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# 復興亞洲絲路集團有限公司 RENAISSANCE ASIA SILK ROAD GROUP LIMITED

(formerly known as China Billion Resources Limited 中富資源有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board announces the audited consolidated annual results of the Group for the financial year ended 31 December 2021 together with the comparative figures for the previous financial year ended 31 December 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	5	<b>119,066</b>	57,152
Cost of sales		<u>(66,534)</u>	<u>(30,298)</u>
<b>Gross profit</b>		<b>52,532</b>	26,854
Other income		<b>22,022</b>	1,875
Administrative expenses		<b>(44,206)</b>	(33,678)
Other expenses	6	<u><b>(80,895)</b></u>	<u>(120,762)</u>
<b>Loss from operations</b>		<b>(50,547)</b>	(125,711)
Finance costs	7	<u><b>(55,273)</b></u>	<u>(43,818)</u>
Loss before tax		<b>(105,820)</b>	(169,529)
Income tax credit	8	<u><b>4,835</b></u>	<u>6,256</u>

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss for the year</b>	9	<u>(100,985)</u>	<u>(163,273)</u>
<b>Other comprehensive income/(loss):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		4,251	2,853
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(12,087)</u>	<u>11,185</u>
<b>Other comprehensive (loss)/income for the year</b>		<u>(7,836)</u>	<u>14,038</u>
<b>Total comprehensive loss for the year</b>		<u><b>(108,821)</b></u>	<u><b>(149,235)</b></u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(55,378)	(108,567)
Non-controlling interests		<u>(45,607)</u>	<u>(54,706)</u>
Loss for the year		<u><b>(100,985)</b></u>	<u><b>(163,273)</b></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(61,998)	(92,228)
Non-controlling interests		<u>(46,823)</u>	<u>(57,007)</u>
Total comprehensive loss		<u><b>(108,821)</b></u>	<u><b>(149,235)</b></u>
<b>Loss per share (HK cents)</b>			
Basic	10	<u><b>(4.02)</b></u>	<u>(10.03)</u>
Diluted	10	<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>137,935</b>	114,917
Right-of-use assets		<b>1,254</b>	3,752
Mining right	<i>11</i>	<b>59,639</b>	75,746
Equity investments at fair value through other comprehensive income	<i>12</i>	<b>64,382</b>	60,058
		<u><b>263,210</b></u>	<u>254,473</u>
<b>Current assets</b>			
Trade and other receivables	<i>13</i>	<b>19,689</b>	18,400
Loan receivables	<i>14</i>	<b>411</b>	91,003
Bank and cash balances		<b>7,274</b>	9,307
		<u><b>27,374</b></u>	<u>118,710</u>
<b>Current liabilities</b>			
Trade and other payables	<i>15</i>	<b>50,337</b>	36,812
Contract liabilities		<b>9,553</b>	10,946
Borrowings	<i>16</i>	<b>223,808</b>	53,655
Lease liabilities		<b>875</b>	2,476
Other borrowings		<b>–</b>	112,575
		<u><b>284,573</b></u>	<u>216,464</u>
<b>Net current liabilities</b>		<u><b>(257,199)</b></u>	<u>(97,754)</u>
<b>Total assets less current liabilities</b>		<u><b>6,011</b></u>	<u>156,719</u>
<b>Non-current liabilities</b>			
Borrowings	<i>16</i>	<b>38,118</b>	141,873
Lease liabilities		<b>456</b>	1,690
Deferred tax liabilities		<b>7,280</b>	11,802
		<u><b>45,854</b></u>	<u>155,365</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><b>(39,843)</b></u>	<u>1,354</u>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>15,153</b>	12,627
Reserves		<b>238,679</b>	235,579
Equity attributable to owners of the Company		<b>253,832</b>	248,206
Non-controlling interests		<b>(293,675)</b>	(246,852)
<b>TOTAL EQUITY</b>		<u><b>(39,843)</b></u>	<u>1,354</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2021*

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Share-based payment reserve	Foreign currency translation reserve	Equity investment revaluation reserve	(Accumulated losses)/ retained earning			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	210,485	517,792	300	–	26,275	–	(595,946)	158,906	(73,914)	84,992
Capital reorganisations (note 17(i))	(199,961)	(517,792)	–	–	–	–	717,753	–	–	–
Issue of settlement shares (note 17(ii))	708	8,212	–	–	–	–	–	8,920	–	8,920
Issue of subscription shares (note 17(iii))	1,395	12,440	–	–	–	–	–	13,835	–	13,835
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	158,773	158,773	(115,931)	42,842
Total comprehensive income/(loss) for the year	–	–	–	–	13,486	2,853	(108,567)	(92,228)	(57,007)	(149,235)
<b>At 31 December 2020</b>	<b>12,627</b>	<b>20,652</b>	<b>300</b>	<b>–</b>	<b>39,761</b>	<b>2,853</b>	<b>172,013</b>	<b>248,206</b>	<b>(246,852)</b>	<b>1,354</b>
At 1 January 2021	12,627	20,652	300	–	39,761	2,853	172,013	248,206	(246,852)	1,354
Issue of subscription shares (note 17(iv))	2,526	56,569	–	–	–	–	–	59,095	–	59,095
Share-based payments	–	–	–	8,529	–	–	–	8,529	–	8,529
Total comprehensive (loss)/income for the year	–	–	–	–	(10,871)	4,251	(55,378)	(61,998)	(46,823)	(108,821)
<b>At 31 December 2021</b>	<b>15,153</b>	<b>77,221</b>	<b>300</b>	<b>8,529</b>	<b>28,890</b>	<b>7,104</b>	<b>116,635</b>	<b>253,832</b>	<b>(293,675)</b>	<b>(39,843)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 1802, 18/F., The L. Plaza, Nos. 367-375 Queen's Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange.

The Company is an investment holding company. The Company, through its major subsidiaries, is principally engaged in:

- (i) gold mining, exploration and trading of gold products;
- (ii) provision of money lending services; and
- (iii) trading of coal and wholesale and trading of frozen meat.

## 2. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$100,985,000 for the year ended 31 December 2021 and as at 31 December 2021 the Group had net current liabilities and net liabilities of approximately HK\$257,199,000 and approximately HK\$39,843,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, to provide liquidity and cash flows and sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

- (i) The Group is negotiating with lender to roll over the loan repayments and extend repayment of interests; and
- (ii) The Group is looking for potential investor(s) to invest in the Company.

In addition, the Group is currently focusing on the integration of gold mines and strengthening its operations of production and sales of gold, and the management of the Group is also implementing cost-saving measures to improve its operating cash flows and financial position.

On the basis that the Group can successfully completed the various proposed measures as mentioned above to improve its operating results and cash flows, the Directors believe that the Group will have sufficient funds to finance its current working capital requirements in the next twelve months from the end of the reporting date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

#### **New standards, amendments and revised conceptual framework not yet adopted**

Standards, amendments and revised conceptual framework that have been issued but not yet effective on 1 January 2021 and not been early adopted by the Group are as follows:

		<b>Effective for the financial year beginning on or after</b>
HKFRS 16	Amendments in relation to Covid-19-Related Rent Concessions	1 June 2021
HKFRS 3	Amendments in relation to Reference to the Conceptual Framework	1 January 2022
HKAS 16	Amendments in relation to Proceeds before Intended Use	1 January 2022
HKAS 37	Amendments in relation to Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1	Amendments in relation to Disclosure of Accounting Policies	1 January 2023
HKAS 8	Amendments in relation to Definition of Accounting Estimates	1 January 2023
HKAS 12	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK-int 5	Amendments in relation to Amendments to HKAS 1	1 January 2023
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

#### **Annual Improvements to HKFRSs 2018 – 2020 Cycle**

		<b>Effective for the financial year beginning on or after</b>
HKFRS 1	Subsidiary as a first-time adopter	1 January 2022
HKFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
HKFRS 16	Lease incentives	1 January 2022
HKAS 41	Taxation in fair value measurements	1 January 2022

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

#### 4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Mining products segment – engaged in gold mining, exploration and trading of gold products;

Money lending segment – provision of money lending services; and

Trading and wholesale segment – engaged in trading of coal and wholesale and trading of frozen meat.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements.

Information about reportable segment profits or losses, assets and liabilities:

	Mining products <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Trading and wholesale <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2021</b>				
Revenue from external customers	85,882	2,256	30,928	119,066
Segment (loss)/profit	(93,082)	3,755	(3,584)	(92,911)
Depreciation of property, plant and equipment	14,690	–	–	14,690
Depreciation of right-of-use assets	–	6	–	6
Amortisation of mining right	1,536	–	–	1,536
Interest revenue	13	–	–	13
Interest expense	48,082	1,894	–	49,976
Income tax credit	4,835	–	–	4,835
Additions to segment non-current assets	84,378	94	16	84,488
Impairment loss	79,454	–	1,441	80,895
<b>As at 31 December 2021</b>				
Segment assets	212,278	670	76,035	288,983
Segment liabilities	259,137	223	10,535	269,895
<b>For the year ended 31 December 2020</b>				
Revenue from external customers	31,715	7,927	17,510	57,152
Segment loss	(136,663)	(3,791)	(255)	(140,709)
Depreciation of property, plant and equipment	11,144	–	–	11,144
Depreciation of right-of-use assets	–	66	–	66
Amortisation of mining right	1,044	–	–	1,044
Interest revenue	7	–	7	14
Interest expense	32,329	6,898	–	39,227
Income tax credit	6,256	–	–	6,256
Additions to segment non-current assets	99,028	228	–	99,256
Impairment loss	116,025	4,737	–	120,762
<b>As at 31 December 2020</b>				
Segment assets	201,791	91,585	73,776	367,152
Segment liabilities	226,315	94,137	1,424	321,876

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments and consolidated revenue	<u>119,066</u>	<u>57,152</u>
<b>Profit or loss</b>		
Total loss of reportable segments	(92,911)	(140,709)
Other loss	<u>(8,074)</u>	<u>(22,564)</u>
Consolidated loss for the year	<u>(100,985)</u>	<u>(163,273)</u>
<b>Assets</b>		
Total assets of reportable segments	288,983	367,152
Other assets	<u>1,601</u>	<u>6,031</u>
Consolidated total assets	<u>290,584</u>	<u>373,183</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	269,895	321,876
Other liabilities	<u>60,532</u>	<u>49,953</u>
Consolidated total liabilities	<u>330,427</u>	<u>371,829</u>

Apart from the above, the total of other material items disclosed in the segment information is the same as the consolidated totals.



**Geographical information:**

**(a) Revenue from external customers**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	2,256	7,927
PRC	<u>116,810</u>	<u>49,225</u>
	<u><u>119,066</u></u>	<u><u>57,152</u></u>

In presenting the geographical information, revenue is based on the locations of the customers.

**(b) Non-current assets**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	1,344	3,764
PRC	<u>197,484</u>	<u>190,651</u>
	<u><u>198,828</u></u>	<u><u>194,415</u></u>

**(c) Revenue from major customers**

Revenue from major customers individually accounting for 10% or more of total revenue are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A (sales of coal)	–	12,528
Customer B (sales of gold products)	41,611	12,251
Customer C (sales of gold products)	–	9,425
Customer D (sales of gold products)	22,791	8,285

## 5. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mining products	85,882	31,715
Trading of coal and wholesale and trading of frozen meat	<u>30,928</u>	<u>17,510</u>
Revenue from contracts with customers	116,810	49,225
Interest income of money lending	<u>2,256</u>	<u>7,927</u>
Total revenue	<u><u>119,066</u></u>	<u><u>57,152</u></u>

Disaggregation of revenue from contracts with customers:

	Mining products <i>HK\$'000</i>	Trading and wholesale <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2021</b>			
<i>Geographical markets</i>			
PRC	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>
<i>Major products</i>			
Gold products	85,882	–	85,882
Frozen meat	<u>–</u>	<u>30,928</u>	<u>30,928</u>
Total	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>
<i>Timing of revenue recognition</i>			
At a point in time	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>
<b>For the year ended 31 December 2020</b>			
<i>Geographical markets</i>			
PRC	<u>31,715</u>	<u>17,510</u>	<u>49,225</u>
<i>Major products</i>			
Gold products	31,715	–	31,715
Frozen meat	–	4,982	4,982
Coal	<u>–</u>	<u>12,528</u>	<u>12,528</u>
Total	<u>31,715</u>	<u>17,510</u>	<u>49,225</u>
<i>Timing of revenue recognition</i>			
At a point in time	<u>31,715</u>	<u>17,510</u>	<u>49,225</u>

### Sales of gold products

The Group engaged in gold mining, exploration and sells gold products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### Trading of coal and wholesale and trading of frozen meat

The Group engaged in trading of coal and frozen meat. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 6. OTHER EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment loss on property, plant and equipment	51,339	68,785
Impairment loss on prepayments for property, plant and equipment and construction	797	1,517
Impairment loss trade receivables	6,544	–
Impairment loss on loan receivables	–	4,737
Impairment loss on mining right	22,215	45,344
Impairment loss on right-of-use assets	–	379
	<u>80,895</u>	<u>120,762</u>

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest of Settlement Convertible Bonds	–	937
Leases interests	66	96
Loan interests	<u>64,394</u>	<u>57,498</u>
Total borrowing costs	64,460	58,531
Amount capitalised	<u>(9,187)</u>	<u>(14,713)</u>
	<u><u>55,273</u></u>	<u><u>43,818</u></u>

Borrowing costs on fund borrowed generally are capitalised at a rate of 16% per annum (2020: 17%).

## 8. INCOME TAX CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deferred tax	<u><u>4,835</u></u>	<u><u>6,256</u></u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit for the year ended 31 December 2021. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2020.

No provision for PRC enterprise income tax is required since the Group has no assessable profit for the year.

The applicable income tax rate for the subsidiaries of the Group in the PRC in the current year is 5%-25% (2020: 5%-25%).

The reconciliation between income tax credit and the product of loss before tax multiplied by the applicable tax rate is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax	<u>(105,820)</u>	<u>(169,529)</u>
Tax at the domestic income tax rate	(27,495)	(40,138)
Tax effect of income that is not taxable	(2,976)	(249)
Tax effect of expenses that are not deductible	1,246	4,981
Tax effect of tax losses not recognised	24,426	29,150
Tax effect of utilisation of tax losses not previously recognised	<u>(36)</u>	–
Income tax credit	<u><u>(4,835)</u></u>	<u><u>(6,256)</u></u>

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	1,100	1,100
Amortisation of mining right	1,536	1,044
Cost of sales*	66,534	30,298
Depreciation of right-of-use assets	915	1,870
Depreciation of property, plant and equipment	14,706	11,162
Staff costs including directors' emoluments		
Salaries, bonus and allowances	28,296	23,591
Equity-settled share-based payments	8,529	–
Retirement benefits scheme contributions	4,787	3,865

\* Cost of sales includes staff costs and depreciation of approximately HK\$23,861,000 (2020: HK\$10,580,000) which are included in the amounts disclosed separately above.

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2021 is based on the loss for the year attributable to owners of the Company of approximately HK\$55,378,000 (2020: approximately HK\$108,567,000) and the weighted average number of ordinary shares of 1,377,568,000 (2020: 1,082,011,000) in issue during the year.

### Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2021 and 2020.

## 11. MINING RIGHT

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 January 2020	1,407,535
Exchange differences	<u>86,226</u>
At 31 December 2020	1,493,761
Exchange differences	<u>49,581</u>
<b>At 31 December 2021</b>	<b><u>1,543,342</u></b>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2020	1,300,209
Amortisation for the year	1,044
Impairment loss for the year	45,344
Exchange differences	<u>71,418</u>
At 31 December 2020	1,418,015
Amortisation for the year	1,536
Impairment loss for the year	22,215
Exchange differences	<u>41,937</u>
<b>At 31 December 2021</b>	<b><u>1,483,703</u></b>
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<b><u><u>59,639</u></u></b>
At 31 December 2020	<u><u>75,746</u></u>

Mining right includes the cost of acquiring mining licenses, costs transferred from exploration right and exploration and evaluation assets upon determination that an exploration property is capable of commercial production and land compensation costs. Land compensation costs represent the compensation paid to inhabitants for relocating them from the areas nearby the mining sites so that the Group can use the land as leaching piles and dumping areas for waste ores. The mining permit will expire on 31 December 2025. Mining right is amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2021 as a result of the Group implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right but has not updated a technical report to “upgrade” resources of the gold mine. The reviews of mining right led to the recognition of impairment losses of approximately HK\$22,215,000 (2020: HK\$45,344,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK\$59,639,000 (2020: HK\$75,746,000) has been determined on the basis of their fair value less costs of disposal using discounted cash flow method (level 3 fair value measurements).

The key assumptions used for the calculations of fair value less costs of disposal are as follows:

	<b>2021</b>	2020
Discount rate (post-tax discount rate applied to the cash flow projections)	<b>14.23%</b>	12.66%
Years of cash flows projection (expected mining period)	<b>9 years</b>	10 years

Management determined gross margin based on past market prices of the gold and management's estimation of exploitation and production costs. The discount rate used is post-tax and reflects specific risks relating to the relevant assets. Expected mining period is determined based on extractable reserve of the mine and the Group's production capacity. The legal life of mining right can be extended upon maturity to enable the Group to conduct mining activities in the expected mining period.

## 12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities, at fair value		
Unlisted equity securities	<u>64,382</u>	<u>60,058</u>
Analysed as:		
Non-current assets	<u>64,382</u>	<u>60,058</u>

### Notes:

- (i) The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.
- (ii) In 2020, the Group completed an investment in 德興市益豐再生有色金屬有限責任公司, which is principally engaged in: (i) comprehensive utilisation of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials. The purchase consideration was settled at a total cash consideration of HK\$55,000,000. The fair value of this investment as at 31 December 2021 was approximately HK\$62,104,000 (2020: approximately HK\$57,853,000), its carrying amount accounts for more than 5% of the Group's total assets as at 31 December 2021 and 2020. The fair value gain of equity investments at fair value through other comprehensive loss for the year ended 31 December 2021 was approximately HK\$4,251,000 (2020: approximately HK\$2,853,000).

In 2020, the Group completed another investment in a company, which is principally engaged in online auction. The purchase consideration was settled at a total cash consideration of approximately HK\$2,278,000 (2020: approximately HK\$2,205,000). The fair value of this investment as at 31 December 2021 and 2020 approximate to investment cost.

### 13. TRADE AND OTHER RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	17,070	7,630
Provision for loss allowance	<u>(6,650)</u>	<u>–</u>
	<b>10,420</b>	<b>7,630</b>
Prepayments	5,641	6,581
Prepayments for construction	–	2,178
Prepayments for property, plant and equipment	–	354
Deposits	727	1,509
Other receivables	<u>2,901</u>	<u>148</u>
	<b><u>19,689</u></b>	<b><u>18,400</u></b>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	3,350	661
31 – 60 days	983	852
61 – 90 days	–	–
Over 90 days	<u>6,087</u>	<u>6,117</u>
	<b><u>10,420</u></b>	<b><u>7,630</u></b>

Reconciliation of loss allowance for trade receivables:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	–	–
Increase in loss allowance for the year	6,544	–
Exchange differences	<u>106</u>	<u>–</u>
At 31 December	<b><u>6,650</u></b>	<b><u>–</u></b>



The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	<b>Current</b>	<b>Over 90 days past due</b>	<b>Total</b>
<b>At 31 December 2021</b>			
Weighted average expected loss rate	<b>0%</b>	<b>52%</b>	
Receivable amount (HK\$'000)	<b>4,333</b>	<b>12,737</b>	<b>17,070</b>
Loss allowance (HK\$'000)	–	<b>(6,650)</b>	<b>(6,650)</b>
<b>At 31 December 2020</b>			
Weighted average expected loss rate	0%	0%	
Receivable amount (HK\$'000)	1,513	6,117	7,630
Loss allowance (HK\$'000)	–	–	–

#### 14. LOAN RECEIVABLES

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
Loan receivables	<b>8,362</b>	102,492
Provision for loss allowance	<b>(7,951)</b>	(11,489)
Carrying amount	<b>411</b>	91,003

The directors of the Group monitored the collectability of the loan receivables closely with reference to their respective current creditworthiness.

The loan receivable, net of allowance will maturity within one year.

Reconciliation of loss allowance for loan receivables:

	<b>2021 HK\$'000</b>	<b>2020 HK\$'000</b>
At 1 January	<b>11,489</b>	6,752
(Decrease)/increase in loss allowance for the year	<b>(3,538)</b>	4,737
At 31 December	<b>7,951</b>	11,489

## 15. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	9,424	1,029
Accrued liabilities and other payables	<u>40,913</u>	<u>35,783</u>
	<u><u>50,337</u></u>	<u><u>36,812</u></u>

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	8,493	128
31 – 60 days	–	901
61 – 90 days	–	–
over 90 days	<u>931</u>	<u>–</u>
	<u><u>9,424</u></u>	<u><u>1,029</u></u>

## 16. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Short-term borrowings</b>		
– secured, 24% interest per annum and due within one year ( <i>note (i)</i> )	29,817	24,479
– unsecured, 24% interest per annum and due within one year ( <i>note (ii)</i> )	1,809	1,467
– secured, 36% interest per annum and due within one year ( <i>note (iii)</i> )	156,123	27,709
– unsecured, non-interest bearings and no fixed repayment terms ( <i>note (iv)</i> )	20,706	–
– unsecured, non-interest bearings and no fixed repayment terms ( <i>note (v)</i> )	2,508	–
– unsecured, 36% interest per annum and due within one year	<u>12,845</u>	<u>–</u>
	<u>223,808</u>	<u>53,655</u>
<b>Long-term borrowings</b>		
– secured, 36% interest per annum and due within three years ( <i>note (iii)</i> )	25,396	86,115
– unsecured, 36% interest per annum and due within three years	<u>12,722</u>	<u>55,758</u>
	<u>38,118</u>	<u>141,873</u>
	<u><u>261,926</u></u>	<u><u>195,528</u></u>

Note:

- (i) On 10 August 2020, the Company and Westralian Resources, entered into the settlement agreement with one of former directors of Hunan Westralian, Mr. Cai. In connection with the settlement arrangements, the Company and Westralian Resources have agreed to sell the 29% equity interest in Hunan Westralian, a company owned as to 80% by Westralian Resources, to Mr. Cai for approximately HK\$42,842,000 (equivalent to RMB38,485,000) to partially settle the outstanding amount owed to Mr. Cai. Mr. Cai has agreed to extend the maturity date to 31 August 2021. On 31 August 2021, the Company and Westralian Resources and Mr. Cai, entered into an supplementary agreement, agreed to extend the maturity date to 31 March 2022. The borrowing is secured by the 51% shares of Hunan Westralian as at 31 December 2021 and 2020.
- (ii) The borrowings are guaranteed by a general manager (“General Manager”) of Hunan Westralian Mining Co., Limited.
- (iii) The borrowing is secured by 35% of mining right owned by Hunan Westralian Mining Co., Limited and guaranteed by 10.4% of shares of Xihuaxian Choumu Mining Co., Limited owned by a General Manager.
- (iv) The borrowings are provided by Hunan Westralian’s director with interest fee, non-guaranteed and no fixed repayment terms.
- (v) The borrowings are provided by a shareholder with interest fee, non-guaranteed and no fixed repayment terms.

## 17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 2021 (25,000,000,000 ordinary shares of HK\$0.01 each)	25,000,000	250,000
Issued and fully paid:		
At 1 January 2020		
(21,048,486,179 ordinary shares of HK\$0.01 each)	21,048,486	210,485
Capital Reorganisation	(i) (19,996,062)	(199,961)
Issue of settlement shares	(ii) 70,789	708
Issue of subscription shares	(iii) 139,500	1,395
At 31 December 2020		
(1,262,713,382 ordinary shares of HK\$0.01 each)	1,262,713	12,627
Issue of subscription shares	(iv) 252,543	2,526
<b>At 31 December 2021</b>		
<b>(1,515,256,058 ordinary shares of HK\$0.01 each)</b>	<b>1,515,256</b>	<b>15,153</b>

*Notes:*

- (i) On 27 November 2019, The Board proposes to implement the capital reorganisation involving (1) Share Consolidation: the consolidation of every twenty issued and unissued existing shares into one Consolidated Share; and (2) Capital Reduction: (i) the reduction of issued capital whereby the par value of each issued Consolidated Share reduced from HK\$0.20 to HK\$0.01; (ii) subdivision of each authorised but unissued Consolidated Share of par value of HK\$0.20 into 20 unissued Adjusted Shares; and (iii) the application of the credit standing to the credit of the share premium account of the Company in and towards setting off of part of the accumulated deficit of the Company. The Capital Reorganisation was completed on 16 March 2020.
- (ii) On 31 August 2020, the Company entered into Tung Settlement Agreement with Ms. Tung for the settlement of the amount owed by the Company under the Relevant Bonds and the Wu Settlement Agreement, being approximately HK\$9,952,000. The amount was settled in full by the Company by issue and allotment of 70,789,074 Shares to Ms. Tung at a price of HK\$0.14058 per Share (the closing market price on issue date was HK\$0.126). The issue of settlement shares was completed on 9 October 2020 and the premium on the issue of shares, amounting to approximately HK\$8,212,000, was credited to the Company's share premium account.
- (iii) On 9 November 2020, the Company entered into one subscription agreement with each of the three subscribers, pursuant to which the subscribers subscribed for a total of 139,500,000 Shares at a price of HK\$0.09918 per Share. The issue of subscription shares was completed on 27 November 2020, and the premium of the issue of shares, amounting to approximately HK\$12,440,000, was credited to the Company's share premium account.
- (iv) On 2 July 2021, the Company entered into one subscription agreement with each of the four subscribers, pursuant to which the subscribers subscribed for a total of 252,542,676 Shares at a price of HK\$0.234 per Share. The issue of subscription shares was completed on 19 July 2021, and the premium of the issue of shares, amounting to approximately HK\$56,569,000, was credited to the Company's share premium account.

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Directors review the capital structure periodically. As a part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Company will balance its overall capital structure through new share issues, the issue of new debt or the redemption of existing debt.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

The Group is principally engaged in three business segments: (i) gold mining, exploration and trading of gold products in the PRC; (ii) provision of money lending services in Hong Kong; (iii) trading of coal and wholesale and trading of frozen meat in the PRC.

### **BUSINESS REVIEW**

#### **Mining Products**

As stated in the previous annual reports and interim reports, Hunan Westralian developed a mine enhancement project to enhance the quality of output of its Gold Mine in 2017. This project involved (i) mining technical reform in the east mining area of the Gold Mine which was completed in 2019, (ii) technological upgrading of an existing ore processing plant to enable it to achieve production capacity of 150 tons/day which was completed in 2020; (iii) the original goal of building a new ore processing plant with designed capacity of 500 tons/day by the end of 2022 has been completed ahead of schedule, and is currently in trial operation; and (iv) the expansion of the tailings processing and storage yard has been completed as scheduled by the end of 2021, and is currently preparing for relevant government approvals. Hunan Westralian continues to implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right (valid until 31 December 2025). In addition, it will explore the Jiufa mining area that is in the vicinity of the new processing plant.

Planned production and sales of gold bullion and concentrate by Hunan Westralian commenced in August 2020 following the relaxation by the local government of COVID-19 pandemic related access restrictions, during the Reporting Period, Hunan Westralian has generated and sold gold products to customers that are engaged in metal trading operations on site, based on the weighted average trading price for gold published by the Shanghai Gold Exchange and on immediate payment against delivery basis.

Based on (i) the aggregate of the probable reserves and 50% of the inferred resources of the Gold Mine as of 31 March 2015 (stated in the independent technical review updated report prepared by SRK in May 2015) less (ii) the aggregate of 50% of gold from sub-mining ores produced from the mine enhancement projects and other works and 100% of the gold output on a planned production basis in 2020, Hunan Westralian estimates that the remaining reserves and resources will support just over 14 years of operating at full capacity by the existing processing plant and (from November 2022) the new process plant. The Company will look to commission an update technical report at an appropriate time to “upgrade” the reserves and/or resources of the gold mine.

## **Money Lending Business**

Due to changes and uncertainties in the overall environment, for prudence, the Group did not grant any new loan to customers during the Reporting Period. The Management will continue to monitor the financial market and adopt a more prudent and cautious approach in identifying potential customers and granting loan financing to customers to minimise the risk exposure.

In November 2019, the Company successfully entered into a loan extension agreement with the financial institution to extend the HK\$100 million unsecured loan facility granted to the Company in year 2018 for further two years. As results of which, the Group entered into two respective supplementary loan agreements with two borrowers in December 2019 and January 2020, respectively, to extend the total of HK\$100 million secured loan facilities for further two years (among which, the details of the HK\$85 million supplementary loan agreement have been set out in the Company's announcement dated 9 January 2020). During the Reporting Period, the Company has fully settled the HK\$100 million unsecured loan obtained from the financial institution, and has fully recovered the two secured loans with a total amount of HK\$100 million granted by the Company.

## **Trading of Coal**

During the Reporting Period, due to price fluctuations in the PRC coal market, in order to control risks, all coal mine suppliers require customers to pay large amounts of coal supply guarantee deposits in advance. On the other hand, in order to reduce the impact of price fluctuations and ensure coal supply, major power plant customers have implemented strict bidding procedures, and the delivery time has also been compressed.

Taking into account the above factors, the gradually strengthened national environmental governance policies, low cost-effectiveness and profit margin, and cost control measures, the Management has decided to tentatively suspend this trading business in order to reallocate resources to other potential development projects.

## **Wholesale and Trading of Frozen Meat**

The Group established a new subsidiary in PRC to develop the frozen meat products wholesale and trading business in 2020. The Group purchases frozen meat products from offshore suppliers and/or domestic trading companies, and mainly sell on a wholesale basis to larger food and beverage group, food processing companies, wholesalers and online food service distributors etc., and assist the customers in arranging delivery logistic.

During the Reporting Period, the Group's development in this business is relatively stable, except that all importers (including the Group) must comply with the stricter quarantine measures imposed by relevant Chinese authorities on imported frozen meat.

As stated in the 2021 Interim Report, the Group has established supply relationship with foreign suppliers such as Brazil, Thailand, Spain and other countries that have been registered with the Chinese Customs and the Ministry of Commerce, and completed trial orders. At the same time, the management of this segment has also made progress in customer development and has conducted substantive transactions with large catering companies and wholesalers. Although COVID-19 has affected the supply to a certain extent, the market demand for frozen meats is still strong as reflected in the high retail prices of frozen meats. Therefore, the management of the subsidiary will continue to closely monitor the development of this trading business, and will continues to find customers with stable demand and low-cost supply channels to achieve better profitability.

## FINANCIAL REVIEW

During the Reporting Period, the Group's revenue was approximately HK\$119.1 million, representing an increase of approximately 108.3% as compared with approximately HK\$57.2 million for the Corresponding Period. The increase in the Group's revenue was mainly due to the resumption of normal operations and sales of gold products of the mining business segment since August 2020.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK\$85.9 million, representing an increase of approximately 170.8% as compared with approximately HK\$31.7 million for the Corresponding Period. The increase in revenue was mainly due to the technological upgrading of an existing ore processing plant to enable it to achieve an average production capacity of 4,000 tons/month since August 2020, when it resumed normal operations and sales of gold products.

During the Reporting Period, the revenue contributed by money lending business was approximately HK\$2.3 million, representing a decrease of approximately 71.5% as compared with approximately HK\$7.9 million for the Corresponding Period. The decrease in revenue was mainly due to the early repayment of the loan by the borrowers during the Reporting Period.

During the Reporting Period, the revenue of the trading of coal and wholesale and trading of frozen meat was approximately HK\$30.9 million, representing an increase of approximately 76.6% as compared with approximately HK\$17.5 million for the Corresponding Period. The increase in revenue was mainly due to the strong market demand for frozen meat in China, rising selling prices and stable customers. The wholesale and trading of frozen meat began to generate revenue for the Group from the second half of 2020. And trading of coal was tentatively suspended during the Reporting Period for the reasons mentioned in the subsection "Trading of Coal" above.

The gross profit for the Reporting Period was approximately HK\$52.5 million, representing an increase of approximately 95.6% as compared with approximately HK\$26.9 million for the Corresponding Period.

The loss for the Reporting Period was approximately HK\$101.0 million, representing a decrease of approximately 38.2% as compared with approximately HK\$163.3 million for the Corresponding Period. The decrease in loss was mainly due to the increase in other income of approximately HK\$20.1 million from other borrowings concessions, and the impairment loss on property, plant and equipment of approximately HK\$51.3 million, representing a decrease of approximately 25.4% as compared with approximately HK\$68.8 million for the Corresponding Period, and the impairment loss of mining right of approximately HK\$22.2 million, representing a decrease of approximately 51.0% as compared with approximately HK\$45.3 million for the Corresponding Period.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the Auditor:

### **“Disclaimer of Opinion (“Disclaimer of Opinion”)**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Disclaimer of Opinion**

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$100,985,000 for the year ended 31 December 2021 and as at 31 December 2021 the Group had net current liabilities and net liabilities approximately HK\$257,199,000 and HK\$39,843,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful completion of various proposed measures and (ii) the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows. The consolidated financial statements do not include any adjustments that would result from the failure to complete various proposed measures and the failure to improve its financial positions to provide liquidity and cash flows. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the multiple uncertainties relating to (i) the successful completion of various proposed measures and (ii) the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.”

## **THE MANAGEMENT’S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION**

Regarding the disclaimer of opinion in relation to the going concern issue of the Group raised by the Auditor as set out in the 2020 Annual Report and this announcement, the Group has taken and will continue to take certain measures (“Proposed Measures”) to improve the Group’s working capital and cash flow position and mitigate its liquidity pressure. Save for the following Proposed Measures summary updates, as at the date of this announcement, there have been no material changes in respect of this matter since the publication of the 2020 Annual Report:



## Proposed Measures

The Group is actively negotiate with the financial institution(s) for obtaining additional financing/new borrowings

The Group has obtained letters of undertakings from substantial shareholders of the Company confirming that they will provide continued financial support to the Group to meet its present and future financial obligations as they fall due

The Group will actively negotiate and obtain additional funds through fundraising activities

The Group will continue to negotiate with the Group's creditors with a view to extend the repayment terms of the Group's current liabilities as they fall due

## Current status

The Group is actively liaising with financial institutions/individuals/bankers to seek new loan facilities with lower interest rate and longer maturities to improve the current financial position of the Group. Up to date of this announcement, Hunan Westralian has obtained several financing from individuals. This measure will be under monitoring and may be adjusted based on actual funding need and the results of other possible fundraising activities of the Group as mentioned below

Obtained

On 2 July 2021, the Company issued 252,542,676 Shares to independent third parties and raised approximately HK\$59 million net proceeds and mainly used for partial repayment of the Group's high yield borrowings which have been taken out to fund the mining operations of the Group in the PRC, and general working capital. The Group will continue to actively liaise with the financial institutions and other potential investors to invest in the Group by way of placement of new shares, issue of convertible bonds or other financial activities etc. to repay the high-interest debt and to fund its working capital. Further announcement(s) will be made as and when appropriate subject to the applicable regulations and rules

The loan extension agreement has been entered with the major creditor, and the Management will try its best to strive for a longer repayment period and lower interest rate

## **Proposed Measures**

The Management will continue to save or reduce costs aiming at improving the working capital and cash flow of the Group, including close monitoring of administrative expense and operating cost

## **Current status**

During the Reporting Period, Hunan Westraian's production increased proportionally, while management and administration costs did not increase significantly. The management believed that through continuous cost control, it will further increase the output of Gold Mine and eventually achieve profitability. The Management will continue monitor its cost and expenses to control and/or reduce those unnecessary administrative costs, expenses and/or other operating costs, while the Group can still able to maintain its existing operations and explore further business development smoothly.

Taking all of the above measures and/or actions into consideration, the Board considers and is confident that the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue its businesses and operations as a going concern and the going concern issue will be fully resolved in the immediate future.

## **Audit Committee's View on the Disclaimer of Opinion**

The Audit Committee had critically reviewed the Disclaimer of Opinion, the Management's position concerning the Disclaimer of Opinion and measures taken by the Group for addressing the Disclaimer of Opinion. The Audit Committee agreed with the Management's position based on the reasons as stated in the subsection headed "Disclaimer of Opinion" of the Corporate Governance Report contained in 2020 Annual Report and the above updates on the Proposed Measures. Moreover, the Audit Committee requested the Management to take all necessary actions to address the impact of the Disclaimer of Opinion and strives that no such Disclaimer of Opinion will appear in the next audited financial statements. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving their opinion.

## **RISKS AND UNCERTAINTIES**

The Board believes that risk management is important and shall use its best effort to ensure it is sufficient to mitigate the risks present in the Group operations and financial position as efficiently and effectively as possible.

## **BUSINESS RISK**

The PRC local, provincial and central authorities exercise a substantial degree of control over the gold industry in China. Hunan Westralian's operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management.

The Management has been looking into different kinds of business and investment opportunities to broaden the sources of income of the Group in order to manage the risks associated with the volatility of the commodities prices that can have a material impact on the Group's mining operations and to create greater value for the Shareholders.

The functional manager will carefully scrutinise each project for related risks and returns. These include assessment of relevant government policies, market demand, market conditions and economic data. The Management is responsible for supervision, conducting regular operational reviews and keeping the Board fully informed through regular reports (either in written or verbal form) and enabling the Board to make prompt decisions if changes are required.

## **OPERATIONAL RISK**

Hunan Westralian faces certain risks and uncertainties beyond their control from manmade and natural disasters. These risks and uncertainties mainly include: (i) major catastrophic events and natural disasters; (ii) geological or mining conditions such as instability of the slopes and subsidence of the working areas; (iii) unexpected or periodic interruptions due to inclement or hazardous weather conditions; (iv) disruptions or shortages of water, power or fuel supply; (v) industrial or manmade accidents occurring in connection with mining processing operations; and (vi) critical equipment failures, malfunction and breakdowns of information management systems, or unexpected maintenance or technical problems. Hunan Westralian has engaged a local safety assessment company, which is an independent third party, to assess the safety status of the eastern Gold Mine. It is believed that the eastern Gold Mine has fulfilled the conditions of safe production in accordance to the relevant government laws and regulations.

The front-line or functional manager will review key activities of the Group and ensure all required control procedures, including financial and operational, are fully implemented. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to the business operations.

## **FINANCIAL RISK**

The market price of standard gold traded on Shanghai Gold Exchange follows international gold price trend closely. Historically, the gold market price has fluctuated widely and experienced periods of significant decline. The gold market prices are influenced by numerous factors such as demand and supply of gold, gold sales and purchases by central banks as well as macro-economic or political factors such as inflation expectation and interest rates.

The Management closely monitors the financial risks and when appropriate will adopt measures to manage and obtained approval from the Directors. The Group's cash and financing positions are closely monitored at the corporate level through regularly reporting. The maturity of receivable and payable are planned and managed to reduce liquidity risk.

## **ENVIRONMENT PROTECTION**

The Group is committed to contributing to the sustainability of the environment from its business activities. The Group has established measures and created certain environmental frameworks to minimise and monitor the environmental impacts attributable to its operations. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraging the use of recycled paper for printing and copying and reducing energy consumption by switching off idle lightings and electrical appliances.

## **WORKPLACE QUALITY**

The Group believes that employees are valuable assets and all indispensable to a company's success, therefore, the Group will use its best effort to attract and retain appropriate personnel to serve the Group. The objective of the Group's human resource policy is to reward and recognise the top-performing staff by providing attractive remuneration packages, which are reviewed annually and as required. The remuneration packages are determined with reference to the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing market compensation packages. The Group also allocates resources in training, retention and recruitment programs, and encouraging the staff to strive for self-development and improvements to cope with the rapidly changing environment.

## **PROSPECTS**

As mentioned in the "Mining Products" subsection above, Hunan Westralian has implemented a mine enhancement project since 2017, and part of project has been completed as at the date of this announcement. After technological enhancements, the production capacity of the existing plant has been further increased to 150 tons/day. Hunan Westralian has resumed normal mining operation and selling gold products since August 2020.

In order to further increase production, Hunan Westralian has completed the construction of the new ore processing plant with designed capacity of 500 tons/day ahead of schedule, which is currently in initial trial operation and is targeted to be fully operational by the end of 2022. The construction of the tailings processing and storage yard has also been completed as planned by the end of 2021, and is currently preparing for relevant government approvals. Hunan Westralian will continue to implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right, and explore the Jiufa mining area near the new processing plant.

In order to continue its effort to improve its mining capability and facilities, with the goal of maximising the quality and output efficiency of the Gold Mine, Hunan Westralian is planning to carry out technical reforms and rectification of the western mining area and a tailings filling enhancement project. At the same time, the Company will also look to commission an update technical report at an appropriate time to "upgrade" the reserves and/or resources of the gold mine. In addition, in order to improve the living standards of employees, Hunan Westralian plans to add a dormitory building.

The Management believes that the performance of mining products segment will gradually improve as the gold price may continue to rise. The Management will monitor the capital needs for the aforesaid improvement and exploration projects, explore suitable financing opportunities when necessary, and inject capital based on the actual situation.

In addition, the Management will explore other strategic investment opportunities in mining ancillary businesses or bullion related businesses to enhance the business prospects of the Group, thereby maximising the value for the Shareholders.

Regarding the coal trading, as mentioned above, due to factors such as gradually strengthened national environmental governance policies, low cost-effectiveness and profit margin, and cost control measures, the Management has decided to tentatively suspend this trading business in order to reallocate resources to other potential development projects.

With the efforts of the the management of the subsidiary, the operation of wholesale and trading of frozen meat has gradually stabilised. In addition to continuing to find customers with stable demand, and stable low-cost supply channel to achieve better profitability, the management of the subsidiary is still exploring the possibility of expanding its business scope to other frozen meats such as beef, pork and seafood, with a view to eventually achieve the goal of establishing its own online store and cold-chain e-commerce and/or cooperation with large e-commerce platform.

With the continuous strengthening the relevant national environmental governance policies imposed and encouraged by the Chinese government, the Group, as stated in the 2021 Interim Report and 2020 Annual Report, entered into a capital increase agreement with Target Company principally engaged in: (i) comprehensive utilisation of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials in Jiangxi Province, PRC. As at the date of this announcement, the Group owns 12.41% equity interest in the capital of the Target Company and since the Target Company has obtained the provisional hazardous waste treatment licence, the Group has made a capital contribution of HK\$55 million to the Target Company. Details of the fair value of this investment as at the 31 December 2021, its performance for the Reporting Period and other information, please refer to note 12 to the consolidated financial statements of this announcement. The Board is of the view that this investment enables the Company to explore more business opportunities in the downstream business of the Group and expects to generate more profit in the future. Depending on the future performance of Target Company, the Company may consider investing more funds and/or resources in Target Company with a view to improving the financial condition of the Group.

After a thorough survey of the global economic environment, the trend of China's future economic and business development model, and the future development of the Company's existing business, the Board believes that in addition to keeping up with the development pace and business opportunities of big data, e-commerce and blockchain technology, the Group should also establish a comprehensive group with the concept of green infrastructure, energy and financial, with mining resources and mining trade as its main business, and integrating related financial services, engineering and project consulting management services, investment management and derivative resources.

Therefore, in line with the future development direction of the Group and improve the overall performance of the Group, the Company established two wholly-owned subsidiaries in the PRC in 2022, of which (i) one in Tianjin, which will focus on trial operation to carry out supply trade with iron and steel enterprises, and further extend to other mining industries, including its own gold mining business (if appropriate), to improve the Group's revenue and profitability, and address the current operating issues; and (ii) one in Beijing, which will focus on trial operation to provide business consultation, management and integration services for different project developers, builders, financial institutions, etc. to create new business opportunities for the Group.

The Board, having considered various solutions and measures to the going concern issue of the Group that have been actively undertaken and will continue to be undertaken, as well as the funding needs of the Group for its existing business operations and future business development, has decided that the Company may consider raising funds in different ways, including issuance of convertible bonds, issuance of new Shares or loan financing, etc. The final result will be subject to the market conditions and the outcomes of the negotiations with the potential investors.

Looking forward, on the one hand, the Management will continue modifying and finessing the Group's strategic plan, and make appropriate adjustments according to the changes in the dynamic business environment in China and around the world, and on the other hand will continue looking for other investment opportunities, potential partners or acquisition targets to improve and broaden the sources of income for the Group to create maximum value and long-term benefits for Shareholders. The Management will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Reporting Period, the Group mainly financed its operation with internally generated cashflows and borrowings.

As at 31 December 2021, the Group had unpledged bank and cash balances of approximately HK\$7.3 million (2020: approximately HK\$9.3 million). The gearing ratio was not applicable to the Group (2020: approximately 26,774.2%) and the borrowings of the Group was approximately HK\$261.9 million (2020: approximately HK\$308.1 million). The Group reported net current liabilities of approximately HK\$257.2 million as at 31 December 2021 (2020: net current liabilities of approximately HK\$97.8 million).

Details of maturity profile and interest rate structure of the borrowings of the Group are set out in the notes to the consolidated financial statements of the annual report of the Company for the Reporting Period to be published later on.

## **CONTINGENT LIABILITY**

As at 31 December 2021, the Group did not have any significant contingent liability (2020: nil).

## **BANK BORROWINGS**

As at 31 December 2021, the Group did not have any outstanding bank loan (2020: nil).

## **EMPLOYEES AND REMUNERATION**

As at 31 December 2021, the Group employed 512 staff members (2020: 503). The remuneration of employees was in line with the market trend and commensurate with the level of remuneration in the industry and the performance of individual employees that are regularly reviewed every year.

## **FOREIGN EXCHANGE EXPOSURE**

During the Reporting Period, the Group mainly generated sales revenue and incurred costs in both Hong Kong dollar and Renminbi. In view of the fluctuation of Renminbi, the Directors considered that the Group's exposure to fluctuation in foreign exchange rate was minimal and accordingly, the Group did not employ any financial instruments for hedging purpose.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Reporting Period (2020: nil).

## **ANNUAL GENERAL MEETING**

The Board has yet to fix the date of 2022 AGM. Further announcement will be made by the Company regarding the 2022 AGM as and when appropriate.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **REVIEW OF AUDITED ANNUAL RESULTS**

The Company established Audit Committee in accordance with the requirements of the CG Code. On 25 March 2022, the Audit Committee comprises 3 INEDs, namely: Mr. Au-Yong Shong Samuel, Mr. Ho Wing Chung and Mr. Tse Sze Pan.

The Audit Committee has reviewed with the Management the accounting principles, the CG Code as adopted by the Company and the practices of the Group and approved the internal control, risk management and financial reporting matters including the audited consolidated financial statements for the Reporting Period contained herein.

## **CORPORATE GOVERNANCE**

The Company acknowledges the need for and the importance of corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with recommended practices. As at the date of this announcement, the Company has adopted the CG Code to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this announcement, has complied with the Code Provisions as set out in the CG code except for the following deviations:

The Company failed to publish the annual results for the financial year ended 31 December 2020 on time, which constituted a non-compliance with rule 13.49(1) of the Listing Rules.

Pursuant to the Code Provision C.2.1 (pre-amendment code provision A.2.1), the roles of Chairman of the Board and CEO should be separate and should not be performed by the same individual. Therefore, there was a deviation from this Code Provision during the period from 12 June 2020 to 2 September 2021 as the then Chairman of the Board, Mr. Qiao Bingya was also the then CEO. However, following the appointment of Mr. Qiu Zhenyi as Chairman of the Board and Mr. Zhu Shengsheng as CEO on 2 September 2021, the roles of Chairman and CEO have been split.

Pursuant to the Code Provision D.1.2 (pre-amendment Code Provision C.1.2), the Management should provide monthly updates to the Board to enable the Board and each Director to discharge their duties. Although the Management has provided the Board with monthly updates, there has been a slight delay, which the Company considers acceptable. In addition, the Company considers that providing such updates to the Board from time to time rather than on a regular monthly basis is sufficient for the Board and each Director to discharge their responsibilities. In the event there are any significant updates to be provided, the Company will update the Board as early as practicable for discussion and resolution.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the code of conduct governing Director's securities transactions. All Directors currently in the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Reporting Period and up to the date of this announcement.



## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board and the Audit Committee acknowledge that its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually. The Group emphasises the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority, and are designed for the Group to identify and manage the significant risks to achieve its business objectives. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

For risk management, the Group has adopted a three lines of defense model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluation, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt ongoing mitigating measures to manage such risks.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure the maintenance of proper accounting records and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board and Audit Committee annually. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

The Board and the Audit Committee have conducted an annual review for the need of internal audit function and has also reviewed annually for the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions.

The Company has engaged an Internal Control Consultant to conduct independent review on the risk management and internal control systems of the Group. Internal control review report was submitted to and approved by the Board and the Audit Committee. For control weaknesses identified by the Internal Control Consultant, the Group has adopted enhanced control measures to rectify relevant control weaknesses. The abovementioned annual review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered that the risk management and internal control systems of the Group were effective during the Reporting Period. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's environment control and processes.

## **HANDLING AND DISSEMINATION OF INSIDE INFORMATION**

The Group has put in place the procedures and internal controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as stated in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

## **OTHER INFORMATION**

### **Subscription Agreements**

- (i) On 9 November 2020, the Company entered into one subscription agreement with each of the three parties independent of the Company and its connected persons, namely Mr. Liu Jie, Mr. Wang Baoli and Mr. Zhou Hongliang. On 27 November 2020, a total of 139,500,000 Shares were issued and allotted by the Company under general mandate to the aforesaid subscribers at the subscription price of HK\$0.09918 per Share (the closing market price on the agreement date was HK\$0.120) pursuant to the subscription agreements. The aggregate nominal value of the subscription shares is HK\$1,395,000. One of the major reasons for the issuance of the subscription is that the subscription can provide the Company with additional funds to settle its committed payment obligations under the capital increase agreement entered into with the Target Company.

As at 31 December 2021, the net proceeds of approximately HK\$13.7 million (of which approximately HK\$5 million was planned to be used to settle the outstanding capital contribution to the Target Company, and the remaining approximately HK\$8.7 million was planned to be used as general working capital of the Group) have been fully utilised in according with the intention disclosed in the announcement of the Company dated 27 November 2020.

Details of the subscription agreements, please refer to note 17 to the consolidated financial statements of this announcement, the announcements of the Company dated 9 November 2020, 27 November 2020 and 27 August 2021.

- (ii) On 2 July 2021, the Company entered into one subscription agreement with each of the four parties independent of the Company and its connected persons, namely Mr. Liu Jie, Mr. Wang Wenhuan, Mr. Luo Li and Ms. Yu Xiaofeng. On 19 July 2021, a total of 252,542,676 Shares were issued and allotted by the Company under general mandate to the aforesaid subscribers at the subscription price of HK\$0.234 per Share (the closing market price on the agreement date was HK\$0.239) pursuant to the subscription agreements. The aggregate nominal value of the subscription shares is HK\$2,525,426.76. One of the major reasons for the issuance of the subscription is that the subscription can provide the Company with additional funds, enhance its working capital and strengthen its capital base and financial position.

As at the date of this announcement, the net proceeds of approximately HK\$59 million (of which approximately HK\$54 million was planned to be used as partial repayment of the Group's high yield borrowings which had been taken out to fund the mining operations of the Group in the PRC, and the remaining approximately HK\$5 million was planned to be used as general working capital of the Group) have been fully utilised in accordance with the intention disclosed in the announcement of the Company dated 2 July 2021.

Details of the subscription agreements, please refer to note 17 to the consolidated financial statements of this announcement, and the announcements of the Company dated 2 July 2021 and 19 July 2021.

## **CHANGE OF COMPANY NAME, STOCK SHORT NAME, COMPANY LOGO AND WEBSITE**

The English name of the Company has changed from "China Billion Resources Limited" to "Renaissance Asia Silk Road Group Limited" and the dual foreign name in Chinese of the Company from "中富資源有限公司" to "復興亞洲絲路集團有限公司" have become effective from 17 November 2021 pursuant to the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 2 December 2021 confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The stock short name of the Company for trading in the Shares on the Stock Exchange has changed from "C BILLION RES" to "RA SILK ROAD" in English and from "中富資源" to "復興亞洲" in Chinese with effective on 15 December 2021.

The logo of the Company has been changed to " " and the website of the Company has been changed to "www.rasr.com.hk" to reflect the Change of Company Name.

For the details of changes of Company name, please refer to the announcements of the Company dated 18 October 2021, 15 November 2021 and 9 December 2021 and the circular of the Company dated 27 October 2021.

## **PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY**

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.rasr.com.hk](http://www.rasr.com.hk) respectively. The annual report of the Company for the Reporting Period will be despatched to the Shareholders and will be published on the aforementioned websites in due course.

### **DEFINITIONS**

In this announcement, unless the context otherwise indicated, the following expressions shall have the following meanings:

“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020
“2021 Interim Report”	the interim report of the Company for the six months ended 30 June 2021
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor” or “ZHONGHUI ANDA”	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors
“Capital Reduction”	the Reduction of Issued Capital, the subdivision of each authorised but unissued Consolidated Share into 20 unissued Adjusted Shares and the Share Premium Reduction
“Capital Reorganisation”	the capital reorganisation approved by Shareholders at the EGM held on 30 December 2019 which involves the Share Consolidation and the Capital Reduction and became effective on 16 March 2020

“CB Settlement Agreements”	having the same meaning ascribed thereto under the Circular (i.e. a total 3 sets of convertible bonds settlement agreements entered into between the Company and the CB Settlement Creditors)
“CB Settlement Creditors”	having the same meaning ascribed thereto under the Circular (i.e. Mr. 李鐵鍵, Mr. 吳躍新 and Mr. 豆新虎)
“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Chairman of the Board”	the chairman of the Board
“CEO”	the chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
“Circular”	a circular despatched by the Company to the Shareholders on 29 January 2016
“Code Provisions”	code provisions as set out in the CG Code
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Renaissance Asia Silk Road Group Limited (formerly known as “China Billion Resources Limited”), a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the Stock Exchange
“Company Secretary”	the company secretary of the Company
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company after the Share Consolidation but prior to the Capital Reduction
“Corresponding Period”	the period for the year ended 31 December 2020
“Creditor A”	Mr. 李鐵鍵, one of the CB Settlement Creditors
“Creditor B”	Mr. 吳躍新, one of the CB Settlement Creditors
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company held on 30 December 2019
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province, the PRC
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards comprise HKFRS, HKAS and Interpretations
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Westralian”	Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company
“INED(s)”	the independent non-executive Director(s)
“Internal Control Consultant”	an internal control consultant engaged by the Company on 22 December 2021 to perform an internal control review of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 6 August 2019 entered into between the Company as borrower, Westralian Resources as co-borrower and Mr. Cai as lender, pursuant to which Mr. Cai has agreed to advance a facility of up to RMB80,000,000 to the Company
“Management”	the management of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“MPF Scheme”	Mandatory Provident Fund Scheme
“Mr. Cai” or “Lender”	Mr. Cai Shuo, a former director of Hunan Westralian (appointed as director on 15 August 2019 and resigned on 20 August 2020)

“Ms. Tung”	Ms. Tung Yuen Ling
“NED(s)”	the non-executive Director(s)
“Nomination Committee”	the nomination committee of the Company
“Reduction of Issued Capital”	the reduction of the par value of each issued Consolidated Share from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 of the paid-up capital on each issued Consolidated Share
“Relevant Bonds”	the convertible bonds issued by the Company to Creditor B on 24 May 2016 in the principal amount of HK\$13,970,030.14, which matured on 23 May 2019 (upon which the rights to conversion ceased) and part of the amount due thereunder has been repaid by the Company
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the period for the year ended 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement”	the agreement dated 10 August 2020 entered into between the Company, Westralian Resources and Mr. Cai in relation to the settlement of amounts owed by the Company to Mr. Cai under the Loan Agreement
“Settlement Convertible Bonds”	the unsecured 10% convertible bonds in the aggregate principal amount of HK\$53,417,356.17 with a term of three years to be issued by the Company to the CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements
“Settlement Sum”	the entire outstanding amount of HK\$9,951,528.08 as amended by the Wu Settlement Agreement, comprising outstanding principal of HK\$9,832,993.37 and accrued and unpaid interest of HK\$118,534.71 up to 12 June 2020
“Settlement Shares”	70,789,074 Shares to be issued by the Company to Ms. Tung in accordance with the terms of the Tung Settlement Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“Share Consolidation”	the consolidation of every twenty (20) then issued and unissued shares of the Company of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20
“Share Premium Reduction”	the application of the credit arising from the Reduction of Issued Capital and the credit standing in the Company’s share premium account towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction in a manner as permitted by the Companies Law and other applicable laws
“Shareholder(s)”	holder(s) of the Share(s)
“SRK”	SRK Consulting China Limited, an independent technical adviser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the agreement dated 10 August 2020 entered into between the Company, Westralian Resources and Mr. Cai to supplement the Loan Agreement
“Supplemental Share Charge”	the agreement dated 10 August 2020 entered into between Westralian Resources as chargor and Mr. Cai as chargee to supplement the Share Charge
“Target Company”	德興市益豐再生有色金屬有限責任公司, a limited liability company incorporated in the PRC
“Tung Settlement Agreement”	the agreement dated 31 August 2020 entered into between the Company and Ms. Tung in relation to the settlement of HK\$9,951,528.08 outstanding amount and issue of 70,798,074 settlement shares
“Westralian Resources”	Westralian Resources Pty Ltd, a wholly-owned subsidiary of the Company incorporated in Australia
“Wu Settlement Agreement”	the agreement dated 27 March 2020 (as amended and supplemented by the supplemental agreement) entered into between the Company and Creditor B relation to the settlement of debt owed by the Company to Creditor B under the Relevant Bonds
“%”	per cent



## APPRECIATION

On behalf of the Board, I am grateful for the perseverance and resilience of our staffs for their unswerving efforts. I would also take this opportunity to express my sincere appreciation to all Shareholders, investors and business partners for their continued support.

By order of the Board of  
**Renaissance Asia Silk Road Group Limited**  
**Qiu Zhenyi**  
*Chairman of the Board*

Hong Kong, 25 March 2022

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Mr. Qiu Zhenyi (*Chairman of the Board*)  
Mr. Zhu Shengsheng (*Chief executive officer*)  
Mr. Pan Feng  
Mr. Xie Qiangming

*NED:*

Ms. Ng Ching

*INEDs:*

Mr. Au-Yong Shong Samuel  
Mr. Ho Wing Chung  
Mr. Tse Sze Pan