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 2021 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES

The Board wishes to announce the consolidated annual results of the Group for FY 2021 together with the comparative figures for FY 2020 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *US$'000*	2020 *US$'000*
Continuing operations			
Revenue	*3*	**292,873**	467,495
Cost of sales		**(287,474)**	(460,819)
Gross profit		**5,399**	6,676
Other income and gains		**73**	161
Selling and distribution costs		**(2,258)**	(2,050)
Administrative expenses		**(2,611)**	(2,032)
Impairment loss on other current financial assets		**(1,318)**	–
Finance expense		**(1,006)**	(1,733)
Share of (losses)/profits of an associate		**(16)**	35
(Loss)/profit before tax from continuing operations	*4*	**(1,737)**	1,057
Income tax expenses	*5*	**(44)**	(213)
(Loss)/profit for the year from continuing operations		**(1,781)**	844
Discontinued operations			
Profit for the year from discontinued operations		**–**	–
(Loss)/profit for the year		**(1,781)**	844

	Notes	**2021** *US$'000*	2020 *US$'000*
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(38)**	(153)
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)
Other comprehensive income for the year, net of tax		**(38)**	(628)
Total comprehensive income for the year		**(1,819)**	216
(Loss)/profit for the year attributable to the owners of the Company:			
– from continuing operations		**(1,784)**	818
– from discontinued operations		**–**	13
		(1,784)	831
Profit/(loss) for the year attributable to non-controlling interests:			
– from continuing operations		**3**	26
– from discontinued operations		**–**	(13)
		3	13
(Loss)/profit for the year		**(1,781)**	844
Total comprehensive income attributable to:			
Owners of the Company		**(1,830)**	193
Non-controlling interests		**11**	23
		(1,819)	216
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted			
– For (loss)/profit for the year *(US cents)*		**(0.04)**	0.02
– For (loss)/profit from continuing operations *(US cents)*		**(0.04)**	0.02

Details of the dividends payable and proposed for the year are disclosed in Note 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment		**268**	186
Right-of-use assets		**317**	200
Other long-term asset		**15,180**	16,181
Investment in an associate		**234**	244
Total non-current assets		**15,999**	16,811
Current assets			
Trade and bills receivables	*8*	**1,199**	95,994
Other current financial assets		**5,722**	2,258
Prepayments and other receivables		**153**	523
Income tax recoverables		**174**	–
Restricted bank deposits		**–**	4,905
Cash and cash equivalents		**14,504**	15,190
Total current assets		**21,752**	118,870
Current liabilities			
Trade and bills payables	*9*	**1,474**	81,784
Other current financial liabilities		**281**	291
Other payables and accruals		**298**	850
Interest-bearing bank and other borrowings		**5,295**	20,412
Income tax payables		**15**	194
Total current liabilities		**7,363**	103,531
Net current assets		**14,389**	15,339
Total assets less current liabilities		**30,388**	32,150
Non-current liabilities			
Interest-bearing bank and other borrowings		**158**	101
Total non-current liabilities		**158**	101
Net assets		**30,230**	32,049
Equity			
Equity attributable to owners of the Company			
Share capital		**46,890**	46,890
Reserves		**(17,654)**	(15,824)
		29,236	31,066
Non-controlling interests		**994**	983
Total equity		**30,230**	32,049

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 sourcing and supply of iron ores and other commodities (the "Resources Business").

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. These financial statements are presented in US$ and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The adoption of the above amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and on disclosures set out in the consolidated financial statements.

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 2021 but not yet effective:

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 *Effective for annual periods beginning on or after 1 January 2022*

2 *Effective for annual periods beginning on or after 1 January 2023*

3 *No mandatory effective date yet determined but available for adoption*

4 *As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.*

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 was the only reportable business segment of the Group during the years ended 31 December 2021 and 2020.

An analysis of revenue from continuing operations is as follows:

	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers	**273,377**	425,613
Revenue from other sources:		
Quotation period price adjustments *(Note)*		
– relating to prior year shipments	**7,029**	724
– relating to current year shipments	**12,136**	45,097
Net gains/(losses) on iron ore futures or swap contracts	**331**	(3,939)
	292,873	467,495

Note: The Group has continued to adopt the provisional pricing arrangements for the sales of certain iron ore products and those sales to the customers are subject to future pricing quotation periods (the "QPs") that differ from the periods that the inventories are delivered and finalising the iron ore selling prices based on the agreed market pricing formulae taking into account the relevant benchmark prices and indices of 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, such revenue from contracts with customers is measured at the estimated forward commodity prices for the relevant QPs prevailing at the date or for the period when the inventories are sold, being the amount to which the Group is expected to be entitled at the end of future QPs. Any future price movements that occur 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 under the relevant QPs and are recognised as "revenue from other sources" and included in "quotation period price adjustments" above. As at 31 December 2021, the Group's revenue, that was recognised subject to the provisional pricing arrangements, has been finalised. As at 31 December 2020, certain of the Group's revenue, that was recognised subject to provisional pricing adjustments, has yet to be finalised, which would be finalised usually within three months after the inventories were delivered.

(a) Revenue from contracts with customers

(i) Disaggregated revenue information

	2021	2020
	US$'000	*US$'000*
Types of goods/services		
Sale of iron ores	**254,248**	411,318
Shipping services	**19,129**	14,295
Total revenue from contracts with customers	**273,377**	425,613
Geographical markets *(Note)*		
Mainland China	**273,377**	413,846
Others	**–**	11,767
Total revenue from contracts with customers	**273,377**	425,613
Timing of revenue recognition		
Goods transferred at a point in time	**254,248**	411,318
Services transferred over time	**19,129**	14,295
Total revenue from contracts with customers	**273,377**	425,613

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

(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. For the Group's iron ores that are sold under Cost and Freight ("CFR") incoterms, the Group is also responsible for providing shipping services, which represents a separate performance obligation in these situations.

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

Shipping services

Under the CFR sales arrangements, revenue from the provision of shipping services is recognised over time using an output basis to measure the Group's progress towards complete satisfaction of the services. This basis best represents the Group's performance and that the customers simultaneously receive and consume the benefits provided by the Group as the services are being provided.

(b) Geographical Segment Information

(i) Revenue from external customers

	2021	2020
	US$'000	*US$'000*
Mainland China	**292,873**	455,867
Others	**–**	11,628
Total revenue from external customers	**292,873**	467,495

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 asset relating to the Restated Long Term Hematite Ore Supply Agreement which is operated and based in Hong Kong.

(c) Information about major customers

The analysis of the Group's revenue from continuing operations from major customers (including revenue from contracts with customers and those arisen from the 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:

	2021	2020
	US$'000	*US$'000*
Customer A	**205,591**	180,106
Customer B	**N/A**[1]	101,834
Customer C	**N/A**[1]	59,635
Customer D	**N/A**[1]	51,493

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

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

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

	2021	2020
	US$'000	*US$'000*
Cost of inventories sold	**268,467**	455,281
Shipping costs	**19,129**	14,295
Net gains on iron ore futures or swap contracts included in cost of sales	**(1,123)**	(10,571)
Amortisation of other long-term asset included in cost of sales	**1,001**	1,814
Depreciation of items of property, plant and equipment	**96**	27
Depreciation of right-of-use assets	**122**	108
Impairment loss on other current financial assets*	**1,318**	–

* *In view of the long ageing, slow progress of repayment and greater uncertainty for a full recovery of the refundable contractual deposit pursuant to a coal purchase agreement which expired in 2018 despite the Group's continuous effort to pursue for settlement, an impairment allowance of US$1,318,000 was made by the Group during the year ended 31 December 2021 (2020: Nil).*

5. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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 2021 and 2020.

	2021	2020
	US$'000	*US$'000*
Current – Hong Kong		
Charge for the year	**45**	206
(Over)/under provision in prior years	**(1)**	7
Total tax charge for the year from continuing operations	**44**	213

There was no tax charge from discontinued operations for the year ended 31 December 2020.

6. DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: Nil).

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit 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 2021 and 2020.

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

	2021	2020
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation		
From continuing operations *(US$'000)*	**(1,784)**	818
From discontinued operations *(US$'000)*	**–**	13
	(1,784)	831
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted (loss)/earnings per share amounts were the same as the basic (loss)/earnings per share amounts as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

8. TRADE AND BILLS RECEIVABLES

	2021	2020
	US$'000	*US$'000*
Trade receivables	**–**	53,923
Bills receivable	**1,199**	42,071
Total	**1,199**	95,994

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 are 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.

As at 31 December 2021, the Group did not have any outstanding bills receivable transferred to banks. As at 31 December 2020, the Group transferred certain of bills of exchange amounted to US$13,482,000 to a bank with recourse in exchange for cash. The Group was exposed to default risk but did not retain any rights on the use of the bills receivable, including the sales, transfer or pledge of the bills receivable to any third parties. The proceeds from transferring the bills receivable of US$13,482,000 were accounted for as collateralised bank advances and included in the Group's interest-bearing bank and other borrowings as at 31 December 2020.

As at 31 December 2021 and 2020, the Group's 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:

	2021	2020
	US$'000	*US$'000*
Within 3 months	**–**	53,923

9. 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 2021, the Group's bills payable amounted to US$1,188,000 (2020: US$27,705,000). 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:

	2021	2020
	US$'000	*US$'000*
Within 3 months	**1,465**	81,784
3 months to 1 year	**9**	–
	1,474	81,784

The Group's trade and bills payables were non-interest-bearing as at 31 December 2021 and 2020.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I herewith present the annual results of Newton Resources Ltd for the year ended 31 December 2021.

2021 was a year of turbulence where economies and business activities continued to be disrupted by the coronavirus disease 2019 ("COVID-19") pandemic and its variants. With the support of our suppliers and customers under the constantly changing iron ore market conditions, the Group had recognised revenue from the Resources Business of approximately US$292.9 million and gross profit of approximately US$5.4 million for the Reporting Period, representing respective decrease of about 37% and 19% as compared to the Corresponding Prior Period. The Group's financial results had fallen back in 2021 because the scale of operation of the Group's Resources Business was limited by the iron ore supply available from the suppliers which was less than the business targets that the Group had originally envisaged. Attributed to the decrease in gross profit and the recognition of an impairment loss on a long outstanding receivable, the Group recorded a net loss of approximately US$1.8 million for FY 2021 (2020: net profit of approximately US$0.8 million). Notwithstanding the net loss for the year, the Group maintained healthy financial position as at 31 December 2021.

News of the COVID-19 Omicron variant led to increased financial market volatility at the end of 2021. Supply disruptions have continued to weigh on business activities. The stable and quality supply of Hematite Ores from Koolan under the Restated Long Term Hematite Ore Supply Agreement would continue to be the core challenge to the Group in 2022. We are looking forward to the successful completion of the overburden stripping phase by our supplier in the near future with voluminous supply of high-grade Hematite Ores to come in the years ahead, which could contribute to the continual growth and success in the Group's business.

However, the business environment and the operation of the Resources Business would still be very difficult with the persisting supply constraints in the near term. We should stay vigilant to the increasingly volatile and fast-moving seaborne iron ore prices. Our business development team shall continue to keep abreast of the business and market development and take the necessary steps to secure the swift sales of iron ores. 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, business development 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

	2021	2020
	US$'000	*US$'000*
Revenue	**292,873**	467,495
Gross profit	**5,399**	6,676
(Loss)/profit for the year	**(1,781)**	844
Basic (loss)/earnings per share *(US cents)*	**(0.04)**	0.02
Total assets	**37,751**	135,681
Total equity	**30,230**	32,049
Net cash position[1]	**9,051**	N/A
Net debt[2]	**N/A**	418

	2021	2020
Liquidity ratio[3]	**3.0**	1.1
Net gearing ratio[4]	**N/A**	1%

[1] *Net cash position is defined as cash and bank deposits less total interest-bearing liabilities*

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

[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*

GROUP OVERVIEW AND OUR RESOURCES BUSINESS

The Group continued to employ a distributorship business model that involved the sourcing and supply of iron ores and other commodities during the Reporting Period. With our experience, expertise and know-how in relation to iron ores and other commodities, the Group also offered a range of value-added services. In particular, the Group matched the product offerings of the suppliers with the demands of the customers in terms of pricing, quality and timing, such that the commodities from the overseas mines could be effectively brought to the customers in need at the appropriate time. As a distributor, the Group provided support in the areas of supplier management and logistics. The Group coordinated with different suppliers and got commodities from multiple sources to the customers as a package where necessary. The Group also organised shipments and delivery of the commodities to the customers.

The Group's revenue from continuing operations for FY 2021 amounted to approximately US$292.9 million (2020: approximately US$467.5 million), decreased by about 37% against the revenue for FY 2020. As affected by the supply constraints of the suppliers and the market competition, the Group purchased and sold about 2.2 Mt of iron ores (2020: about 4.4 Mt), comprising about 0.9 Mt of Hematite Ores sourced from Koolan and about 1.3 Mt of iron ores sourced from other suppliers (2020: about 1.5 Mt and 2.9 Mt respectively) during the Reporting Period. As a result, the Group recorded gross profit from the continuing operations of approximately US$5.4 million for FY 2021 (2020: approximately US$6.7 million).

The Group also recorded a net loss from the continuing operations and for the year of approximately US$1.8 million for FY 2021 (2020: net profit of approximately US$0.8 million) which was mainly attributed to the decrease in gross profit of approximately US$1.3 million and the recognition of an impairment loss on other current financial assets of approximately US$1.3 million that was made for the remaining outstanding trade deposit paid in a prior year with greater uncertainty for a full recovery.

As at 31 December 2021, the Group maintained healthy financial position notwithstanding the net loss for FY 2021 leading to the decrease in the Group's net assets.

BUSINESS AND OPERATIONAL REVIEW

The Group continued to put substantive efforts to develop the Resources Business. In order to support the Resources Business, the Group has established its business development team (the "Business Development Team") which is responsible for the liaision with suppliers and vessel owners for commodities supply and delivery, identification of and securing new customers, development of the customer network, and the execution of hedging orders.

Our Market and Product Prices

2021 was a challenging year defined by its twists and turns. Global growth prospects have significantly improved since the height of the COVID-19 pandemic in 2021 while the threats from COVID-19 variants in a number of jurisdictions in late 2021 thereafter prompted the governments to re-instate strong social distancing rules and restrictions on mobility. It was estimated by the International Monetary Fund in early 2022 that the global economy grew about 5.9% in 2021. In China, according to the National Bureau of Statistics, the gross domestic product grew by 8.1% in 2021 and stood at about US$18 trillion accounting for about 18% of the global economy.

Infrastructure investment and construction remained the main drivers of growth of China's economy during the first half of 2021 and sustained the import of raw materials such as iron ores. According to the World Steel Association, crude steel production for the first half of 2021, as compared to the same period in 2020, increased by about 13.7% globally. Attributed to the growing demand for steel and tight mainstream iron ore supply, the seaborne iron ore prices for medium-grade fines (62% Fe CFR North China) (the "Platts IODEX Price") surged to the record-high in May 2021 of approximately US$233 per tonne and closed at the monthly average price of approximately US$214 per tonne for June 2021.

However, the Platts IODEX Price had then dropped dramatically in the second half of 2021 attributed to the combined effect of several themes that emerged.

Firstly, 2021 marked the beginning of China's decarbonisation era. In September 2020, the PRC government announced the goal of becoming carbon-neutral by 2060 and has committed that carbon emissions will peak by 2030. In July 2021, under the 14th Five-Year Plan for National Economic and Social Development of the PRC (2021 to 2025) (the "14th Five-Year Plan"), the China Iron and Steel Association announced its plan to cut the steel capacity during 2021 to 2025 in response to the country's ultra-low emission transformation and the tightening capacity replacement standards. In September 2021, China's Ministry of Ecology and Environment issued further orders and restricted carbon emissions by imposing a cap on the 2021 steel output within the 2020 level. These moves together with the energy consumption controls in China led to further steel production cuts which added more pressure to the iron ore prices. Market sentiment regarding iron ore prices in the fourth quarter of 2021 had deteriorated markedly with demand of iron ores expected to be impacted by lower Chinese crude steel production. As a result, China's crude steel production declined by about 32 Mt to about 1,033 Mt in 2021 and the annual import of iron ores decreased to about 1,120 Mt in 2021, down about 4% as compared to 2020.

Secondly, China's steel demand had also softened in the second half of 2021 due to a slowing property and construction sector, mostly the aftereffect of China's tightened credit borrowing policies, according to sources. The lowed property prices and an inability to fund new developments had deterred construction in China and dampened steel demand. China's property and construction sector was bearish in the second half of 2021 as poor profitability and debt crisis of certain sizeable property developers continued to plague the property industry that could have big implications for Chinese steel and iron ore demand.

Thirdly, the iron ore supply struggled to catch up in 2021. The temporary imbalances of iron ore supply and demand over the past few years have resulted in a highly volatile market. On the supply side, improving production growth from Brazil and Australia has started to ease tight supplies on the seaborne market. However, ongoing COVID-19 restrictions and a tight labour market (mostly as a knock-on effect of the COVID-19 pandemic) have further impacted the mining sector's ability to access experienced contractors and particular skill sets and hindered the mining sector's operating activities. Mines in India and Brazil have struggled to meet its stated output targets, amid mining accidents, extreme weather and unexpected maintenance as well as the COVID-19 pandemic. Sufficient supply and steel cuts had kept downwards pressure on iron ore prices.

Meanwhile, according to a study, disruptions from COVID-19 outbreaks, declining real estate investment and property downturn under the government's continued deleveraging efforts, and a faster-than-expected withdrawal of public investment all contributed to an economic slowdown in China in the second half of 2021.

These factors further led to a decline in demand of iron ores and the Platts IODEX Price crashed to approximately US$87 per tonne in November 2021 which then recovered to approximately US$119 per tonne by 31 December 2021.

In China, Australian iron ore is the largest source of overseas supply. The political tensions between China and Australia may affect the Australian iron ore import to China and China may explore ways to diversify away from Australian iron ores in the future. The Group will keep abreast of the latest policy measures and development so as to accommodate the changes or adjust the Group's business strategies as appropriate.

During the year, the Group's iron ores were mainly priced with reference to the relevant benchmark price, the Platts IODEX Price, with price adjustments for quality and impurities where applicable subject to business negotiation, terms of sales, and cargo specifications. Coupled with the highly variable iron grade of Hematite Ores, the increasingly volatile and fast-moving seaborne iron ore prices, steeper discounts for lower iron grade fines and high silica penalties, expensive freight rates during the Reporting Period have added difficulties and created challenges to the Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments.

The Group shall continue to keep abreast of business and market development and take necessary steps to secure the swift sales of iron ores.

Our Suppliers and Customers

The Group continued to procure the Hematite Ores extracted from the Hematite Mine under the Restated Long Term Hematite Ore Supply Agreement on Free on Board basis from Australia during the Reporting Period. The Group also sourced iron ore supplies from other overseas mines from time to time on CFR terms.

During the Reporting Period, the Group has been working on the strengthening of its customer business network so that the Group can develop and improve customer relations with good business continuity and repeated orders so as to support its business with sustainable growth in the years ahead. 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.

The Group's revenue decreased by about 37% to approximately US$292.9 million, as compared to approximately US$467.5 million in FY 2020. The Group purchased and sold about 2.2 Mt of iron ores (2020: about 4.4 Mt), comprising about 0.9 Mt of Hematite Ores sourced from Koolan and about 1.3 Mt of iron ores sourced from other suppliers (2020: about 1.5 Mt and 2.9 Mt, respectively) during the Reporting Period.

As previously disclosed in the Company's annual report 2020 and interim report 2021, Koolan commenced the scheduled overburden stripping programme at the Hematite Mine since the second half of 2020. According to our supplier, ongoing COVID-19 related travel and quarantine restrictions had limited the availability of skilled personnel and thus hindered the operating activities and the execution of the overburden stripping programme at the Hematite Mine during the Reporting Period. As a result, the Hematite Ores were affected both in terms of quality and quantity.

The Group purchased about 0.9 Mt Hematite Ores during the Reporting Period, which was less than the business target that was originally advised by the supplier. In addition, during the stripping phase, the Hematite Ores were limited to blended low-grade materials with high impurities. The average ore grade sourced from Koolan was about 57% Fe during the Reporting Period (2020: about 64% Fe). The low iron grade and high silica impurities had caused deeper product discounts as valued by our customers to the Hematite Ores sold during the Reporting Period.

The supply disruption of overseas mines under resurgence of COVID-19 variants and the fierce competition under tight supply situation in the second half of 2021 have had a negative impact on our procurement from other suppliers. Thus, the quantity of iron ores procured from other suppliers has decreased and was less than the target that the Group has originally envisaged. During the Reporting Period, the Group purchased and sold about 1.3 Mt of iron ores sourced from other suppliers, compared with about 2.9 Mt of iron ores in 2020.

Looking forward, the supply of the Hematite Ores will remain at a low level until the completion of the overburden stripping programme at the Hematite Mine by Koolan. Despite the persisting difficult operating environment and the restrictions imposed on travel and mobility under the COVID-19 pandemic, the Group will continue to identify and explore new supplies of iron ores and other commodities and evaluate and secure possible long-term business relationships with suitable suppliers to further diversify the Group's product offerings.

Our Hedging Strategy

The Group continued to adopt hedging tools such as iron ore futures or swaps contracts that were cleared through Singapore Exchange Securities Trading Limited or the Stock Exchange to manage the operational risks that might arise from the Resources Business. Through these hedging instruments, the Group had been able to hedge against part of the financial impacts on the iron ore supply and sales contracts as a result of the fluctuations in iron ore market prices, which arose from movements in the benchmark prices and market indices under different QPs during the Reporting Period. The Group's Business Development Team and the hedging executives were responsible for managing the Group's exposure over iron ore price fluctuation through business negotiations and by setting out and executing the approved hedging strategy and hedging instruments from time to time, respectively.

During the Reporting Period, the Group recognised net gains of approximately US$0.3 million (2020: net losses of approximately US$3.9 million) and net gains of approximately US$1.1 million (2020: approximately US$10.6 million) from the hedging transactions in the Group's revenue and cost of sales, respectively.

Shipping of Our Iron Ores

The Group continued to engage the shipping service providers under chartering during the Reporting Period. Attributed to the COVID-19 pandemic, the nominated vessels were required to observe various protocols and measures implemented by various governments to reduce the risk of virus transmission during the Reporting Period. In line with the upsurge of the relevant sea freight index as quoted on the Baltic Exchange and the increasing fuel costs, the Group has borne a higher shipment costs in FY 2021, as compared to FY 2020. The Group's revenue attributed to the provision of shipping services amounted to approximately US$19.1 million (2020: approximately US$14.3 million).

FINANCIAL REVIEW

Revenue

The Group recognised revenue from the sales of iron ores under provisional pricing arrangements on a gross basis, service income from the shipping of cargoes, fair value adjustments 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 ores. Therefore, the Group's revenue is subject to provisional pricing adjustments until they are finalised. The provisional prices are usually finalised within three months after the month of shipment.

During the Reporting Period, the Group recognised revenue from continuing operations of approximately US$292.9 million (2020: approximately US$467.5 million), representing a decline of about 37%. In addition, the Group sold about 2.2 Mt of iron ores during the Reporting Period (2020: about 4.4 Mt), comprising about 0.9 Mt of Hematite Ores sourced from Koolan (2020: about 1.5 Mt) and about 1.3 Mt of iron ores sourced from other suppliers (2020: about 2.9Mt).

Impeded by the ongoing COVID-19 related travel and quarantine restrictions and attributed to the scheduled overburden stripping programme at the Hematite Mine in progress, there were lesser Hematite Ores from Koolan during the Reporting Period, as compared to the quantity that the Group has originally envisaged. In addition, during the stripping phase, the Hematite Ores were limited to blended low-grade materials with high impurities. The average ore grade sourced from Koolan was about 57% Fe during the Reporting Period (2020: about 64% Fe). As a result, the overall average unit selling price of the Hematite Ores sourced from Koolan decreased year-on-year by about 33% during the Reporting Period, reflecting mainly the trade discounts to the customers as a result of a combination of lower iron grade products offered, higher contaminants and increased price adjustments for inferior product quality in the market.

The COVID-19 pandemic has had a negative impact on global activities and our procurement of iron ores from other suppliers. Thus, the quantity of iron ores sold, which were sourced from other suppliers, has decreased and was less than the target that the Group has originally envisaged.

The overall average unit selling price of the Group's iron ores was approximately US$133 per tonne during the Reporting Period (2020: approximately US$106 per tonne), which has taken into account the provisional price of sales, the changes in fair values of the trade receivables and related hedging arrangements and the revenue derived from provision of shipping services. The improvement in the overall average unit selling price of the Group's iron ores was attributed to the relatively strong iron ore market indices prevailing during the first half of the Reporting Period.

Gross Profit

During the Reporting Period, the Group has been successfully matching the products with customers' demands and locking in the profit or loss by absorbing the more variable iron grade products with the customers through business negotiation and the effective execution of hedging instruments and shipping arrangements. As a result of the substantial decrease in the Group's business volume for the Reporting Period as compared to the Corresponding Prior Period, the Group had experienced a drop in gross profit of approximately US$1.3 million to approximately US$5.4 million for the Reporting Period from approximately US$6.7 million for the Corresponding Prior Period. Nevertheless, the Group has managed to slightly improve the gross profit ratio to about 1.8% for the Reporting Period (2020: about 1.4%) by capturing favourable pricing opportunities under the fast-moving iron ore market in 2021.

Results for the Reporting Period

During the Reporting Period, the Group's net loss from continuing operations and for the year was approximately US$1.8 million (2020: net profit of approximately US$0.8 million) and the decrease was mainly attributed to the decrease in gross profit of approximately US$1.3 million and the recognition of an impairment loss on other current financial assets of approximately US$1.3 million. The impairment provision was made for the remaining outstanding trade deposit paid to a supplier in a prior year in view of the long ageing, slow progress of repayment and greater uncertainty for a full recovery despite the Group's continuous effort to pursue for settlement.

Changes in the Financial Position

The Group had total assets of approximately US$37.8 million as at 31 December 2021 (2020: approximately US$135.7 million), which mainly represented the other long-term asset relating to the Restated Long Term Hematite Ore Supply Agreement of approximately US$15.2 million, other current financial assets of approximately US$5.7 million, cash and bank deposits of approximately US$14.5 million and trade and bills receivables of approximately US$1.2 million. The overall decrease in the Group's total assets was mainly attributed to the decrease in the Group's trade and bills receivables by approximately US$94.8 million as the Group's revenue for the fourth quarter of 2021 decreased year-on-year.

The Group had total liabilities of approximately US$7.5 million as at 31 December 2021 (2020: approximately US$103.6 million), which mainly represented the trade and bills payables of approximately US$1.5 million and the aggregate interest-bearing bank and other borrowings of approximately US$5.5 million. The overall decrease in the Group's total liabilities was attributed to the decrease in the Group's trade and bills payables by approximately US$80.3 million as the Group's purchases for the fourth quarter of 2021 decreased year-on-year and the repayment of the Group's interest-bearing bank and other borrowings of approximately US$15.1 million made during the Reporting Period.

The Group's total equity decreased to approximately US$30.2 million as at 31 December 2021 (2020: approximately US$32.0 million) as a result of the net loss of the Group for the Reporting Period of approximately US$1.8 million.

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of FY 2021.

SEGMENT INFORMATION

The Group was principally engaged in the Resources Business throughout the Reporting Period and the Corresponding Prior Period, and an analysis of the Group's revenue from external customers by geographical segment is as follows:

	2021 ***US$'million***	2020 *US$'million*
Mainland China	**292.9**	455.9
Others	**–**	11.6
Total revenue from external customers	**292.9**	467.5

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

Further details of the Group's segment information and segment results are set out in Note 3 and discussion of business performance of the Resources Business is set out in the sections headed "Business and Operational Review" and "Financial Review" above.

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 and liabilities, 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 its internal financial resources, bank and other borrowings and trade finance banking facilities.

Further details of the Group's interest-bearing bank and other borrowings are discussed in the section headed "Loans, Indebtedness, Maturity Profile and Exposure to Fluctuations in Interest Rates" below.

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

CAPITAL STRUCTURE AND GEARING RATIO

As at 31 December 2021, the Group's total equity amounted to approximately US$30.2 million (2020: approximately US$32.0 million). During the Reporting Period, the Group financed the operation and business expansion by the internal financial resources, the interest-bearing bank and other borrowings and the trade finance banking facilities.

As at 31 December 2021, as the Group had a net cash position of approximately US$9.0 million, it is therefore not considered to have any net gearing (2020: net gearing ratio was about 1%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the cash and cash equivalents of the Group amounted to approximately US$14.5 million (2020: approximately US$15.2 million), representing about 38% (2020: about 11%) of total assets of the Group. These cash and cash equivalents were mainly denominated as to about 94% in USD and about 2% in HKD as at 31 December 2021 (2020: about 87% in USD and about 10% in HKD). In addition, the Group had no restricted bank deposits to secure the issuance of letter of credit to suppliers as at 31 December 2021 (2020: approximately US$4.9 million denominated in USD).

The Group had interest-bearing bank and other borrowings of approximately US$5.5 million as at 31 December 2021 (2020: approximately US$20.5 million). Therefore, the Group's net cash position was approximately US$9.0 million as at 31 December 2021 (2020: net debt position of approximately US$0.4 million) and the Group's liquidity ratio improved to about 3.0 as at 31 December 2021 (2020: about 1.1). The Group's liquidity has improved as at 31 December 2021 because the Group received a net cash inflow from the operating activities of approximately US$15.9 million which was then used for the repayment of the Group's interest-bearing bank and other borrowings of approximately US$15.1 million during the Reporting Period.

The Group had unutilised committed borrowing facilities and trade finance banking facilities of approximately US$353.7 million, in aggregate, for the Resources Business as at 31 December 2021 (2020: approximately US$273.3 million). The Group will continue to negotiate for new trade finance facilities with banks to support continual development of the Group's business.

LOANS, INDEBTEDNESS, MATURITY PROFILE AND EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2021, the Group's interest-bearing bank and other borrowings were approximately US$5.5 million (2020: approximately US$20.5 million). As at 31 December 2021, about 97% of these borrowings will mature within one year and none were repayable on demand (2020: about 99% would mature within one year or were repayable on demand).

The Group's interest-bearing bank and other borrowings were denominated in HKD and carried a fixed interest rate as at 31 December 2021. As at 31 December 2020, about 66% of these borrowings were denominated in USD which carried a floating interest rate and the remaining balance was denominated in HKD and carried a fixed interest rate. As such, the Group had no material exposure to interest rate fluctuations as at 31 December 2021 and 2020.

The decrease in the Group's interest-bearing bank and other borrowings during the Reporting Period was mainly attributable to the repayment of approximately US$15.1 million made by the Group.

PLEDGE OF ASSETS

As at 31 December 2021, no property, plant and equipment or right-of-use assets or restricted bank deposits were pledged for the Group's bank borrowing or banking facilities.

As at 31 December 2020, no property, plant and equipment or right-of-use assets that were pledged for the Group's bank borrowing or banking facilities. 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 bills receivable of approximately US$13.5 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's business is principally conducted in Hong Kong and most of the transactions are denominated in USD, the Group's functional currency. Since HKD is pegged to USD, the Group's exposure to foreign currency risk in respect of the bank balances and interest-bearing borrowings denominated in HKD is considered to be minimal. Therefore, the Group had no material exposure to exchange rate fluctuation during the Reporting Period. 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 market 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 against part of the fluctuations in iron ore market 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 was mostly adopted by the Group and had exposure to commodity price fluctuations during the Reporting Period was the Platts IODEX Price (2020: the Platts IODEX Price and the seaborne iron ore prices for high-grade fines (65% Fe CFR North China)).

During the Reporting Period, the Group recognised net gains of approximately US$0.3 million (2020: net losses of approximately US$3.9 million) and net gains of approximately US$1.1 million (2020: approximately US$10.6 million) from hedging transactions in the Group's revenue and cost of sales, respectively.

The Group did not have any outstanding iron ore futures or swap contracts as at 31 December 2021 and 2020.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no significant investments, acquisitions or disposals.

The Group did not have any specific future plans for material investments or capital assets as at 31 December 2021. Nevertheless, the Group will continue to explore and evaluate projects and investment opportunities with potentials to create value for the Shareholders in the long run.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 27 (2020: 28) employees in Hong Kong and Mainland China.

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 the 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 environment within the office premises during the Reporting Period.

To help fight against the COVID-19 pandemic, the Group has followed the guidelines and requirements published by relevant local government departments from time to time. The Group has also implemented preventive measures for our employees such as work-from-home policy, flexible working hours and encourages our employees to hold virtual meetings instead of physical 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.

EVENT AFTER THE REPORTING PERIOD

From 31 December 2021 to the date of this announcement, there was no important event affecting the Group.

OUTLOOK AND FUTURE PLANS

The iron ore prices that run like a roller-coaster in 2021 had added difficulties and created challenges to the Resources Business, in particular, on trade negotiation, product pricing and execution of hedging strategy and hedging instruments. The iron ore and steel markets are expected to see less volatility in 2022 but the average prices of iron ores could drop due to sluggish demand in general.

The property and construction sector in China is expected to remain on a downward trend in 2022 while another pullback for the steel sector is China's long-term decarbonisation policies that are expected to be focusing in capping crude steel output within 2021 levels. China's steel mills are also gradually shifting their steelmaking process from blast furnaces and converter routes to electric arc furnaces which use high-grade iron ores and are considered to be more environmentally friendly as they create less emission.

Markets have also been closely observing the geopolitical uncertainties and tensions between Russia and Ukraine, and their effect on boosting prices for food, energy, iron ores and other commodities, fuelling inflation while disrupting trade and supply chains across the globe. According to opinions, any prolonged military campaign will severely impact annual iron ore exports from Russia and Ukraine, eventually tightening the global balance of the supply and demand of iron ores.

Meanwhile, in Australia, the situation remains uncertain with the labour shortage issues in Western Australia where the relevant authorities have maintained restrictive measures to keep the resurgence of new COVID-19 variants at bay.

In early 2022, the seaborne iron ore prices climbed on the expectation of strong demand of iron ores after businesses in China resumed following the Lunar New Year holidays and over concerns that a prolonged military conflict between Russia and Ukraine could curb the global supply. In addition, according to some sources, China's crude steel output could be expected to rise in the first half of 2022 and then decline in the second half, with full-year production remaining within 2021 levels. This could be supportive to the iron ore prices in the first half of 2022.

According to the International Monetary Fund, the global economy in early 2022 was in a weaker position than previously expected. The rapid spread of the COVID-19 Omicron variant indicates that the COVID-19 pandemic will likely continue to disrupt economic activities and some countries have re-imposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated. The ongoing retrenchment of China's property and construction sector and slower-than-expected recovery of private consumption could also limit the growth prospects in 2022.

The supply of Hematite Ores sourced from Koolan is expected to remain low for the first half of 2022 as the Hematite Mine is still in the overburden stripping phase as impacted by COVID-19 related restrictions and limited availability of skilled personnel. The Group is looking forward to the successful completion of the stripping phase by Koolan as early as possible with the supply of high-grade Hematite Ores to come in the years ahead. Despite the difficult business environment and the aforesaid uncertainties and challenges, the Business Development Team shall keep abreast of the business and market development and take the necessary steps to secure the swift sales of iron ores.

Looking forward, the Group continues to focus its efforts on optimising the Resources Business and minimising the adverse impact of the COVID-19 pandemic on the Group by adopting relevant precautionary measures. The Group will also continue to identify and explore new supplies of iron ores and other commodities and evaluate and secure possible long-term business relationships with suitable suppliers to further diversify the Group's product offerings. The Group will continue to 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 2021, 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 2021.

The Company has also established written guidelines (the "Code for Securities Transactions by Relevant Employees") on terms no less exacting than the required standards set out in 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 2021.

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 Stock Exchange (www.hkexnews.hk). 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 has no disagreement with such accounting treatments 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 2021 and the independent auditor's report thereon.

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

During FY 2021, 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, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2022 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 Thursday, 2 June 2022.

ANNUAL GENERAL MEETING

The 2022 AGM of the Company is scheduled to be held on Thursday, 9 June 2022. A notice convening the 2022 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 2021, and the consolidated statement of profit or loss and other comprehensive income 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.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections. The Board proposes to take this opportunity to update the Memorandum and Articles with regards to the updates in Listing Rules and the applicable laws as well as for housekeeping purposes. The Board is of the view that the proposed amendments to the Memorandum and Articles are in the interests of the Company and the Shareholders as a whole.

The Board proposes to seek the approval of Shareholders by way of a special resolution at the 2022 AGM (the "Special Resolution") for the amendment and adoption of a new set of Memorandum and Articles. Prior to the passing of the Special Resolution, the existing Memorandum and Articles shall remain valid.

After the proposed amendments to the Memorandum and Articles come into effect, the full text of the new set of Memorandum and Articles will be published on the websites of the Company and the Stock Exchange (www.hkexnews.hk).

A circular containing, inter alia, full details of the proposed amendments to the Memorandum and Articles will be despatched to Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company and the Stock Exchange (www.hkexnews.hk). The annual report 2021 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 sourcing and supply of iron ores
"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 that were in force during the Reporting Period
"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
"Director(s)"	the director(s) of the Company

"FY 2020" or "Corresponding Prior Period"	the financial year ended 31 December 2020
"FY 2021" or "Reporting Period"	the financial year ended 31 December 2021
"Group"	the Company and its subsidiaries collectively
"Hematite Mine"	the hematite mine situated at Koolan Island, Western Australia
"Hematite Ore(s)"	the iron ore(s) of high-grade for direct shipping ore sales
"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
"Memorandum and Articles"	the memorandum and articles of association of the Company, as amended from time to time
"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 Ore 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 Ore Supply Agreement, Koolan shall supply and sell and Ace Profit shall purchase Hematite Ores 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

"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

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

Hong Kong, 29 March 2022

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.