新礦資源有限公司
NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1231)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board wishes to announce the consolidated annual results of the Group for FY 2020 together with the comparative figures for FY 2019 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***US$'000***	2019 *US$'000* (Restated)
Continuing operations			
Revenue	*3*	**467,495**	275,167
Cost of sales		**(460,819)**	(270,778)
Gross profit		**6,676**	4,389
Other income and gains		**161**	–
Selling and distribution costs		**(2,050)**	(716)
Administrative expenses		**(2,032)**	(2,730)
Impairment losses on other current financial assets		**–**	(1,595)
Finance expense, net		**(1,733)**	(2,417)
Share of profits/(losses) of an associate		**35**	(13)
Profit/(loss) before tax from continuing operations	*4*	**1,057**	(3,082)
Income tax expenses	*5*	**(213)**	(30)
Profit/(loss) for the year from continuing operations		**844**	(3,112)
Discontinued operations			
Loss for the year from discontinued operations	*6*	**–**	(6,964)
Profit/(loss) for the year		**844**	(10,076)

	Notes	2020 US$'000	2019 US$'000 (Restated)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(153)**	11
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company and its non-foreign operations		**(475)**	(586)
Other comprehensive income for the year, net of tax		**(628)**	(575)
Total comprehensive income for the year		**216**	(10,651)
Profit/(loss) for the year attributable to the owners of the Company:			
– from continuing operations		**818**	(3,112)
– from discontinued operations		**13**	(6,894)
		831	(10,006)
Profit/(loss) for the year attributable to non-controlling interests:			
– from continuing operations		**26**	–
– from discontinued operations		**(13)**	(70)
		13	(70)
Profit/(loss) for the year		**844**	(10,076)
Total comprehensive income attributable to:			
Owners of the Company		**193**	(10,592)
Non-controlling interests		**23**	(59)
		216	(10,651)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted			
– For profit/(loss) for the year *(US$ cents)*		**0.02**	(0.25)
– For profit/(loss) from continuing operations *(US$ cents)*		**0.02**	(0.08)

Details of the dividends payable and proposed for the year are disclosed in Note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**31 December 2020 US$'000**	31 December 2019 US$'000 (Restated)	1 January 2019 US$'000 (Restated)
Non-current assets				
Property, plant and equipment		**186**	147	29,655
Intangible assets		**–**	–	105
Right-of-use assets		**200**	308	142
Other long-term assets		**16,181**	17,995	–
Investment in an associate		**244**	194	211
Total non-current assets		**16,811**	18,644	30,113
Current assets				
Inventories		**–**	–	414
Trade and bills receivables	*9*	**95,994**	41,979	–
Other current financial assets		**2,258**	11,403	8,590
Prepayments and other receivables		**523**	139	3,704
Restricted bank deposits		**4,905**	45,345	31,917
Cash and cash equivalents		**15,190**	12,811	14,272
		118,870	111,677	58,897
Assets of a disposal group classified as held for sale		**–**	29,378	–
Total current assets		**118,870**	141,055	58,897
Current liabilities				
Trade and bills payables	*10*	**81,784**	36,660	164
Other current financial liabilities		**291**	1,286	11,854
Contract liabilities		**–**	–	1,460
Other payables and accruals		**850**	798	1,186
Interest-bearing bank and other borrowings		**20,412**	64,442	32,330
Income tax payables		**194**	600	1,158
		103,531	103,786	48,152
Liabilities directly associated with the assets classified as held for sale		**–**	15,510	–
Total current liabilities		**103,531**	119,296	48,152
Net current assets		**15,339**	21,759	10,745
Total assets less current liabilities		**32,150**	40,403	40,858
Non-current liabilities				
Interest-bearing bank and other borrowings		**101**	10,269	–
Other non-current financial liabilities		**–**	–	73
Total non-current liabilities		**101**	10,269	73
Net assets		**32,049**	30,134	40,785
Equity				
Equity attributable to owners of the Company				
Share capital		**46,890**	51,338	51,338
Reserves		**(15,824)**	(20,508)	(9,916)
		31,066	30,830	41,422
Non-controlling interests		**983**	(696)	(637)
Total equity		**32,049**	30,134	40,785

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital *US$'000*	**Share premium account** *US$'000*	**Capital reserves** *US$'000*	**Exchange fluctuation reserve** *US$'000*	**Accumulated losses** *US$'000*	**Total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
At 1 January 2020	**51,338**	**111,330**	**12,015**	**(7,731)**	**(136,122)**	**30,830**	**(696)**	**30,134**
Profit for the year	**–**	**–**	**–**	**–**	**831**	**831**	**13**	**844**
Other comprehensive income for the year:								
Exchange differences arising on translation into presentation currency	**–**	**–**	**–**	**(638)**	**–**	**(638)**	**10**	**(628)**
Total comprehensive income for the year	**–**	**–**	**–**	**(638)**	**831**	**193**	**23**	**216**
Effect of change in functional currency *(Note 2.1)*	**(4,448)**	**(9,646)**	**(592)**	**13,219**	**1,467**	**–**	**–**	**–**
Capital injection to a subsidiary	**–**	**–**	**43**	**–**	**–**	**43**	**957**	**1,000**
Disposal of the Disposal Group *(Note 2.1)*	**–**	**–**	**–**	**(4,910)**	**4,910**	**–**	**699**	**699**
At 31 December 2020	**46,890**	**101,684***	**11,466***	**(60)***	**(128,914)***	**31,066**	**983**	**32,049**
(Restated)								
At 1 January 2019	51,338	111,330	12,015	(7,145)	(126,116)	41,422	(637)	40,785
Loss for the year	–	–	–	–	(10,006)	(10,006)	(70)	(10,076)
Other comprehensive income for the year:								
Exchange differences arising on translation into presentation currency	–	–	–	(586)	–	(586)	11	(575)
Total comprehensive income for the year	–	–	–	(586)	(10,006)	(10,592)	(59)	(10,651)
At 31 December 2019	51,338	111,330*	12,015*	(7,731)*	(136,122)*	30,830	(696)	30,134

* *These reserve accounts comprise the deficiency in reserves of US$15,824,000 (2019: US$20,508,000 (restated)) in the consolidated statement of financial position.*

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the principal activity of the Company was investment holding and the principal activities of its subsidiaries included trading of iron ore and other commodities (the "Resources Business").

On 31 December 2019, the Company entered into the Sale and Purchase Agreement for the disposal of its entire interests in Venca, a then direct wholly-owned subsidiary of the Company, for a total consideration of US$13,916,000. Venca is an investment holding company and its principal operating subsidiary includes Xingye Mining, which owns and operates the Yanjiazhuang Mine. The Disposal had been completed on 30 June 2020 and the Group ceased and discontinued the iron concentrate business and gabbro-diabase and stone business (the "Discontinued Operations"). An analysis of the results of the Discontinued Operations is presented in Note 6. In addition, details of the change in the functional currency of the Company as a result of the completion of the Disposal and the change in the presentation currency of the Group's financial statements are set out in Note 2.1.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain trade and bills receivables, certain trade and bills payables and iron ore futures/swap contracts accounted for as financial assets or liabilities at fair value through profit or loss which have been measured at fair value. Disposal group held for sale at 31 December 2019 was stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in US$ and all values are rounded to the nearest thousand except when otherwise indicated.

Change in functional currency

As mentioned in Note 1, the Group completed the Disposal on 30 June 2020. Since then, the Company's principal operating subsidiaries carry out business activities and transactions mainly in US$, being the currency that mainly influences the underlying transactions, events and business conditions. Therefore, the functional currency of the Company has been changed from RMB to US$ upon the completion of the Disposal. The Company has accounted for the effect of the above change in the functional currency prospectively in accordance with IAS 21 "*The Effect of Changes in Foreign Exchange Rates*" when all items in the financial statements of the Company at 1 July 2020 had been translated into US$ using the relevant exchange rates prevailing at the effective date of the change.

Change in presentation currency

Further to the aforesaid change in the functional currency, the Company and the Group has determined to change the presentation currency of the financial statements to US$ with effect from 1 July 2020, which shall align with the new functional currency of the Company. Such change in the presentation currency has been accounted for retrospectively in accordance with IAS 8 "*Accounting Policies, Change in Accounting Estimates and Errors*". As a result, the comparative figures of the Company's and the Group's financial statements as at 1 January 2019 and 31 December 2019 and for the year ended 31 December 2019 have been restated and re-presented using US$ as if these prior period's financial statements had been originally prepared and presented in US$. The following methodology has been used to re-present the comparative figures as at 1 January 2019 and 31 December 2019 and for the year ended 31 December 2019, which were originally presented in RMB, in US$:

- Assets and liabilities of the Group's entities, where their functional currencies were currencies other than US$ in the prior periods, had been translated into US$ at the closing rates of exchange prevailing at the end of relevant prior reporting periods and profit and loss items of those entities were translated into US$ at the relevant average rates of exchange, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing on the dates of transactions were used;

- Translation differences and cumulative translation differences have been presented as if the Company and the Group had used US$ as the presentation currency for the comparative periods. All exchange differences resulting from the retranslation of foreign currency financial statements had been recognised as other comprehensive income for the relevant prior years; and

- Share capital, share premium account and capital reserves of the Company and the Group were translated at historical exchange rates prevailing at the relevant dates of the particular transactions. As the Company has also changed its functional currency with effect from 1 July 2020, a translation effect occurred for each component of equity during the year ended 31 December 2020, which is shown as a separate line item in the Group's consolidated statement of changes in equity.

Upon completion of the Disposal, the Group has released an aggregate amount of US$4,910,000 from the accumulated exchange fluctuation reserve to accumulated losses, being the accumulated exchange differences on translation of the Disposal Group, which is considered as non-foreign operations of the Group.

In addition to the comparative information in respect of the previous period as provided in these consolidated financial statements, the Group presented an additional statement of financial position as at 1 January 2019 without related notes in accordance with IAS 1 "*Presentation of Financial Statements*".

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The amendments to IFRS 3, amendments to IFRS 9, IAS 39 and IFRS 7 and amendment to IFRS 16 are not relevant to the preparation of the Group's financial statements. The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and amendments to IAS 1 and IAS 8 are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could 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 clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to IFRSs which were issued before 31 December 2020 and are pertinent to its operations but not yet effective:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

1 *Effective for annual periods beginning on or after 1 January 2021*
2 *Effective for annual periods beginning on or after 1 January 2022*
3 *Effective for annual periods beginning on or after 1 January 2023*
4 *No mandatory effective date yet determined but available for adoption*

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards upon initial application. The Group is not yet in a position to ascertain their impacts on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Resources Business is the only reportable business segment of the Group during the years ended 31 December 2020 and 2019.

An analysis of revenue from continuing operations is as follows:

	2020	2019
	US$'000	*US$'000*
		(Restated)
Revenue from contracts with customers	**425,613**	275,931
Revenue from other sources:		
Quotation period price adjustments *(Note)*		
– relating to prior year shipments	**724**	–
– relating to current year shipments	**45,097**	(684)
Net losses on iron ore futures or swap contracts	**(3,939)**	(80)
	467,495	275,167

Note: The Group has continued to adopt the provisional pricing arrangements for certain iron ore products and accepting that its sales to customers may be subject to future pricing quotation periods (the "QPs") that differ from the periods that the inventories are delivered and to fix the iron ore selling prices based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices subject to future QPs. As a result, certain of the Group's iron ore products are provisionally priced at the date when revenue is recognised. In this regards, the Group's revenue from the sales of iron ore is measured at the estimated forward commodity prices for the relevant QPs prevailing at the date or for the period when the inventory is sold, being the amount to which the Group is expected to be entitled at the end of future QP. Any future price movements that occurred up till the end of the QP are embedded within the Group's trade receivables. Subsequent changes in value of the provisionally priced receivables are based on the estimated forward commodity prices for the relevant QPs and is recognised as "revenue from other sources" and included in "quotation period price adjustments" above. Certain of the Group's revenue recognised during the Reporting Period were still subject to provisional pricing adjustments until they are finalised usually within three months after the inventories were delivered.

(a) Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 *US$'000*	2019 *US$'000* (Restated)
Types of goods/service		
Sale of iron ores	**411,318**	258,319
Sale of coals	**–**	1,098
Freight/shipping services	**14,295**	16,514
Total revenue from contracts with customers	**425,613**	275,931
Geographical markets *(Note)*		
Mainland China (the "PRC")	**413,846**	271,783
Others	**11,767**	4,148
Total revenue from contracts with customers	**425,613**	275,931
Timing of revenue recognition		
Goods transferred at a point in time	**411,318**	259,417
Services transferred over time	**14,295**	16,514
Total revenue from contracts with customers	**425,613**	275,931

Note: Revenue from external customers by geographical location is based on the ports of discharge.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2020 *US$'000*	2019 *US$'000* (Restated)
Sale of coals	**–**	1,098

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of iron ores

Each iron ore shipment is governed by a sales contract with the customer, including spot sales agreements and long-term offtake agreements. For the Group's iron ore sales that are sold under Cost and Freight ("CFR") Incoterms, whereby the Group is also responsible for providing freight/shipping services, the freight/shipping service represents a separate performance obligation in these situations.

Revenue from iron ore sales is recognised when control of the iron ore passes to the customer, which generally occurs at a point in time when the iron ore is physically transferred onto a vessel. This is the point where title passes to the customer together with significant risks and rewards of ownership.

Freight/shipping services

Under these freight/shipping arrangements, revenue is recognised over time using an output basis to measure progress towards complete satisfaction of the service as this best represents the Group's performance. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the Group as the services are being provided.

Sale of coals

The performance obligation is satisfied upon delivery of coals, and deposits are normally required before delivery.

Information about major customers

The analysis of the Group's revenue from continuing operations by major customers (including quotation period price adjustments but excluding gains or losses on iron ore futures or swap contracts), which contributed 10% or more to the Group's revenue, is as follows:

	2020	2019
	US$'000	*US$'000*
		(Restated)
Customer A	**180,106**	81,524
Customer B	**101,834**	64,642
Customer C	**59,635**	44,446
Customer D	**51,493**	N/A[1]
Customer E	**N/A**[1]	31,231

[1] *The corresponding revenue did not contribute over 10% of the total revenue of the Group from continuing operations.*

(b) Geographical Segment Information

(i) Revenue from external customers

	2020	2019
	US$'000	*US$'000*
		(Restated)
Mainland China	**455,867**	271,527
Others	**11,628**	3,640
Total revenue from external customers	**467,495**	275,167

Revenue from external customers by geographical location is determined based on the ports of discharge.

(ii) The Group's non-current assets mainly represented the long-term assets relating to the Restated Long Term Hematite Supply Agreement which is operated and based in Hong Kong.

4. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	2020 ***US$'000***	2019 *US$'000* (Restated)
Cost of inventories sold	**455,281**	254,439
Shipping costs	**14,295**	16,514
Net gains on iron ore futures/swap contracts included in cost of sales	**(10,571)**	(1,289)
Amortisation of other long-term assets included in cost of sales	**1,814**	1,114
Depreciation of items of property, plant and equipment	**27**	32
Depreciation of right-of-use assets	**108**	18

5. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at the rate of 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at the rate of 16.5% (2019: 16.5%).

The provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the entities located in or deemed to be operating in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the years ended 31 December 2020 and 2019.

	2020 ***US$'000***	2019 *US$'000* (Restated)
Current – Hong Kong		
Charge for the year	**206**	–
Under/(over) provision in prior years	**7**	(5)
Current – Mainland China	**–**	35
Total tax charge for the year from continuing operations	**213**	30

There was no tax charge from discontinued operations for the years ended 31 December 2020 and 2019.

6. DISCONTINUED OPERATIONS

As disclosed in Note 1, on 31 December 2019, the Company entered into the Sale and Purchase Agreement for the Disposal. As at 31 December 2019, the Disposal Group was classified as a disposal group held for sale and as Discontinued Operations. The Disposal Group and the iron concentrate business and gabbro-diabase and stone business are no longer included in Note 3 for operating segment information. The Disposal had been completed on 30 June 2020 for a total consideration of US$13,916,000.

(a) The results of the Discontinued Operations for the respective period/year are presented below:

	Note	**From 1 January 2020 to 30 June 2020 (date of completion of the Disposal)** ***US$'000***	2019 *US$'000* (Restated)
Revenue		**161**	377
Cost of sales		**(161)**	(366)
Other income and gains		**221**	220
Selling and distribution costs		**(3)**	(3)
Administrative expenses		**(264)**	(1,443)
Impairment losses on property, plant and equipment		**–**	(2,065)
Impairment losses on intangible assets		**–**	(8)
Impairment losses on right-of-use assets		**–**	(10)
Impairment losses on prepayments and other receivables		**–**	(967)
Impairment losses on other current financial assets		**–**	(109)
Other expenses		**(122)**	(2,437)
Gain on disposal of the Disposal Group	*11*	**243**	–
Finance expense, net		**(75)**	(153)
Loss before tax from the Discontinued Operations		**–**	(6,964)
Income tax expense		**–**	–
Loss for the period/year from the Discontinued Operations		**–**	(6,964)

(b) Loss for the period/year from the Discontinued Operations are arrived at after charging/(crediting):

	From 1 January 2020 to 30 June 2020 (date of completion of the Disposal) *US$'000*	2019 *US$'000* (Restated)
Cost of inventories sold	**161**	366
Depreciation of items of property, plant and equipment	**–**	541
Depreciation of right-of-use assets	**–**	5
Lease payments not included in the measurement of lease liabilities	**10**	15
Reversal of write-down of inventories to net realisable value	**(75)**	(103)
Write-back of other payables	**(1,071)**	–
Loss on disposal of items of property, plant and equipment	**22**	–
Estimated possible payments on the outstanding gabbro-diabase resources fee payable	**1,104**	2,274
Gross rental income from leasing of equipment	**(171)**	(220)

(c) Earnings/(loss) per share from the Discontinued Operations:

	2020	2019 (Restated)
Basic and diluted *(US$ cents)*	**–**	(0.17)

The calculation of basic earnings/(loss) per share from the Discontinued Operations is based on:

	2020	2019 (Restated)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company from the Discontinued Operations, used in the basic earnings/(loss) per share calculation *(US$'000)*	**13**	(6,894)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation *(thousands of shares) (Note 8)*	**4,000,000**	4,000,000

Diluted earnings/(loss) per share from the Discontinued Operations was the same as the basic earnings/(loss) per share from the Discontinued Operations as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

7. DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (2019: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profits/(loss) for the years attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,000,000,000 in issue during the years ended 31 December 2020 and 2019.

The calculation of basic earnings/(loss) per share is based on:

	2020	2019 (Restated)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation		
From continuing operations *(US$'000)*	**818**	(3,112)
From discontinued operations *(US$'000)*	**13**	(6,894)
	831	(10,006)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

9. TRADE AND BILLS RECEIVABLES

	2020 ***US$'000***	2019 *US$'000* (Restated)
Trade receivables	**53,923**	1,923
Bills receivables	**42,071**	40,056
Total	**95,994**	41,979

The Group's trading terms with its customers generally require deposits or letters of credit, except for creditworthy customers to whom credits are granted. Generally, on presentation of shipping documents and the provisional invoices, the customers shall settle 95% or more of the invoiced value of the cargoes within prescribed payment due dates and the remaining sales proceeds shall be settled within 30 days from the dates of the final invoices. Sales is invoiced and settled in US$.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group has not held any collateral or other credit enhancements over its trade receivable balances.

At 31 December 2020, the Group has transferred certain of bills of exchange amounted to US$13,482,000 (2019: US$2,200,000 (restated)) to a bank with recourse in exchange for cash. The Group continues to be exposed to default risk but does not retain any rights on the use of the bills receivables, including the sales, transfer or pledge of the bills receivables to any third parties. The proceeds from transferring the bills receivables were accounted for as collateralised bank advances and included in interest-bearing bank and other borrowings of US$13,482,000 as at 31 December 2020 (2019: US$2,200,000 (restated)).

As at 31 December 2020 and 2019, the trade and bills receivables were non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting periods, based on the invoice date, net of loss allowance, is as follows:

	2020	2019
	US$'000	*US$'000*
		(Restated)
Within 3 months	**53,923**	1,923

10. TRADE AND BILLS PAYABLES

Certain of the Group's purchases are settled by letters of credit up to a tenor of 120 days. As at 31 December 2020, the Group's bills payables amounted to US$27,705,000 (2019: US$26,434,000 (restated)). An ageing analysis of the trade and bills payables as at the end of the reporting periods, based on the invoice date, is as follows:

	2020	2019
	US$'000	*US$'000*
		(Restated)
Within 3 months	**81,784**	36,660

The Group's trade and bills payables were non-interest-bearing as at 31 December 2020 and 2019.

11. DISPOSAL OF SUBSIDIARIES

As set out in Note 1, the Group completed the Disposal of the Disposal Group at a cash consideration of US$13,916,000 on 30 June 2020 and ceased and discontinued the Discontinued Operations. The following are the assets and liabilities in respect of the Disposal Group on the date of completion of the Disposal.

	Note	*US$'000*
Net assets disposed of:		
Property, plant and equipment		26,101
Intangible assets		95
Right-of-use assets		123
Inventories		6
Trade receivables		4
Other current financial assets		654
Prepayments and other receivables		1,643
Cash and cash equivalents		598
Trade payables		(153)
Other current financial liabilities		(15,268)
Other payables and accruals		(208)
Income tax payable		(551)
Other non-current financial liabilities		(70)
Non-controlling interests		699
		13,673
Gain on disposal of the Disposal Group	*6(a)*	243
Satisfied by:		
Cash		13,916

12. COMPARATIVE AMOUNTS

As explained in Note 2.1, due to the change in presentation currency during the year ended 31 December 2020, the comparative consolidated financial statements have been restated and presented in US$ as if US$ had been the Group's presentation currency in the prior periods.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that, despite the difficult operating and economic environments under the outbreak of coronavirus disease 2019 ("COVID-19") pandemic in 2020, the Group achieved a growth in the Resources Business with increase in revenue by about 70% to approximately US$467.5 million and improvement in gross profit by about 52% to approximately US$6.7 million. Also, the Group recorded a net profit from the continuing operations for the Reporting Period of approximately US$0.8 million while the Group recorded a net loss for the Corresponding Prior Period. The overall turnaround in the Group's financial results for 2020 was mainly attributed to the support of our customers and suppliers and the efforts of our management and our business development team which contributed to the continual growth in business volume and expansion of quality product offerings.

The Group's overall volume of iron ore supply had increased by about 47% to approximately 4.4 Mt for 2020. I would like to thank our supplier, Koolan, which has continued to perform its supply obligations under the Restated Long Term Hematite Supply Agreement despite the outputs were impacted by the planned stripping activities at the Hematite Mine and the pandemic. While the Hematite Ore shipments from Koolan may remain at a low level in the next few months, I am looking forward to the successful completion of the overburden stripping phase by our supplier within 2021 with voluminous supply of high-grade Hematite Ore to the Group in the long run. The Group has also procured different types of iron ore from several overseas mines in South Africa, Brazil and Australia.

2020 was a challenging year for everyone in the world. The outbreak of COVID-19 pandemic hit the world with uncertainty and greatly disrupted the world's industrial and economic activities. China is the first major economy to resume its growth since the outbreak with strong demand of steel and iron ore leading to rising iron ore prices in the second half of 2020. Supply constraints and strong Chinese recovery had been the key drivers leading to the increase in seaborne iron ore prices especially in the last quarter of 2020. Seaborne iron ore prices are expected to remain high and be supportive to the Group's operating performance which shall help mitigate the financial impact of reduced supply from Koolan in the near term. However, the more volatile and continual fast moving seaborne iron ore prices has recently created challenges to our Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. Our business development team shall keep abreast of the market development and take the necessary steps to secure the swift sales of iron ore of the Group.

In 2021, the pandemic is still clearly a big challenge. But, the introduction of the COVID-19 vaccine is a really positive force that can help to unleash pent-up demand in the economy. The Group will endeavour to further identify and expand the product offerings and try to take steps to convert these standalone supplies into more sustainable long term supplies if that could bring more contributions to the financial results of the Group in the long run. The Group will also cautiously explore and capture mergers and acquisitions and other collaboration or investment opportunities as appropriate.

Lastly, I would like to express my heartfelt gratitude to my fellow Board members, our management team and all the staff members for their dedication and commitment made for the Group. On behalf of the Board, I would like to express my sincere thanks to the Shareholders, customers, suppliers, banks and business partners for their continuous support.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	2020	2019
	US$'000	*US$'000*
		(Restated)[5]
Continuing operations		
Revenue	**467,495**	275,167
Gross profit	**6,676**	4,389
Profit/(loss) for the year	**844**	(3,112)
EBITDA[1]	**5,164**	2,859
Basic earnings/(loss) per share *(US$ cents)*	**0.02**	(0.08)
The Group		
Total assets	**135,681**	159,699
Total equity	**32,049**	30,134
Net debt[2]	**418**	16,410

	2020	2019
The Group		
Liquidity ratio[3]	**1.1**	1.2
Net gearing ratio[4]	**1%**	54%

[1] *EBITDA is defined as profit/(loss) before interest, tax expense, depreciation, amortisation and impairment loss for the year*

[2] *Net debt is defined as total interest-bearing liabilities less cash and bank balances*

[3] *Liquidity ratio is computed as total current assets divided by total current liabilities*

[4] *Net gearing ratio is computed as the net debt divided by total equity*

[5] *As explained in Note 2.1, due to the change in presentation currency during the year ended 31 December 2020, the comparative figures as shown in the above financial highlights have been restated and presented in US$ as if US$ had been the Group's presentation currency in the prior periods.*

Our Resources Business

The Group continues to employ a distributorship business model that involves the sourcing and supply of iron ore and other commodities. The Group has established business development team (the "Business Development Team") comprising a team of market specialists with extensive experience and expertise in the iron and steel industry and sound reputation among international suppliers and customers.

As a distributor, the Group is not merely engaged in the sourcing and supply of iron ore and other commodities, but also provides a range of value-added services. Most notably, the Group matches the product offerings of the suppliers with the demand of the customers in terms of pricing, quality and timing, such that the commodities from the overseas mine owners can be effectively brought to the customers in need at the appropriate time. Other major functions of the Group as a distributor include providing support in the area of supplier management and logistics. The Group takes care of the coordination with different suppliers and arranges for commodities from multiple sources to be supplied to customers as a package where necessary. The Group also organises shipment and delivery of the commodities to the customers.

From the suppliers' perspective, it is preferable to supply the commodities to the Group as their distributor given that the Group is a reputable business partner that offers access to international trade finance facilities. The Group provides its suppliers with the required finance or credits, which are typically borne by the distributors at an early stage in the supply chain. Effectively, the Group has financed the purchases of iron ore inventories with its internal resources and borrowings, which are made possible due to the Group's corporate and shareholder profiles. On top of that, the suppliers may be less familiar with the situations and latest developments in foreign markets and subject to significant market risks. It is therefore to the suppliers' advantage to avail themselves of the local market insights, connections and expertise of the Group as the distributor in the sales and distribution of their commodity products in foreign markets.

Therefore, the services provided by the Group in its intermediary role as a distributor are generally perceived to be indispensable and add values on both upstream and the downstream sides of the Resources Business and the commodity industry.

It is also believed that the Group's core competence lies in having a highly competent and experienced Business Development Team, the members of which had been involved in the procurement of iron ore from overseas mines under offtake or standalone arrangements and in the provision of related shipping services for more than a decade. They had also developed business relationships and engaged in business collaboration with iron ore and non-ferrous metal suppliers, and hence they possess a substantial amount of industry-specific experience in trade negotiation and business operation and have a well-established good reputation in the industry, and are widely recognised by suppliers and customers as trustworthy business partners. Taking advantage of the Business Development Team's sound industry knowledge and recognition in the market, the Group has been able to offer better and more complete services to its customers and grow the Group's business during the Reporting Period and in the years ahead.

With the success in securing the Restated Long Term Hematite Supply Agreement in 2019 and other supply contracts with mine owners from time to time, the Group managed to secure stable and sustainable supply of quality iron ore from reputable overseas mines during the Reporting Period. According to the offtake arrangement under the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell Hematite Ore to be sourced from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production to the Group during each contract year to the date of permanent cessation of Koolan's mining operations at the Hematite Mine. Apart from the Hematite Ore supply from Koolan, the Group also sourced iron ore supplies from other overseas mines, including the magnetite ore from South Africa, the medium-grade iron ore fines from Brazil and the low-grade hematite fines and lumps and the high-grade iron pellet from Australia. The Restated Long Term Hematite Supply Agreement and the aforesaid diversified iron ore supplies illustrated the Business Development Team's continual effort and success in growing the Group's business and the growth in business volume achieved during the Reporting Period. The Group believes that its business reputation in the iron and steel industry and good relationships with suppliers are gradually building up.

Apart from the supply side, the Group has also been working on the strengthening of the customer business network so that, with the stable long-term supply of quality products, the Group can develop and improve customer relations with good business continuity and repeated orders so as to support the Group's business with sustainable growth in the long run. The Group's customers included the sourcing arms of steel mills and the trading arms of state-owned enterprises, as well as end-users of the commodities.

In addition, in line with market practices, it is customary for customers to fix the iron ore selling price based on a future price with a view to aligning the customers' procurement costs with the selling prices of their end products. On the supply side, the commodities are purchased at competitive prices, which, under the Restated Long Term Hematite Supply Agreement, for instance, are to be determined based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices of specified periods commonly adopted and perceived to be of authoritative, and reference value published from time to time by recognised institutions in the iron ore industry. In view of the prevailing market conditions and customer preferences, the Group continues to adopt a pricing strategy for iron ore products that accepts sales to customers and purchases from suppliers with terms that are subject to future pricing quotation periods (the "QPs"). As the benchmark prices, the market indices and the QPs with each customer may differ from that under the relevant supply contract(s), resulting in possible gaps in the procurement costs and the selling prices of the Group's iron ore products, the Group continues to adopt the hedging tools to hedge against commodity price fluctuation risks.

During the Reporting Period, the Group continued to adopt the hedging tools such as iron ore futures or swaps contracts that were executed through Singapore Exchange Securities Trading Limited to manage the operational risks that may arise from the Group's Resources Business. Through these hedging instruments, the Group has been able to hedge against most (if not all) of the financial impacts on the iron ore supply and sales contracts as a result of the fluctuations in iron ore market prices, which may arise from movements in the benchmark prices and market indices under different QPs. The Group's hedging executives have managed the Group's exposure over iron ore price fluctuation by execution of approved hedge strategy and hedging instruments.

Business and Operational Review

Our Markets and Customers

2020 was a challenging year for everyone in the world and the Group's operations. The outbreak of the COVID-19 pandemic hit the world with uncertainty and greatly disrupted the world's industrial and economic activities. Global output is estimated by the International Monetary Fund to have fallen by 3.5% in 2020, and all countries have been affected. On the contrary, according to the General Administration of Customs of the PRC, China recorded a 2.3% GDP growth in 2020 and reported a record-high annual import of 1,170 million tonnes of iron ore in 2020, up 9% as compared to last year.

Due to the outbreak of the COVID-19 pandemic, China, being the world's top producer and consumer of steel, of which iron ore is the key component, had to temporarily closed the factories and construction sites across the country, and caused demand from the steel sector in the PRC to decline significantly in the first quarter of 2020. Also, many businesses in China had been unable to resume production on time after Lunar New Year in early 2020 and were forced to have their production orders cancelled, and investment levels were then bound to shrink accordingly during the first quarter of 2020.

Brazilian supply was also impacted during the first quarter of 2020 due to heavy rains. The COVID-19 pandemic also temporarily curbed some operations there. In Australia, a major miner was also impacted by operational issues. Iron ore exporters other than Australia and Brazil increased their exports to China due to constrained demand elsewhere and high seaborne prices.

After the end of the national lockdown in the PRC by the end of February 2020, China's steel demand has recovered sharply – boosted by pent-up demand, seasonal restocking and strong infrastructure spending. The China-led re-activation of its vast mining or metal processing capability continued to spur related industries worldwide back to work. The Chinese demand for iron ore has improved progressively since it reopened its economy in May 2020. Indeed, the PRC Government has launched a series of rescue measures, such as expansionary fiscal policies, tax cuts and fee reductions for enterprises affected by the outbreak of the COVID-19 pandemic, especially small and medium-sized enterprises, and these measures helped business enterprises maintain necessary investment levels.

In the second half of 2020, more sizeable stimuli aiming to help Chinese enterprises to shake off the negative impacts of the COVID-19 pandemic had ramped up both demand and prices for iron ore. Most of the stimulus packages had been injected into fixed asset investment, which in turn boosted China's infrastructure, property and manufacturing sectors, especially in the second half of 2020. China's property market investment and infrastructure construction investment posted year-on-year increases of 7% and 0.9% respectively in 2020 according to data released by the National Bureau of Statistics of China.

Chinese steel prices were higher than expected, and the iron ore prices turned out to be stronger than the market players' expectation in the second half of 2020. According to sources, this could be attributed to the easier access to credit which has allowed the mills and traders to maintain a higher inventory level than normal. The infrastructure sector stimulus resulted in increasing steel demand, while property construction was also performing strongly. All of these were contributing to buoyant sentiment in China, while much of the rest of the world was slowly recovering from the negative impacts of the COVID-19 pandemic.

Another important factor affecting the seaborne iron ore prices is the supply and pricing of hard coking coal to the Chinese steel mills in the second half of 2020. The trade conflicts between China and Australia have intensified in 2020 as relations between the two countries deteriorated. China's restrictions on imports of Australian coking coal resulted in the falling of the seaborne price of premium hard coking coal at the start of October 2020. On the contrary, China's domestic coking coal prices increased significantly in the last quarter of 2020 due to the import ban, as strong Chinese steel consumption boosted demand for domestic coking coal and coke, both of which were in tight supply.

There were concerns that the restrictions on Australian coal would put steel margins under pressure as the price of domestic coking coal and coke would increase further as the Chinese steel mills were obliged to source more domestically. This would be compounded by efforts to reduce production in China's coal production hubs, as a result of coal de-capacity measures and targets imposed by the PRC authorities in recent years. China's ban on Australian coking coal imports has increased both CFR and domestic coal prices, eroding steel margins in the steelmaking process, although steel margins have been more robust in 2020 due to the recovery of the economy in China.

Given the rising coking costs, iron ore fines with high silica levels continued to be subject to greater impurity discount on account of higher coking utilisation rate or less optimal coal blending combination, and were pushing up the production costs of the steel mills in the fourth quarter of 2020. According to sources, with premiums for mainstream medium-grade fines weakening on the back of overall iron ore price strength, the iron ore sellers were under pressure to widen their discounts for cargoes due to reducing liquidity. High coking costs also weighed on discounts for low-grade fines due to their relatively higher contaminant levels and lower Fe content by the end of 2020.

China has yet to impose any import restriction or levy on Australian iron ores. Given China's reliance on imported iron ore, along with increased demand due to the industrial-led stimulus, it could be expected that the iron ore trade between China and Australia would be less significantly affected in near future. The Group will keep abreast of the latest policy measures and development in the trade conflicts between China and Australia so as to accommodate the changes or adjust the Group's business strategies as appropriate.

Our Product Prices

Iron ore prices rose by more than 70% in 2020. Due to international iron ore supply disruptions in 2019, the seaborne iron ore prices for medium-grade fines (62% Fe CFR North China) (the "Platts IODEX Price") and high-grade fines (65% Fe CFR North China) (the "65 IO Price") were strong and trading at about US$90 per tonne and about US$100 per tonne, respectively, at the beginning of 2020. On the back of rising Chinese demand for iron ore after the national lockdown, the Platts IODEX Prices and the 65 IO Prices had soared to about US$100 per tonne and about US$120 per tonne, respectively, in June 2020.

Iron ore prices started increasing further in August 2020, but the big rally did not occur until December 2020, reflecting buoyant and sustained Chinese demand, continued supply-side constraints and improved steel margin brought by strong steel prices. China's rapid post-COVID-19 economic recovery resulted in robust demand for iron ore for the second half of 2020; coupled with production disruptions (regulatory restrictions related to tailing dam management) in Brazil causing worldwide supply concerns, all had led to a climb in iron ore prices to hit the multi-year highs in the final quarter of 2020 and after. The Platts IODEX Prices and the 65 IO Prices have reached about US$160 per tonne and about US$170 per tonne, respectively, by the end of 2020.

Medium-grade and high-grade iron ore were preferred by most steel mills in the PRC in the fourth quarter of 2020, supported by favourable margins and rising coke prices and also due to their adequate liquidity in a volatile price environment. The appetite for higher grade depended on mill margins.

After the end of the Reporting Period, the Platts IODEX Prices and 65 IO Prices have continued their strong run, reaching above US$170 per tonne and above US$200 per tonne, respectively, in early 2021. China's steel production has also started the year strongly, according to the China Iron & Steel Association. Moreover, the successful COVID-19 vaccine trials spurred investor sentiment and led to a more optimistic outlook for the global economy, further fueling the market prices and demand for iron ore in the future.

According to sources, China's steel demand in 2021 could be expected to stay flat as a result of the combined effects of the following two forces. The manufacturing and steel using sectors will gradually recover and rebound with more steel demands than those from the construction and infrastructure sectors, which will continue to support the steel demand in 2021. On the other hand, if the economy shows a real recovery, the PRC government is likely to reverse its stimulus policy to cool down the construction sector. When Chinese steel margins come under pressure, it could spur some pushback on the rising iron ore prices in 2021. In addition, the PRC government could also be expected to further tighten credit conditions in 2021 and constrain financing for property developers, which could result in some downward pressure on iron ore prices.

The more volatile and continual fast moving seaborne iron ore prices after 31 December 2020 has created challenges to the Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. The Business Development Team shall keep abreast of the market development and take the necessary steps to secure the swift sales of iron ore of the Group going forward.

Our Supplies

In 2020, the Group continued to procure the Hematite Ore extracted from the Hematite Mine under the long term offtake arrangements of the Restated Long Term Hematite Supply Agreement on Free on Board basis from Australia. Riding on the experience and expertise of the Business Development Team, the Group also sourced iron ore supplies from other overseas mines, including magnetite ore from South Africa, medium-grade iron ore fines from Brazil and low-grade hematite fines and lumps and high-grade iron pellet from Australia, on CFR terms. During the Reporting Period, the Group purchased and sold approximately 4.4 Mt of iron ore (2019: approximately 3.0 Mt), comprising approximately 1.5 Mt Hematite Ore from Koolan and approximately 2.9 Mt of iron ore from other suppliers.

The Group's sourcing and sales of iron ore are mainly priced with reference to the relevant benchmark prices, such as Platts IODEX Prices and 65 IO Prices, and price adjustments for quality and impurities are applied subject to business negotiation, terms of sales, and cargo specifications.

In line with the industry practices, provisional pricing arrangements are adopted by the Group for the Resources Business for most of the iron ore products, where the sales and purchases will be subject to benchmark prices of future QPs. Certain of these sales and purchases will be subject to different future QPs to accommodate the specific needs and requirements of customers and suppliers on each cargo. Under the provisional pricing arrangements, the Group recognised sales and purchases based on provisional prices for the relevant QPs prevailing at the month of shipment. Any future price movements that occurred up till the end of the QPs are embedded within the Group's trade receivables and trade payables. These subsequent changes in the value of the provisionally priced receivables and payables are also recognised as part of the Group's revenue and cost of sales. Therefore, the Group's revenue figures remain subject to provisional pricing adjustments until they are finalised. The provisional prices are usually finalised within three months after the month of shipment. As the benchmark prices, the iron ore market indices and the QPs with each customer may differ from that under the relevant supply contract(s), resulting in possible gaps in the procurement costs and the selling prices of the Group's iron ore products, the Group continues to adopt the hedging tools to hedge against commodity price fluctuation risks.

During the Reporting Period, the Group recognised net losses of approximately US$3.9 million (2019: approximately US$0.1 million (restated)) and net gains of approximately US$10.6 million (2019: approximately US$1.3 million (restated)) from hedging transactions in the Group's revenue and cost of sales, respectively.

The Group has successfully managed its purchase and sales contracts to be settled under the same QPs in order to minimise the business risk arising from iron ore supplies with highly viable iron grade sourced in the fourth quarter of 2020. Therefore, the Group did not have any outstanding iron ore futures or swap contracts as at 31 December 2020 (2019: net purchases of 505,000 tonnes of iron ore).

The Group also engaged in the delivery of iron ore products, where the revenue are recognised over the period of time from cargo loading to the finish of port discharging. The service providers (usually the vessel owners) were responsible for the delivery of the cargoes from the loading ports and mainly to main ports in China. Attributed to the COVID-19 pandemic, various protocols and measures were implemented by various governments to reduce the risk of virus transmission. Our suppliers continue to maintain a range of general site and travel protocols to reduce the risk of virus transmission and remains ready to respond promptly to any safety restrictions or new measures should they be required. In particular, our nominated vessels had to satisfy the required quarantine inspection and other governmental requirements prior to berthing at the loading ports and discharge ports. We are pleased to advise that there was no major outbreak of the COVID-19 pandemic reported for the nominated vessels during the Reporting Period. The Group is also ready to respond promptly in the event of any implementation of required governmental or other health or precautionary measures or restrictions as appropriate.

During the Reporting Period, the overall average unit selling price of the Group's iron ore was approximately US$106 per tonne (2019: approximately US$91 per tonne), which has taken into account the provisional price of the sales, the aforesaid changes in values of the trade receivables and related hedging arrangements, and the Group's revenue derived from provision of shipment services. The increase is largely in line with the strong iron ore prices with adjustment made for trade discounts on the iron grade and product impurities during the Reporting Period.

In 2020, the Hematite Ore supplied by the Hematite Mine continued to be one of the major iron ore products offered by the Group. The Group is pleased to report that, notwithstanding the global uncertainty under the pandemic, Koolan, as the supplier, has continued to perform its supply obligations under the Restated Long Term Hematite Supply Agreement. However, the business performance for the Reporting Period was negatively impacted by the COVID-19 pandemic to a certain extent, including the decrease in Hematite Ore supply attributed to the planned stripping phase of the Hematite Mine, the difficult mining conditions of Koolan under the cyclone-related adverse weather conditions from time to time and necessary operational changes implemented by Koolan as part of the response to the COVID-19 pandemic.

The average grade of Hematite Ore shipments in the first half of 2020 was above 65% Fe. According to the information available to the Group, in the second half of 2020, the supplier has commenced the stripping program at the Hematite Mine which is required in order to access a significantly greater volume of high grade Hematite Ore from the second half of 2021 onwards. As a result, the Hematite Ore supply has decreased reflecting the waste movement cycle of the Hematite Mine and the average grade of Hematite Ore shipments has also shifted to lower grade of about 63% or below during the second half of 2020. These changes are largely in line with the mine plan of the supplier where the ore production at this stage is highly variable. Moreover, the supplier continues the stripping process at the Hematite Mine and is targeting to substantially complete the overburden stripping phase in the first half of 2021. However, the total ore supply in the coming future will be lower than that for the second half of 2020 as the wet season impacts in the region are typically most pronounced and the supply will also be subject to successful implementation of certain safety and support measures at the mine site. The average grade of Hematite Ore shipments could also be at their lowest to an average of 58% to 61% Fe in the first half of 2021 as the supplier expects that the waste movement cycle at the Hematite Mine shall reach its peak. The supplier has taken steps to enhance the waste movements at the Hematite Mine by the commissioning of additional production excavator and haul trucks and other logistics infrastructure. It is expected by the supplier that the iron ore outputs will increase significantly thereafter. The strong iron ore prices shall continue to provide support to the Group's performance in the coming financial year and pricing outlook remains solid under strong policy support by the PRC Government.

The Group is looking forward to the successful completion of the overburden stripping phase within the main pit at the Hematite Mine by the supplier within 2021 with voluminous supply of high grade Hematite Ore to the Group in the long run.

Coupled with the effort of the Business Development Team to further enhance the business development of the Resources Business with more diversified product offerings, the Group has achieved a growth in the iron ore supply from other mines during the Reporting Period. Other supplies include supplies of iron ore from several overseas mines in South Africa, Brazil and Australia. The COVID-19 pandemic has had a negative impact on global activities in 2020, the quantity of iron ore procured from other suppliers is slightly less than the quantity that the Group has originally envisaged. The Business Development Team has also been working on the strengthening of the customer business network and has expanded the sales to customers in Southeast Asia region in 2020.

To summarise, the Group recognised an overall increase in revenue and gross profit for the Reporting Period attributed to the success in expansion and growth of the Resources Business despite the global uncertainty under the COVID-19 pandemic. There was a fall in gross profit margin attributed to the relatively high volume of standalone and periodic supplies of iron ore procured from the overseas mine owners (other than the Hematite Mine) which were sold to the customers at thin margin under fierce market competition and rapid trade negotiation and conclusion during the Reporting Period.

Looking forward, Hematite Ore shipments from Koolan will remain at a low level during the next few months as the supplier is expected to progress the peak overburden stripping phase at the Hematite Mine. However, seaborne iron ore prices are expected to remain high and be supportive to the Group's operating performance which shall help mitigate the financial impact of reduced supply to the Group's operation in the near term. Notwithstanding the challenges and uncertainty brought by the continual COVID-19 pandemic or its resurgent virus that may threaten the business and performance of the global economies, the trade conflicts and other issues, the Group will endeavour to further identify and expand the product offerings and try to take steps to convert the standalone supplies into more sustainable long term supplies if that could bring more contributions to the financial results of the Group in the long run.

Company Overview and Financial Review

In FY 2020, facing the challenges of the COVID-19 epidemic, the protracted tension between China and the United States and the trade conflicts between China and Australia, the Group's Resources Business was negatively impacted to a certain extent. However, with the continuous support of the Group's customers and suppliers and the persistent efforts of our management and the Business Development Team, the Group's revenue derived from continuing operations increased by about 70% to approximately US$467.5 million, as compared to approximately US$275.2 million (restated) for FY 2019, which was mainly attributed to the sales of iron ore. The profit for the year from continuing operations during the Reporting Period was approximately US$0.8 million (2019: loss of approximately US$3.1 million (restated)). The basic earnings per share from continuing operations for the Reporting Period was approximately US0.02 cents (2019: basic loss per share of approximately US0.08 cents (restated)).

During the Reporting Period, on 30 June 2020, the Group completed the Disposal of the discontinued operations of an iron and gabbro-diabase mine located in Mainland China (thereafter collectively referred to as the "Mining Business"). The Disposal Group was sold at a cash consideration of approximately US$13.9 million, and resulted in a net gain on disposal of approximately US$0.2 million. Upon completion, the Group ceased and discontinued the Mining Business.

Having considered that, after completion of the Disposal, the Company's principal operating subsidiaries carry out business activities and transactions mainly in US$, being the currency that mainly influences the underlying transactions, events and business conditions, the functional currency of the Company has been changed from RMB to US$. Furthermore, the Company and the Group have determined to change the presentation currency of these financial statements to US$ with effect from 1 July 2020, which shall align with the new functional currency of the Company. The comparative information has been restated and presented in USD as if USD had been the Group's presentation currency for the prior periods. Details of the changes in functional and presentation currency and the methodology used to re-present the comparative figures are disclosed in Note 2.1.

In order to foster further development of the Resources Business with more stable customer demands and more diversified product offerings, the Group has formed a subsidiary with our key business partner, who is an experienced market and industry leader, in FY 2020. The newly set-up subsidiary shall better align the business interests of the Group with our key stakeholders toward the continual expansion of the Resources Business and allow the sharing of resources and results together. It is expected that, after getting through the difficult business situation and uncertainties brought by the COVID-19 pandemic, this new business set-up will encourage our key business partner and our employees to achieve better results by bringing new sources of commodity supplies and new income stream to the Group and thereby contribute to the growth of the Group's business. The Group shall benefit from new businesses and diversified product offerings, additional financial resources and additional revenue and profit in the long run.

Revenue and Gross Profit

The Group recognised revenue derived from sales of iron ore products and other commodities on a gross basis, service income from the shipment of cargoes, fair values adjustment on trade receivables arising from the fluctuations in commodity price indices and gain or loss on iron ore futures or swap contracts to manage the operational risks that may arise from the sales of iron ore.

During the Reporting Period, the Group recognised revenue from continuing operations of approximately US$467.5 million (2019: approximately US$275.2 million (restated)), representing an increase of about 70%. The Group has maintained a steady and growing customer portfolio comprising the sourcing arms of steel mills and the trading arms of state-owned enterprises, as well as end-users of the commodities.

The Group sold approximately 4.4 Mt of iron ore during the Reporting Period (2019: approximately 3.0 Mt), comprising approximately 1.5 Mt Hematite Ore from Koolan and approximately 2.9 Mt iron ores from other suppliers. Notwithstanding the overall increase in the quantity of iron ore sold during the Reporting Period, the Group's operations have been negatively affected to a certain extent by the COVID-19 pandemic, which created challenges to the Group. On the supply side, the lockdown and various operational changes, protocols, and measures launched to contain the COVID-19 pandemic and unexpected adverse weather conditions in Western Australia had disrupted our supplier's mining activities leading to only a slight increase in supply of Hematite Ore in terms of quantity during the Reporting Period. In addition to the supply of Hematite Ore, the Group made more purchases with other suppliers on standalone or periodic contracts during the Reporting Period with a view to diversify the product offerings, thus increasing the Group's business volume. On the demand side, since the second quarter of 2020, the lockdown measures have mostly been lifted across China, prompting a quick recovery in Chinese economic activity. Chinese market demand for iron ore rebounded strongly post-lockdown to meet pent-up demand. The iron ore prices have also performed well with the Platts IODEX Prices and the 65 IO Prices remaining strong at the average of about US$109 and US$122 per tonne, respectively, during the Reporting Period.

The following table summarised the business volume and revenue of the Resources Business from continuing operations by product and country of origin:

(in US$ million)	**2020**			2019		
	Transaction volume ***Mt***	**Revenue**	**Gross profit**	Transaction volume *Mt*	Revenue (Restated)	Gross profit (Restated)
Revenue from sales of iron ore products						
Koolan	**1.5**			1.3		
Other Suppliers	**2.9**			1.7		
	4.4	**467.5**	**6.7**	3.0	274.1	4.2
Sales of coal	**–**	**–**	**–**	–	1.1	0.2
Total	**4.4**	**467.5**	**6.7**	3.0	275.2	4.4

In response to the COVID-19 pandemic, significant changes had been implemented by Koolan to the mine operating protocols, which together with the scheduled overburden stripping programme and the challenging weather and mining conditions, causing the slower mine production and lesser output during the Reporting Period, as compared to the quantity that the Group has originally envisaged. Koolan is carrying out the waste stripping activities in the second half of 2020, which resulted in lower production and generally lower average ore grade than 2019. The average ore grade in the first half of FY 2020 was about 65% Fe, which then gradually reduced to about 61% Fe for those shipments delivered in the fourth quarter of 2020. The impurities (particular silica) have shot up dramatically in the second half of 2020. As a result, the average unit selling price of the Hematite Ore decreased attributed to larger sales discounts offered to the Group's customers to reflect a combination of lower average ore grade, high contaminants (particular silica) and increased price adjustments for product quality in the market.

Other suppliers include suppliers of iron ore from several overseas mines in South Africa, Brazil and Australia. The COVID-19 pandemic has had a negative impact on global activities in 2020, the quantity of iron ore procured from other suppliers is less than the quantity that the Group has originally envisaged. The Group's Business Development Team has been working on strengthening the customer business network and has expanded the business to customers in South East Asia region in 2020.

Gross Profit Margin

The Group aims at speeding up the inventory turnover and maintaining minimal inventory level. During the Reporting Period, the Group has continued to be successful in concluding sales contracts with customers in rapid trade negotiations and thus minimizing the inventory level. The Group has been successfully matching the products with customers and locking in the profit or loss with the effective execution of hedging instruments and freight arrangements. In addition, in line with the strong iron ore market price prevailing for most of 2020, the Group has been able to achieve an increase in gross profit by approximately US$2.3 million for the Reporting Period, as compared to that of 2019.

On the other hand, the Group has also made sales that were usually negotiated under standalone or periodic contracts with thin margins under the fierce market competition with a view to further diversify the product offerings in the long run. The increase in these sales during the Reporting Period has caused the Group's gross profit margin for FY 2020 to be slightly lower than last year.

Results for the Reporting Period

The Group's net profit for the year (including that from the Discontinued Operations) was approximately US$0.8 million (2019: loss of approximately US$10.1 million (restated)). The net profit from continuing operations of the Group for the Reporting Period and the profit for the year attributable to the owners of the Company from continuing operations both amounted to approximately US$0.8 million (2019: loss of approximately US$3.1 million (restated)).

The overall improved financial results of the Group for the year were mainly attributable to (i) the improvement in the operating results of and the growth in the Resources Business as reflected in the increase in the Group's revenue and gross profit mainly derived from the sales of iron ore by approximately US$192.3 million and approximately US$2.3 million respectively; and (ii) the absence of non-recurring impairment losses on other current financial assets of the Group of approximately US$1.6 million (restated) and the net operating loss and impairment losses attributed to the Discontinued Operations of approximately US$3.8 million (restated) and approximately US$3.2 million (restated), respectively, that were recognised in the Corresponding Prior Period.

Changes in the Financial Position

The Group had total assets of approximately US$135.7 million as at 31 December 2020 (2019: approximately US$159.7 million (restated)), which mainly represented the trade and bills receivables arising from the Resources Business of approximately US$96.0 million, other long-term assets relating to the Restated Long Term Hematite Supply Agreement of approximately US$16.2 million and cash and bank balance of approximately US$20.1 million. The overall decrease in the Group's total assets was attributed to the completion of the Disposal where those assets attributed to the Disposal Group classified as held for sale as at 31 December 2019 of approximately US$29.4 million (restated) were realised and the decrease in cash and bank balances by approximately US$38.1 million. Such decrease was partly offset by the increase in the Group's trade and bills receivables by approximately US$54.0 million arising from the Resources Business during the Reporting Period.

The Group had total liabilities of approximately US$103.6 million as at 31 December 2020 (2019: approximately US$129.6 million (restated)), which mainly representing the trade and bills payables arising from the Resources Business of approximately US$81.8 million and interest-bearing bank and other borrowings of approximately US$20.5 million. The overall decrease in the Group's total liabilities was attributed to the completion of the Disposal where those liabilities attributed to the Disposal Group associated with the assets classified as held for sale as at 31 December 2019 of approximately US$15.5 million were realised and the decrease in the Group's bank and other borrowings by approximately US$54.2 million as a result of the repayment made during the Reporting Period. Such decrease was partly offset by the increase in the Group's trade and bills payables by approximately US$45.1 million arising from the Resources Business during the Reporting Period.

The Group's total equity also increased to approximately US$32.0 million as at 31 December 2020 (2019: approximately US$30.1 million (restated)). The increase mainly represented the net profit of the Group for the Reporting Period of approximately US$0.8 million and capital injection to a subsidiary of the Group by the non-controlling interests of US$1.0 million during the Reporting Period.

Dividend

The Board does not recommend the payment of a final dividend in respect of FY 2020.

Segment Information

The Group principally engaged in the Resources Business as the continuing operations throughout the Reporting Period and for the Corresponding Prior Period.

An analysis of the Group's revenue from external customers by geographical segment is as follows:

	2020	2019
	US$'million	*US$'million*
		(Restated)
Mainland China	**455.9**	271.6
Others	**11.6**	3.6
Total revenue from external customers	**467.5**	275.2

Revenue from external customers by geographical location is determined based on the ports of discharge.

The Group's non-current assets mainly represented the long-term assets relating to the Restated Long Term Hematite Supply Agreement which is operated and based in Hong Kong.

Further details of the Group's segment information and segment results are set out in Note 3, and further discussions on business performance and market overview of the Resources Business of the Group are set out in the sections headed "Our Resources Business" and "Business and Operational Review" above.

Liquidity, Financial Resources and Financing Activities

As at 31 December 2020, the cash and cash equivalents of the Group amount to approximately US$15.2 million (2019: approximately US$13.0 million (restated)), representing approximately 11% (2019: approximately 8%) of total assets of the Group. The cash and cash equivalents were denominated as to about 87% in USD, about 10% in HKD and about 3% in RMB (2019: about 91% in USD, about 4% in HKD and about 5% in RMB).

The Group's net debt position was approximately US$0.4 million as at 31 December 2020 (2019: approximately US$16.4 million (restated)). The Group's net debt position had improved because the Group received the remaining consideration from the Disposal of approximately US$13.2 million during the Reporting Period. Also, the Group has successfully secured more favourable terms of banking facilities and better trade terms agreed with customers which reduced the deposit requirements for the issuance of letters of credit. As a result, the restricted bank deposits to secure the issuance of letters of credit reduced by approximately US$8.3 million during the Reporting Period.

The Group had unutilised committed banking facilities of approximately US$273.3 million for the Resources Business as at 31 December 2020. The Group will continue to negotiate for new trade finance facilities with banks to support continual development of the Group's business.

The Group's liquidity ratio has remained stable at about 1.1 as at 31 December 2020 (2019: about 1.2).

Capital Structure and Gearing Ratio

As at 31 December 2020, the Group's interest-bearing bank and other borrowings was approximately US$20.5 million (2019: approximately US$74.7 million (restated)). During the Reporting Period, the Group repaid approximately US$67.1 million to financial and non-financial institutions. The Group's net gearing ratio has significantly improved and was about 1% as at 31 December 2020 (2019: about 54%).

Going forward, the Group's management and the Business Development Team will continue to focusing on managing the banking facilities and other financing options so as to minimise the cash requirements for the Group's business.

Funding and Treasury Policy

The Group has a funding and treasury policy to monitor its funding requirements and perform ongoing liquidity review. This approach takes into consideration the maturity of the Group's financial instruments, financial assets, projected cash flows from operations and the general working capital requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the effective use of bank and other borrowings and trade finance and treasury facilities. Further details of the Group's interest-bearing bank and other borrowings are set out below.

Loans, Indebtedness, Maturity Profile and Exposure to Fluctuations in Interest Rates

As at 31 December 2020, the Group's interest-bearing bank and other borrowings was approximately US$20.5 million (2019: approximately US$74.7 million (restated)) and over 99% will mature within one year or on demand (2019: about 86%). The Group's interest-bearing bank and other borrowings were denominated as to about 66% in USD and about 34% in HKD (2019: about 10% in USD and about 90% in HKD). Apart from the bank borrowings secured by bills receivables, the entire interest-bearing bank and other borrowings bear a fixed interest rate as at 31 December 2020. The decrease in interest-bearing bank and other borrowings was mainly attributable to the repayment of approximately US$67.1 million made during the Reporting Period.

Pledge of Assets

The Group's utilised banking facilities as at 31 December 2020 were secured by an aggregate amount of restricted bank deposits of approximately US$4.9 million and the bills receivables of approximately US$13.5 million. As at 31 December 2019, the Group's restricted bank deposits and bills receivables of approximately US$45.3 million (restated) and US$2.2 million (restated), respectively, were used to secure the interest-bearing bank and other borrowings and banking facilities.

As at 31 December 2020 and 2019, no property, plant and equipment or right-of-use assets were pledged for the Group's bank borrowing or banking facilities.

Exposure to Fluctuations in Exchange Rates

As further discussed in Notes 1 and 2.1, the Group completed the Disposal on 30 June 2020. Since then, the Company's principal operating subsidiaries carry out business activities and transactions mainly in USD, being the currency that mainly influences the underlying transactions, events and business conditions. Therefore, the functional currency of the Company has been changed from RMB to USD upon completion of the Disposal. The change was considered an important step to reducing the foreign currency exposure or risk of the Group and the impact of any material fluctuations in the exchange rates of USD against other foreign currencies to the Group's financial results which is beyond the control of the Group.

All of the Group's sales and purchases from continuing operations for the Reporting Period and about 97% and about 93% of the Group's total assets and total liabilities respectively as at 31 December 2020 were denominated in USD. Currently, the Group does not have any foreign currency hedging policy.

Exposure to Fluctuations in Commodity Prices

During the Reporting Period, the Group continues to manage the exposure over fluctuations in iron ore prices by entering into iron ore futures or swap contracts. The Group's hedging executives have managed such exposure by execution of approved hedging strategy and hedging instruments. Through these hedging instruments, the Group shall be able to hedge largely against fluctuations in iron ore prices arising from the Resources Business. The pricing mechanism in the Group's iron ore sales and purchase contracts reflects a reference index price. The reference index price that were mostly adopted by the Group during the years ended 31 December 2020 and 2019 were the Platts IODEX Prices and the 65 IO Prices.

During the Reporting Period, the Group recognised net losses of approximately US$3.9 million (2019: approximately US$0.1 million (restated)) and net gains of approximately US$10.6 million (2019: approximately US$1.3 million (restated)) from hedging transactions in the Group's revenue and cost of sales, respectively.

The Group has successfully managed its purchase and sales contracts to be settled under the same QPs in order to minimise the business risk arising from iron ore supplies with highly viable iron grade sourced in the fourth quarter of 2020. Therefore, the Group did not have any outstanding iron ore futures or swap contracts as at 31 December 2020 (2019: net purchases of 505,000 tonnes of iron ore).

Significant Investments, Acquisitions and Disposals

Except for the Disposal of the Mining Business as discussed in Note 1 and above, there were not any significant investments held, acquisitions and disposal by the Group during the Reporting Period.

The Group did not have any specific future plans for material investments or capital assets as at 31 December 2020. However, the Group will continue to explore and evaluate projects and investment opportunities with potentials to create value for its shareholders in the long run.

Employees and Remuneration Policies

As at 31 December 2020, the Group had a total of 28 (2019: 24) employees in Hong Kong and Mainland China from its continuing operations. The slight increase in number of headcounts was attributed to the expansion of the Business Development Team during the Reporting Period to cope with the expansion of the Resources Business.

The Group formulates its human resources allocation and recruitment plans based on its development strategies. The remuneration packages of the employees are structured by reference to job nature (including geographical locations) and prevailing market conditions. The remuneration policy of the Group is subject to periodic review, and year-end bonuses and share options are available to reward employees in line with their individual performances and industry practice. In addition, the Group encourages its employees to receive training that is suitable for their job nature and caters to their needs of obtaining certain professional qualifications, such as providing or encouraging employees to attend seminars and training for different professional knowledge. Appropriate training programmes and/or seminar subsidies are also offered to ensure continuous staff training and development.

The emoluments of the Directors, comprising Director's fee, salary package, discretionary bonus and share options, are reviewed and determined by the Board based on the recommendations from the Remuneration Committee with reference to the Company's performance, the Director's duties and responsibilities with the Company, and the prevailing market conditions. The Director's remuneration will be subject to annual review by the Remuneration Committee and the Board with the authorisation granted by shareholders at the AGM.

The human resources department of the Group is responsible for the collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the chairman of the Board about these recommendations on remuneration policy and structure and remuneration packages. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Group has followed the measures and directives issued by the government and health authorities at the cities with operations and deployed appropriate operation protocols and preventive measures to protect the Group's employees and provide them with healthy and hygienic working environments within the office premises during the Reporting Period.

To help fight against the COVID-19 pandemic, the Group has followed the guidelines and requirements of relevant local government departments published from time to time. The Group has also implemented preventive measures for our employees such as work-from-home practice, flexible working hours and encourages our employees to hold virtual meetings with our stakeholders as much as feasible. The Group and our staff force will continue to closely observe the health instructions and preventive measures issued by the government authorities to help contain the COVID-19 pandemic.

During the Reporting Period, certain operating subsidiaries of the Group ("Applicants") made applications for the subsidy ("Subsidy") from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR Government"), which shall be applied towards the payroll costs of the eligible staff members of the Applicants for certain months in 2020. During FY 2020, the Subsidy of approximately US$0.2 million that was approved and granted by the HKSAR Government to the Applicants was applied towards the Group's payroll costs and was recognised as the Group's other income during the Reporting Period.

Event after the Reporting Period

From 31 December 2020 to the date of this announcement, there was no important event affecting the Group.

Outlook and Future Plans

The outbreak of COVID-19 pandemic has caused unprecedented challenges in almost every part of the world and is expected to have significant continual impact on the world's economic development this year. The positive effects of the onset of vaccinations in some countries, additional policy support rolled out at the end of 2020 in the developed economies such as the United States and Japan and an expected increase in contact-intensive activities as the health crisis wanes are now illustrating an increasingly clear route to bring the immediate crisis to an end. However, there remains tremendous uncertainties and prospects of recovery vary greatly across countries. The positive effects could be partially offset by a somewhat worse outlook for the very near term as measures to contain the spread of the virus may continue to dampen business and economic activities.

In the China market, as part of the low-carbon initiatives under the national 14th five-year economic plan for 2021-25, in late December 2020, China's Ministry of Industry and Information Technology urged the country's steel industry to reduce its crude steel output in 2021. It will inevitably impact China's steel production and iron ore consumption. However, some analysists expect China steel production to continue its growth in 2021 because it is unlikely that any measures to lower steel production will be introduced in 2021, particularly given the strong GDP growth backdrop.

Global steel output has recovered though Brazilian supply remains impacted by the COVID-19 pandemic and regulatory restrictions related to tailings dam management. On the supply side, the market is now focusing on the timing, ability and willingness of the world's top three producers returning its capacity. Furthermore, the high iron ore prices over the last few years have rekindled interest in new projects, expansions and restarts. The market expects the potential for more seaborne capacity to come online over 2021 and 2022.

As discussed earlier, Hematite Ore shipments from Koolan will decrease during the first half of 2021 as the supplier progresses the peak overburden stripping phase at the Hematite Mine. Based on the information available to the Group, the average grade of iron ore is expected to be temporarily lower to an average of 58% to 61% Fe in the near term. The Group is looking forward to the successful completion of the aforesaid overburden stripping phase by the supplier within 2021 with voluminous supply of high grade Hematite Ore to the Group in the long run.

In addition to the above, the more volatile and continual fast moving seaborne iron ore prices after 31 December 2020 have created challenges to the Group's Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. The Business Development Team shall keep abreast of the market development and take the necessary steps to secure the swift sales of iron ore of the Group in 2021.

Notwithstanding the current global uncertainty, the Group continues to focus its efforts on optimising the Resources Business, improving its profitability and return to the shareholders.

Looking forward, the Group will continue to identify and explore new supplies of iron ore and other commodities and evaluate and secure possible long-term business and offtake relationships with suitable suppliers so as to further diversify the Group's product offerings, and is looking forward to the upkeep or even further expansion of the scale of the Group's business. The Group will also cautiously explore and capture mergers and acquisitions and other collaboration or investment opportunities as appropriate.

CORPORATE GOVERNANCE PRACTICES

The Board strongly believes that corporate governance is an integral part of the Company's mission in our pursuit of growth and value creation. The Board strives to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices for the interest of the Shareholders. During FY 2020, we adopted corporate governance principles that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and complete accountability towards all the stakeholders of the Company.

As part of the Company's unwavering commitment to high standards of corporate governance, it has adopted all applicable Code Provisions and, where appropriate, Recommended Best Practices of the CG Code as set out in the Appendix 14 to the Listing Rules throughout the Reporting Period. So far as known to the Directors, there has been no material deviation from the CG Code during the Reporting Period.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiry has been made of all the Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code throughout FY 2020.

The Company has also established written guidelines (the "Code for Securities Transactions by Relevant Employees") on no less exacting terms than the Model Code for securities transactions by employees of the Group who are likely to be in possession of unpublished inside information in relation to the securities of the Company. Each of the relevant employees has been given a copy of the Code for Securities Transactions by Relevant Employees.

The Company was not aware of any incident of non-compliance with the Model Code or the Code for Securities Transactions by Relevant Employees throughout FY 2020.

Formal notifications were sent by the Company to its Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black-out period" in accordance with requirements under the Model Code.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee currently comprises three members, including Mr. Tsui King Fai (Chairman of the Committee), who possesses the appropriate professional qualification or accounting or related financial management expertise in accordance with the requirements under the Listing Rules, Mr. Lee Kwan Hung, Eddie and Mr. Shin Yick, Fabian, all being independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditor. The specific written terms of reference of the Audit Committee are available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems. The Audit Committee has, in conjunction with the management, reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters including a review of the annual results and the audited consolidated financial statements of the Group for FY 2020 and the independent auditor's report thereon.

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

During FY 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021 (both days inclusive), during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2021 AGM, all transfer of the Shares accompanied by the relevant properly completed transfer forms and the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 4 June 2021.

ANNUAL GENERAL MEETING

The 2021 AGM of the Company is scheduled to be held on Thursday, 10 June 2021. A notice convening the 2021 AGM will be issued and disseminated to the Shareholders in due course.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the related notes thereto for the year then ended, as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited and the Company. The annual report 2020 will be despatched to the Shareholders and published on the above websites in due course.

GLOSSARY OF TERMS

In this announcement, unless the context otherwise requires, the following expressions have the meanings as mentioned below:

"Ace Profit"	Ace Profit Investment Limited (向利投資有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company with its principal activities being the supply and trading of iron ore
"AGM"	an annual general meeting of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Newton Resources Ltd, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Group's entire interests in the Disposal Group
"Disposal Company" or "Venca"	Venca Investments Limited (永佳投資有限公司), a limited liability company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company prior to the completion of the Disposal
"Disposal Group"	the Disposal Company and its subsidiaries, including, amongst others, Xingye Mining
"FY 2019" or "Corresponding Prior Period"	the financial year ended 31 December 2019

"FY 2020" or "Reporting Period"	the financial year ended 31 December 2020
"Group"	the Company and its subsidiaries collectively
"Hematite Mine"	the hematite mine situated at Koolan Island, Western Australia
"HK$" or "HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Koolan"	Koolan Iron Ore Pty Limited, a company incorporated in Australia, the registered holder of the Hematite Mine and an indirect wholly-owned subsidiary of MGI
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MGI"	Mount Gibson Iron Limited, a company incorporated in Australia, the shares of which are listed on the Australian Securities Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Mt"	megatonne(s)/million tonnes
"Remuneration Committee"	the remuneration committee of the Company
"Restated Long Term Hematite Supply Agreement"	the amended and restated Koolan Island long term hematite ore sale agreement entered into by MGI, Koolan, the Company and Ace Profit under a deed of novation, amendment and restatement dated 31 May 2019 among all original parties to the Koolan Island long term ore sale agreement and the Group. Pursuant to the Restated Long Term Hematite Supply Agreement, Koolan shall supply and sell and Ace Profit shall purchase hematite ore to be derived from the Hematite Mine in such annual quantity as equals 80% of Koolan's total available production during each contract year at the agreed market pricing formulae for the period from the effective time of the aforesaid deed of novation, amendment and restatement to the date of permanent cessation of Koolan's mining operations at the Hematite Mine
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase and assignment agreement dated 31 December 2019 entered into between the Company and the purchaser in respect of the Disposal
"Share(s)"	existing ordinary share(s) of HK$0.10 each in the share capital of the Company

"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"tonne(s)"	equal to 1,000 kilograms
"US$" or "USD"	the United States dollar, the lawful currency of the United States of America
"Xingye Mining"	Lincheng Xingye Mineral Resources Co., Ltd (臨城興業礦產資源有限公司), an indirect non-wholly owned subsidiary of the Company prior to the completion of the Disposal
"Yanjiazhuang Mine"	Lincheng Xingye Mineral Resources Co., Ltd Yanjiazhuang Mine (臨城興業礦產資源有限公司閆家莊礦), an open-pit iron and gabbro-diabase mine located in Yanjiazhuang Mining Area, Shiwopu, Haozhuang Town, Lincheng County, Hebei Province, the PRC

By Order of the Board
Newton Resources Ltd
Chong Tin Lung, Benny
Chairman and Executive Director

Hong Kong, 25 March 2021

As at the date of this announcement, the executive Directors are Mr. Chong Tin Lung, Benny and Mr. Luk Yue Kan; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Lee Kwan Hung, Eddie and Mr. Shin Yick, Fabian.