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 2022

The Board wishes to announce the consolidated annual results of the Group for FY 2022 together with the comparative figures for FY 2021 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *US$'000*	2021 *US$'000*
Revenue	*3*	**201,487**	292,873
Cost of sales		**(198,686)**	(287,474)
Gross profit		**2,801**	5,399
Other income and gains, net		**126**	73
Selling and distribution costs		**(2,056)**	(2,258)
Administrative expenses		**(2,346)**	(2,611)
Impairment loss on other current financial assets		**–**	(1,318)
Finance expenses, net		**(742)**	(1,006)
Share of losses of an associate		**(7)**	(16)
Loss before tax	*4*	**(2,224)**	(1,737)
Income tax credit/(expenses)	*5*	**2**	(44)
Loss for the year		**(2,222)**	(1,781)

	Notes	**2022**	2021
		US$'000	*US$'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		**(30)**	(38)
Other comprehensive income for the year, net of tax		**(30)**	(38)
Total comprehensive income for the year		**(2,252)**	(1,819)
(Loss)/profit attributable to:			
Owners of the Company		**(2,136)**	(1,784)
Non-controlling interests		**(86)**	3
		(2,222)	(1,781)
Total comprehensive income attributable to:			
Owners of the Company		**(2,163)**	(1,830)
Non-controlling interests		**(89)**	11
		(2,252)	(1,819)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted *(US cents)*		**(0.05)**	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** ***US$'000***	2021 *US$'000*
Non-current assets			
Property, plant and equipment		**175**	268
Right-of-use assets		**340**	317
Other long-term asset		**13,422**	15,180
Investment in an associate		**208**	234
Total non-current assets		**14,145**	15,999
Current assets			
Trade and bills receivables	*8*	**23,156**	1,199
Other current financial assets		**7,454**	5,722
Prepayments and other receivables		**140**	153
Income tax recoverables		**61**	174
Restricted bank deposits		**4,399**	–
Cash and cash equivalents		**11,516**	14,504
Total current assets		**46,726**	21,752
Current liabilities			
Trade and bills payables	*9*	**25,235**	1,474
Other current financial liabilities		**1,762**	281
Contract liability		**688**	–
Other payables and accruals		**597**	298
Interest-bearing bank and other borrowings		**4,430**	5,295
Income tax payables		**5**	15
Total current liabilities		**32,717**	7,363
Net current assets		**14,009**	14,389
Total assets less current liabilities		**28,154**	30,388
Non-current liabilities			
Interest-bearing bank and other borrowings		**176**	158
Total non-current liabilities		**176**	158
Net assets		**27,978**	30,230
Equity			
Equity attributable to owners of the Company			
Share capital		**46,890**	46,890
Reserves		**(19,817)**	(17,654)
		27,073	29,236
Non-controlling interests		**905**	994
Total equity		**27,978**	30,230

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 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 amended IFRSs which were issued before 31 December 2022 but not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 *Effective for annual periods beginning on or after 1 January 2023*
2 *Effective for annual periods beginning on or after 1 January 2024*
3 *No mandatory effective date yet determined but available for adoption*
4 *As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024*
5 *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*
6 *An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17*

The Group is in the process of making an assessment of the impact of these new and amended IFRSs 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 2022 and 2021.

An analysis of revenue is as follows:

	2022	2021
	US$'000	*US$'000*
Revenue from contracts with customers	**206,107**	273,377
Revenue from other sources:		
Quotation period price adjustments *(Note)*		
– relating to prior year shipments	**–**	7,029
– relating to current year shipments	**(8,567)**	12,136
Net gains on iron ore futures or swap contracts	**3,947**	331
	201,487	292,873

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 2022, certain of the Group's revenue, that was recognised subject to provisional pricing adjustments, has yet to be finalised. Such revenue would usually be finalised within three months after the inventories were delivered. The Group's revenue, that was recognised subject to provisional pricing arrangements as at 31 December 2021, had all been finalised.

(a) Revenue from contracts with customers

(i) Disaggregated revenue information

	2022	2021
	US$'000	*US$'000*
Types of goods/services		
Sale of iron ores	**180,777**	254,248
Shipping services	**25,330**	19,129
Total revenue from contracts with customers	**206,107**	273,377
Geographical markets *(Note)*		
Mainland China	**197,806**	273,377
Others	**8,301**	–
Total revenue from contracts with customers	**206,107**	273,377
Timing of revenue recognition		
Goods transferred at a point in time	**180,777**	254,248
Services transferred over time	**25,330**	19,129
Total revenue from contracts with customers	**206,107**	273,377

Note: Revenue from contracts with 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 on a Cost and Freight ("CFR") incoterms basis, 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

	2022	2021
	US$'000	*US$'000*
Mainland China	**194,170**	292,873
Others	**7,317**	–
Total revenue from external customers	**201,487**	292,873

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 major customers (including revenue from contracts with customers and those arisen from the QP 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:

	2022	2021
	US$'000	*US$'000*
Customer A	**83,915**	205,591
Customer B	**44,809**	N/A[1]
Customer C	**27,215**	N/A[1]

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

4. LOSS BEFORE TAX

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

	2022	2021
	US$'000	*US$'000*
Cost of inventories sold	**165,807**	268,467
Shipping costs	**25,330**	19,129
Net losses/(gains) on iron ore futures or swap contracts included in cost of sales	**5,791**	(1,123)
Amortisation of other long-term asset included in cost of sales	**1,758**	1,001
Depreciation of items of property, plant and equipment	**99**	96
Depreciation of right-of-use assets	**187**	122
Loss on disposal of items of property, plant and equipment	**–**	1

5. INCOME TAX (CREDIT)/EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 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 2022 and 2021.

	2022	2021
	US$'000	*US$'000*
Current – Hong Kong		
Charge for the year	**–**	45
Over provision in prior years	**(2)**	(1)
Total tax (credit)/charge for the year	**(2)**	44

6. DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the 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 2022 and 2021.

The calculation of basic loss per share is based on:

	2022	2021
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation *(US$'000)*	**(2,136)**	(1,784)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation *(thousands of shares)*	**4,000,000**	4,000,000

Diluted loss per share amounts were the same as the basic loss per share amounts as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

8. TRADE AND BILLS RECEIVABLES

	2022 *US$'000*	2021 *US$'000*
Trade receivables	**4,336**	–
Bills receivables	**18,820**	1,199
Total	**23,156**	1,199

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 2022 and 2021, the Group's trade and bills receivables were non-interest-bearing.

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

	2022	2021
	US$'000	*US$'000*
Within 3 months	**23,156**	1,199

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 2022, the Group's bills payable amounted to US$20,207,000 (2021: US$1,188,000). 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:

	2022	2021
	US$'000	*US$'000*
Within 3 months	**25,235**	1,465
3 months to 1 year	**–**	9
	25,235	1,474

The Group's trade and bills payables were non-interest-bearing as at 31 December 2022 and 2021.

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 2022.

For the Reporting Period, the Group recognised revenue from the sales of iron ores (mainly the distribution of Hematite Ores supplied by Koolan, our major supplier) amounting to approximately US$201.5 million (2021: approximately US$292.9 million) and continued to manage the Group's exposure to the fluctuations in the iron ore market indices through business negotiation, hedging tools and derivatives from time to time.

The Chinese steel mills continued to experience weak margins and poor steel profitability in 2022 with bare demand for high-grade iron ores. However, volatility reigned in the iron ore market with prices rallying and falling. The seaborne iron ore prices reached a 3-year low in October 2022 which then rebounded swiftly and significantly amid expectations of a pickup in iron ore demand and the recovery of economic activity faster than initially anticipated. As a result, there was a decrease in the Group's gross profit recorded for the Reporting Period and the Group's net loss for the Reporting Period was approximately US$2.2 million (2021: approximately US$1.8 million).

Looking forward, the Chinese steel mills have maintained a cautious buying stance and are procuring only to fulfil basic needs while the seaborne iron ore prices remained sensitive, fast-moving and highly volatile in early 2023. These have created challenges to the Resources Business, in particular, in trade negotiation, product pricing and execution of hedging strategy and hedging instruments.

On the other hand, China is heading towards economic stability in 2023. I am also happy to see that our major supplier, Koolan, had completed the overburden stripping programme at the Hematite Mine in 2022 and that the high-grade Hematite Ore supply from Koolan has been recovering and is expected to be more stable both in terms of quantity and quality in the years ahead. Our business development team shall continue to keep abreast of the business and market development and take 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

	2022	2021
	US$'000	*US$'000*
Revenue	**201,487**	292,873
Gross profit	**2,801**	5,399
Loss for the year	**(2,222)**	(1,781)
Basic loss per share *(US cents)*	**(0.05)**	(0.04)
Total assets	**60,871**	37,751
Total equity	**27,978**	30,230
Net cash position[1]	**6,910**	9,051

	2022	2021
Liquidity ratio[2]	**1.4**	3.0

1 *Net cash position is defined as cash and cash equivalents less interest-bearing bank and other borrowings*

2 *Liquidity ratio is computed as total current assets divided by total current liabilities*

OUR CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

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 to source commodities from multiple sources and made available such commodities to the customers as a package where necessary. The Group also organised shipments and delivery of the commodities to the customers.

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 a business development team (the "Business Development Team") which is responsible for liaison with suppliers and vessel owners for commodities supply and delivery, identification of and securing new customers, developing the customer network, and the execution of hedging strategy and hedging instruments.

The Group's revenue for FY 2022 amounted to approximately US$201.5 million (2021: approximately US$292.9 million), decreased by about 31% year-on-year ("YOY"). The Group purchased and sold about 1.7 Mt of iron ores (2021: about 2.2 Mt), comprising about 1.5 Mt of Hematite Ores sourced from Koolan and about 0.2 Mt of iron ores sourced from other mines during the Reporting Period (2021: about 0.9 Mt and 1.3 Mt respectively).

The Group recorded a net loss for the year of approximately US$2.2 million (2021: approximately US$1.8 million). The decline in the financial results of the Group was mainly caused by the YOY decrease in the Group's revenue and gross profit, which was partly offset by the absence of the impairment loss of approximately US$1.3 million recognised for the Corresponding Prior Period and the YOY reduction in the Group's operating outlays by approximately US$0.5 million.

Our Market, Products and Product Prices

During the Reporting Period, the Group's iron ores were mainly priced with reference to the relevant benchmark prices, the Platts 62% Fe CFR North China index (the "Platts IODEX Price") for medium-grade fines and the Platts 65% Fe CFR North China index (the "65 IO Price") for high-grade fines, with price adjustments for quality and impurities where applicable subject to business negotiation, terms of sales, and cargo specifications. To accommodate the needs and requests of the Group's customers and suppliers, the Group has sourced and sold the iron ores with pricing referencing the market indices under different price quotation periods and the hedging tools and derivatives were executed from time to time to mitigate the Group's exposures to the fluctuations in the market indices arising from the difference in price quotation periods of iron ore sales and purchases.

According to our supplier, Koolan has largely completed the overburden stripping programme at the Hematite Mine by 30 June 2022. As a result, the iron grade of the Group's Hematite Ores gradually improved during the Reporting Period from about 63% Fe in the first half of 2022 to about 65% Fe in the second half of 2022 (2021: an average of about 57% Fe). However, the demand for high-grade iron ores from the Chinese steel mills was weak due to poor steel margins and a bearish steel demand outlook that prevailed in China throughout 2022. The easing of coronavirus 2019 ("COVID-19") pandemic precautionary measures in China as announced in December 2022 led to the expectation of rising demand for iron ores and steels going forward and the seaborne iron ore prices had shot up in late 2022 and thereafter. All these added difficulties and created challenges to the Resources Business, in particular, in trade negotiation, product pricing and execution of hedging strategy and hedging instruments.

China is the world's largest consumer of iron ores and has been the main driver of iron ore demand for the last 20 years. Despite being the third largest iron ore producer in the world, China still imports around 80% of the iron ores it uses each year.

The Chinese economy continued to face challenges in 2022. In China, COVID-19 outbreaks and its precautionary measures dampened economic activity in 2022. Since November 2022, China has been moving quickly towards reopening by lifting COVID-19 precautionary measures and travel restrictions. China's sudden reopening led to optimism towards a rapid rebound in economic activity. Also, the improvement in the global financial conditions in late 2022 as the inflation pressures started to abate together with a weakening US dollar from its November high, provided some modest relief to China. The GDP in China grew by about 3% in 2022. According to research, the anti-epidemic measures, including the lockdown in major cities, and the real estate slump dragged down the economic growth in China for 2022. According to the statistics of the government of the People's Republic of China ("PRC"), crude steel production for 2022, as compared to 2021, dropped by about 2.1% in China, marking a second-successive annual decline.

On the other hand, the prices of coal, coke and other major fuels remained at high levels resulting in a material increase in the fuel costs of steel production and a significant squeeze on the profitability of the steel mills in the industry throughout 2022. The iron ore demand falters on thin or negative steel margins. Some Chinese steel mills, especially the private ones, had cut steel output voluntarily as weak steel demand dragged down their margins significantly in 2022. Also, some blast furnaces were shut down for maintenance in order to soften the blow from weak steel demand and high inventories during the Reporting Period, according to sources.

Volatility reigned in the iron ore market in 2022 with prices rallying and falling and the Group was exposed to the unanticipated sudden upsurge of iron ore market indices during the Reporting Period, especially towards the end of 2022, which resulted in an increase in the purchase prices of iron ores, the costs of which largely could not be passed onto the Group's customers under the provisional pricing arrangement. In the first half of 2022, the Group mainly priced its medium-grade iron ores with reference to the Platts IODEX Price in accordance with the market practices. The Platts IODEX Price had shot up about 33% to approximately US$158 per tonne at the end of the first quarter of 2022, as compared to about US$119 per tonne at the beginning of the year. Since late February 2022, supply concerns due to the Russia-Ukraine conflict have outweighed muted demand growth and the crackdown on speculative iron ore trading behaviour in China. However, lockdowns in various major cities in China due to COVID-19 and stringent public health measures in the second quarter of 2022 posed great uncertainty and downside pressure to the construction activities and the Platts IODEX Price trended downwards to approximately US$120 per tonne at the end of the second quarter of 2022.

Attributed to the improving iron grade of the Group's Hematite Ores in the second half of 2022, the Group then priced its high-grade iron ores with reference to the 65 IO Price. In the second half of 2022, the 65 IO Price reached a 3-year low at approximately US$91 per tonne in October 2022 attributed to, among others, the zero COVID-19 policy and the lockdowns of cities in China. The 65 IO Price then recovered in November 2022 on the back of supportive property market policies and the easing of COVID-19 pandemic precautionary measures in China, which led to positive iron ore demand expectations. In December 2022, the PRC government announced a downgrade to the containment measures for COVID-19 and dropped the quarantine requirements for all passengers arriving from outside the country's borders from early January 2023. Optimism therefore arose among some market participants on an economic revival in China and the market's view that the boost in the resumption of construction and infrastructural spending would lead to quick recovery of iron ore demand in China, which provided further support to iron ore prices in December 2022. The 65 IO Price surged in December 2022 with the average 65 IO Price reaching approximately US$124 per tonne. The Group therefore experienced a business loss in the second half of 2022 resulting in the significant drop in the Group's gross profit for the Reporting Period to approximately US$2.8 million, as compared to the gross profit of approximately US$5.4 million recorded for the Corresponding Prior Period. However, according to research, the Chinese steel mills' production margins remained negative, and more mills chose to purchase low-grade fines and resell high-grade fines to reduce production costs. The seaborne iron ore market also faced lukewarm liquidity as the market saw import losses for most mainstream iron ore products in the fourth quarter of 2022.

Subsequent to the end of the Reporting Period, the trend of the seaborne iron ore prices continued to rise and the February 2023 average of the 65 IO Price further leaped up to approximately US$141 per tonne, which had squeezed the Group's gross profit earned from the sales of iron ores that were sold and provisionally priced during the Reporting Period by approximately US$1.6 million, and is expected to negatively impact the Group's financial performance in the upcoming financial year. In early 2023, the market sentiment strengthened as China started dismantling its zero COVID-19 policy and gradually reopening the economy while the steel mills also started to replenish in-plant iron ore inventories ahead of the 2023 Lunar New Year holidays. After China loosened the COVID-19 restrictions, the steel demand in 2023 might increase.

In China, Australian iron ores remained the largest source of overseas supply. Diplomatic relations between the two countries steadily improved in 2022. Recently, China's trade relations with Australia showed concrete signs of thawing with coal shipments resuming in early 2023. As a distributor of Australian iron ores, the Group will keep abreast of the latest policy measures and development to adapt to any changes or adjust the Group's business strategies as appropriate.

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 a Free on Board incoterms basis from Australia during the Reporting Period. The Group also sourced iron ore supplies from other overseas mines from time to time under CFR.

During the Reporting Period, the Group has kept strengthening its customer business network so that the Group can develop and improve customer relationships 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.

According to our supplier, Koolan, it has completed the scheduled overburden stripping programme at the Hematite Mine during the Reporting Period. The iron grade of Hematite Ores sold during the Reporting Period gradually improved with an average of about 64% Fe (2021: about 57% Fe). However, a fire occurred in August 2022 in the product sizing screen plant at the Hematite Mine. Such temporal supply disruption due to the incident slightly affected the Group's supply and sales of Hematite Ores in 2022. During the Reporting Period, the Group purchased and sold about 1.5 Mt of Hematite Ores sourced from Koolan (2021: about 0.9 Mt).

Because of the reduced steel demand in China in 2022 and the difficult business environment faced by the Group during the Reporting Period as affected by, among others, the COVID-19 outbreaks and lockdown in major cities in China and the highly volatile and fluctuating iron ore market prices, our Business Development Team adopted a cautious approach in sourcing iron ores from other mines. As a result, the Group's business volume and revenue with other suppliers in FY 2022 declined by about 85% and 86% respectively as compared to FY 2021 and were less than the target that the Group has originally envisaged.

Our Hedging Strategy and Execution

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 quotation periods during the Reporting Period. The Group's Business Development Team and the hedging executives were responsible for managing the Group's exposure to iron ore price fluctuations through business negotiations and by setting out and executing the approved hedging strategy and hedging instruments from time to time.

As discussed earlier, the iron ore market was highly volatile and fast-changing in 2022, especially towards the end of 2022 and thereafter. During the Reporting Period, the Group recognised net gains of approximately US$3.9 million (2021: net gains of approximately US$0.3 million) and net losses of approximately US$5.8 million (2021: net gains of approximately US$1.1 million) from the hedging transactions in the Group's revenue and cost of sales, respectively.

As at 31 December 2022, the Group had an aggregate open position of iron ore futures or swap contracts of 60,000 tonnes (2021: Nil) expiring by the end of January 2023 with a positive carrying value of approximately US$2.1 million (2021: Nil) which has been recognised as financial assets at fair value through profit or loss and included in the Group's other current financial assets at that date.

Shipping of Our Iron Ores

The Group continued to engage the shipping service providers under chartering during the Reporting Period.

The Group's revenue attributed to the provision of iron ore shipping services amounted to approximately US$25.3 million (2021: approximately US$19.1 million), reflecting the increase in number of shipments and higher sea freight charges recognised in FY 2022.

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 iron ores, 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 of approximately US$201.5 million (2021: approximately US$292.9 million), representing a decline of about 31%. The Group sold about 1.7 Mt of iron ores during the Reporting Period (2021: about 2.2 Mt), comprising about 1.5 Mt of Hematite Ores sourced from Koolan (2021: about 0.9 Mt) and about 0.2 Mt of iron ores sourced from other suppliers (2021: about 1.3 Mt).

As mentioned in the "Business and Operational Review" section above, our supplier, Koolan, has completed the overburden stripping programme at the Hematite Mine during the Reporting Period. The iron grade of Hematite Ores sold during the Reporting Period gradually improved with an average of about 64% Fe (2021: about 57% Fe) and the average unit selling price of the Hematite Ores sourced from Koolan also increased YOY by about 45%, reflecting the significant improvement in product quality and the corresponding upgrade to the applicable iron ore benchmark prices which were higher during the Reporting Period.

Because of the reduced steel demand in China in 2022 and affected by other factors mentioned earlier, our Business Development Team adopted a cautious approach in sourcing iron ores from other mines. As a result, the Group's business volume and revenue with other suppliers in 2022 declined by about 85% and 86% respectively and were 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$119 per tonne during the Reporting Period (2021: approximately US$133 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 the provision of shipping services. The decrease in the overall average unit selling price of the Group's iron ores was attributed to the net effect of the substantial reduction in the sales of medium to high-grade iron ores sourced from other suppliers during the Reporting Period which was partly offset by the YOY improvement in the average iron grade and unit selling price of Hematite Ores sold during the Reporting Period.

Gross Profit

During the Reporting Period, the Group has been matching the iron ore products with customers' demands successfully for swift sales through business negotiation.

Attributed to the weak demand for high-grade iron ores from Chinese steel mills as they continued to experience poor steel profitability in 2022, and the unanticipated sudden upsurge of iron ore market indices during the Reporting Period, especially towards the end of 2022, which resulted in an increase in the purchase prices of iron ores, the costs of which largely could not be passed onto the Group's customers under the provisional pricing arrangement, the Group experienced a business loss in the second half of 2022 resulting in the significant drop in the gross profit by approximately US$2.6 million to approximately US$2.8 million for the Reporting Period (2021: approximately US$5.4 million). The Group's gross profit ratio has also dropped to about 1.4% for the Reporting Period (2021: about 1.8%).

Results for the Reporting Period

The Group's net loss for the Reporting Period was approximately US$2.2 million (2021: approximately US$1.8 million). The increase in the Group's net loss for the Reporting Period was mainly caused by the YOY decrease in the Group's revenue attributed to the weak demand for high-grade iron ores from the Chinese steel mills, the significant drop in the Group's gross profit to approximately US$2.8 million for the Reporting Period, while the absence of the impairment loss of approximately US$1.3 million recognised for the Corresponding Prior Period and the YOY reduction in the Group's operating outlays by approximately US$0.5 million had mitigated such impact on the net loss of the Group for the Reporting Period.

Changes in the Financial Position

The Group had a healthy financial position as at 31 December 2022 with total assets of approximately US$60.9 million (2021: approximately US$37.7 million), which mainly represented the other long-term asset relating to the Restated Long Term Hematite Ore Supply Agreement of approximately US$13.4 million, the trade and bills receivables of approximately US$23.2 million, other current financial assets of approximately US$7.5 million, restricted bank deposits of approximately US$4.4 million and cash and cash equivalents of approximately US$11.5 million. Attributed to the shipments made before 31 December 2022, the Group's trade and bills receivables increased by approximately US$22.0 million to approximately US$23.2 million as at 31 December 2022.

The Group had total liabilities of approximately US$32.9 million as at 31 December 2022 (2021: approximately US$7.5 million), which mainly represented the trade and bills payables of approximately US$25.2 million, other current financial liabilities of approximately US$1.8 million and the aggregate interest-bearing bank and other borrowings of approximately US$4.6 million. Similar to the trade and bills receivables, the Group recognised an increase in the trade and bills payables by approximately US$23.7 million to approximately US$25.2 million as at 31 December 2022.

Despite the net loss of the Group for the Reporting Period, the Group's total equity remained steady and amounted to approximately US$28.0 million at 31 December 2022 (2021: approximately US$30.2 million).

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of FY 2022.

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 set out as follows:

	2022 ***US$'million***	2021 *US$'million*
Mainland China	**194.2**	292.9
Others	**7.3**	–
Total revenue from external customers	**201.5**	292.9

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 the business performance of the Resources Business is set out in the sections headed "Business and Operational Review" and "Financial Review" above.

FINANCIAL RESOURCES, CAPITAL STRUCTURE AND LIQUIDITY

The Group has a funding and treasury policy to monitor its funding requirements and perform ongoing liquidity reviews. 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.

As at 31 December 2022, the Group's total equity amounted to approximately US$28.0 million (2021: approximately US$30.2 million). During the Reporting Period, the Group financed its operation by internal financial resources, the interest-bearing bank and other borrowings and the trade finance banking facilities.

As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately US$11.5 million (2021: approximately US$14.5 million), representing about 19% (2021: about 38%) of the total assets of the Group. These cash and cash equivalents were mainly denominated as to about 81% in USD and about 15% in HKD as at 31 December 2022 (2021: about 94% in USD and about 2% in HKD). In addition, the Group has approximately US$4.4 million restricted bank deposits denominated in USD to secure the issuance of letters of credit to the suppliers as at 31 December 2022.

The Group had interest-bearing bank and other borrowings of approximately US$4.6 million as at 31 December 2022 (2021: approximately US$5.5 million), about 96% (2021: about 97%) of these borrowings will mature within one year. 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$0.9 million made by the Group.

All of the Group's interest-bearing bank and other borrowings were denominated in HKD and carried a fixed interest rate as at 31 December 2022 and 2021. As such, the Group had no material exposure to interest rate fluctuations.

The Group had unutilised committed borrowing facilities and trade finance banking facilities of approximately US$405.0 million, in aggregate, for the Resources Business as at 31 December 2022 (2021: approximately US$353.7 million). The Group will continue to negotiate for new trade finance facilities with banks to support the continual development of the Group's business.

The Group's net cash position, i.e. cash and cash equivalents less interest-bearing bank and other borrowings, was then calculated as approximately US$6.9 million as at 31 December 2022 (2021: approximately US$9.0 million). Therefore, the Group is not considered to have any net gearing as at 31 December 2022 and 2021 and the Group's liquidity ratio was about 1.4 as at 31 December 2022 (2021: about 3.0). The Group's liquidity remains stable as at 31 December 2022.

PLEDGE OF ASSETS

As at 31 December 2022, 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 2022 were secured by an aggregate amount of restricted bank deposits of approximately US$4.4 million.

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.

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 to 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 executing approved hedging strategies and hedging instruments. Through business negotiation and the use of 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 prices that were mostly adopted by the Group during the Reporting Period were the Platts IODEX Price and 65 IO Price.

During the Reporting Period, the Group recognised net gains of approximately US$3.9 million (2021: net gains of approximately US$0.3 million) and net losses of approximately US$5.8 million (2021: net gains of approximately US$1.1 million) from the hedging transactions in the Group's revenue and cost of sales, respectively.

As at 31 December 2022, the Group had an aggregate open position of iron ore futures or swap contracts of 60,000 tonnes (2021: Nil) expiring by the end of January 2023 with a positive carrying value of approximately US$2.1 million (2021: Nil) which has been recognised as financial assets at fair value through profit or loss and included in the Group's other current financial assets at that date. Subsequent to the end of the Reporting Period, the trend of the seaborne iron ore prices continued to rise and the February 2023 average of the 65 IO Price further leaped up to approximately US$141 per tonne, which had squeezed the Group's gross profit earned from the sales of iron ores that were sold and provisionally priced during the Reporting Period by approximately US$1.6 million, and is expected to negatively impact the Group's financial performance in the upcoming financial year.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no significant investments, nor any acquisitions or disposals of subsidiaries, associates and joint ventures.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 23 (2021: 27) employees in Hong Kong and Mainland China. During FY 2022, staff costs (inclusive of Directors' emoluments) was approximately US$2.8 million (2021: approximately US$3.0 million).

The remuneration packages of the employees are structured by reference to job nature (including geographical locations) and prevailing market conditions and are subject to periodic review. Year-end bonuses and share option scheme are available to reward employees in line with their 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.

The emoluments of the Directors, comprising the Director's fees, salary packages, discretionary bonuses and share options, were 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, their time commitment and contributions to the Company, the prevailing market conditions and the remuneration packages and benefits of other companies of similar size, business nature and scope. The Director's remuneration is subject to annual review by the Remuneration Committee and the Board with the authorisation granted by the Shareholders at an annual general meeting of the Company.

The human resources department of the Group is responsible for the collection and administration of the human resources data and for 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 remuneration.

During the Reporting Period, the Group has followed the measures and directives issued by the government and health authorities in the cities where the Group operated and deployed appropriate operation protocols and preventive measures to protect the Group's employees and provide them with a healthy and hygienic working environment within the office premises. 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 quarantine and self-isolation policy, work-from-home policy, and flexible working hours and encourages our employees to hold virtual meetings instead of physical meetings with our stakeholders as much as feasible.

In addition, 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 PRC ("HKSAR Government"), which shall be applied towards the payroll costs of the eligible staff members of the Applicants for certain months in 2022. During FY 2022, the Subsidy of approximately US$0.1 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 2022 to the date of this announcement, there was no important event affecting the Group.

OUTLOOK AND FUTURE PLANS

The global economy is proving more resilient and the PRC economy showed a steady recovery at the beginning of 2023. After the lift of COVID-19 precautionary measures and travel restrictions, China has entered new phase rapidly and steadily, the unimpeded economic activity has been accelerating with notable improvements in production and demand. In addition, the high-grade Hematite Ores supply from Koolan has been recovering from the fire incident and is expected to be more stable both in terms of quantity and quality in the years ahead.

On the other hand, the Chinese steel mills remain on the lookout for a pickup in downstream steel demand to rouse a greater requirement for iron ores. The low to medium-grade iron ores remain the focal point in the seaborne iron ore market due to their cost competitiveness, in particular those with deeper discounts. In addition, China is aiming to contain its steel production growth in 2023 and focus more on environmentally friendly capacity swaps. China's steel demand is likely to continue falling in 2023 due to slowed demand both domestically and internationally. However, as the PRC government has been prioritising the stability of the economic growth for 2023, any government-mandated output cuts is expected to be mild.

Subsequent to the end of the Reporting Period, those bullish traders participated more speculatively in the seaborne iron ore market while the Chinese end-users maintained a cautious buying stance and procured only to fulfil basic needs. Therefore, the seaborne iron ore prices remained sensitive, fast-moving and highly volatile. The 65 IO Price surged after the Reporting Period and the February 2023 average of the 65 IO Price further leaped up to approximately US$141 per tonne. All of the above have created challenges to the Resources Business, in particular, in trade negotiation, product pricing and execution of hedging strategy and hedging instruments. 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 managing the impact of seaborne iron ore price movements on the Group. The Group will also continue to identify and explore new supplies of iron ores and other commodities and evaluate and secure potential long-term business relationships with suitable suppliers to further diversify the Group's product offerings. In view of the challenges the Group's Resources Business are facing, 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, value creation and sustainability. 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. In achieving long-term growth and sustainability, the Company's strategies in the business development and management as well as strategic priorities against material risks relating to Environmental, Social and Governance ("ESG") shall be embedded into the corporate governance practices. During FY 2022, we adopted corporate governance principles that emphasise a quality Board, effective risk management and internal control systems covering ESG risks, 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 Code Provisions and, where appropriate, Recommended Best Practices as set out in part 2 of the CG Code 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 2022.

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.

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 consolidated financial statements of the Group for FY 2022.

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

During FY 2022, 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, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive), during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2023 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 2 June 2023.

ANNUAL GENERAL MEETING

The 2023 AGM of the Company is scheduled to be held on Thursday, 8 June 2023. A notice convening the 2023 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 2022, 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.

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 2022 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
"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 2021" or "Corresponding Prior Period"	the financial year ended 31 December 2021
"FY 2022" or "Reporting Period"	the financial year ended 31 December 2022
"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
"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"	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, 24 March 2023

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.