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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 2022

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 2022 together with comparative figures of the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Continuing operations			
Revenue	3(a)	262,229	601,950
Cost of sales		<u>(251,321)</u>	<u>(590,884)</u>
Gross profit		10,908	11,066
Other net income	4	2,057	2,238
Selling and distribution costs		(886)	(794)
Administrative expenses		(13,601)	(18,684)
Other operating expenses		<u>(4,425)</u>	<u>(3,852)</u>
Loss from operations		(5,947)	(10,026)
Finance costs	5(a)	<u>(889)</u>	<u>(1,886)</u>
Loss before taxation	5	(6,836)	(11,912)
Income tax	6	<u>1,399</u>	<u>(3,078)</u>
Loss for the year from continuing operations		<u>(5,437)</u>	<u>(14,990)</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Discontinued operation			
Loss for the year from discontinued operation	<i>8</i>	<u>–</u>	<u>(23,009)</u>
Loss for the year		<u>(5,437)</u>	<u>(37,999)</u>
Attributable to:			
Owners of the Company		(5,452)	(37,907)
Non-controlling interests		<u>15</u>	<u>(92)</u>
Loss for the year		<u>(5,437)</u>	<u>(37,999)</u>
Loss for the year attributable to owners of the Company:			
– from continuing operations		(5,452)	(14,898)
– from discontinued operation		<u>–</u>	<u>(23,009)</u>
		<u>(5,452)</u>	<u>(37,907)</u>
		<i>HK Cent</i>	<i>HK Cent</i>
Loss per share	<i>9</i>		
From continuing operations			
Basic and diluted		(0.026)	(0.071)
From discontinued operation			
Basic and diluted		–	(0.109)
From continuing and discontinued operations		<u>(0.026)</u>	<u>(0.180)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	(5,437)	(37,999)
Other comprehensive 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	20,593	40,161
Reclassification adjustments for the deregistration of a subsidiary	1,532	–
Reclassification adjustments for a foreign operation disposed of during the year	<u>–</u>	<u>17,422</u>
Other comprehensive income for the year (net of nil tax (2021: nil))	<u>22,125</u>	<u>57,583</u>
Total comprehensive income for the year	<u>16,688</u>	<u>19,584</u>
Attributable to:		
Owners of the Company	16,906	20,100
Non-controlling interests	<u>(218)</u>	<u>(516)</u>
	<u>16,688</u>	<u>19,584</u>
Total comprehensive income/(expenses) attributable to owners of the Company arise from:		
Continuing operations	16,906	25,471
Discontinued operation	<u>–</u>	<u>(5,371)</u>
	<u>16,906</u>	<u>20,100</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		31,610	31,802
Right-of-use assets		23,796	28,767
Goodwill		–	–
Other intangible asset		–	–
Deferred tax assets		40	41
		<hr/> 55,446	<hr/> 60,610
Current assets			
Inventories		57,553	31,275
Trade receivables	<i>10</i>	98,920	519,263
Prepayments, deposits and other receivables		404,082	359,100
Cash and cash equivalents		9,018	7,518
		<hr/> 569,573	<hr/> 917,156
Current liabilities			
Trade payables	<i>11</i>	45,840	409,568
Accruals, deposits and other payables		37,451	35,773
Lease liabilities		1,063	1,393
Tax payable		2,964	5,187
		<hr/> 87,318	<hr/> 451,921

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets	<u>482,255</u>	<u>465,235</u>
Total assets less current liabilities	<u>537,701</u>	<u>525,845</u>
Non-current liabilities		
Lease liabilities	15,611	20,443
Deferred tax liabilities	<u>66</u>	<u>66</u>
	<u>15,677</u>	<u>20,509</u>
Net assets	<u><u>522,024</u></u>	<u><u>505,336</u></u>
Equity		
Equity attributable to owners of the Company		
Share capital	4,217	4,217
Reserves	<u>526,860</u>	<u>509,954</u>
	531,077	514,171
Non-controlling interests	<u>(9,053)</u>	<u>(8,835)</u>
Total equity	<u><u>522,024</u></u>	<u><u>505,336</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2022

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2022 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

In the current year, the Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standards (“HKAS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions (beyond 30 June 2021)

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	163,441	492,528
Production and sale of industrial products	<u>98,788</u>	<u>109,422</u>
	<u><u>262,229</u></u>	<u><u>601,950</u></u>
Disaggregated by geographical location of customers		
– Hong Kong (place of domicile)	–	–
– The People's Republic of China ("PRC") except Hong Kong	<u>262,229</u>	<u>601,950</u>
	<u><u>262,229</u></u>	<u><u>601,950</u></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.

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

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 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 2022 and 2021 are set out below:

Continuing operations

	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>
	2021			
	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>492,528</u>	<u>109,422</u>	<u>–</u>	<u>601,950</u>
Reportable segment profit	<u>2,615</u>	<u>7,657</u>	<u>–</u>	<u>10,272</u>
Depreciation for property, plant and equipment	–	(8,130)	–	(8,130)
Depreciation for right-of-use assets	–	(5,833)	–	(5,833)
Finance costs	(40)	(1,843)	–	(1,883)
Income tax expense	–	(3,075)	(3)	(3,078)
Reportable segment assets	663,445	260,629	9	924,083
Additions to non-current segment assets during the year	–	1,227	–	1,227
Reportable segment liabilities	<u>(370,721)</u>	<u>(93,764)</u>	<u>(3,832)</u>	<u>(468,317)</u>

There are no inter-segment sales during the years ended 31 March 2022 and 2021.

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Continuing operations				
Hong Kong (place of domicile)	–	–	2	93
PRC except Hong Kong	<u>262,229</u>	<u>601,950</u>	<u>55,404</u>	<u>60,476</u>
	<u>262,229</u>	<u>601,950</u>	<u>55,406</u>	<u>60,569</u>

Information about major customers

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

	2022 HK\$'000	2021 HK\$'000
Continuing operations		
Customer A (note (i))	98,788	109,422
Customer B (note (ii))	–	369,522
Customer C (note (iii))	49,042	–
Customer D (note (iii))	45,472	–
Customer E (note (iii))	<u>43,416</u>	<u>–</u>

Notes:

- i) Revenue from the above customer arose from the businesses of production and sale of industrial products for the years ended 31 March 2022 and 2021.
- ii) 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 2021.
- iii) Revenue from the above customers arose from the business of sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2022.

4. OTHER NET INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interest income on bank deposits	–	–
Interest income on loan receivable	<u>372</u>	<u>354</u>
Total interest income on financial assets measured at amortised cost	372	354
Sundry income	2,570	3,401
Net foreign exchange loss	(885)	(1,571)
Government grant (<i>note</i>)	<u>–</u>	<u>54</u>
	<u><u>2,057</u></u>	<u><u>2,238</u></u>

Note:

During the year ended 31 March 2021, 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 BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
(a) Finance costs		
Bills discount charges	–	40
Interest on lease liabilities	<u>889</u>	<u>1,846</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>889</u></u>	<u><u>1,886</u></u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	22,667	20,921
Contributions to defined contribution retirement plans	<u>2,822</u>	<u>2,828</u>
	<u>25,489</u>	<u>23,749</u>
(c) Other items		
Cost of inventories [#]	251,321	590,884
Auditors' remuneration	660	680
Depreciation for property, plant and equipment	5,447	8,787
Depreciation for right-of-use assets	6,097	6,938
Loss on deregistration of subsidiaries	384	–
(Reversal of)/loss allowance on trade receivables	(239)	469
(Reversal of)/loss allowance on other receivables	(54)	430
Impairment loss on deposits and prepayments	2,106	–
Impairment loss on non-controlling interests	372	690
Written down of inventories	1,682	2,263
Written off of property, plant and equipment	158	–
Loss on disposal of property, plant and equipment	<u>–</u>	<u>172</u>

[#] Cost of inventories, being the carrying amount of inventories sold, included HK\$26,783,000 (2021: HK\$27,793,000) relating to staff costs and depreciation for property, plant and equipment and depreciation for right-of-use assets for the years ended 31 March 2022 and 2021 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 in the consolidated statement of profit or loss represents:

Continuing operations

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax (<i>note (i)</i>)	–	–
– PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>)	<u>967</u>	<u>2,326</u>
	967	2,326
(Over)/Under-provision of prior year		
– Hong Kong Profits Tax	–	–
– PRC EIT	<u>(2,367)</u>	<u>749</u>
Deferred tax		
Origination and reversal of temporary differences	<u>1</u>	<u>3</u>
Total	<u><u>(1,399)</u></u>	<u><u>3,078</u></u>

Notes:

- (i) No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the years ended 31 March 2022 and 2021.
- (ii) PRC subsidiaries are subject to PRC EIT at 25% (2021: 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 2022 and 2021.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 March 2022 and 2021.

8. DISCONTINUED OPERATION

Disposal of operation of production and sale of utilities

On 11 September 2019, the Group entered into a sale agreement to dispose of entire equity interests in Ningxia Tianyuan Power Generation Company Limited (“Power Company”), a wholly-owned subsidiary of the Company, which carried out all of the Group’s operation of production and sale of utilities, at a consideration of RMB169,000,000 (equivalent to approximately HK\$184,717,000). The disposal was completed on 16 June 2020. During the year ended 31 March 2021, the Group has received the first to third part of the consideration of approximately RMB132,476,000 (equivalent to approximately HK\$156,693,000) after deducting income tax as stated in the sale agreement. On 15 October 2021, the Group has received the final instalment and overdue interest of approximately RMB38,554,000 (equivalent to approximately HK\$46,459,000) after deducting income tax as stated in the sale agreement.

The results of the discontinued operation included in the loss for the year are set out below.

	For the period from 1 April 2020 to 16 June 2020 (date of disposal) <i>HK\$’000</i>
Revenue	13,112
Cost of sales	<u>(15,875)</u>
Gross loss	(2,763)
Administrative expenses	<u>(593)</u>
Loss from operation	(3,356)
Finance costs	<u>(48)</u>
Loss before taxation	(3,404)
Income tax credit	<u>–</u>
Loss after taxation	(3,404)
Loss on disposal of the subsidiary after income tax	<u>(19,605)</u>
Loss for the period from discontinued operation and attributable to owners of the Company	<u><u>(23,009)</u></u>

Loss before taxation from discontinued operation includes the following:

	For the period from 1 April 2020 to 16 June 2020 (date of disposal) <i>HK\$'000</i>
Interest on lease liabilities	48
Salaries, wages and other benefits	1,862
Contributions to defined contribution retirement plans	628
Staff costs	2,490
Cost of inventories [#]	15,875
Depreciation for property, plant and equipment	2,811
Depreciation for right-of-use assets	773
	3,584
Written off of property, plant and equipment	421

[#] Cost of inventories, being the carrying amount of inventories sold, included HK\$6,039,000 relating to staff costs, depreciation for property, plant and equipment and appreciation for rights-of-use assets for the period from 1 April 2020 to 16 June 2020 (date of disposal) which amounts were also included in the respective total amounts disclosed separately above for each of these types of expenses.

	For the period from 1 April 2020 to 16 June 2020 (date of disposal) <i>HK\$'000</i>
Cash flows from discontinued operation	
Net cash generated from operating activities	878
Net cash generated from investing activities (for the period from 1 April 2020 to 16 June 2020 (date of disposal) includes an inflow of HK\$52,438,000 from the disposal of the subsidiary)	52,438
Net cash used in financing activities	(825)
Net increase in cash generated by a subsidiary	52,491

For the period
from 1 April
2020 to
16 June 2020
(date of
disposal)

Loss per share

Basic and diluted, from discontinued operation (<i>HK cent per share</i>)	<u><u>(0.109)</u></u>
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The calculations of basic and diluted loss per share from discontinued operation are based on:

For the period
from 1 April
2020 to
16 June 2020
(date of
disposal)

Loss attributable to owners of the Company from discontinued operation (<i>HK\$'000</i>)	<u><u>(23,009)</u></u>
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Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u><u>21,084,072,140</u></u>
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Details of the disposal of the subsidiary

For the period
from 1 April
2020 to
16 June 2020
(date of
disposal)
HK\$'000

Consideration received or receivable:	
Cash	<u>184,717</u>
Total disposal consideration	184,717
Carrying amount of net assets sold	<u>(183,923)</u>
Gain on disposal before income tax and reclassification of foreign exchange differences	794
Reclassification of foreign exchange differences	(17,422)
Income tax expense	<u>(2,977)</u>
Loss on disposal after income tax	<u><u>(19,605)</u></u>

The carrying amounts of assets and liabilities as at the date of disposal (16 June 2020) were:

	16 June 2020 <i>HK\$'000</i>
Property, plant and equipment	139,302
Right-of-use assets	3,864
Inventories	3,920
Trade receivables	55,911
Prepayments, deposits and other receivables	17,580
Cash and cash equivalents	<u>36</u>
 Total assets	 <u><u>220,613</u></u>
 Trade payables	 (9,514)
Accruals, deposits and other payables	(23,169)
Lease liabilities	<u>(4,007)</u>
 Total liabilities	 <u><u>(36,690)</u></u>
 Net assets	 <u><u>183,923</u></u>

9. LOSS PER SHARE

(a) Basic loss per share

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

	2022	2021
Continuing operations		
Loss		
Loss for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u>(5,452)</u>	<u>(14,898)</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>21,084,072,140</u>	<u>21,084,072,140</u>
Basic loss per share (<i>HK cent per share</i>)	<u>(0.026)</u>	<u>(0.071)</u>
Discontinued operation		
Loss		
Loss for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u>–</u>	<u>(23,009)</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>21,084,072,140</u>	<u>21,084,072,140</u>
Basic loss per share (<i>HK cent per share</i>)	<u>–</u>	<u>(0.109)</u>
Continuing and discontinued operations		
Loss		
Loss for the year attributable to owners of the Company (<i>HK\$'000</i>)	<u>(5,452)</u>	<u>(37,907)</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>21,084,072,140</u>	<u>21,084,072,140</u>
Basic loss per share (<i>HK cent per share</i>)	<u>(0.026)</u>	<u>(0.180)</u>

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2022 and 2021 is the same as the basic loss per share as there is no potential ordinary shares outstanding during the years.

10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	100,340	520,927
<i>Less: Loss allowance</i>	<u>(1,420)</u>	<u>(1,664)</u>
	<u>98,920</u>	<u>519,263</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 is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 60 days	56,928	26,277
61 – 120 days	9,106	23,909
121 – 180 days	18,836	91,256
181 – 360 days	14,050	351,096
Over 360 days	<u>–</u>	<u>26,725</u>
	<u>98,920</u>	<u>519,263</u>

Trade receivables are usually due within 360 days (2021: 360 days) from invoice date or shipment date.

11. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u>45,840</u>	<u>409,568</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 60 days	40,522	15,490
61 – 120 days	570	19,061
121 – 180 days	86	74,212
181 – 360 days	24	295,168
Over 360 days	<u>4,638</u>	<u>5,637</u>
	<u>45,840</u>	<u>409,568</u>

12. EVENTS AFTER REPORTING PERIOD

The outbreak of coronavirus disease (COVID-19) continued to bring about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position. The Group has been closely monitoring the impact of the pandemic on the Group's business and will take all necessary and appropriate measures to reduce the impact of the pandemic on the Group's business. 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

Continuing operations

For the year ended 31 March 2022 (“**year under review**”), 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

During the year under review, the Group recorded a decrease in revenue, from HK\$601,950,000 for the year ended 31 March 2021 to HK\$262,229,000 for the year ended 31 March 2022, representing a decrease of approximately 56.4% as compared to the last financial year. The Group’s gross profit decreased by approximately 1.4% from HK\$11,066,000 for the year ended 31 March 2021 to HK\$10,908,000 for the year ended 31 March 2022.

The decrease in revenue of the Group mentioned above was mainly attributable to the decrease in revenue arising from the sourcing and sale of metal minerals and related industrial materials business segments during the year under review when compared to the last financial year. For the sourcing and sale of metal minerals and related industrial materials business, the Group recorded a segment revenue of HK\$163,441,000 for the year ended 31 March 2022 (Year ended 31 March 2021: HK\$492,528,000), representing a significant decrease of approximately 66.8% as compared to last financial year.

Following the launch of coronavirus disease 2019 (“**COVID-19**”) vaccination programs in various major cities around the world during the year 2021, parts of the world rebounded from the pandemic and the recovered spending has led to the drastic increase in demand for different types of consumables. This resulted in a shortfall of containers which led to a massive disruption on the cross-border shipping arrangement that has created delays and driven up the logistic costs. As such, the Group’s sourcing and sale of metal minerals and related industrial materials business has been seriously affected during the year under review and the Group has been working closely with its suppliers and customers to mitigate the impact of those unexpected situations. This segment recorded a segment profit of HK\$360,000 for the year ended 31 March 2022 (Year ended 31 March 2021: segment profit of HK\$2,615,000), and the decrease of the segment profit was in line with the decrease of this segment revenue.

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 HK\$98,788,000 for the year ended 31 March 2022 (Year ended 31 March 2021: HK\$109,422,000), representing a decrease of approximately 9.7% as compared to the last financial year. This segment reported an increase in its segment profit by approximately 26.2%, from HK\$7,657,000 for the year ended 31 March 2021 to HK\$9,662,000 for the year ended 31 March 2022. The decrease in segment revenue was mainly attributable to the decrease in the sales volume of one major industrial product during the year under review. However, as there was a general decrease in the unit cost of production during the year under review, this segment profit for the year ended 31 March 2022 was able to record an increment as compared to the last financial year.

Other Net Income

For the year ended 31 March 2022, the Group recorded an other net income of HK\$2,057,000 (Year ended 31 March 2021: HK\$2,238,000) which was mainly represented by the net foreign exchange loss together with the 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 financial years, the Group management has successfully minimized the Group’s foreign currency exposure and therefore the net foreign exchange loss amount was maintained at the relatively low level for both of the year ended 31 March 2022 and the year ended under 31 March 2021.

The overall variance between the other net income recorded for the year ended 31 March 2022 and the other net income recorded for the year ended 31 March 2021 was approximately 8.1%, and there was no material fluctuation for the other net income recorded for the year under review as compared to last financial year.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses and depreciation. For the year ended 31 March 2022, the Group’s management has kept on implementing the austerity measures and therefore the Group recorded administrative expenses of HK\$13,601,000 (Year ended 31 March 2021: HK\$18,684,000), representing a decrease of approximately 27.2% as compared to last financial year.

Other Operating Expenses

Other operating expenses of HK\$4,425,000 (Year ended 31 March 2021: HK\$3,852,000) are mainly represented by the written down of inventories, impairment loss on deposits and prepayments, loss on deregistration of subsidiaries and impairment loss on non-controlling interests made during the year under review.

Finance Costs

Finance costs decreased by HK\$997,000, or approximately 52.9% from HK\$1,886,000 for the year ended 31 March 2021 to HK\$889,000 for the year ended 31 March 2022. The decrease in finance costs was mainly attributable to the decrease in the interest on lease liabilities during the year under review as compared to last financial year.

For both of the years ended 31 March 2022 and 31 March 2021, 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 under review and the last financial 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

Continuing operations

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. During the year under review, there was a further decrease in administrative expenses and finance costs when compared to the last financial year due to the austerity measures implemented by the management. Together with the positive profit and loss adjustment made pursuant to the over-provision of income tax of the last financial year, the Group recorded a decrease in loss from continuing operations for the year, from HK\$14,990,000 for the year ended 31 March 2021, to HK\$5,437,000 for the year under review.

Discontinued operation

During the year ended 31 March 2021, the Group recorded a loss for the year from discontinued operation of HK\$23,009,000, which was mainly attributable to the reclassification of foreign exchange differences relating to the disposed subsidiary of approximately HK\$17,422,000, from equity to profit or loss which has led to the significant loss on disposal of the subsidiary recognised upon the completion of such disposal in June 2020.

Following the completion of disposal of above discontinued operation in June 2020, neither profit nor loss from that discontinued operation is required to be recorded for the year ended 31 March 2022.

The loss attributable to owners of the Company for the year ended 31 March 2022 amounted to HK\$5,452,000 whereas a loss of HK\$37,907,000 was recorded in last financial year. This represented a basic loss per share of HK0.026 cent for the year ended 31 March 2022, whereas the basic loss per share of HK0.180 cent was recorded in last financial 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 2022, the Group had current assets of HK\$569,573,000 (As at 31 March 2021: HK\$917,156,000), comprising cash and bank balances of HK\$9,018,000 (As at 31 March 2021: HK\$7,518,000).

The Group's current ratio, calculated based on current assets of HK\$569,573,000 (As at 31 March 2021: HK\$917,156,000) over current liabilities of HK\$87,318,000 (As at 31 March 2021: HK\$451,921,000), was at a healthy level of 6.52, which was significantly better than the current ratio as at 31 March 2021 (As at 31 March 2021: 2.03).

As at 31 March 2022, the Group's trade payables amounted to HK\$45,840,000 (As at 31 March 2021: HK\$409,568,000); trade receivables amounted to HK\$98,920,000 (As at 31 March 2021: HK\$519,263,000).

As at 31 March 2022, the Group's equity attributable to owners of the Company increased to HK\$531,077,000 (As at 31 March 2021: HK\$514,171,000). No material change has been recorded in equity attributable to owners of the Company from 31 March 2021 up till 31 March 2022.

During the year under review, 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 2022.

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 2022, the Group had no capital commitments (As at 31 March 2021: nil).

Contingent Liabilities

As at 31 March 2022, the Group had no material contingent liabilities (As at 31 March 2021: nil).

Events After The Reporting Period

The outbreak of coronavirus disease (COVID-19) continued to bring about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position. The Group has been closely monitoring the impact of the pandemic on the Group's business and will take all necessary and appropriate measures to reduce the impact of the pandemic on the Group's business. 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 2022, the Group had a total of about 134 employees and directors (As at 31 March 2021: 131). The Group's staff costs, including directors' remuneration, amounted to HK\$25,489,000 (Year ended 31 March 2021: HK\$26,239,000).

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.

The determination of emoluments of the Directors had taken into consideration of their respective responsibilities and contribution to the Company with reference to market conditions.

PROSPECTS

Over the last few years, the Group's principal business has been facing an extremely unfavorable environment. The Group has been encountering different kinds of challenges and difficulties arising from various social and political issues. The outbreak of the coronavirus disease 2019 ("COVID-19") was definitely the most catastrophic one for everyone and unfortunately, the pandemic has persisted globally as COVID-19 has been constantly mutating into new variants. Millions of deaths were caused by COVID-19 and its variants, and that has severely affected the global economic activities in the past two years. Both regional and global supply chains have been substantially disrupted, which have unavoidably increased the logistic cost and also the uncertainty of supply of various metal minerals for the construction and manufacturing activities in different countries. Undeniably the above issues have negatively affected the performance of the Group's principal business during the year under review.

In view of the fact that the national government of the major economic entities were not able to come up with effective and efficient ways to resolve the COVID-19 issue that has already affected the global social and economical activities for more than two years, the Group could only undertake relatively more conservative and safer strategies to protect the interest of the shareholders of the Company. Through implementing assets restructuring and austerity measures, the Group has successfully reduced its cost burden and enhanced its balance sheet liquidity. The Group has reserved sufficient capital and resources to capture the business opportunities following the anticipated recovery of economic activities, and the management of the Group believes the Group is now one step ahead of its peers.

The Group has been running the sourcing and sale of metal minerals for years and has established solid business relationships with leading mine suppliers as well as renowned companies in the new energy materials sector. To achieve leapfrog development, the Group expects the People's Republic of China government would further enhance its support for the high technology-driven enterprises in the new energy materials sector. The metal minerals sourced by the Group are commonly utilized in the new energy materials manufacturing sectors, and the Group believes there is a significant room for an increase in demand of those metal minerals following the development of this sector in the foreseeable future. The consumption of certain minerals like Lithium, Nickel, Manganese in batteries is expected to grow exponentially over the next decades due to the increasingly demand of Electrical Vehicle and that would be a significant driver for the demand of minerals the Group is currently trading. The management of the Group will keep exploring and capturing the substantiable business opportunities that can further enhance the return to the shareholders of the Company time to time.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 March 2022 (Year ended 31 March 2021: 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. Sin Lik Man, an executive director of the Company, has been appointed as chief executive officer and acting chairman of the Company on 31 July 2018 and was re-designated as the chairman of the Company on 14 September 2018. Since then, 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 2022, 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 2022.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at 31 March 2022, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Ngai Lam (Chairman), Mr. Wang Ye and Mr. Tang Kin Nam (appointed on 1 October 2021).

The audited consolidated financial statements of the Group for the year ended 31 March 2022, 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 2022, 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, 24 June 2022

As at the date of this announcement, the Board comprises Mr. Sin Lik Man (Chairman and Chief Executive Officer) and Ms. Sun Le as Executive Directors, Ms. Sun Di as Non-Executive Director, and Mr. Cheung Ngai Lam, Mr. Wang Ye and Mr. Tang Kin Nam as Independent Non-executive Directors.