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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 2024 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 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3(a)	291,858	727,786
Cost of sales		(297,279)	(715,339)
Gross (loss)/profit		(5,421)	12,447
Other net (expenses)/income	4	(861)	2,616
Selling and distribution costs		(254)	(286)
Administrative expenses		(9,921)	(7,252)
Reversal of loss allowance/(loss allowance recognised) on trade receivables		2,352	(5,620)
Other operating expenses		(3,105)	(186)
(Loss)/profit from operations		(17,210)	1,719
Finance costs	5(a)	(197)	(714)
(Loss)/profit before taxation	5	(17,407)	1,005
Income tax	6	4	(509)
(Loss)/profit for the period		(17,403)	496

	Six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Attributable to:		
Owners of the Company	(17,415)	834
Non-controlling interests	<u>12</u>	<u>(338)</u>
 (Loss)/profit for the period	 <u>(17,403)</u>	 <u>496</u>

	Six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK Cent</i>	<i>HK Cent</i>
	(unaudited)	(unaudited)
 (Loss)/profit per share	 8	
 Basic and diluted	 <u>(0.083)</u>	 <u>0.004</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	(17,403)	496
Other comprehensive income/(expenses) for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of subsidiaries	<u>10,905</u>	<u>(31,362)</u>
Other comprehensive income/(expenses) for the period (net of nil tax (2023: nil))	<u>10,905</u>	<u>(31,362)</u>
Total comprehensive expenses for the period	<u>(6,498)</u>	<u>(30,866)</u>
Attributable to:		
Owners of the Company	(6,387)	(30,855)
Non-controlling interests	<u>(111)</u>	<u>(11)</u>
	<u>(6,498)</u>	<u>(30,866)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		At 30 September 2024	At 31 March 2024
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		41,278	27,634
Right-of-use assets		9,259	12,793
Goodwill		–	–
Other intangible asset		–	–
Trade receivables	9	24,606	24,024
Deferred tax assets		39	39
		<u>75,182</u>	<u>64,490</u>
Current assets			
Inventories		40,973	25,979
Trade receivables	9	46,875	147,974
Prepayments, deposits and other receivables		310,701	315,409
Cash and cash equivalents		6,061	6,503
		<u>404,610</u>	<u>495,865</u>
Current liabilities			
Trade payables	10	11,586	74,145
Accruals, deposits and other payables		40,150	52,025
Lease liabilities		4,480	1,626
Tax payable		3,628	3,561
		<u>59,844</u>	<u>131,357</u>
Net current assets		<u>344,766</u>	<u>364,508</u>
Total assets less current liabilities		<u>419,948</u>	<u>428,998</u>

	At 30 September 2024 <i>Notes</i> <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Non-current liabilities		
Lease liabilities	–	2,552
Deferred tax liabilities	<u>66</u>	<u>66</u>
	<u>66</u>	<u>2,618</u>
Net assets	<u>419,882</u>	<u>426,380</u>
Equity		
Equity attributable to owners of the Company		
Share capital	4,217	4,217
Reserves	<u>425,027</u>	<u>431,414</u>
	429,244	435,631
Non-controlling interests	<u>(9,362)</u>	<u>(9,251)</u>
Total equity	<u>419,882</u>	<u>426,380</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of Appendix D2 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 26 November 2024.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements which are set out in note 2.

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

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The Group has not applied any new standard or amendment 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 2024, 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sourcing and sale of metal minerals and related industrial materials	255,263	655,378
Production and sale of industrial products	36,595	72,408
	291,858	727,786

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

The Group's revenue from operations are derived from activities in the PRC and other Asian countries.

(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/(loss) is gross profit/(loss) 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 2024 and 2023 are set out below:

	Six months ended 30 September 2024 (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 revenue from external customers	255,263	36,595	–	291,858
Reportable segment profit/(loss)	845	(6,520)	–	(5,675)
	Six months ended 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 revenue from external customers	655,378	72,408	–	727,786
Reportable segment profit	4,340	7,821	–	12,161

There are no inter-segment sales for the six months ended 30 September 2024 and 2023.

The following tables present segment assets and segment liabilities of the Group's reportable segments as at 30 September 2024 and 31 March 2024:

	At 30 September 2024 (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	294,771	178,254	7	473,032
Reportable segment liabilities	(1,631)	(51,130)	(3,632)	(56,393)
	At 31 March 2024 (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	351,023	201,379	8	552,410
Reportable segment liabilities	(60,825)	(66,218)	(3,560)	(130,603)

Reconciliation for reportable segment (loss)/ profit:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit		
Total reportable segment (loss)/profit derived from the Group's external customers	(5,675)	12,161
Other net (expenses)/income	(861)	2,616
Depreciation for property, plant and equipment of reportable segment not included in measurement of segment (loss)/profit	(2)	(2)
Depreciation for right-of-use assets of reportable segment not included in measurement of segment (loss)/profit	(33)	(34)
Reversal of loss allowance/(loss allowance recognised) on trade receivables	2,352	(5,620)
Reversal of impairment loss on deposits and prepayments	8	17
Impairment loss recognised on amount due from a non-controlling interest	(213)	(203)
Write-down on inventories	(2,900)	–
Written off of property, plant and equipment	(16)	–
Finance costs	(197)	(714)
Unallocated head office and corporate expenses		
– Staff costs (including directors' emoluments)	(3,479)	(3,448)
– Others	(6,391)	(3,768)
	<hr/>	<hr/>
Consolidated (loss)/profit before taxation	(17,407)	1,005
	<hr/>	<hr/>

4. OTHER NET (EXPENSES)/INCOME

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest income on bank deposits	29	6
Interest income on amount due from a non-controlling interest	<u>213</u>	<u>203</u>
Total interest income on financial assets measured at amortised cost	242	209
Sundry income	92	25
Net foreign exchange (loss)/gain	<u>(1,195)</u>	<u>2,382</u>
	<u>(861)</u>	<u>2,616</u>

5. (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(a) Finance costs		
Interest on lease liabilities	197	714
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	197	714
	<hr/>	<hr/>
(b) Employee benefits expenses (including directors' emoluments)		
Salaries, wages and other benefits	10,264	9,453
Contributions to defined contribution retirement plans	1,154	1,085
	<hr/>	<hr/>
	11,418	10,538
	<hr/>	<hr/>
(c) Other items		
Cost of inventories (<i>Note (i)</i>)	297,279	715,339
Depreciation for property, plant and equipment	1,411	914
Depreciation for right-of-use assets	3,769	4,986
Gain on lease modification	–	(342)
Impairment loss recognised on amount due from a non-controlling interest	213	203
Operating lease charges: minimum lease payments (<i>Note (ii)</i>)	305	300
(Reversal of loss allowance)/loss allowance recognised on trade receivables	(2,352)	5,620
Reversal of impairment loss on deposits and prepayments	(8)	(17)
Write-down on inventories	2,900	–
Written off of property, plant and equipment	16	–
	<hr/>	<hr/>

Notes:

- (i) Cost of inventories, being the carrying amount of inventories sold, included approximately HK\$12,835,000 (2023: approximately HK\$12,672,000) relating to employee benefits expenses and depreciation for property, plant and equipment and for right-of-use assets for the six months ended 30 September 2024 and 2023 which amounts were also included in the respective total amounts disclosed separately in notes 5(b) and 5(c) for each of these types of expenses.
- (ii) 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax		
– Hong Kong Profits Tax (<i>Note (i)</i>)	–	–
– PRC Enterprise Income Tax (“EIT”) (<i>Note (ii)</i>)	–	509
	<hr/>	<hr/>
	–	509
Over-provision of prior period		
– Hong Kong Profits Tax	–	–
– PRC EIT	(4)	–
Deferred tax		
– Origination and reversal of temporary differences	–	–
	<hr/>	<hr/>
Total	(4)	509
	<hr/>	<hr/>

Notes:

- (i) No Hong Kong Profits Tax has been provided as the Group has sufficient tax losses to set-off the assessable profits for the six months ended 30 September 2024 and 2023.
- (ii) Under the Law of PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT tax rate of the PRC subsidiaries is 25% for the six months ended 30 September 2024 and 2023.

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

- (iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa, Jersey and the British Virgin Islands for the six months ended 30 September 2024 and 2023.

7. DIVIDENDS

No interim dividend was paid or proposed during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

8. (LOSS)/PROFIT PER SHARE

(a) Basic (loss)/profit per share

Basic (loss)/profit per share is calculated by dividing the (loss)/profit for the 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	
	2024	2023
	(unaudited)	(unaudited)
(Loss)/profit		
(Loss)/profit for the period attributable to owners of the Company (<i>HK\$'000</i>)	<u>(17,415)</u>	<u>834</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)/profit per share (<i>HK cent per share</i>)	<u>(0.083)</u>	<u>0.004</u>

(b) Diluted (loss)/profit per share

Diluted (loss)/profit per share for the six months ended 30 September 2024 and 2023 is the same as the basic (loss)/profit per share as there is no potential ordinary shares outstanding during the periods.

9. TRADE RECEIVABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	105,217	207,278
Less: Loss allowance recognised	<u>(33,736)</u>	<u>(35,280)</u>
	<u>71,481</u>	<u>171,998</u>
	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Represented by:		
Non-current portion (<i>Note (ii)</i>)	24,606	24,024
Current portion	<u>46,875</u>	<u>147,974</u>
	<u>71,481</u>	<u>171,998</u>

Notes:

(i) Ageing analysis

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

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
0-60 days	18,408	16,023
61-120 days	1,248	8,802
121-180 days	17,678	90,146
181-360 days	9,541	51,262
Over 360 days	24,606	5,765
	71,481	171,998

Trade receivables are usually due within 360 days (31 March 2024: 360 days) from invoice date or shipment and delivery date.

- (ii) One of the debtors of the Group applied for voluntary debt restructuring during the year ended 31 March 2024, resulting in a 12-year repayment plan.

10. TRADE PAYABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	11,586	74,145

Note:

Ageing analysis:

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
0-60 days	4,027	6,648
61-120 days	358	61,271
121-180 days	266	207
181-360 days	823	871
Over 360 days	6,112	5,148
	11,586	74,145

Trade payables are expected to be settled within one year.

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	2,195	2,195
Post-employment benefits	<u>18</u>	<u>18</u>
	<u>2,213</u>	<u>2,213</u>

Total remuneration is included in “employee benefits expenses” (see note 5(b)).

12. EVENTS AFTER REPORTING PERIOD

Based on the information currently available, 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 announcements.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the six months ended 30 September 2024, 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 2024, revenue of the Group decreased by approximately 59.9%, from approximately HK\$727,786,000 for the six months ended 30 September 2023 to approximately HK\$291,858,000 for the six months ended 30 September 2024. Gross profit of the Group decreased by approximately 143.6% from approximately HK\$12,447,000 for the six months ended 30 September 2023 to a gross loss of approximately HK\$5,421,000 for the six months ended 30 September 2024.

For the sourcing and sale of metal minerals and related industrial materials business, the segment revenue decreased by approximately 61.1% from approximately HK\$655,378,000 for the six months ended 30 September 2023 to approximately HK\$255,263,000 for the six months ended 30 September 2024. This segment reported an decrease in its segment profit by approximately 80.5%, from approximately HK\$4,340,000 for the six months ended 30 September 2023 to approximately HK\$845,000 for the six months ended 30 September 2024. The Group is acting as a principal in this business because the Group bears the inventory risk as the Group entered into distinct sale and purchase agreements with suppliers and customers and has discretion in establishing the price for the product sold.

For the production and sale of industrial products business under 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the “**Waste Recycling Company**”), the segment revenue decreased by approximately 49.5% from approximately HK\$72,408,000 for the six months ended 30 September 2023 to approximately HK\$36,595,000 for the six months ended 30 September 2024. This segment reported a decrease in its segment profit by approximately 183.4%, from segment profit of approximately HK\$7,821,000 for the six months ended 30 September 2023 to segment loss of approximately HK\$6,520,000 for the six months ended 30 September 2024. Due to the decrease in demand for by-product of Waste Recycling Company, sales of by-product decreased for the six months ended 30 September 2024. Waste Recycling Company is trying to attract more sales by using more favorable prices, but there is no obvious effect for the time being. Since the purity of Waste Recycling Company’s by-product is low, Waste Recycling Company needs to constantly adjust its strategies to increase sales and to improve segment profits.

Other Net Expenses

For the six months ended 30 September 2024, other net expenses was approximately HK\$861,000 (Six months ended 30 September 2023: other net income approximately HK\$2,616,000), 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 RMB and USD.

Administrative Expenses

For the six months ended 30 September 2024, administrative expenses increased by approximately 36.8% from approximately HK\$7,252,000 for the six months ended 30 September 2023 to approximately HK\$9,921,000 for the six months ended 30 September 2024. Administrative expenses primarily included staff costs, general administrative expenses and depreciation.

Other Operating Expenses

For the six months ended 30 September 2024, other operating expenses was approximately HK\$3,105,000 (Six months ended 30 September 2023: approximately HK\$186,000). 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 amount due from a non-controlling interest, and write-down on inventories.

Reversal of Loss Allowance on Trade Receivables

For the six months ended 30 September 2024, the Group recorded the reversal of loss allowance on trade receivables of approximately HK\$2,352,000 (Six months ended 30 September 2023: loss allowance recognised on trade receivables approximately HK\$5,620,000). For the year ended 31 March 2024, the Group has provided, after making reference to the assessment of a valuation specialist, a specific expected credit loss of approximately HK\$32,637,000 as one of the debtors of the Group applied for voluntary debt restructuring during the year ended 31 March 2024, resulting in a 12-year repayment plan.

Finance Costs

For the six months ended 30 September 2024, finance costs was approximately HK\$197,000 (Six months ended 30 September 2023: approximately HK\$714,000). 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.

Loss for the Period

For the six months ended 30 September 2024, the Group recorded a decrease in profit, from a net profit of approximately HK\$496,000 for the six months ended 30 September 2023 to a net loss of approximately HK\$17,403,000. The Group has been implementing austerity measures to control the operation cost and capital expenditure in order to reserve a sufficient level of resources and capital.

The 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 section 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 2024, the Group's current assets were approximately HK\$404,610,000 (31 March 2024: approximately HK\$495,865,000), comprising cash and bank balances of approximately HK\$6,061,000 (31 March 2024: approximately HK\$6,503,000).

The Group's current ratio, calculated based on current assets of approximately HK\$404,610,000 (31 March 2024: approximately HK\$495,865,000) over current liabilities of approximately HK\$59,844,000 (31 March 2024: approximately HK\$131,357,000) was 6.76, which was better than the corresponding ratio as at 31 March 2024 (31 March 2024: 3.78).

As at 30 September 2024, the Group's trade payables were approximately HK\$11,586,000 (31 March 2024: approximately HK\$74,145,000); trade receivables were approximately HK\$71,481,000 (31 March 2024: approximately HK\$171,998,000).

As at 30 September 2024, the Group's equity attributable to owners of the Company decreased to approximately HK\$429,244,000 (31 March 2024: approximately HK\$435,631,000). No material change is recorded in equity attributable to owners of the Company from 31 March 2024 up till 30 September 2024.

During the six months ended 30 September 2024, the Group continued to implement a prudent financial management policy to protect the shareholders' interest of the Group. The management will keep on exploring the feasibility of carrying out certain financing activities, with the support from financial and securities institutions and professional advisors, to meet its ongoing operational requirements and business expansions requirements.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals for the six months ended 30 September 2024.

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 trading 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 2024, the Group had no capital commitment (31 March 2024: approximately RMB9,629,000).

Contingent Liabilities

As at 30 September 2024, the Group had no material contingent liabilities (31 March 2024: 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 2024, the Group had a total of 135 employees and directors (30 September 2023: 136). The Group's staff costs, including directors' remuneration, amounted to approximately HK\$11,418,000 (Six months ended 30 September 2023: approximately HK\$10,538,000). 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 permeability of new manganese-based cathode materials increases, the amount of manganese used in lithium batteries continues to increase proportionately. Current electrochemical system upgrades focus on cathode as the core unit during the process of upgrade, this is because manganese-based cathode materials have significant advantages in areas of energy density, stable raw material supply, and lower cost. On the other hand, manganese is also involved in lithium battery cathode upgrades, production of cobalt-free batteries, lithium iron manganese phosphate batteries, and lithium-rich manganese-based batteries. Despite having said so, during the past year, the manganese market has remained in oversupply amid a sluggish demand for manganese. Manganese is one of the raw materials used for making steel, about 90% of the world's manganese is used for steelmaking every year. Since the end of 2023, steel mills have lowered their production rates. The demand for manganese has dropped significantly, and the situation in the steel industry is not optimistic. In the past, the Group's main business was the production of manganese ore used for steelmaking. However, due to the pessimism of the steel industry, the Group tried to change its strategy in early 2024 and sell more manganese ore that can be used in batteries or other industries to reduce the impact caused by the drop in demand for steel.

Sulfuric acid is an important raw material for many basic chemical products and is used in a wide range of applications, such as the manufacture of fertilizers, non-alkaline detergents, skin care products, paint additives and explosives. The price of sulfuric acid has fluctuated in recent years. In 2023, the price of sulfuric acid fluctuated even more sharply. In 2024, the sulfuric acid market continued to face the imbalances caused by the fluctuating supply and demand and overall weak raw material prices. It is expected that the price of sulfuric acid may maintain a slight downward trend.

When facing market changes, the Group takes an optimistic view to capture any potential business opportunity but with a note of caution. The Group will continue to observe the price fluctuations of manganese ore and sulfuric acid, geopolitical wars on oil prices/freight prices, the impact of high interest rates and high inflation, and economic recession, etc. The Group will also seek to strike a balance in the unstable economic recovery, seize upcoming business opportunities, and further improve and enhance returns to shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2024 (Six months ended 30 September 2023: Nil).

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

During the six months ended 30 September 2024, 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 2024, the Company has complied with the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 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 2024, 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 2024, 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 C3 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 2024.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Group for the six months ended 30 September 2024 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.npegroup.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, 26 November 2024

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