

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



新源萬恒 控股有限公司

New Provenance Everlasting Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTERIM RESULTS

The board of directors (the “**Board**”) of New Provenance Everlasting Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 together with comparative figures of the corresponding period last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
	Notes	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3(a)	727,786	608,935
Cost of sales		(715,339)	(603,569)
Gross profit		12,447	5,366
Other net income	4	2,616	2,631
Selling and distribution costs		(286)	(615)
Administrative expenses		(7,252)	(8,189)
(Loss allowance recognised)/reversal of loss allowance on trade receivables		(5,620)	234
Other operating expenses		(186)	(124)
Profit/(loss) from operations		1,719	(697)
Finance costs	5(a)	(714)	(347)
Profit/(loss) before taxation	5	1,005	(1,044)
Income tax	6	(509)	(1,087)
Profit/(loss) for the period		496	(2,131)

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Attributable to:			
Owners of the Company		834	(1,575)
Non-controlling interests		<u>(338)</u>	<u>(556)</u>
Profit/(loss) for the period		<u>496</u>	<u>(2,131)</u>

		Six months ended	
		30 September	
	<i>Note</i>	2023	2022
		<i>HK cent</i>	<i>HK cent</i>
		(unaudited)	(unaudited)
Profit/(loss) per share	8		
Basic and diluted		<u>0.004</u>	<u>(0.007)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit/(loss) for the period	496	(2,131)
Other comprehensive expenses for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Reclassification adjustments for the deregistration of a subsidiary	–	26
Exchange differences arising on translation of financial statements of subsidiaries	<u>(31,362)</u>	<u>(56,181)</u>
Other comprehensive expenses for the period (net of nil tax (2022: nil))	<u>(31,362)</u>	<u>(56,155)</u>
Total comprehensive expenses for the period	<u>(30,866)</u>	<u>(58,286)</u>
Attributable to:		
Owners of the Company	(30,855)	(58,342)
Non-controlling interests	<u>(11)</u>	<u>56</u>
	<u>(30,866)</u>	<u>(58,286)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		At 30 September 2023	At 31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		26,786	29,452
Right-of-use assets		15,316	16,315
Goodwill		–	–
Other intangible asset		–	–
Deferred tax assets		39	39
		42,141	45,806
Current assets			
Inventories		26,222	45,455
Trade receivables	9	1,165,970	1,383,652
Prepayments, deposits and other receivables		290,323	322,731
Cash and cash equivalents		6,353	7,532
		1,488,868	1,759,370
Current liabilities			
Trade payables	10	1,030,727	1,280,023
Accruals, deposits and other payables		32,567	31,230
Lease liabilities		5,192	1,196
Tax payable		3,097	3,296
		1,071,583	1,315,745
Net current assets		417,285	443,625
Total assets less current liabilities		459,426	489,431

	At 30 September 2023 <i>Notes</i> HK\$'000 (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Non-current liabilities		
Lease liabilities	6,154	5,293
Deferred tax liabilities	66	66
	<u>6,220</u>	<u>5,359</u>
Net assets	<u>453,206</u>	<u>484,072</u>
Equity		
Equity attributable to owners of the Company		
Share capital	4,217	4,217
Reserves	458,134	488,989
	<u>462,351</u>	<u>493,206</u>
Non-controlling interests	<u>(9,145)</u>	<u>(9,134)</u>
Total equity	<u>453,206</u>	<u>484,072</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 24 November 2023.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements which are set out in note 2.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HONG KONG ACCOUNTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the above amendments did not have any material impact on the condensed consolidated financial statements of the Group.

Save as disclosed in the annual report for the year ended 31 March 2023, the directors of the Company anticipate that the application of the other new and revised standards and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

3. REVENUE AND SEGMENT REPORTING

a) Revenue

(i) Disaggregation of revenue

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

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	655,378	537,824
Production and sale of industrial products	72,408	71,111
	727,786	608,935

Revenue from the above categories are recognised at point in time.

The Group's revenue from operations are derived from activities in the PRC.

- (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 measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

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 six months ended 30 September 2023 and 2022 are set out below:

	<u>Six months ended 30 September 2023 (unaudited)</u>			
	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>655,378</u>	<u>72,408</u>	<u>–</u>	<u>727,786</u>
Reportable segment profit	<u>4,340</u>	<u>7,821</u>	<u>–</u>	<u>12,161</u>
	<u>Six months ended 30 September 2022 (unaudited)</u>			
	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>537,824</u>	<u>71,111</u>	<u>–</u>	<u>608,935</u>
Reportable segment profit	<u>1,707</u>	<u>3,044</u>	<u>–</u>	<u>4,751</u>

There are no inter-segment sales for the six months ended 30 September 2023 and 2022.

The following tables present segment assets and segment liabilities of the Group's reportable segments as at 30 September 2023 and 31 March 2023:

	At 30 September 2023 (unaudited)			
	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 assets	<u>1,308,113</u>	<u>215,748</u>	<u>8</u>	<u>1,523,869</u>
Reportable segment liabilities	<u>(1,019,433)</u>	<u>(51,032)</u>	<u>(3,534)</u>	<u>(1,073,999)</u>
	At 31 March 2023 (audited)			
	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 assets	<u>1,581,494</u>	<u>214,795</u>	<u>8</u>	<u>1,796,297</u>
Reportable segment liabilities	<u>(1,271,536)</u>	<u>(42,257)</u>	<u>(3,725)</u>	<u>(1,317,518)</u>

Reconciliation of reportable segment profit:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit		
Total reportable segment profit derived from the Group's external customers	12,161	4,751
Other net income	2,616	2,631
Depreciation for property, plant and equipment of reportable segment not included in measurement of segment profit	(2)	–
Depreciation for right-of-use assets of reportable segment not included in measurement of segment profit	(34)	(513)
(Loss allowance recognised)/reversal of loss allowance on trade receivables	(5,620)	234
Loss allowance recognised on other receivables	–	(72)
Reversal of impairment loss on deposits and prepayments	17	196
Loss on deregistration of a subsidiary	–	(55)
Impairment loss recognised on non-controlling interests	(203)	(193)
Written off of property, plant and equipment	–	(267)
Finance costs	(714)	(347)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	–	(3)
– Staff costs (including directors' emoluments)	(3,448)	(4,355)
– Others	(3,768)	(3,051)
	<u>1,005</u>	<u>(1,044)</u>
Consolidated profit/(loss) before taxation	1,005	(1,044)

4. OTHER NET INCOME

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income on bank deposits	6	–
Interest income on loan receivable	203	193
	<u>209</u>	<u>193</u>
Total interest income on financial assets measured at amortised cost	209	193
Sundry income	25	138
Net foreign exchange gain	2,382	2,300
	<u>2,616</u>	<u>2,631</u>

5. PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(a) Finance costs		
Interest on lease liabilities	<u>714</u>	<u>347</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>714</u>	<u>347</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	9,453	10,005
Contributions to defined contribution retirement plans	<u>1,085</u>	<u>1,226</u>
	<u>10,538</u>	<u>11,231</u>
(c) Other items		
Cost of inventories (<i>Note (i)</i>)	715,339	603,569
Loss allowance recognised/(reversal of loss allowance) on trade receivables	5,620	(234)
Loss allowance recognised on other receivables	–	72
Reversal of impairment loss on deposits and prepayments	(17)	(196)
Loss on deregistration of a subsidiary	–	55
Impairment loss recognised on non-controlling interests	203	193
Depreciation for property, plant and equipment	914	1,389
Depreciation for right-of-use assets	4,986	2,902
Operating lease charges: minimum lease payments (<i>Note (ii)</i>)	300	315
Written off of property, plant and equipment	–	267
Gain on lease modification	<u>(342)</u>	<u>–</u>

Notes:

- (i) Cost of inventories, being the carrying amount of inventories sold, included approximately HK\$12,672,000 (2022: approximately HK\$10,170,000) relating to staff costs, depreciation for property, plant and equipment and depreciation for right-of-use assets for the six months ended 30 September 2023 and 2022 which amounts were also included in the respective total amounts disclosed separately in notes 5(b) and 5(c) for each of these types of expenses.
- (ii) According to HKFRS 16 Leases, payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are within 12 months.

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

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
– Hong Kong Profits Tax (<i>Note (i)</i>)	–	–
– PRC Enterprise Income Tax (“EIT”) (<i>Note (ii)</i>)	509	1,087
	<u>509</u>	<u>1,087</u>
Deferred tax		
– Origination and reversal of temporary differences	–	–
	<u>–</u>	<u>–</u>
Total	<u>509</u>	<u>1,087</u>

Notes:

- (i) No Hong Kong Profits Tax had been provided as the Group had no assessable profits for the six months ended 30 September 2023 and 2022.
- (ii) PRC subsidiaries are subject to PRC EIT at 25% (2022: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by PRC entities.

- (iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa, Cayman Islands and the British Virgin Islands for the six months ended 30 September 2023 and 2022.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

8. PROFIT/ (LOSS) PER SHARE

a) Basic profit/(loss) per share

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

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit/(loss)		
Profit/(loss) for the period attributable to owners of the Company (<i>HK\$'000</i>)	<u>834</u>	<u>(1,575)</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 profit/(loss) per share (<i>HK cent per share</i>)	<u>0.004</u>	<u>(0.007)</u>

b) Diluted profit/(loss) per share

Diluted profit/(loss) per share for the six months ended 30 September 2023 and 2022 is the same as the basic profit/(loss) per share as there is no potential ordinary shares outstanding during the periods.

9. TRADE RECEIVABLES

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade receivables	1,174,397	1,386,755
Less: Loss allowance recognised	<u>(8,427)</u>	<u>(3,103)</u>
	<u>1,165,970</u>	<u>1,383,652</u>

Ageing analysis:

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

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
0-60 days	21,588	643,471
61-120 days	58,936	326,165
121-180 days	674,269	310,072
181-360 days	394,461	103,944
Over 360 days	<u>16,716</u>	<u>–</u>
	<u>1,165,970</u>	<u>1,383,652</u>

Trade receivables are usually due within 360 days (31 March 2023: 360 days) from the invoice date or shipment date.

10. TRADE PAYABLES

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade payables	<u>1,030,727</u>	<u>1,280,023</u>

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:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
0-60 days	3,245	625,434
61-120 days	39,736	301,978
121-180 days	635,521	296,815
181-360 days	346,299	50,810
Over 360 days	<u>5,926</u>	<u>4,986</u>
	<u>1,030,727</u>	<u>1,280,023</u>

11. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

Key management personnel compensation

All members of key management personnel are the directors of the Company, and the remuneration for them is as follows:

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	2,195	2,948
Post-employment benefits	18	20
	<u>2,213</u>	<u>2,968</u>

Total remuneration is included in “staff costs” (see note 5(b)).

12. EVENTS AFTER REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the six months ended 30 September 2023, 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 six months ended 30 September 2023, revenue of the Group increased by approximately 19.5%, from approximately HK\$608,935,000 for the six months ended 30 September 2022 to approximately HK\$727,786,000 for the six months ended 30 September 2023. Gross profit of the Group increased by approximately 132.0% from approximately HK\$5,366,000 for the six months ended 30 September 2022 to approximately HK\$12,447,000 for the six months ended 30 September 2023. The increase in revenue mainly arose from the sourcing and sale of metal minerals and related industrial materials business.

For the sourcing and sale of metal minerals and related industrial materials business, the segment revenue increased by approximately 21.9% from approximately HK\$537,824,000 for the six months ended 30 September 2022 to approximately HK\$655,378,000 for the six months ended 30 September 2023. This segment reported an increase in its segment profit by approximately 154.2%, from approximately HK\$1,707,000 for the six months ended 30 September 2022 to approximately HK\$4,340,000 for the six months ended 30 September 2023.

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 segment revenue increased by approximately 1.8% from approximately HK\$71,111,000 for the six months ended 30 September 2022 to approximately HK\$72,408,000 for the six months ended 30 September 2023. This segment reported an increase in its segment profit by approximately 156.9%, from approximately HK\$3,044,000 for the six months ended 30 September 2022 to approximately HK\$7,821,000 for the six months ended 30 September 2023.

Other Net Income

For the six months ended 30 September 2023, other net income was approximately HK\$2,616,000 (Six months ended 30 September 2022: approximately HK\$2,631,000), which mainly comprised the net foreign exchange gain or loss together with the interest income and sundry income. The net foreign exchange gain or loss was attributable to the exposure to foreign exchange risk, which was mainly related to Renminbi (“**RMB**”) and United States dollars (“**USD**”).

Administrative Expenses

For the six months ended 30 September 2023, administrative expenses decreased by approximately 11.4% from approximately HK\$8,189,000 for the six months ended 30 September 2022 to approximately HK\$7,252,000 for the six months ended 30 September 2023. Administrative expenses primarily included staff costs, general administrative expenses and depreciation.

Other Operating Expenses

For the six months ended 30 September 2023, other operating expenses was approximately HK\$186,000 (Six months ended 30 September 2022: approximately HK\$124,000). Other operating expenses included loss allowance recognised/reversal of loss allowance on other receivables, reversal of impairment loss/impairment loss recognised on deposits and prepayments, impairment loss recognised on non-controlling interests, and loss on deregistration of subsidiaries.

Finance Costs

For the six months ended 30 September 2023, finance costs was approximately HK\$714,000 (Six months ended 30 September 2022: approximately HK\$347,000). 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. The Group may consider to make the discounting arrangement of bills receivables to maintain certain level of cash flows when appropriate and necessary.

Profit for the period

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. Profit for the period increased from a loss of approximately HK\$2,131,000 for the six months ended 30 September 2022 to a profit of approximately HK\$496,000 for the six months ended 30 September 2023.

The Group's management has been paying vigilant attention to the fluctuation of various foreign currencies and is constantly and closely monitoring the foreign currency exposure. For details, please refer to the session under the heading "Foreign Currency Management" below.

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 30 September 2023, the Group's current assets were approximately HK\$1,488,868,000 (31 March 2023: approximately HK\$1,759,370,000), comprising cash and bank balances of approximately HK\$6,353,000 (31 March 2023: approximately HK\$7,532,000).

The Group's current ratio, calculated based on current assets of approximately HK\$1,488,868,000 (31 March 2023: approximately HK\$1,759,370,000) over current liabilities of approximately HK\$1,071,583,000 (31 March 2023: approximately HK\$1,315,745,000) was 1.39, which was better than the corresponding ratio as at 31 March 2023 (31 March 2023: 1.34).

As at 30 September 2023, the Group's trade payables were approximately HK\$1,030,727,000 (31 March 2023: approximately HK\$1,280,023,000); trade receivables were approximately HK\$1,165,970,000 (31 March 2023: approximately HK\$1,383,652,000).

As at 30 September 2023, the Group's equity attributable to owners of the Company decreased to approximately HK\$462,351,000 (31 March 2023: approximately HK\$493,206,000). No material change is recorded in equity attributable to owners of the Company from 31 March 2023 up till 30 September 2023.

During the six months ended 30 September 2023, the Group continued to implement a prudent financial management policy to protect the shareholders' interest of the Group. The management will keep on exploring the feasibility of carrying out certain financing activities, with the support from financial and securities institutions and professional advisors, to meet its ongoing operational requirements and business expansions requirements.

Material Acquisitions and Disposals

The Group has no material acquisitions and disposals for the six months ended 30 September 2023.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried out and conducted in Hong Kong dollars (“**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 30 September 2023, the Group had capital commitments of RMB11,324,000, details of which are set out in the announcement dated 3 February 2023 in respect of the Investment Agreement (as defined therein) (31 March 2023: RMB13,000,000).

Contingent Liabilities

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: nil).

Events After The Reporting Period

Based on the currently available information, the Board confirms 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 30 September 2023, the Group had a total of 136 employees and directors (30 September 2022: 131). The Group's staff costs, including directors' remuneration, amounted to approximately HK\$10,538,000 (Six months ended 30 September 2022: approximately HK\$11,231,000). Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance and discretionary bonuses.

PROSPECTS

As the epidemic comes to an end in 2023, the overall market is gradually recovering. The Group's business has grown in the first half of the year, and its performance is better than the corresponding period in the past few years. With the decline of the real estate industry in China, the overall steel market has been weak, which has directly affected and also caused adjustments in the demand and prices of various raw materials. As a result, the price of manganese ore has also dropped when compared with the last few years. The management will continue to adjust its pace in the ever-changing environment, maintain close cooperative relationships with upstream and downstream customers, and continue to look for opportunities in an environment with large price fluctuations.

The demand and price of raw materials are leading indicators of all business cycles, and are relatively sensitive to future markets. Mine owners who have long-term cooperation with the Group recently have also increased the production capacity because they have envisaged that there will be a next wave of demand growth, leading to more business opportunities. At the same time, the Group has also noticed that customers in the market have begun to make inquiries, and it is expected that there will be significant increase in orders in the next two to three quarters. In the future, the Group will continue to develop new customer groups and gain the upper hand when the market reverses from the bottom.

The development of new energy vehicles has entered into a critical transition period this year. Many car manufacturers have begun to seek alliances and cooperation with technology companies, and corresponding battery manufacturers are also constantly developing new materials. Whilst those battery manufacturers still pay attention to cost considerations, emphasis has also been placed in the endurance, safety and stability of new materials. With the continuous evolution of ternary materials in batteries, the extended use of manganese – high-purity manganese sulfate and manganese phosphate are playing a more important role in anode materials than before. However, it is still in the development stage and the economic benefits have not yet begun. The development of various major batteries manufacturers continue to invest in new generation production processes, manganese sulfate will play an important role in the future and is expected to have a positive impact on the Group's business development on the sourcing and sale of metal minerals and related industrial materials business and the production and sale of industrial products business.

When facing market changes, although the Group is optimistic about the future, the Group will take a more cautious stance. The Group will continue to observe changes in real estate and manganese ore price fluctuations, the impact of the war in the Middle East on the supply and demand of source oil and raw materials, the impact of high interest rates, high inflation and economic recession, etc. The Group will also seek a balance in the unstable economic recovery, seize upcoming business opportunities, and further pursue and enhance the goal of shareholder returns.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2023 (Six months ended 30 September 2022: Nil).

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

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2023, the Company has complied with the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except for the deviation from Code Provision C.2.1.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the six months ended 30 September 2023, Mr. Ho Yu-shun has been serving as both the chairman and chief executive officer of the Company.

Although the positions of chairman and chief executive officer were not separated during the six months ended 30 September 2023, 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 provide, and have provided, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2023.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have not been audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”) before they are duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF INFORMATION ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.npegrou.com.hk) respectively. The relevant interim report of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board

Ho Yu-shun

Chairman and Chief Executive Officer

Hong Kong, 24 November 2023

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