes:

- (a) Trade 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	625,434	40,522
61 – 120 days	301,978	570
121 – 180 days	296,815	86
181 – 360 days	50,810	24
Over 360 days	<u>4,986</u>	<u>4,638</u>
	<u>1,280,023</u>	<u>45,840</u>

11. EVENTS AFTER REPORTING PERIOD

Based on the information currently available, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since the end of the reporting period and up to the date of this announcement.

OPERATIONS REVIEW

For the year ended 31 March 2023 (the “**Year**”), the Group was principally engaged in the sourcing and sale of metal minerals and related industrial materials and the production and sale of industrial products.

Revenue and Gross Profit

The Group recorded an increase in revenue from approximately HK\$262,229,000 for the year ended 31 March 2022 (the “**Last Year**”) to approximately HK\$1,888,298,000 for the Year, representing an increase by approximately 6.2 times as compared to the Last Year. The Group’s gross profit increased by approximately 75.2% from approximately HK\$10,908,000 for the Last Year to HK\$19,108,000 for the Year.

For the sourcing and sale of metal minerals and related industrial materials business, the Group recorded a segment revenue of approximately HK\$1,768,648,000 for the Year (Year ended 31 March 2022: approximately HK\$163,441,000), representing a significant increase by approximately 9.8 times as compared to the Last Year. The sourcing and sale of metal minerals and related industrial materials business had been able to gradually pick up the delayed sales from the Last Year. The segment profit was approximately HK\$8,546,000 for the Year (Year ended 31 March 2022: approximately HK\$360,000).

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**”), the Group recorded a segment revenue of approximately HK\$119,650,000 for the Year (Year ended 31 March 2022: approximately HK\$98,788,000), representing an increase of approximately 21.1% as compared to the Last Year. The segment profit was approximately HK\$9,381,000 for the Year, representing a decrease of approximately 2.9% as compared to approximately HK\$9,662,000 for the Last Year. The decrease in segment profit was mainly attributable to the suspension of production due to the blockades and lockdown in the fourth quarter of 2022.

Other Net Income

During the Year, the Group recorded the other net income of approximately HK\$2,185,000 (Year ended 31 March 2022: approximately HK\$2,057,000) which mainly comprised net foreign exchange gain or loss together with interest income and sundry income. The net foreign exchange gain or loss was arisen from the exposure to foreign exchange risk, which was mainly related to Renminbi (“**RMB**”) and United States dollars (“**USD**”). Over the last two years, the Group’s management has successfully minimized the Group’s foreign currency exposure and therefore the net foreign exchange gain or loss amount was maintained at the relatively low level for both of the Year and the Last Year.

The overall variance between the other net income recorded for the Year and for the Last Year was approximately 6.2%, and there was no material fluctuation for the other net income recorded for the Year as compared to the Last Year.

Administrative Expenses

During the Year, the Group recorded the administrative expenses of approximately HK\$14,816,000 (Year ended 31 March 2022: approximately HK\$13,601,000). Due to the suspension of production in the fourth quarter of 2022, the Waste Recycling Company’s administrative expenses increased due to the blockades and lockdown. Therefore, the overall administrative expenses of the Group increased by approximately 8.9% as compared with the Last Year. Administrative expenses primarily include staff costs, general administrative expenses and depreciation.

Other Operating Expenses

During the Year, the Group recorded the other operating expenses of approximately HK\$1,296,000 (Year ended 31 March 2022: approximately HK\$4,425,000). Other operating expenses are mainly represented by the loss on deregistration of subsidiaries, loss allowance recognised/reversal of loss allowance on trade receivable, loss allowance recognised/reversal of loss allowance on other receivables, reversal of impairment loss/impairment loss recognised on deposits and prepayments, impairment loss recognised on non-controlling interests, and written down of inventories.

Finance Costs

During the Year, the Group recorded the finance costs of approximately HK\$631,000 (Year ended 31 March 2022: approximately HK\$889,000), representing a decrease of approximately 29.0% as compared to the Last Year. The decrease in finance costs was mainly attributable to the decrease in the interest on lease liabilities during the Year as compared to the Last Year.

For both of the Year and the Last Year, the Group has reduced the use of bills receivables discounting arrangement in its sourcing and sale of metal minerals and related industrial materials business. The bills discount charge recorded for both of the Year and the Last Year were therefore at a minimum level. The Group's management is continuously and carefully monitoring the Group's capital structure in order to utilize its financial resources to meet its ongoing operational requirements and business expansion. The Group may consider making the discounting arrangement of bills receivables to maintain the cash flows of the Group on a certain level when appropriate and necessary.

Profit for the Year

In response to the unfavourable economic conditions and persistent uncertainty of the economy outlook, the Group has been implementing austerity measures to control the operation cost and capital expenditure in order to reserve a sufficient level of resources and capital. Also benefited from the stable sales of the sourcing and sale of metal minerals and related industrial materials business, the profit for the Year increased from a loss of approximately HK\$5,437,000 for the Last Year to a profit of approximately HK\$1,337,000 for the Year.

The profit attributable to owners of the Company for the Year amounted to approximately HK\$1,842,000 whereas a loss of approximately HK\$5,452,000 was recorded in the Last Year. This represented a basic profit per share of HK0.009 cent for the Year, whereas the basic loss per share of HK0.026 cent was recorded in the 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 31 March 2023, the Group had current assets of approximately HK\$1,759,370,000 (31 March 2022: approximately HK\$569,573,000), comprising cash and bank balances of approximately HK\$7,532,000 (31 March 2022: approximately HK\$9,018,000).

The Group's current ratio, calculated based on current assets of approximately HK\$1,759,370,000 (31 March 2022: approximately HK\$569,573,000) over current liabilities of approximately HK\$1,315,745,000 (31 March 2022: approximately HK\$87,318,000), was 1.34, which was a decrease when compared with the current ratio as at 31 March 2022 (31 March 2022: 6.52).

As at 31 March 2023, the Group's trade payables amounted to approximately HK\$1,280,023,000 (31 March 2022: approximately HK\$45,840,000); trade receivables amounted to approximately HK\$1,383,652,000 (31 March 2022: approximately HK\$98,920,000).

As at 31 March 2023, the Group's equity attributable to owners of the Company decreased to approximately HK\$493,206,000 (31 March 2022: approximately HK\$531,077,000). No material change has been recorded in equity attributable to owners of the Company from 31 March 2022 up till 31 March 2023.

As at 31 March 2023, the Group continued to implement a prudent financial management policy to protect the shareholders' interest of the Group. 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 Acquisitions and Disposals

The Group had no material acquisitions and disposals for the year ended 31 March 2023.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried out 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 will enter into forward foreign exchange contracts to hedge against the Group's currency exposure if appropriate and necessary. 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.

Capital Commitment

As at 31 March 2023, the Group had capital commitments of RMB13,000,000, details of which are set out in the announcement dated 3 February 2023 in respect of the Investment Agreement (as defined therein) (31 March 2022: nil).

Contingent Liabilities

As at 31 March 2023, the Group had no material contingent liabilities (31 March 2022: nil).

Events After The Reporting Period

Based on the information currently available, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since the end of the reporting period and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of about 122 employees and directors (As at 31 March 2022: 134). The Group's staff costs, including directors' remuneration, amounted to approximately HK\$22,646,000 (31 March 2022: approximately HK\$25,489,000).

The Group remunerates its employees based on their competence, performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonus.

PROSPECTS

Over the last few years, the Group faced different kinds of challenges and the management has continued to adjust its pace in the ever-changing environment. Since the beginning of the epidemic, the Group has been affected by blockades and lockdown, which has led to great changes in the supply chain system. The Group was adversely affected by the increase in freight time and costs which were caused by the halting production progress in various places and the congestion in various ports. In later stages of the epidemic in 2022, with inflation wrecking havoc in the world and the USD remaining strong, while the global economy is facing the risk of a rapid downturn, the Group is also looking for a balance amid the slow economic recovery in light of the end of the epidemic and the recession caused by high-inflation.

There is no steel without manganese. Manganese is one of the indispensable raw materials for all basic steel and special steel products. The Group has been engaging in the sourcing and sale of metal minerals for years, and has established solid business relationships with the leading mine owners in the world. As the global governments strive to recover the economy by strengthening infrastructure construction after the epidemic, with the loosening of epidemic control, policies such as guarantee housing delivery policy have been introduced intensively, and the central government has set the tone for economic work, market expectations have strengthened. This year, China will be focusing on the economy, expansion of domestic demand, and optimization of infrastructure all of which will help to gradually increase the demand for steel, and will also drive the price stability and growth of demand for manganese.

Global manganese chemical products are mainly produced by manganese sulfate or manganese sulfate solution, and manganese sulfate itself can also be directly used in batteries, super capacitors and other fields. Battery-grade manganese sulfate is one of the ternary materials for the preparation of nickel-cobalt-lithium manganese oxide, the positive electrode of lithium batteries. The battery of a new energy electric vehicle is composed of a positive electrode, a negative electrode, an electrolyte, and a diaphragm, and the ternary battery is the positive electrode material. As environmental protection issues continue to receive attention, the demand for new energy is also increasing. Among them, the demand for manganese sulfate is estimated to grow exponentially with the development of new energy in the future, which is expected to have a positive impact on the business development of metal mineral sales and production and sales of industrial products of the Group.

In the past, through implementing asset restructuring and austerity measures, the Group has successfully reduced the level of costs, and increased its liquidity to retain sufficient capital and resources in order to seize the upcoming business opportunities to further enhance shareholder returns.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 March 2023 (Year ended 31 March 2022: nil).

CORPORATE GOVERNANCE CODE

Pursuant to Code Provision C.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. On 30 September 2022, Mr. Sin Lik Man resigned as chairman of the Board, chief executive officer and executive director of the Company with effective from 1 October 2022. Thereafter, Mr. Ho Yu-shun, an executive director of the Company, has been appointed as chairman of the Board and has been re-designed as chief executive officer to fill the vacancy arising from the resignation of Mr. Sin Lik Man with effective from 1 October 2022. Since then, Mr. Ho Yu-Shun has been serving as both the chairman and chief executive officer of the Company.

Although for the year ended 31 March 2023, 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 (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries 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 2023.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at 31 March 2023, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Ngai Lam (Chairman), Mr. Tang Kin Nam and Mr. Kwong Wing Ho (appointed on 18 October 2022).

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference of the Audit Committee are available on the Company's and the Stock Exchange's websites.

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

During the year ended 31 March 2023, 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

Ho Yu-shun

Chairman and Chief Executive Officer

Hong Kong, 27 June 2023

As at the date of this announcement, the Board comprises Mr. Ho Yu-shun (Chairman and Chief Executive Officer) and Ms. Sun Le as Executive Directors, Ms. Sun Di as Non-Executive Director, and Mr. Cheung Ngai Lam, Mr. Kwong Wing Ho and Mr. Tang Kin Nam as Independent Non-executive Directors.