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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 2021

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 2021 together with comparative figures of the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|---|-------|------------------------|-----------------------|
| Continuing operations | | | |
| Revenue | 3(a) | 601,950 | 481,124 |
| Cost of sales | | <u>(590,884)</u> | <u>(463,582)</u> |
| Gross profit | | 11,066 | 17,542 |
| Other net income | 4 | 2,238 | 18,860 |
| Selling and distribution costs | | (794) | (3,023) |
| Administrative expenses | | (18,684) | (31,190) |
| Other operating expenses | | <u>(3,852)</u> | <u>(2,238)</u> |
| Loss from operations | | (10,026) | (49) |
| Finance costs | 5(a) | <u>(1,886)</u> | <u>(2,380)</u> |
| Loss before taxation | 5 | (11,912) | (2,429) |
| Income tax | 6 | <u>(3,078)</u> | <u>(3,418)</u> |
| Loss for the year from continuing operations | | <u>(14,990)</u> | <u>(5,847)</u> |

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Discontinued operation | | | |
| Loss for the year from discontinued operation | <i>8</i> | <u>(23,009)</u> | <u>(11,503)</u> |
| Loss for the year | | <u><u>(37,999)</u></u> | <u><u>(17,350)</u></u> |
| Attributable to: | | | |
| Owners of the Company | | (37,907) | (16,898) |
| Non-controlling interests | | <u>(92)</u> | <u>(452)</u> |
| Loss for the year | | <u><u>(37,999)</u></u> | <u><u>(17,350)</u></u> |
| Loss for the year attributable to owners of the Company: | | | |
| – from continuing operations | | (14,898) | (5,395) |
| – from discontinued operation | | <u>(23,009)</u> | <u>(11,503)</u> |
| | | <u><u>(37,907)</u></u> | <u><u>(16,898)</u></u> |
| | | <i>HK Cent</i> | <i>HK Cent</i> |
| Loss per share | <i>10</i> | | |
| From continuing operations | | | |
| Basic and diluted | | (0.071) | (0.026) |
| From discontinued operation | | | |
| Basic and diluted | | (0.109) | (0.054) |
| From continuing and discontinued operations | | | |
| Basic and diluted | | <u><u>(0.180)</u></u> | <u><u>(0.080)</u></u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss for the year | (37,999) | (17,350) |
| Other comprehensive income/(expenses) for the year | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising on translation of financial statements of subsidiaries | 40,161 | (48,007) |
| Reclassification adjustments for a foreign operation disposed of during the year | 17,422 | – |
| Other comprehensive income/(expenses) for the year (net of nil tax (2020: nil)) | 57,583 | (48,007) |
| Total comprehensive income/(expenses) for the year | <u>19,584</u> | <u>(65,357)</u> |
| Attributable to: | | |
| Owners of the Company | 20,100 | (65,265) |
| Non-controlling interests | (516) | (92) |
| | <u>19,584</u> | <u>(65,357)</u> |
| Total comprehensive income/(expenses) attributable to owners of the Company arise from: | | |
| Continuing operations | 25,471 | (40,022) |
| Discontinued operation | (5,371) | (25,243) |
| | <u>20,100</u> | <u>(65,265)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 31,802 | 36,779 |
| Right-of-use assets | | 28,767 | 8,634 |
| Goodwill | | – | – |
| Other intangible asset | | – | – |
| Deferred tax assets | | 41 | 44 |
| | | <u>60,610</u> | <u>45,457</u> |
| Current assets | | | |
| Inventories | | 31,275 | 35,479 |
| Trade receivables | <i>11</i> | 519,263 | 327,523 |
| Prepayments, deposits and other receivables | | 359,100 | 170,268 |
| Cash and cash equivalents | | 7,518 | 6,093 |
| | | <u>917,156</u> | <u>539,363</u> |
| Assets held for sale | <i>9</i> | <u>–</u> | <u>222,060</u> |
| | | <u>917,156</u> | <u>761,423</u> |
| Current liabilities | | | |
| Trade payables | <i>12</i> | 409,568 | 258,783 |
| Accruals, deposits and other payables | | 35,773 | 22,597 |
| Lease liabilities | | 1,393 | 752 |
| Tax payable | | 5,187 | 3,982 |
| | | <u>451,921</u> | <u>286,114</u> |
| Liabilities directly associated with the assets held for sale | <i>9</i> | <u>–</u> | <u>34,948</u> |
| | | <u>451,921</u> | <u>321,062</u> |

| | 2021 | 2020 |
|--|------------------------------|-----------------------|
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net current assets | <u>465,235</u> | <u>440,361</u> |
| Total assets less current liabilities | <u>525,845</u> | <u>485,818</u> |
| Non-current liabilities | | |
| Lease liabilities | 20,443 | – |
| Deferred tax liabilities | <u>66</u> | <u>66</u> |
| | <u>20,509</u> | <u>66</u> |
| Net assets | <u><u>505,336</u></u> | <u><u>485,752</u></u> |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Share capital | 4,217 | 4,217 |
| Reserves | <u>509,954</u> | <u>489,854</u> |
| | 514,171 | 494,071 |
| Non-controlling interests | <u>(8,835)</u> | <u>(8,319)</u> |
| Total equity | <u><u>505,336</u></u> | <u><u>485,752</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2021

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2021 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 *Amendments to References to the Conceptual Framework in HKFRSs* and the following amendments to HKFRSs 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 2020 for the preparation of the consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the *Amendments to References to the Conceptual Framework in HKFRSs* and 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:

| | 2021 <i>HK\$'000</i> | 2020 <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 | 492,528 | 350,898 |
| Production and sale of industrial products | <u>109,422</u> | <u>130,226</u> |
| | <u>601,950</u> | <u>481,124</u> |
| Disaggregated by geographical location of customers | | |
| – Hong Kong (place of domicile) | – | – |
| – PRC except Hong Kong | <u>601,950</u> | <u>481,124</u> |
| | <u>601,950</u> | <u>481,124</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 current 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 2021 and 2020 are set out below:

Continuing operations

| | 2021 | | | |
|---|--|--|----------------------------|---------------------------|
| | Sourcing and sale of metal minerals and related industrial materials HK\$'000 | Production and sale of industrial products HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| 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> |

| | 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>350,898</u> | <u>130,226</u> | <u>–</u> | <u>481,124</u> |
| Reportable segment profit | <u>674</u> | <u>13,845</u> | <u>–</u> | <u>14,519</u> |
| Depreciation for property, plant and equipment | – | (8,633) | – | (8,633) |
| Depreciation for right-of-use assets | – | (6,029) | – | (6,029) |
| Finance costs | (2,058) | (183) | – | (2,241) |
| Income tax credit/(expense) | 40 | (3,461) | 3 | (3,418) |
| Reportable segment assets | 393,107 | 179,902 | 1,689 | 574,698 |
| Additions to non-current segment assets during the year | – | 11,683 | – | 11,683 |
| Reportable segment liabilities | <u>(253,679)</u> | <u>(25,084)</u> | <u>(3,592)</u> | <u>(282,355)</u> |

There are no inter-segment sales during the years ended 31 March 2021 and 2020.

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 | |
|-------------------------------|------------------------------------|-----------------|--------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | | | |
| Hong Kong (place of domicile) | – | – | 93 | 2,024 |
| PRC except Hong Kong | 601,950 | 481,124 | 60,476 | 43,389 |
| | 601,950 | 481,124 | 60,569 | 45,413 |

Information about major customers

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

| | 2021 | 2020 |
|---------------------------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Continuing operations | | |
| Customer A (<i>note (i)</i>) | 109,422 | 130,226 |
| Customer B (<i>note (ii)</i>) | 369,522 | 305,712 |

Notes:

- i) Revenue from the above customer arose from the businesses of production and sale of industrial products for the years ended 31 March 2021 and 2020.
- ii) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the years ended 31 March 2021 and 2020.

4. OTHER NET INCOME

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Continuing operations | | |
| Interest income on bank deposits | – | 115 |
| Interest income on loan receivable | <u>354</u> | <u>336</u> |
| Total interest income on financial assets measured at amortised cost | 354 | 451 |
| Sundry income | 3,401 | 24 |
| Net foreign exchange (loss)/gain | (1,571) | 16,413 |
| Fair value gain on derivative financial instruments | | |
| – forward foreign exchange contracts | – | 1,896 |
| Gain on disposal of property, plant and equipment | – | 76 |
| Government grant (<i>note</i>) | <u>54</u> | <u>–</u> |
| | <u><u>2,238</u></u> | <u><u>18,860</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 (2020: nil).

5. LOSS BEFORE TAXATION

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Continuing operations | | |
| (a) Finance costs | | |
| Bills discount charges | 40 | 2,058 |
| Interest on lease liabilities | <u>1,846</u> | <u>322</u> |
| Total interest expense on financial liabilities not at fair value through profit or loss | <u><u>1,886</u></u> | <u><u>2,380</u></u> |

| | 2021 | 2020 |
|--|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| (b) Staff costs (including directors' emoluments) | | |
| Salaries, wages and other benefits | 20,921 | 29,365 |
| Contributions to defined contribution retirement plans | 2,828 | 3,012 |
| | 23,749 | 32,377 |
| (c) Other items | | |
| Cost of inventories [#] | 590,884 | 463,582 |
| Auditors' remuneration | 680 | 1,040 |
| Depreciation for property, plant and equipment | 8,787 | 10,707 |
| Depreciation for right-of-use assets | 6,938 | 10,594 |
| Loss on deregistration of a subsidiary | – | 278 |
| Loss allowance on trade receivables | 469 | 1,022 |
| Loss allowance on other receivables | 430 | 314 |
| Impairment loss on non-controlling interests | 690 | 624 |
| Written down of inventories | 2,263 | – |
| Loss/(gain) on disposal of property, plant and equipment | 172 | (76) |

[#] Cost of inventories, being the carrying amount of inventories sold, included HK\$27,793,000 (2020: HK\$28,439,000) relating to staff costs and depreciation for the years ended 31 March 2021 and 2020 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:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Continuing operations | | |
| Current tax | | |
| – Hong Kong Profits Tax (<i>note (i)</i>) | – | – |
| – PRC Enterprise Income Tax (“EIT”) (<i>note (ii)</i>) | <u>2,326</u> | <u>3,461</u> |
| | 2,326 | 3,461 |
| Under/(over) provision of prior year | | |
| – Hong Kong Profits Tax | – | (40) |
| – PRC EIT | 749 | – |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>3</u> | <u>(3)</u> |
| Total | <u>3,078</u> | <u>3,418</u> |

Notes:

- (i) No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the years ended 31 March 2021 and 2020.
- (ii) PRC subsidiaries are subject to PRC EIT at 25% (2020: 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 2021 and 2020.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 March 2021 and 2020.

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.

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) HK\$'000 | For the year ended 31 March 2020 HK\$'000 |
|--|---|--|
| Revenue | 13,112 | 155,218 |
| Cost of sales | (15,875) | (172,931) |
| Gross loss | (2,763) | (17,713) |
| Other net income | – | 1,443 |
| Administrative expenses | (593) | (545) |
| Other operating expenses | – | (32) |
| Loss from operation | (3,356) | (16,847) |
| Finance costs | (48) | (471) |
| Loss before taxation | (3,404) | (17,318) |
| Income tax credit | – | 5,815 |
| Loss after taxation | (3,404) | (11,503) |
| Loss on disposal of the subsidiary after income tax | (19,605) | – |
| Loss for the period/year from discontinued operation and attributable to owners of the Company | <u>(23,009)</u> | <u>(11,503)</u> |

Loss before taxation from discontinued operation includes the following:

| | For the period from 1 April 2020 to 16 June 2020 (date of disposal) HK\$'000 | For the year ended 31 March 2020 HK\$'000 |
|--|---|--|
| Interest income on bank deposits | – | 1 |
| Sundry income | – | 1,442 |
| Interest on lease liabilities | 48 | 471 |
| Salaries, wages and other benefits | 1,862 | 11,744 |
| Contributions to defined contribution retirement plans | 628 | 3,821 |
| Staff costs | 2,490 | 15,565 |
| Cost of inventories # | 15,875 | 172,931 |
| Depreciation for property, plant and equipment | 2,811 | 21,506 |
| Depreciation for right-of-use assets | 773 | 4,748 |
| | 3,584 | 26,254 |
| Loss allowance on trade receivables | – | 32 |
| Written off of property, plant and equipment | 421 | – |

Cost of inventories, being the carrying amount of inventories sold, included HK\$6,039,000 (for the year ended 31 March 2020: HK\$41,334,000) relating to staff costs and depreciation 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 for each of these types of expenses.

| | For the period from 1 April 2020 to 16 June 2020 (date of disposal) | For the year ended 31 March 2020 |
|---|--|--|
| Loss per share | | |
| Basic and diluted, from discontinued operation (HK cent per share) | (0.109) | (0.054) |

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) | For the year ended 31 March 2020 |
|--|--|--|
| Loss attributable to owners of the Company from discontinued operation (<i>HK\$'000</i>) | <u>(23,009)</u> | <u>(11,503)</u> |
| Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation | <u>21,084,072,140</u> | <u>21,084,072,140</u> |

Details of the disposal of the subsidiary

| | For the period from 1 April 2020 to 16 June 2020 (date of disposal) <i>HK\$'000</i> | For the year ended 31 March 2020 <i>HK\$'000</i> |
|---|--|---|
| 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>(19,605)</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. DISPOSAL GROUP HELD FOR SALE

During the year ended 31 March 2020, the Group's management was committed to a plan to sell Power Company. Accordingly, Power Company is presented as a disposal group held for sale. 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.

At 31 March 2021 and 2020, the disposal group comprised the following assets and liabilities.

| | 2021 | 2020 |
|--|-----------------|------------------------|
| | HK\$'000 | HK\$'000 |
| Property, plant and equipment | – | 142,369 |
| Right-of-use assets | – | 4,632 |
| Inventories | – | 295 |
| Trade receivables | – | 50,675 |
| Prepayments, deposits and other receivables | – | 24,075 |
| Cash and cash equivalents | – | 14 |
| | <u>–</u> | <u>14</u> |
| Assets held for sale | <u>–</u> | <u>222,060</u> |
| Trade payables | – | (8,514) |
| Accruals, deposits and other payables | – | (21,656) |
| Lease liabilities | – | (4,778) |
| | <u>–</u> | <u>(4,778)</u> |
| Liabilities directly associated with the assets held for sale | <u>–</u> | <u>(34,948)</u> |

Cumulative income or expenses included in other comprehensive income

Cumulative expense of HK\$Nil (2020: HK\$17,638,000), being exchange differences relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

10. 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.

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Continuing operations | | |
| Loss | | |
| Loss for the year attributable to owners of the Company (<i>HK\$'000</i>) | <u>(14,898)</u> | <u>(5,395)</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>(0.071)</u> | <u>(0.026)</u> |
| Discontinued operation | | |
| Loss | | |
| Loss for the year attributable to owners of the Company (<i>HK\$'000</i>) | <u>(23,009)</u> | <u>(11,503)</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>(0.109)</u> | <u>(0.054)</u> |
| Continuing and discontinued operations | | |
| Loss | | |
| Loss for the year attributable to owners of the Company (<i>HK\$'000</i>) | <u>(37,907)</u> | <u>(16,898)</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>(0.180)</u> | <u>(0.080)</u> |

b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2021 and 2020 is the same as the basic loss per share as there is no potential ordinary shares outstanding during the years.

11. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------------|-------------------------|-------------------------|
| Trade receivables | 520,927 | 328,618 |
| Less: Loss allowance | <u>(1,664)</u> | <u>(1,095)</u> |
| | <u>519,263</u> | <u>327,523</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:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| 0 – 60 days | 26,277 | 26,819 |
| 61 – 120 days | 23,909 | 16,047 |
| 121 – 180 days | 91,256 | 87,588 |
| 181 – 360 days | 351,096 | 197,069 |
| Over 360 days | <u>26,725</u> | <u>–</u> |
| | <u>519,263</u> | <u>327,523</u> |

Trade receivables are usually due within 360 days (2020: 360 days) from the date of billing or shipment date.

12. TRADE PAYABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Trade payables | <u>409,568</u> | <u>258,783</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:

| | 2021 | 2020 |
|----------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 60 days | 15,490 | 2,026 |
| 61 – 120 days | 19,061 | 419 |
| 121 – 180 days | 74,212 | 70,658 |
| 181 – 360 days | 295,168 | 181,631 |
| Over 360 days | 5,637 | 4,049 |
| | <u>409,568</u> | <u>258,783</u> |

13. EVENTS AFTER REPORTING PERIOD

The outbreak of coronavirus disease (COVID-19) epidemic 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 from the epidemic on the Group's businesses and will take all necessary and appropriate measures to reduce the impact of the epidemic on the Group. Based on the currently available information, 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 2021 (“**year under review**”), the Group was principally engaged in sourcing and sale of metal minerals and related industrial materials and the production and sale of industrial products. The disposal of production and sale of utilities business under 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the “**Power Company**”) was completed in June 2020 and the details of such disposal are set out under the heading “Material Disposal” below.

Revenue and Gross Profit

During the year under review, the Group recorded an increase in revenue, from HK\$481,124,000 for the year ended 31 March 2020 to HK\$601,950,000 for the year ended 31 March 2021, representing an increase of approximately 25.1% as compared to last financial year. The Group’s gross profit decreased by approximately 36.9% from HK\$17,542,000 for the year ended 31 March 2020 to HK\$11,066,000 for the year ended 31 March 2021.

The increase in revenue was mainly attributable to the recovery in demand of the customers of our sourcing and sale of metal minerals and related industrial materials business during the year under review. Nonetheless, the uncertain environment for the global trading business players and manufactures arising from the outbreak of coronavirus disease 2019 (the “**COVID-19 outbreak**”) still persisted, which has negatively impacted the global trading business and the local manufacturing sector in the PRC. The Group’s gross profit and its profit margin therefore further shrank during the year under review.

For the sourcing and sale of metal minerals and related industrial materials business, the Group recorded a segment revenue of HK\$492,528,000 (Year ended 31 March 2020: HK\$350,898,000) and a segment profit of HK\$2,615,000 for the year ended 31 March 2021 (Year ended 31 March 2020: segment profit of HK\$674,000), representing an increase of approximately 40.4% and 288.0% respectively when compared to the last financial year.

For the production and sale of industrial products business under 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the “**Waste Recycling Company**”), the Group recorded a segment revenue of HK\$109,422,000 for the year ended 31 March 2021 (Year ended 31 March 2020: HK\$130,226,000), representing a decrease of approximately 16.0% as compared to last financial year. This segment reported a decrease in its segment profit by approximately 44.7%, from HK\$13,845,000 for the year ended 31 March 2020 to HK\$7,657,000 for the year ended 31 March 2021. The decrease in segment revenue was mainly attributable to the decrease in the selling price of one major industrial product and also the decrease in the overall sales volume during the year under review. Together with the general increase in the unit cost of production during the year under review, it therefore resulted in the decrease in this segment profit for the year ended 31 March 2021 as compared to the last financial year.

Other Net Income

For the year ended 31 March 2021, the Group recorded an other net income of HK\$2,238,000 (Year ended 31 March 2020: other net income of HK\$18,860,000), and the decrease was mainly attributable to the net foreign exchange loss recorded for the year ended 31 March 2021 as compared to net foreign exchange gain recorded for the last financial year. The net foreign exchange loss recorded for the year ended 31 March 2021 was mainly due to the sustainable depreciation in USD against RMB during the year under review which was the main challenge to the business of the Group there.

Administrative Expenses

Administrative expenses primarily include staff costs, general administrative expenses and depreciation. For the year ended 31 March 2021, the Group recorded administrative expenses of HK\$18,684,000 (Year ended 31 March 2020: HK\$31,190,000), representing a decrease of approximately 40.1% as compared to last financial year. The decrease in administrative expenses was mainly due to the cost control measures implemented by the management of the Group to deal with the unfavourable business environment during the year under review.

Other Operating Expenses

Other operating expenses of HK\$3,852,000 (Year ended 31 March 2020: HK\$2,238,000) are mainly represented by the written down of inventories, loss allowance on trade receivables and other receivables made during the year under review.

Finance Costs

Finance costs decreased by HK\$494,000, or approximately 20.8% from HK\$2,380,000 for the year ended 31 March 2020 to HK\$1,886,000 for the year ended 31 March 2021. The decrease was attributable to the decrease in bills discount charge as a result of the reduced use of bills receivables discounting arrangement by the Group in its sourcing and sale of metal minerals and related industrial materials business during the year under review. The Group will consider to make the discounting arrangement of bills receivables to maintain certain level of cash flows if appropriate and necessary. The Group's management is continuously and carefully monitoring the Group's capital structure in order to utilize the financial resources to meet its ongoing operational requirements and business expansion.

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 on controlling the operation cost and capital expenditure in order to cope with the decrease in the gross profit of the Group's business during the year under review and also reserve a sufficient level of resources and capital. There was a significant decrease in administrative expenses, selling and distribution costs and finance costs for the year under review when compared to those costs and expenses for the last financial year. Nonetheless, the negative effects on the financial result of the Company due to the change from net foreign exchange gain of approximately HK\$16,413,000 recorded for the year ended 31 March 2020 to net foreign exchange loss of approximately HK\$1,571,000 recorded for the year ended 31 March 2021 has significantly cancelled out and outweighed the positive effects of those decrease in certain expenses factors stated above. The Group therefore recorded an increase in loss for the year from continuing operations, from HK\$5,847,000 for the year ended 31 March 2020, to HK\$14,990,000 for the year ended 31 March 2021.

Excluding the net foreign exchange gain or loss figures recorded in the consolidated statement of profit or loss, the loss for the year from continuing operations for the year ended 31 March 2021 was HK\$13,419,000, which was in fact lower than the loss for the year from continuing operations for the year ended 31 March 2020 of HK\$22,260,000 by 39.7%. The Group's management has always been paying vigilant attention to the fluctuation of various foreign currencies and is constantly monitoring the foreign currency exposure. For details, please refer to the session under the heading "Foreign Currency Management".

Discontinued operation

During the year under review, the Group recorded a loss for the year from discontinued operation of HK\$23,009,000 (Year ended 31 March 2020: loss of HK\$11,503,000). The loss from discontinued operation for the year ended 31 March 2021 was mainly attributable to the reclassification of foreign exchange differences relating to the disposed subsidiary of approximately HK\$17,422,000, from equity to consolidated statement of 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.

The loss attributable to owners of the Company for the year ended 31 March 2021 amounted to HK\$37,907,000 whereas a loss of HK\$16,898,000 was recorded in last financial year. This represented a basic loss per share of HK0.180 cent for the year ended 31 March 2021, whereas the basic loss per share of HK0.080 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 2021, the Group had current assets of HK\$917,156,000 (Year ended 31 March 2020: HK\$761,423,000), comprising cash and bank balances of HK\$7,518,000 (Year ended 31 March 2020: HK\$6,093,000).

The Group's current ratio, calculated based on current assets of HK\$917,156,000 (Year ended 31 March 2020: HK\$761,423,000) over current liabilities of HK\$451,921,000 (Year ended 31 March 2020: HK\$321,062,000), was at a healthy level of 2.03, which was maintained in a similar level of ratio as at 31 March 2020 (Year ended 31 March 2020: 2.37).

As at 31 March 2021, the Group's trade payables amounted to HK\$409,568,000 (Year ended 31 March 2020: HK\$258,783,000); trade receivables amounted to HK\$519,263,000 (Year ended 31 March 2020: HK\$327,523,000).

As at 31 March 2021, the Group's equity attributable to owners of the Company increased to HK\$514,171,000 (Year ended 31 March 2020: HK\$494,071,000). The increase in equity attributable to owners of the Company was mainly due to the fact that the exchange differences arising on translation of financial statements of subsidiaries for the year under review has outweighed the loss for the year recorded.

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 Disposal

On 11 September 2019, the Group entered into a disposal agreement with an independent third party for the disposal of 100% equity interests in the Power Company at a total consideration of RMB169,000,000. The Power Company is an indirect wholly-owned subsidiary of the Group which operates a waste heat power generation plant with an installed capacity of 36 megawatts in the Ningxia Hui Autonomous Region of the PRC. The transaction was categorized as a major transaction under the Listing Rules. On 31 October 2019, the transaction was duly passed as an ordinary resolution by the Shareholders.

For details, please refer to the announcement of the Company dated 11 September 2019 and the circular of the Company dated 16 October 2019 for the disposal of Power Company. For the poll results announcement, please refer to the announcement of the Company dated 31 October 2019. The disposal was completed in June 2020.

Save for the aforementioned, no other plans were authorized by the Board for any material investments, additions of capital assets or disposal as at the date of this annual report.

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 2021, the Group had no capital commitments (Year ended 31 March 2020: RMB1,840,000, (equivalent to approximately HK\$2,009,000) mainly for acquisition of machineries, equipment and related installation works for the Power Company).

Contingent Liabilities

As at 31 March 2021, the Group had no material contingent liabilities (Year ended 31 March 2020: nil).

Events After The Reporting Period

The COVID-19 outbreak 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 from the epidemic on the Group's businesses and will take all necessary and appropriate measures to reduce the impact of the epidemic on the Group. Based on the currently available information, 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 2021, the Group had a total of about 131 employees and directors (Year ended 31 March 2020: 263). The Group's staff costs, including directors' remuneration, amounted to HK\$26,239,000 (Year ended 31 March 2020: HK\$47,942,000).

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

The trade disputes and economic conflict between the PRC and United States in the recent years has been negatively impacting the global trading business and also the local manufacturing sector in the PRC. Together with the COVID-19 outbreak since late January 2020, the global economy and trading environment became more severe and tougher. Though the uncertain environment for the global trading business players and manufacturers still persisted, the China infrastructure investment has already gradually picked up since the second half of last year, which has offset the negative impact of the COVID-19 outbreak on certain business sectors, like the steel and construction materials manufacturers in the PRC. Also, the COVID-19 outbreak has aroused more attention on the importance of technology development and environmental protection. China's latest commitment to environmental protection and CO₂ emissions cuts would lead to the massive transformation of the energy generation and utilization in China. Some of the metal minerals traded by the Group have been widely applied for use in these new energy developments and the management expects that there would be a strong growth of demand for those minerals in China in the future.

Following the completion of the disposal of its production and sale of utilities business under Power Company in June 2020, the Group was able to devote more attention and resources on the sourcing and sale of metal minerals and related industry materials business. The Group has been engaging in the above business segments for years and it has established solid business relationships with the world's leading mining companies and various business partners. The Group aims at materialising the aforementioned relationship, seizing the business opportunity arisen from the bounce back of infrastructure investment and the expected growth of the new energy development sector in China, transforming them into various incomes and profits, and maximising the return for the Company's shareholders.

At the same time, in response to the persistent uncertainty of the economy outlook, the Group has been implementing austerity measures on controlling the operation cost and capital expenditure in order to preserve sufficient resources and capital to capture the business opportunities in the future. The Group's management has devoted extra effort during the year under review on controlling the operational risk and liquidity risk to ensure the Group can get through the tough and challenging situation smoothly. The Group's management will continue to monitor the Group's asset and liability status carefully and will strive to expand in opportunities with growth potential and sustainable development.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 March 2021 (Year ended 31 March 2020: 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 2021, 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 enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2021.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at 31 March 2021, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Ngai Lam (Chairman)(re-designated as Chairman on 1 October 2020), Mr. Wang Ye and Mr. Wan Johnson (appointed on 1 October 2020 and resigned on 25 February 2021 and with effect from 1 September 2021).

The audited consolidated financial statements of the Group for the year ended 31 March 2021, 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 2021, 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.npegrou.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, 25 June 2021

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. Wan Johnson as Independent Non-executive Directors.