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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2024; AND
(2) RESUMPTION OF TRADING AND
REVISION OF THE TIMETABLE OF SHARE CONSOLIDATION**

The Board announces the audited consolidated annual results of the Group for the fifteen months ended 31 March 2024 together with the comparative figures for the previous financial year ended 31 December 2022 as follows:

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

For the fifteen months ended 31 March 2024

		Fifteen months ended 31 March 2024	Year ended 31 December 2022
	<i>Notes</i>	HK\$'000	HK\$'000
Continuing operations			
Revenue	4	374,146	207,435
Cost of sales		<u>(343,250)</u>	<u>(137,343)</u>
Gross profit		30,896	70,092
Other income	5	18,458	296
Administrative expenses		(69,204)	(48,538)
Other gains and losses	6	<u>(31,974)</u>	<u>(31,171)</u>
Loss from operations		(51,824)	(9,321)
Finance costs	7	<u>(41,235)</u>	<u>(51,221)</u>

		Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Loss before tax		(93,059)	(60,542)
Taxation	8	<u>1,623</u>	<u>(1,609)</u>
Loss for the period/year from continuing operations		(91,436)	(62,151)
Discontinued operation			
Profit for the period/year from discontinued operation		<u>–</u>	<u>259</u>
Loss for the period/year	9	<u>(91,436)</u>	<u>(61,892)</u>
Other comprehensive (expense)/income:			
<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, net		395	(12,691)
Deferred tax effect arising on fair value change of equity investments at fair value through other comprehensive income		(101)	(831)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(2,797)</u>	<u>(9,882)</u>
Other comprehensive expense for the period/year, net of tax		<u>(2,503)</u>	<u>(23,404)</u>
Total comprehensive expense for the period/year		<u>(93,939)</u>	<u>(85,296)</u>
(Loss)/profit for the period/year attributable to:			
Owners of the Company			
– Continuing operations		(53,018)	(38,831)
– Discontinued operation		<u>–</u>	<u>259</u>
		<u>(53,018)</u>	<u>(38,572)</u>
Non-controlling interests			
– Continuing operations		<u>(38,418)</u>	<u>(23,320)</u>
Loss for the period/year		<u>(91,436)</u>	<u>(61,892)</u>

	Fifteen months ended 31 March 2024	Year ended 31 December 2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total comprehensive expense attributable to:		
Owners of the Company	(59,702)	(58,999)
Non-controlling interests	(34,237)	(26,297)
Total comprehensive expense for the period/year	<u>(93,939)</u>	<u>(85,296)</u>
(Loss)/earnings per share (HK cents)	<i>10</i>	(Restated)
From continuing and discontinued operations		
Basic	<u>(14.29)</u>	<u>(12.75)</u>
Diluted	<u>(14.29)</u>	<u>(12.75)</u>
From continuing operations		
Basic	<u>(14.29)</u>	<u>(12.85)</u>
Diluted	<u>(14.29)</u>	<u>(12.85)</u>
From discontinued operation		
Basic	<u>–</u>	<u>0.10</u>
Diluted	<u>–</u>	<u>0.10</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	31 March 2024 HK\$'000	31 December 2022 HK\$'000
Non-current assets			
Property, plant and equipment		111,722	137,728
Right-of-use assets		–	378
Mining rights	11	73,993	32,125
Equity investments at fair value through other comprehensive income		5,475	51,507
		191,190	221,738
Current assets			
Trade and other receivables	12	200,548	24,564
Bank and cash balances		10,135	52,388
		210,683	76,952
Current liabilities			
Trade and other payables	13	105,591	94,065
Contract liabilities		58,197	4,516
Borrowings	14	186,889	301,434
Lease liabilities		814	456
		351,491	400,471
Net current liabilities		(140,808)	(323,519)
Total assets less current liabilities		50,382	(101,781)
Non-current liabilities			
Borrowings	14	–	14,329
Lease liabilities		284	–
Convertible bond		2,390	–
Deferred tax liabilities		7,189	9,029
		9,863	23,358
NET ASSETS/(LIABILITIES)		40,519	(125,139)
Capital and reserves			
Share capital	15	21,126	15,153
Reserves		324,192	179,680
Equity attributable to owners of the Company		345,318	194,833
Non-controlling interests		(304,799)	(319,972)
TOTAL EQUITY/(CAPITAL DEFICIENCY)		40,519	(125,139)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fifteen months ended 31 March 2024

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 Room 1208, 12/F., West Tower, Shun Tak Centre, 168-200 Connaught 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 principal activities of its subsidiaries are (i) gold mining, exploration and trading of gold products in the PRC; and (ii) trading of non-ferrous metal; and wholesale and trading of frozen meat and agriculture products in the PRC.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company. In addition, the functional currency of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. GOING CONCERN BASIS

The Group reported a loss attributable to the owners of the Company of approximately HK\$53,018,000 for the fifteen months ended 31 March 2024, and as at 31 March 2024, the Group had net current liabilities of approximately HK\$140,808,000. 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. The Directors have prepared the consolidated financial statements on a going concern basis on the assumptions and measures that:

- (i) The Company completed the issuance of 800,000,000 shares at the subscription price of HK\$0.028 per subscription share and raised approximately HK\$22,200,000 net proceeds on 19 April 2024;
- (ii) On 16 April 2024, the Group completed the loan capitalisation by way of a debt-to-equity swap with RMB81.9 million of the investor's creditor's rights over a non-wholly owned subsidiary of the Company;
- (iii) The Group is negotiating with lender to roll over the loan repayments, capitalisation of the debt and extend repayment of interests;
- (iv) The Group is looking for potential investor(s) to invest in the Company;
- (v) The Company is seeking to obtain additional new financial support including but not limited to issuance of convertible bond or borrowing loans; and
- (vi) 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.

The Directors have carried out a detailed review of the cash flow forecast of the Group after taking into account the impact of above measures, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s consolidated financial positions and performance for the current and prior periods/years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

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 Group has three reportable segments as follows:

Continuing operations

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

Trading and wholesale segment – engaged in trading of non-ferrous metal and wholesale and trading of frozen meat and agriculture products; and

Discontinued operation

Money lending segment – provision of money lending services.

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

	Continuing operations		Discontinued operation	Total HK\$'000
	Mining products HK\$'000	Trading and wholesale HK\$'000	Money lending HK\$'000	
For the fifteen months ended				
31 March 2024				
Revenue from external customers	142,499	231,647	–	374,146
Segment (loss)/profit	(70,925)	2,258	–	(68,667)
Depreciation of property, plant and equipment	20,633	–	–	20,633
Amortisation of mining rights	7,232	–	–	7,232
Interest revenue	69	1,281	–	1,350
Interest expense	35,649	256	–	35,905
Deferred tax credit	1,623	–	–	1,623
Additions to segment non-current assets	87,026	–	–	87,026
Impairment loss/(reversal of impairment loss)	29,341	(1,273)	–	28,068
As at 31 March 2024				
Segment assets	218,463	132,869	–	351,332
Segment liabilities	163,817	98,557	–	262,374
For the year ended 31 December 2022				
Revenue from external customers	119,474	87,961	–	207,435
Segment (loss)/profit	(47,607)	(2,464)	259	(49,812)
Depreciation of property, plant and equipment	18,956	–	–	18,956
Depreciation of right-of-use assets	–	–	109	109
Amortisation of mining right	2,018	–	–	2,018
Interest revenue	13	–	–	13
Interest expense	47,229	802	–	48,031
Deferred tax expense	1,609	–	–	1,609
Additions to segment non-current assets	55,503	–	210	55,713
Impairment loss	31,171	–	–	31,171
As at 31 December 2022				
Segment assets	184,419	55,962	–	240,381
Segment liabilities	285,689	57,294	–	342,983

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

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Revenue		
Total revenue of reportable segments and consolidated revenue from continuing operations	<u>374,146</u>	<u>207,435</u>
Profit or loss		
Total loss of reportable segments	(68,667)	(49,812)
Other profit or loss	(22,769)	(12,080)
Elimination of discontinued operation	<u>-</u>	<u>(259)</u>
Consolidated loss for the period/year from continuing operations	<u>(91,436)</u>	<u>(62,151)</u>
Assets		
Total assets of reportable segments	351,332	240,381
Other assets	<u>50,541</u>	<u>58,309</u>
Consolidated total assets	<u>401,873</u>	<u>298,690</u>
Liabilities		
Total liabilities of reportable segments	262,374	342,983
Other liabilities	<u>98,980</u>	<u>80,846</u>
Consolidated total liabilities	<u>361,354</u>	<u>423,829</u>

All assets are allocated to reportable segments other than unallocated asset which is equity investments at FVTOCI. All liabilities are allocated to reportable segments other than corporate liabilities. Apart from the above, the total of other material items disclosed in the segment information is the same as the consolidated totals.

Breakdown of revenue:

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Mining products	142,499	119,474
Trading of non-ferrous metal; and wholesale and trading of frozen meat and agriculture products	<u>231,647</u>	<u>87,961</u>
Total revenue and revenue from contract with customers	<u>374,146</u>	<u>207,435</u>

Disaggregation of revenue from contracts with customers:

All revenue from contracts with customers was derived from the PRC for the fifteen months ended 31 March 2024 and year ended 31 December 2022. The timing of revenue recognition of all revenue from contracts with customers was at a point in time for the fifteen months ended 31 March 2024 and year ended 31 December 2022.

5. OTHER INCOME

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Interest revenue	1,350	20
Government grants (<i>Note (i)</i>)	2,762	169
Waiver from borrowing (<i>Note (ii)</i>)	13,715	–
Agency income	472	–
Others	159	107
	<u>18,458</u>	<u>296</u>

Notes:

- (i) The government grants represent subsidy income received from various government authorities as incentive to certain subsidiaries of the Group in the PRC and Hong Kong.
- (ii) On 6 December 2023, a non-wholly-owned subsidiary of the Company entered into a debt waiver agreement with the lender and agreed to eliminate the amount in total of approximately HK\$13,715,000 from the interest payable of approximately HK\$20,829,000.

6. OTHER GAINS AND LOSSES

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Impairment loss on property, plant and equipment	24,090	24,392
Impairment loss on right-of-use assets	1,074	–
Impairment loss on prepayments for property, plant and equipment and construction	250	1,086
Reversal of impairment loss on trade receivables	(1,341)	–
Impairment loss on mining right	5,069	5,693
Loss on disposal of equity investment at fair value through other comprehensive income	4,225	–
Gain on extinguishment of financial liabilities by issue of ordinary shares	(1,393)	–
	<u>31,974</u>	<u>31,171</u>

7. FINANCE COSTS

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Imputed interest on convertible bond	171	–
Interest on lease liabilities	71	50
Interest on borrowings	40,836	54,475
Interest on discounted bills	157	802
	<hr/>	<hr/>
Total borrowing costs	41,235	55,327
Amount capitalised	–	(4,101)
	<hr/>	<hr/>
	41,235	51,226
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Continuing operations	41,235	51,221
Discontinued operation	–	5
	<hr/>	<hr/>
	41,235	51,226
	<hr/> <hr/>	<hr/> <hr/>

No borrowing costs on fund borrowed are capitalised for the fifteen months ended 31 March 2024 (year ended 31 December 2022: capitalised at 8% per annum).

8. TAXATION

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Deferred tax credit/(expense)	1,623	(1,609)
	<hr/> <hr/>	<hr/> <hr/>

Under the two-tiered tax rates regime of Hong Kong Profit Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the fifteen months ended 31 March 2024 and year ended 31 December 2022.

The applicable income tax rate for the subsidiaries of the Group in the PRC is 25% for the fifteen months ended 31 March 2024 and year ended 31 December 2022. No provision for PRC enterprise income tax is required since the Group has no assessable profits for the fifteen months ended 31 March 2024 and year ended 31 December 2022.

9. LOSS FOR THE PERIOD/YEAR

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

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000
Auditor's remuneration	900	1,100
Amortisation of mining rights	7,232	2,018
Cost of sales*	343,250	137,343
Depreciation of right-of-use assets	915	937
Depreciation of property, plant and equipment	20,659	18,596
Staff costs including directors' emoluments		
Salaries, bonus and allowances	19,950	14,575
Retirement benefits scheme contributions	2,223	1,470

* Cost of sales includes staff costs and depreciation of approximately HK\$61,785,000 for the fifteen months ended 31 March 2024 (year ended 31 December 2022: approximately HK\$49,665,000) which are included in the amounts disclosed above.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Fifteen months ended 31 March 2024 HK\$'000	Year ended 31 December 2022 HK\$'000 (Restated)
(Loss)/profit		
(Loss)/profit attributable to owners of the Company		
– From continuing operations	(53,018)	(38,831)
– From discontinued operation	–	259
	<u>(53,018)</u>	<u>(38,572)</u>
	Fifteen months ended 31 March 2024 '000	Year ended 31 December 2022 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>371,131</u>	<u>303,051</u>

Comparative figures for the weighted average number of ordinary shares for the year ended 31 December 2022 for the purpose of basic and diluted loss per share has been adjusted retrospectively for the share consolidation on the basis that every five issued and unissued existing shares to be consolidated into one consolidated share which was effective on 3 June 2024.

Diluted loss per share for the fifteen months ended 31 March 2024 and year ended 31 December 2022 did not assume the exercise of the outstanding share options since this would result in a decrease in loss per share. No adjustment was made in calculating diluted loss per share for the fifteen months ended 31 March 2024 for the conversion of convertible bond as it would result in a decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

11. MINING RIGHTS

	<i>HK\$'000</i>
Cost	
At 1 January 2022	1,543,342
Exchange differences	(124,898)
	<hr/>
At 31 December 2022	1,418,444
Addition through acquisition of a subsidiary	62,516
Exchange differences	(54,224)
	<hr/>
At 31 March 2024	1,426,736
	<hr/>
Accumulated amortisation and impairment	
At 1 January 2022	1,483,703
Amortisation for the year	2,018
Impairment loss for the year	5,693
Exchange differences	(105,095)
	<hr/>
At 31 December 2022	1,386,319
Amortisation for the period	7,232
Impairment loss for the period	5,069
Exchange differences	(45,877)
	<hr/>
At 31 March 2024	1,352,743
	<hr/>
Carrying amount	
At 31 March 2024	73,993
	<hr/> <hr/>
At 31 December 2022	32,125
	<hr/> <hr/>

Mining rights include 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 in Hunan will expire on 31 December 2025, and the mining permit in Jilin will expire on 20 September 2031. Mining rights are 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.

Based on past experience, the management of the Company considered that the chance to renewal of mining permit is highly probable and does not foresee any difficulty in renewing the mining permit.

During the fifteen months ended 31 March 2024, the Group carried out reviews of the recoverable amount of its mining rights as a result of the Group implement continuous maintenance and enhancement works program annually. The reviews of mining right led to the recognition of impairment losses for mining right in Hunan of approximately HK\$5,069,000 (year ended 31 December 2022: approximately HK\$5,693,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets in Hunan of approximately HK\$17,064,000 (31 December 2022: approximately HK\$32,125,000) has been determined on the basis of their fair value less costs of disposal using discounted cash flow method.

During the fifteen months ended 31 March 2024, the Directors determines that there is no impairment on the mining right in Jilin as its estimated recoverable amount of the relevant assets in Jilin of approximately HK\$61,234,000 has been determined on the basis of their fair value less costs of disposal using discounted cash flow method as higher than the carrying amount.

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

	As at 31 March 2024	As at 31 December 2022
Discount rate (post-tax discount rate applied to the cash flow projections)	10.56%	17.53%
Years of cash flows projection (expected mining period)	7.75 years	9.00 years

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

	As at 31 March 2024	As at 31 December 2022
Discount rate (post-tax discount rate applied to the cash flow projections)	10.56%	N/A
Years of cash flows projection (expected mining period)	6.75 years	N/A

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. TRADE AND OTHER RECEIVABLES

The Group's trading terms with 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.

	As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
Trade receivables	17,760	14,578
Provision for loss allowance	(4,537)	(6,113)
	<u>13,223</u>	<u>8,465</u>
Prepayments (<i>Note (i)</i>)	122,641	9,751
Prepayments for property, plant and equipment	841	1,262
Deposits	577	532
Other receivables (<i>Note (ii)</i>)	63,266	4,554
	<u>200,548</u>	<u>24,564</u>

Notes:

- (i) Included in prepayments of approximately HK\$57,231,000 represents prepayment paid to three suppliers for purchase of non-ferrous metal which the amount was fully refunded subsequent to the reporting period, and approximately HK\$54,073,000 which represents prepayment paid to a supplier for purchase of agriculture products which have been recognised in cost of sales up to the date of this announcement.
- (ii) Included in the other receivables, an amount of HK\$42,000,000 represents a consideration receivable from the purchaser in relation to disposal of equity investment at fair value through other comprehensive income (the "Disposal Equity Interest") which was completed on 12 June 2023. However, such amount has yet been received by the Group as of the date of this announcement and the Company and the purchaser entered into an equity interest pledge agreement, pursuant to which the purchaser agreed to pledge back the Disposal Equity Interest to the Company as a security for this receivable.

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

	As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
0 – 30 days	–	–
31 – 60 days	–	2,353
61 – 90 days	–	–
91 – 180 days	12,751	3,334
Over 180 days	472	2,778
	<u>13,223</u>	<u>8,465</u>

As at 31 March 2024, trade receivables of HK\$472,000 (31 December 2022: HK\$2,778,000) were past due but not impaired. These relate to a number of independent debtors whom there is no recent history of default. The Group does not hold any collateral as security over these debtors.

Reconciliation of loss allowance for trade receivables:

	As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
At 1 January	6,113	6,650
Reversal of impairment loss	(1,341)	–
Exchange differences	(235)	(537)
	<u>4,537</u>	<u>6,113</u>
At 31 March/December	<u><u>4,537</u></u>	<u><u>6,113</u></u>

13. TRADE AND OTHER PAYABLES

	As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
Trade payables	8,913	9,269
Bills payables (<i>Note (i)</i>)	5,415	46,167
Accrued liabilities and other payables (<i>Note (ii)</i>)	91,263	38,629
	<u>105,591</u>	<u>94,065</u>
	<u><u>105,591</u></u>	<u><u>94,065</u></u>

Notes:

- (i) As at 31 March 2024, the Group has HK\$5,415,000 (31 December 2022: HK\$46,167,000) bills payables which were secured by pledged bank deposits.
- (ii) As at 31 March 2024, a consideration payable for acquisition of a subsidiary of RMB23,800,000 (equivalent to approximately HK\$25,773,000) was included in accrued liabilities and other payables.

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

	As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
0-30 days	–	–
31-60 days	–	–
61-90 days	–	–
over 90 days	8,913	9,269
	<u>8,913</u>	<u>9,269</u>
	<u><u>8,913</u></u>	<u><u>9,269</u></u>

14. BORROWINGS

	As at 31 March 2024		As at 31 December 2022	
	Contractual fixed interest rate (%)	HK\$'000	Contractual fixed interest rate (%)	HK\$'000
Other loans				
– Secured	10%	35,588	10%	32,809
– Secured	36%	52,997	36%	207,185
Sub-total of secured borrowings		88,585		239,994
– Unsecured	Ranging from 24% -36%	23,390	Ranging from 24%-36%	38,932
– Unsecured	12%	29,688	–	–
– Unsecured	Interest free	19,342	Interest free	19,530
– Unsecured	Ranging from 8% to 24%	25,884	24%	1,933
– Unsecured	–	–	Interest free	15,374
Sub-total of unsecured borrowings		98,304		75,769
		186,889		315,763
			As at 31 March 2024 HK\$'000	As at 31 December 2022 HK\$'000
Analysed for reporting purpose as:				
Current liabilities		186,889		301,434
Non-current liabilities		–		14,329
		186,889		315,763

15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 March 2024 (25,000,000,000 ordinary shares of HK\$0.01 each)	<u>25,000,000</u>	<u>250,000</u>
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023 (1,515,256,058 ordinary shares of HK\$0.01 each)	1,515,256	15,153
Issue of new shares under settlement agreement (note (a))	66,335	663
Issue of new shares under subscription agreements (note (b))	236,716	2,367
Issue of new shares under subscription agreement (note (c))	<u>294,318</u>	<u>2,943</u>
At 31 March 2024 (2,112,625,443 ordinary shares of HK\$0.01 each)	<u><u>2,112,625</u></u>	<u><u>21,126</u></u>

Notes:

- (a) On 12 January 2023, the Company entered into a settlement agreement with the subscriber, pursuant to which the subscriber agreed to subscribe for a total of 66,334,814 ordinary shares at a price of HK\$0.27 per share by way of set off all indebtedness of the subscriber due from the Company in the total amount of HK\$17,910,400. All of the conditions precedent under the settlement agreement have been satisfied and the completion of issue of subscription shares was completed on 30 January 2023. The difference between the fair value of the issued shares based on the market price of HK\$0.249 per share on 30 January 2023 and the amount owing by the Company to the subscriber in an aggregate amount of approximately HK\$1,393,000 was accounted for as a gain on extinguishment of financial liabilities by issue of shares for the fifteen months ended 31 March 2024.
- (b) On 1 June 2023, the Company entered into three subscription agreements to issue and allot an aggregate amount of 236,716,397 ordinary shares of HK\$0.01 each for cash at the net issue price of approximately HK\$0.105 per new share under the general mandate. The issue of subscription shares was completed on 6 July 2023.
- (c) On 18 July 2023, the Company entered into a subscription agreement to issue and allot 294,318,174 ordinary shares to the subscriber at the subscription price of HK\$0.109 per share under the general mandate. The issue of subscription shares was completed on 31 August 2023.

16. CHANGES IN INTEREST IN A SUBSIDIARY

On 18 July 2023, a non-wholly owned subsidiary of the Company entered into a capitalisation agreement with Mr. Wu Qingchao (the “**Investor**”), pursuant to which the Investor agreed to make a capital contribution of RMB52.0 million (equivalent to approximately US\$7.2 million) by way of a debt-to-equity swap with RMB52.0 million of the Investor’s creditor’s rights over the non-wholly owned subsidiary of the Company (the “**Capitalisation**”).

Upon the completion of the Capitalisation, the registered capital of the non-wholly owned subsidiary of the Company will increase from US\$29.7 million to approximately US\$36.9 million. The Group’s equity interest in the non-wholly owned subsidiary of the Company will be diluted from 51.0% to approximately 41.0% as a result of this Capitalisation (the “**Deemed Disposal**”).

Following the Deemed Disposal, the financial results of the non-wholly owned subsidiary of the Company will continue to be consolidated in the Group’s accounts taking into account, among others, the corporate governance procedures implemented and in accordance with the voting rights entrustment agreement.

The difference of HK\$96,783,000 between the increase in the deficit non-controlling interests of HK\$40,439,000 and the carrying amount of borrowings and other payable of HK\$56,344,000 (equivalent to approximately US\$7.2 million) has been credited to capital reserve.

17. ACQUISITION OF A SUBSIDIARY

On 24 May 2023, a direct wholly-owned subsidiary of the Company (the “**Purchaser**”), Huadian Huafeng Mining Co., Ltd. (the “**Vendor**”), and Mr. Sun Fude (“**Mr. Sun**”) who owns 55% of the Vendor, entered into a sale and purchase agreement (the “**Agreement**”), pursuant to which the Purchaser agreed to purchase, and the Vendor and Mr. Sun agreed to sell 51% of the total issued share capital of Huadian Xinya Mining Co., Ltd. (the “**Target Company**”) (the “**Sale Shares**”) at the consideration of RMB32,000,000 (equivalent to approximately HK\$34,594,000).

On 1 July 2023, the Company had completed the acquisition of the Target Company. The Target Company is principally engaged in the exploration, mining and sales of gold, silver, aluminum, zinc, it also holds a mining licence in respect of a gold mine owned by the Target Company which is located in Huadian City in the Jilin Province of the PRC (the “**Mining Assets**”).

The primary reason for the acquisition was for utilising the Group's previous mining experience of currently operating a gold project in the PRC to the gold mine to achieve synergy.

The Directors were of the opinion that inputs acquired from the acquisition of the Target Company did not include an organised workforce that has the necessary skills, knowledge and experience to perform gold production of the Target Company and other necessary inputs, and the acquisition of the Target Company did not constitute a business combination as defined in HKFRS 3 (Revised) "Business Combinations", and therefore the acquisition was accounted for as asset acquisition. Assets acquired and liabilities assumed upon the acquisition date are as follows:

	<i>HK\$'000</i>
Non-current assets	
Property, plant and equipment	10,483
Mining right	62,516
Current assets	
Prepayment and deposit	2,676
Bank and cash balances	945
Current liabilities	
Accruals and other payables	<u>(8,788)</u>
Net identifiable assets acquired	67,832
Less: Non-controlling interests	<u>(33,238)</u>
Total cash consideration	<u><u>34,594</u></u>
Consideration transferred	
Cash paid	8,865
Consideration payable	<u>25,729</u>
	<u><u>34,594</u></u>
Net cash outflow arising on acquisition:	
Cash consideration paid during the period	(8,865)
Less: Cash and cash equivalent acquired of	<u>945</u>
	<u><u>(7,920)</u></u>

The Directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets of Huadian Xinya Mining Co., Ltd., in accordance with HKFRS 13.

Non-controlling interests

The non-controlling interests (49%) in Huadian Xinya Mining Co., Ltd. recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Huadian Xinya Mining Co., Ltd. and amounting to HK\$33,238,000.

18. EVENTS AFTER THE REPORTING PERIOD

(a) Issue of shares

On 30 January 2024, the Company and the subscribers entered into the subscription agreements to issue and allot 800,000,000 shares to subscribers at the subscription price of HK\$0.028 per share under the specific mandate and raised approximately HK\$22,200,000 net proceeds. All the conditions precedent set out in the subscription agreements have been fulfilled and the completion took place on 19 April 2024.

(b) Deemed disposal of a subsidiary

On 8 February 2024, a non-wholly owned subsidiary of the Company (the “**Target Company**”) entered into a capitalisation agreement with an investor, pursuant to which the investor agreed to make a capital contribution of RMB81.9 million (equivalent to approximately HK\$88.7 million) by way of a debt-to-equity swap with RMB81.9 million of the investor’s creditor’s rights over the Target Company (the “**Capitalisation**”). Upon the completion of the Capitalisation, the registered capital of the Target Company will increase from US\$36.9 million to approximately US\$48.3 million. The Group’s equity interest in the Target Company will be diluted from 41.0% to approximately 31.3% as a result of this Capitalisation (the “**Deemed Disposal**”). The Target Company is a foreign owned enterprise established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company principally engaged in gold mining, exploration and trading of gold products in the PRC. The Target Company will continue to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the Group’s accounts taking into account, among others, the corporate governance procedures implemented and the entrustment of voting rights.

The Deemed Disposal became effective on 16 April 2024.

(c) Shares consolidation

Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 10 May 2024, every five issued and unissued ordinary shares with a par value of HK\$0.01 each be consolidated into one consolidation share of HK\$0.05 each, which became effective on 3 June 2024.

(d) Litigation

In July 2024, the Company received a writ of summons issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by a lender in relation to a secured borrowing as plaintiff. The plaintiff claims against the Company for the outstanding principal and interest due and payable, and those amounts have already been recorded in the consolidated financial statements as at 31 March 2024.

The Company is currently seeking legal advice and will take appropriate actions in respect of the above proceedings and will try its best endeavours to negotiate with the plaintiff with a view to agree on any alternative means to resolve the matter.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the fifteen months ended 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in two business segments: (i) gold mining, exploration and trading of gold products in the PRC; and (ii) trading of non-ferrous metal and wholesale and trading of frozen meat and agriculture products in the PRC.

BUSINESS REVIEW

Mining Products

During the Reporting Period, Hunan Westralian continues to implement maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right (valid until 31 December 2025). Based on past experience, the management of the Company considered that the chance to renewal of mining permit is highly probable and does not foresee any difficulty in renewing the mining permit. The engineering of tunneling in mining was completed during the period.

Due to the limited and insufficient efforts and investments in exploration projects over the past years, resulting in low known mineral reserves, insufficient proven mineral for mining, and the reduction of the area of exploration right by the Department of Natural Resources of Hunan Province. Due to the aforementioned reasons, the mining is mostly carried out at the same time as exploration with small-scale manual operations, resulting in high mining costs. Hunan Westralian's revenue for the fifteen months ended 31 March 2024 was approximately HK\$142.5 million, with a loss of approximately HK\$61.4 million. Hunan Westralian expects it is not perform well in the future if it is still keeping high mining costs.

Stated as 2022 Annual Report, the Company has identified a potential suitable gold mine project located in Jilin, China ("**Project**"), which is in line with the Group's principal business activities and development direction in 2022 and the Group announced that the 51% equity interest of Huadian Xinya Mining Co., Ltd. (樺甸市新亞礦業有限公司) ("**Huadian Xinya Mining**") (which owns the Project, i.e. a gold mine with an area of approximately 0.6581 square kilometers and with the Mining Licence valid until 2031 in Jilin Province, China) from Huadian Huafeng Mining Co., Ltd. (樺甸市華豐礦業有限責任公司) ("**Vendor**") on 24 May 2023 and the completion took place on 1 July 2023. The results and assets and liabilities of Huadian Xinya Mining have been consolidated with, and accounted for as a subsidiary, in the Company's consolidated financial statements. As such, the Acquisition may facilitate the Group to expand its mineral portfolio to enhance the development of the Group and the management expected that it will start into production in 2025. The Directors are of the view that the Acquisition is fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interest of the Company and its shareholders as a whole.

Trading of Coal and non-ferrous metal

The Management has taken into various factors and decided to temporarily suspend trading coal business. During the Reporting Period, the Group has started trading of non-ferrous metal.

Wholesale and Trading of Frozen Meat and Agriculture Products

The Group has started in trading of agriculture products business in the PRC since the first quarter in 2023 and it is expected that the business will generate continuous and increase revenue.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$374.1 million, representing an increase of approximately 80.4% as compared with approximately HK\$207.4 million for the Corresponding Period. The increase in the Group's revenue was mainly due to increase in revenue from trading of non-ferrous metal and agriculture products.

The revenue of the Group contributed by the mining products business segment during the Reporting Period was approximately HK\$142.5 million, representing an increase of approximately 19.3% as compared with approximately HK\$119.5 million for the Corresponding Period. The revenue remained stable.

During the Reporting Period, the revenue of the Group by trading of non-ferrous metal and wholesale and trading of frozen meat and agriculture products was approximately HK\$231.6 million, representing an increase of approximately 163.4% as compared with approximately HK\$88.0 million for the Corresponding Period. The increase in revenue was mainly due to the expansion of the trading volume of agriculture products.

The gross profit of the Group for the Reporting Period was approximately HK\$30.9 million, representing a decrease of approximately 55.9% as compared with approximately HK\$70.1 million for the Corresponding Period.

The significant decrease in gross profit was mainly due to the challenging business environment in PRC during the Reporting Period, which has exerted pressure on the selling prices of our products in the trading of non-ferrous metal and wholesale and trading of frozen meat and agriculture products and the Group has generated much more revenue from trading of non-ferrous metal and wholesale and trading of frozen meat and agriculture products, which has a much thinner gross profit margin than the mining products business segment.

The loss for the Reporting Period of the Group was approximately HK\$91.4 million, representing an increase of approximately 47.7% as compared with approximately HK\$61.9 million for the Corresponding Period. The increase in loss was mainly due to the gross profit decreased compared to the Corresponding Period of approximately HK\$39.2 million.

The poor performance of Hunan Westralian is one of the significant factors attributable to the loss for the Reporting Period and Corresponding Period of the Group.

The trade and other receivables as at 31 March 2024 of the Group was approximately HK\$200.5 million, representing an increase of approximately 716.4% as compared with approximately HK\$24.6 million as at 31 December 2022.

The increase in prepayments is mainly due to the increase in prepayments of purchase of non-ferrous metal and agriculture products at approximately HK\$57 million and HK\$54 million respectively.

The increase in other receivables is mainly due to a consideration receivable amounting to HK\$42 million from Shanghai Jubo Investment Management Co., Ltd. (the “**Purchaser**”) in relation to disposal of 10.8915% equity interest in the Disposal Company, pursuant to the sale and purchase agreement. The disposal was completed on 12 June 2023. On 31 March 2024, the Purchaser has entered into share capital pledge agreement with the Company in relation to pledge back all the share capital and relevant interest of the Disposal Company owned by the Purchaser to the Company.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the fifteen months ended 31 March 2024 in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

The accompanying consolidated financial statements for the fifteen months ended 31 March 2024 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to the owners of the Company of approximately HK\$53,018,000 for the fifteen months ended 31 March 2024, and as at the same date, the Group had net current liabilities of approximately HK\$140,808,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The Directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

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 obtain 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 we enter 2024, our Group is striving to build resilience in a time of uncertainty. The Group remained cautiously optimistic about the future prospects of its mining and trading business. The Group is actively exploring new customers by different ways including through the network of our senior management. We expect that our business will have a stable growth in the coming years.

The economic outlook remains uncertain in 2024. Global economies will continue to face multiple macroeconomic headwinds, including geopolitical uncertainties, inflation and tightened financial conditions. Many industries are still plagued by supply chain issues that emerged in recent years. Ongoing inflation and subdued economic growth are expected. In order to combat this, our Group aims to improve our resilience in through strategic management, development and expansion of our two core businesses as well as building protective measures into supply chains to deal with shortages and rising business costs.

The Group will make every endeavor to keep abreast of the changing market conditions, to proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability, and fine tune its business strategies when appropriate. Moreover, the Group is seeking for further operating efficiency for its business. We are confident in the future prospect and committed to the continuous growth of the Company.

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 will continue 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, borrowings and equity financing.

As at 31 March 2024, the Group had unpledged bank and cash balances of approximately HK\$4.7 million (31 December 2022: approximately HK\$6.2 million). The gearing ratio was not applicable to the Group (31 December 2022: n/a) and the borrowings and convertible bond of the Group was approximately HK\$186.9 million and HK\$2.4 million respectively (31 December 2022: approximately HK\$315.8 million and HK\$Nil). The Group reported net current liabilities of approximately HK\$140.8 million as at 31 March 2024 (31 December 2022: net current liabilities of approximately HK\$323.5 million).

Details of maturity profile and interest rate structure of the borrowings and convertible bond 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.

CHARGE ON ASSETS

As at 31 March 2024, the Group's restricted bank deposits of approximately HK\$5,415,000 (31 December 2022: HK\$46,167,000) were pledged to bills payables.

CONTINGENT LIABILITY

As at 31 March 2024, the Group did not have any significant contingent liability (31 December 2022: nil).

BANK BORROWINGS

As at 31 March 2024, the Group did not have any outstanding bank loan (31 December 2022: nil).

EMPLOYEES AND REMUNERATION

As at 31 March 2024, the Group employed 522 staff members (31 December 2022: 486). 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 (year ended 31 December 2022: nil).

ANNUAL GENERAL MEETING

The Board has yet to fix the date of 2024 AGM. Further announcement will be made by the Company regarding the 2024 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 CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2024, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group's auditor, Confucius International CPA Limited ("CICPA"), to the amounts set out in the Group's consolidated financial statements for the Reporting Period. The work performed by CICPA in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CICPA on this announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Company established Audit Committee in accordance with the requirements of the CG Code. On 31 March 2024, the Audit Committee comprises 3 INEDs, namely: Dr. Liu Ka Ying Rebecca, Mr. Yang Jingang and Mr. Zhang Zhen.

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:

Pursuant to the Code Provision C.5.3, at least 14 notice days should be given of a regular Board meeting to all Directors. During the Reporting Period, except for the 14-day notice period given to Directors for the semi-annual and annual regular Board meetings, only short notices were given to Directors for the unaudited second interim results of the Company and its subsidiaries for the twelve months ended 31 December 2023 of Board meetings, which all Directors considered acceptable. The Board will consider and adjust the meeting notice period in due course.

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 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.

Pursuant to the Code Provision D.1.3 (pre-amendment Code Provision C.1.3), as set out in the 2022 Annual Report, the Auditor has issued a Disclaimer of Opinion regarding the Company's ability to continue as a going concern. However, the Group has taken and took certain measures to improve the Group's working capital and cash flow position and mitigate its liquidity pressure during the fifteen months ended 31 March 2024. For details, please refer to the section headed "EXTRACT OF INDEPENDENT AUDITOR'S REPORT" for Material Uncertainty Related to the Going Concern.

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 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 control environment 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.

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 as well as the website of the Company at 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.

RESUMPTION OF TRADING AND REVISION OF THE TIMETABLE OF SHARE CONSOLIDATION

References are made to the announcements (the “**Announcement(s)**”) of the Company (i) dated 27 June 2024 in relation to delay in publication of annual results announcement for the fifteen months ended 31 March 2024 (the “**2024 Annual Results**”), postponement of board meeting and possible suspension of trading; (ii) dated 2 July 2024 in relation to suspension of trading and revision of the timetable of share consolidation of the Company; (iii) dated 16 July 2024 in relation to delay in publication of announcement of 2024 Annual Results, postponement of board meeting and continued suspension of trading; and the circular of the Company dated 10 May 2024 (the “**Circular**”) in respect of the share consolidation of the Company. Unless otherwise stated herein, terms and expressions used herein shall have the same meaning as used in the Announcements and Circular.

The Board announces that an application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on Monday, 29 July 2024.

The Board announces that the timetable for the Share Consolidation as set out below is revised due to suspension of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 2 July 2024.

Events	Time and Date 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Monday, 5 August
Temporary counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 5 August
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Monday, 5 August
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares.	Wednesday, 7 August

Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from professional or financial advisers.

DEFINITIONS

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

“2022 Annual Report”	the annual report of the Company for the year ended 31 December 2022
“2023 Interim Report”	the interim report of the Company for the six months ended 30 June 2023
“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 “Confucius”	Confucius International CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors
“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
“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, 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
“Corresponding Period”	for the year ended 31 December 2022
“Director(s)”	the director(s) of the Company
“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 limited liability (sino-foreign joint venture) 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 13 May 2024 to perform an internal control review of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“NED(s)”	the non-executive Director(s)
“Nomination Committee”	the nomination committee of the Company
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	for the fifteen months ended 31 March 2024
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Disposal 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
“%”	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, 26 July 2024

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

Executive Directors:

Mr. Qiu Zhenyi (*Chairman of the Board*)
Mr. Pan Feng
Mr. Xie Qiangming

Non-executive Directors:

Ms. Ng Ching
Mr. Xu Huiqiang

Independent non-executive Directors:

Dr. Liu Ka Ying Rebecca
Mr. Tse Sze Pan
Mr. Yang Jingang
Mr. Zhang Zhen