

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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 2024

#### 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 2024 together with comparative figures of the preceding financial year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>	<i>3(a)</i>	<b>864,305</b>	1,888,298
Cost of sales		<u>(852,272)</u>	<u>(1,869,190)</u>
<b>Gross profit</b>		<b>12,033</b>	19,108
Other net income	<i>4</i>	<b>3,169</b>	2,185
Selling and distribution costs		<b>(580)</b>	(1,181)
Administrative expenses		<b>(13,620)</b>	(14,816)
Other operating income		<b>2,018</b>	486
Loss allowance recognised on trade receivables	<i>5(c)</i>	<u><b>(32,615)</b></u>	<u>(1,782)</u>
<b>(Loss)/profit from operations</b>		<b>(29,595)</b>	4,000
Finance costs	<i>5(a)</i>	<u><b>(639)</b></u>	<u>(631)</u>

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>(Loss)/profit before taxation</b>	<i>5</i>	<b>(30,234)</b>	3,369
Income tax	<i>6</i>	<u>(947)</u>	<u>(2,032)</u>
<b>(Loss)/profit for the year</b>		<b><u><u>(31,181)</u></u></b>	<b><u><u>1,337</u></u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>(30,782)</b>	1,842
Non-controlling interests		<u>(399)</u>	<u>(505)</u>
<b>(Loss)/profit for the year</b>		<b><u><u>(31,181)</u></u></b>	<b><u><u>1,337</u></u></b>
<b>(Loss)/profit for the year attributable to owners of the Company</b>		<b><u><u>(30,782)</u></u></b>	<b><u><u>1,842</u></u></b>
		<b>HK Cent</b>	HK Cent
<b>(Loss)/profit per share</b>	<i>8</i>		
Basic and diluted		<b><u><u>(0.146)</u></u></b>	<b><u><u>0.009</u></u></b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<b>(31,181)</b>	1,337
<b>Other comprehensive expenses for the year</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of subsidiaries	(26,511)	(39,315)
Reclassification adjustments for the deregistration of a subsidiary	—	26
Other comprehensive expenses for the year (net of nil tax (2023: nil))	<u>(26,511)</u>	<u>(39,289)</u>
<b>Total comprehensive expenses for the year</b>	<b><u>(57,692)</u></b>	<b><u>(37,952)</u></b>
<b>Attributable to:</b>		
Owners of the Company	(57,575)	(37,871)
Non-controlling interests	<u>(117)</u>	<u>(81)</u>
	<b><u>(57,692)</u></b>	<b><u>(37,952)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		27,634	29,452
Right-of-use assets		12,793	16,315
Goodwill		–	–
Other intangible asset		–	–
Trade receivables	9	24,024	–
Deferred tax assets		39	39
		<u>64,490</u>	<u>45,806</u>
<b>Current assets</b>			
Inventories		25,979	45,455
Trade receivables	9	147,974	1,383,652
Prepayments, deposits and other receivables		315,409	322,731
Cash and cash equivalents		6,503	7,532
		<u>495,865</u>	<u>1,759,370</u>
<b>Current liabilities</b>			
Trade payables	10	74,145	1,280,023
Accruals and other payables		52,025	31,230
Lease liabilities		1,626	1,196
Tax payable		3,561	3,296
		<u>131,357</u>	<u>1,315,745</u>

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Net current assets</b>	<b><u>364,508</u></b>	<u>443,625</u>
<b>Total assets less current liabilities</b>	<b><u>428,998</u></b>	<u>489,431</u>
<b>Non-current liabilities</b>		
Lease liabilities	2,552	5,293
Deferred tax liabilities	<u>66</u>	<u>66</u>
	<b><u>2,618</u></b>	<u>5,359</u>
<b>Net assets</b>	<b><u><u>426,380</u></u></b>	<u><u>484,072</u></u>
<b>Equity</b>		
Equity attributable to owners of the Company		
Share capital	4,217	4,217
Reserves	<u>431,414</u>	<u>488,989</u>
	<b>435,631</b>	493,206
<b>Non-controlling interests</b>	<b><u>(9,251)</u></b>	<u>(9,134)</u>
<b>Total equity</b>	<b><u><u>426,380</u></u></b>	<u><u>484,072</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2024

## 1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2024 comprise 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 consolidated financial statements are presented in Hong Kong dollars (“HKD”), rounded to the nearest thousand except for per share data. HKD 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 new and amendments to HKFRSs and Hong Kong Accounting Standards (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountants to these consolidated financial statements for the current accounting period for the first time, which are mandatorily effective for the Group’s financial annual period beginning on or after 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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.

The Group has not applied any amendments to HKFRSs that are not yet mandatorily effective for the current accounting period, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and on the 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sourcing and sale of metal minerals and related industrial materials	731,918	1,768,648
Production and sale of industrial products	<u>132,387</u>	<u>119,650</u>
	<b><u>864,305</u></b>	<b><u>1,888,298</u></b>
Disaggregated by geographical location of customers		
– Hong Kong (place of domicile)	–	–
– PRC except Hong Kong	<u>864,305</u>	<u>1,888,298</u>
	<b><u>864,305</u></b>	<b><u>1,888,298</u></b>

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 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 policy information of the operating segments are the same as the Group's material accounting policy information.



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 2024 and 2023 are set out below:

	2024			
	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>731,918</u>	<u>132,387</u>	<u>–</u>	<u>864,305</u>
Reportable segment profit	<u>4,617</u>	<u>6,836</u>	<u>–</u>	<u>11,453</u>
Depreciation for property, plant and equipment	–	(2,222)	–	(2,222)
Depreciation for right-of-use assets	–	(7,111)	–	(7,111)
Finance costs	–	(639)	–	(639)
Income tax expense	–	(947)	–	(947)
Reportable segment assets	351,023	201,379	8	552,410
Additions to non-current segment assets during the year	–	6,410	–	6,410
Reportable segment liabilities	<u>(60,825)</u>	<u>(66,218)</u>	<u>(3,560)</u>	<u>(130,603)</u>
	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>

There are no inter-segment sales during the years ended 31 March 2024 and 2023.

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>		
Total reportable segment revenue	864,305	1,888,298
Elimination of inter-segment revenue	—	—
Consolidated revenue	<u>864,305</u>	<u>1,888,298</u>
<b>Profit</b>		
Total reportable segment profit derived		
from the Group's external customers	11,453	17,927
Other net income	3,169	2,185
Depreciation for property, plant and equipment of reportable segment not included in measurement of segment profit	(5)	(4)
Depreciation for right-of-use assets of reportable segment not included in measurement of segment profit	(67)	(540)
Loss allowance recognised on trade receivables	(32,615)	(1,782)
Reversal of impairment loss on deposits and prepayments	752	932
Impairment loss recognised on amount due from a non-controlling interest	(411)	(391)
Reversal of write-down on inventories	2,413	—
Loss on deregistration of subsidiaries	—	(55)
Loss on lease modification	(736)	—
Finance costs	(639)	(631)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	—	(1)
– Staff costs (including directors' emoluments)	(6,448)	(7,250)
– Others	(7,100)	(7,021)
Consolidated (loss)/profit before taxation	<u>(30,234)</u>	<u>3,369</u>
<b>Assets</b>		
Total reportable segment assets	552,410	1,796,297
Elimination of inter-segment receivable	—	—
Unallocated head office and corporate assets	552,410	1,796,297
– Cash and cash equivalents	6,503	7,532
– Others	1,442	1,347
Consolidated total assets	<u>560,355</u>	<u>1,805,176</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Liabilities</b>		
Total reportable segment liabilities	130,603	1,317,518
Elimination of inter-segment payable	<u>—</u>	<u>—</u>
	130,603	1,317,518
Unallocated head office and corporate liabilities		
– Others	<u>3,372</u>	<u>3,586</u>
Consolidated total liabilities	<u><b>133,975</b></u>	<u><b>1,321,104</b></u>
<b>Other items</b>		
Depreciation for property, plant and equipment		
Reportable segment total	2,222	2,581
Unallocated head office and corporate total	<u>—</u>	<u>1</u>
Consolidated total	<u><b>2,222</b></u>	<u><b>2,582</b></u>
Depreciation for right-of-use assets		
Reportable segment total	7,111	5,714
Unallocated head office and corporate total	<u>—</u>	<u>—</u>
Consolidated total	<u><b>7,111</b></u>	<u><b>5,714</b></u>
Income tax expense		
Reportable segment total	947	2,032
Unallocated head office and corporate total	<u>—</u>	<u>—</u>
Consolidated total	<u><b>947</b></u>	<u><b>2,032</b></u>
Additions to non-current segment assets during the year		
Reportable segment total	6,410	3,007
Unallocated head office and corporate total	<u>—</u>	<u>—</u>
Consolidated total	<u><b>6,410</b></u>	<u><b>3,007</b></u>

### **Revenue from major products and services**

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Metal minerals and related industrial materials	<b>731,918</b>	1,768,648
Industrial products	<b>132,387</b>	119,650
	<b>864,305</b>	1,888,298

### **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, trade receivables 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.

	<b>Revenue from</b>		<b>Non-current assets</b>	
	<b>external customers</b>			<b>Non-current assets</b>
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong (place of domicile)	–	–	–	–
PRC except Hong Kong	<b>864,305</b>	1,888,298	<b>64,451</b>	45,767
	<b>864,305</b>	1,888,298	<b>64,451</b>	45,767

### **Information about major customers**

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>731,918</b>	1,711,173

*Note:*

Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials.

#### 4. OTHER NET INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income on bank deposits	25	–
Interest income on amount due from a non-controlling interest	<u>411</u>	<u>391</u>
Total interest income on financial assets measured at amortised cost	436	391
Sundry income	27	652
Net foreign exchange gain	2,706	1,046
Government grant ( <i>note</i> )	<u>–</u>	<u>96</u>
	<u><u>3,169</u></u>	<u><u>2,185</u></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. (LOSS)/PROFIT BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) <b>Finance costs</b>		
Interest on lease liabilities	<u>639</u>	<u>631</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>639</u></u>	<u><u>631</u></u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(b) Employee benefits expenses (including directors' emoluments)</b>		
Salaries, wages and other benefits	20,666	20,131
Contributions to defined contribution retirement plans	296	2,515
	<u>20,962</u>	<u>22,646</u>
<b>(c) Other items</b>		
Cost of inventories ( <i>note (i)</i> )	852,272	1,869,190
Auditor's remuneration	730	700
Depreciation for property, plant and equipment	2,222	2,582
Depreciation for right-of-use assets	7,111	5,714
Loss on deregistration of subsidiaries	–	55
Loss on lease modification	736	–
Loss allowance recognised on trade receivables ( <i>note (ii)</i> )	32,615	1,782
Reversal of impairment loss on deposits and prepayments	(752)	(932)
Impairment loss recognised on amount due from a non-controlling interest	411	391
Reversal of write-down on inventories	(2,413)	–
Written off of property, plant and equipment	33	263
	<u>33</u>	<u>263</u>

*Notes:*

- (i) Cost of inventories, being the carrying amount of inventories sold, included approximately HK\$22,391,000 (2023: approximately HK\$20,609,000) relating to employee benefits expenses and depreciation for property, plant and equipment and for right-of-use assets for the years ended 31 March 2024 and 2023 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.
- (ii) Loss allowance recognised on trade receivables included specific expected credit loss on trade receivables approximately HK\$32,637,000 (2023: nil) and reversal of loss allowance on trade receivables approximately HK\$22,000 (2023: loss allowance recognised on trade receivables approximately HK\$1,782,000).

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax ( <i>note (i)</i> )	–	–
– PRC Enterprise Income Tax (“EIT”) ( <i>note (ii)</i> )	<u>1,127</u>	<u>2,031</u>
	<b>1,127</b>	2,031
Over-provision of prior year		
– Hong Kong Profits Tax	–	–
– PRC EIT	<b>(180)</b>	–
Deferred tax		
Origination and reversal of temporary differences	<u>–</u>	<u>1</u>
Total	<u><b>947</b></u>	<u><b>2,032</b></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 2024 (2023: nil).

(ii) Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT tax rate of the PRC subsidiaries is 25% for both years.

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, Jersey and the British Virgin Islands for the years ended 31 March 2024 and 2023.

## 7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 8. (LOSS)/PROFIT PER SHARE

### a) Basic (loss)/profit per share

Basic (loss)/profit 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.

	2024	2023
<b>(Loss)/profit</b>		
(Loss)/profit for the year attributable to owners of the Company ( <i>HK\$'000</i> )	<u><u>(30,782)</u></u>	<u><u>1,842</u></u>
<b>Number of shares</b>		
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 (loss)/profit per share ( <i>HK cent per share</i> )	<u><u>(0.146)</u></u>	<u><u>0.009</u></u>

### b) Diluted (loss)/profit per share

Diluted (loss)/profit per share for the years ended 31 March 2024 and 2023 is the same as the basic (loss)/profit per share as there is no potential ordinary shares outstanding during the years.



## 9. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	207,278	1,386,755
Less: Loss allowance recognised	<u>(35,280)</u>	<u>(3,103)</u>
	<b><u>171,998</u></b>	<b><u>1,383,652</u></b>

Represented by:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current portion ( <i>note (ii)</i> )	24,024	–
Current portion	<u>147,974</u>	<u>1,383,652</u>
	<b><u>171,998</u></b>	<b><u>1,383,652</u></b>

*Notes :*

(i) Ageing analysis

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-60 days	16,023	643,471
61-120 days	8,802	326,165
121-180 days	90,146	310,072
181-360 days	51,262	103,944
Over 360 days	<u>5,765</u>	<u>–</u>
	<b><u>171,998</u></b>	<b><u>1,383,652</u></b>

Trade receivables are usually due within 360 days (2023: 360 days) from invoice date or shipment and delivery date.

(ii) One of the debtors of the Group applied for voluntary debt restructuring during the year, resulting in a 12-year repayment plan.

## 10. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>74,145</u>	<u>1,280,023</u>

*Note:*

Ageing analysis

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-60 days	6,648	625,434
61-120 days	61,271	301,978
121-180 days	207	296,815
181-360 days	871	50,810
Over 360 days	<u>5,148</u>	<u>4,986</u>
	<u>74,145</u>	<u>1,280,023</u>

Trade payables are expected to be settled within one year.

## 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.

## 12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation. The classification would not have material impact on the consolidated financial statements.

## OPERATIONS REVIEW

For the year ended 31 March 2024 (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 a decrease in revenue from approximately HK\$1,888,298,000 for the year ended 31 March 2023 (the “**Last Year**”) to approximately HK\$864,305,000 for the Year, representing a decrease by approximately 54% as compared to the Last Year. The Group’s gross profit decreased by approximately 37% from approximately HK\$19,108,000 for the Last Year to approximately HK\$12,033,000 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\$731,918,000 for the Year (2023: approximately HK\$1,768,648,000), representing a decrease by approximately 59% as compared to the Last Year. The segment profit was approximately HK\$4,617,000 for the Year, representing a decrease of approximately 46% as compared to approximately HK\$8,546,000 for the Last Year. The Group is acting as a principal in this business because the Group bears the inventory risk as the Group entered into distinct sale and purchase agreements with suppliers and customers and has discretion in establishing the price for the product sold.

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 Group recorded a segment revenue of approximately HK\$132,387,000 for the Year (2023: approximately HK\$119,650,000), representing an increase of approximately 11% as compared to the Last Year. The segment profit was approximately HK\$6,836,000 for the Year, representing a decrease of approximately 27% as compared to approximately HK\$9,381,000 for the Last Year.

## **Other Net Income**

During the Year, the Group recorded the other net income of approximately HK\$3,169,000 (2023: approximately HK\$2,185,000) 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 45%, 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\$13,620,000 (2023: approximately HK\$14,816,000). The overall administrative expenses of the Group decreased by approximately 8% as compared to the Last Year. Administrative expenses primarily include staff costs, general administrative expenses and depreciation.

## **Other Operating Income**

During the Year, the Group recorded the other operating income of approximately HK\$2,018,000 (2023: approximately HK\$486,000). Other operating income are mainly represented by the loss on deregistration of subsidiaries, 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 amount due from a non-controlling interest, loss on lease modification, and reversal of write-down on inventories/written down of inventories.

## **Loss Allowance Recognised On Trade Receivables**

During the Year, the Group recorded the loss allowance recognised on trade receivables of approximately HK\$32,615,000 (2023: approximately HK\$1,782,000). The Group has provided, after making reference to the assessment of a valuation specialist, a specific expected credit loss of approximately HK\$32,637,000 as one of the debtors of the Group applied for voluntary debt restructuring during the Year, resulting in a 12-year repayment plan.

## **Finance Costs**

During the Year, the Group recorded the finance costs of approximately HK\$639,000 (2023: approximately HK\$631,000), representing an increase of approximately 1% as compared to the Last Year. The interest in finance costs was mainly attributable to the increase 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.

## **Loss for the Year**

During the Year, the Group recorded a decrease in profit, from a net profit of approximately HK\$1,337,000 for the Last Year to a net loss of approximately HK\$31,181,000 for the Year, representing a decrease of approximately 2432% as compared to the Last Year. The decrease in the Group's profit was mainly attributable to the increase in loss allowance recognised on trade receivables. 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.

The loss attributable to owners of the Company for the Year amounted to approximately HK\$30,782,000 whereas a profit of approximately HK\$1,842,000 was recorded in the Last Year. This represented a basic loss per share of HK0.146 cent for the Year, whereas the basic profit per share of HK0.009 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 2024, the Group had current assets of approximately HK\$495,865,000 (2023: approximately HK\$1,759,370,000), comprising cash and bank balances of approximately HK\$6,503,000 (2023: approximately HK\$7,532,000).

The Group's current ratio, calculated based on current assets of approximately HK\$495,865,000 (2023: approximately HK\$1,759,370,000) over current liabilities of approximately HK\$131,357,000 (2023: approximately HK\$1,315,745,000), was 3.78 (2023: 1.34), which represented an increase when compared with the current ratio as at 31 March 2023.

As at 31 March 2024, the Group's trade payables amounted to approximately HK\$74,145,000 (2023: approximately HK\$1,280,023,000); trade receivables amounted to approximately HK\$171,998,000 (2023: approximately HK\$1,383,652,000).

As at 31 March 2024, the Group's equity attributable to owners of the Company decreased to approximately HK\$435,631,000 (2023: approximately HK\$493,206,000). No material change has been recorded in equity attributable to owners of the Company from 31 March 2023 up till 31 March 2024.

As at 31 March 2024, 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 2024.

## **Foreign Currency Management**

The monetary assets and liabilities as well as business transactions of the Group are mainly carried out and conducted in Hong Kong Dollar, 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 2024, the Group had capital commitments of RMB9,629,000, details of which are set out in the announcement dated 3 February 2023 in respect of the Investment Agreement (as defined therein) (2023: RMB13,000,000).

## **Contingent Liabilities**

As at 31 March 2024, the Group had no material contingent liabilities (2023: 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 announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2024, the Group had a total of about 132 employees and directors (2023: 122). The Group's staff costs, including directors' remuneration, amounted to approximately HK\$20,962,000 (2023: approximately HK\$22,646,000).

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 scheme as well as discretionary bonus.

## **PROSPECTS**

The demand and price of raw materials are leading indicators of all business cycles and are relatively sensitive to future markets. Global manganese ore production has not grown over the past year, but the manganese market remains in oversupply amid declining demand. Data shows that nearly 90% of the world's manganese is used for steelmaking every year, and the situation of the steel industry in 2023 is not optimistic. The mine owners who have long-term cooperation with the Group are also taking the opportunity to make internal adjustments to face this severe challenge with a better attitude.

As electronic devices and electric vehicles gain popularity, demand for batteries is growing. Manganese is an important component in making batteries, especially lithium-ion batteries, which are used in everything from smartphones to electric cars. It has a positive impact on the development of the Group's business of the sourcing and sale of metal minerals and related industrial products, and the production and sale of industrial products.

China's National Development and Reform Commission announced a series of measures to stimulate consumption in mid-2023, focusing on consumer goods such as automobiles, real estate, and home appliances and electronic products. All of these measures should be conducive to the recovery of demand for manganese. Therefore, in the face of market changes, although we are optimistic, we are more cautious. We will continue to observe changes in real estate and manganese ore price fluctuations, the impact of geopolitical wars on oil prices/freight prices, the impact of high interest rates and high inflation, and economic recession. The Group remains optimistic, but is also more cautious, seeking a balance in the unstable economic recovery, seizing upcoming business opportunities, and further improving and enhancing returns to shareholders.



## **FINAL DIVIDEND**

The Board has resolved not to declare a final dividend for the year ended 31 March 2024 (Year ended 31 March 2023: 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 C1 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. Ho Yu-shun, an executive director of the Company, has been appointed as chairman of the Board and has been re-designated as chief executive officer of the Company with effect from 1 October 2022. Since then, Mr. Ho Yu-shun has been serving as both the chairman of the Board and chief executive officer of the Company.

Although for the year ended 31 March 2024, 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 C3 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 2024.

## **AUDIT COMMITTEE**

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at 31 March 2024, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Ngai Lam (Chairman), Mr. Tang Kin Nam and Mr. Kwong Wing Ho.

The audited consolidated financial statements of the Group for the year ended 31 March 2024, 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 2024, 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, 28 June 2024

*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.*