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 2024

The Board wishes to announce the consolidated annual results of the Group for FY 2024 together with the comparative figures for FY 2023 as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** *US$'000*	2023 *US$'000*
Revenue	*3*	**309,937**	526,119
Cost of sales		**(304,747)**	(516,173)
Gross profit		**5,190**	9,946
Other income and gains, net		**749**	458
Selling and distribution costs		**(2,706)**	(3,919)
Administrative expenses		**(2,443)**	(2,867)
Finance expenses, net		**(1,058)**	(989)
Share of loss of an associate		**(6)**	(10)
(Loss)/profit before tax	*4*	**(274)**	2,619
Income tax expenses	*5*	**(55)**	(251)
(Loss)/profit for the year		**(329)**	2,368

	Notes	**2024**	2023
		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		**(28)**	(7)
Other comprehensive income for the year, net of tax		**(28)**	(7)
Total comprehensive income for the year		**(357)**	2,361
(Loss)/profit attributable to:			
Owners of the Company		**(287)**	2,373
Non-controlling interests		**(42)**	(5)
		(329)	2,368
Total comprehensive income attributable to:			
Owners of the Company		**(307)**	2,366
Non-controlling interests		**(50)**	(5)
		(357)	2,361
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted *(US cents)*		**(0.01)**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024** **US$'000**	2023 US$'000
Non-current assets			
Property, plant and equipment		**46**	81
Right-of-use assets		**478**	156
Other long-term asset		**6,640**	9,457
Investment in an associate		**183**	192
Total non-current assets		**7,347**	9,886
Current assets			
Trade and bills receivables	*8*	**36,317**	61,611
Other current financial assets		**4,307**	15,089
Prepayments and other receivables		**1,242**	163
Income tax recoverable		**23**	–
Restricted bank deposits		**6,199**	10,655
Cash and cash equivalents		**15,979**	11,769
Total current assets		**64,067**	99,287
Current liabilities			
Trade and bills payables	*9*	**36,779**	59,107
Other current financial liabilities		**748**	1,830
Contract liabilities		**634**	960
Other payables and accruals		**2,786**	2,056
Interest-bearing bank and other borrowings		**161**	14,659
Income tax payables		**–**	222
Total current liabilities		**41,108**	78,834
Net current assets		**22,959**	20,453
Total assets less current liabilities		**30,306**	30,339
Non-current liabilities			
Interest-bearing bank and other borrowings		**324**	–
Total non-current liabilities		**324**	–
Net assets		**29,982**	30,339
Equity			
Equity attributable to owners of the Company			
Share capital		**46,890**	46,890
Reserves		**(17,758)**	(17,451)
		29,132	29,439
Non-controlling interests		**850**	900
Total equity		**29,982**	30,339

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 IFRS accounting standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as 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 IFRS accounting standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The adoption of the above revised IFRS accounting standards has had no material impact on the Group's financial performance and position for the Reporting Period.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS accounting standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS accounting standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS accounting standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

[1] *Effective for annual periods beginning on or after 1 January 2025*
[2] *Effective for annual periods beginning on or after 1 January 2026*
[3] *Effective for annual/reporting periods beginning on or after 1 January 2027*
[4] *No mandatory effective date yet determined but available for adoption*

Further information about those IFRS accounting standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes.

In addition, amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are minor consequential amendments to other standards.

IFRS 18, and the consequential amendments to the other standards, are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospectively application is required.

The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Resources Business was the only reportable business segment of the Group during the years ended 31 December 2024 and 2023.

An analysis of revenue is as follows:

	2024	2023
	US$'000	*US$'000*
Revenue from contracts with customers	**319,561**	529,386
Revenue from other sources:		
Quotation period price adjustments *(Note)*		
– relating to prior year shipments	**(3,779)**	888
– relating to current year shipments	**(11,602)**	12,467
Net gains/(losses) on iron ore futures or swap contracts	**5,757**	(16,622)
Total	**309,937**	526,119

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 regard, such revenue from contracts with customers is measured at the estimated forward commodity prices of 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 2024 and 2023, 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.

(a) Revenue from contracts with customers

(i) Disaggregated revenue information

	2024	2023
	US$'000	*US$'000*
Types of goods/services		
Sale of iron ores	**293,005**	487,721
Shipping services	**26,556**	41,665
Total revenue from contracts with customers	**319,561**	529,386
Geographical markets *(Note)*		
Mainland China	**319,561**	529,386
Timing of revenue recognition		
Goods transferred at a point in time	**293,005**	487,721
Services transferred over time	**26,556**	41,665
Total revenue from contracts with customers	**319,561**	529,386

Note: Revenue from contracts with external customers by geographical location is based on the ports of discharge of the Group's iron ores.

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

	2024	2023
	US$'000	*US$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Shipping services	**960**	688

(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. 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

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. 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 the customer receives and simultaneously consumes the benefits from the services provided by the Group.

(b) Geographical Segment Information

(i) Revenue from external customers

	2024	2023
	US$'000	*US$'000*
Mainland China	**309,937**	526,119

Revenue from external customers by geographical location is determined based on the ports of discharge of the Group's iron ores.

(ii) The Group's non-current assets mainly represented the other long-term asset relating to the Hematite Ores supply contract 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:

	2024	2023
	US$'000	*US$'000*
Customer A	**149,452**	358,879
Customer B	**83,827**	N/A[1]

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

4. (LOSS)/PROFIT BEFORE TAX

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

	2024	2023
	US$'000	*US$'000*
Cost of inventories sold	**264,957**	500,519
Shipping costs	**26,214**	41,216
Net losses/(gains) on iron ore futures or swap contracts included in cost of sales	**10,759**	(29,527)
Amortisation of other long-term asset included in cost of sales	**2,817**	3,965
Depreciation of items of property, plant and equipment	**67**	95
Depreciation of right-of-use assets	**183**	184

5. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

	2024	2023
	US$'000	*US$'000*
Current – Hong Kong		
Charge for the year	**55**	252
Overprovision in prior years	**–**	(1)
Total tax charge for the year	**55**	251

6. DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2024 (2023: 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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,000,000,000 outstanding during the years ended 31 December 2024 and 2023.

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

	2024	2023
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation *(US$'000)*	**(287)**	2,373
Shares		
Weighted average number of ordinary shares outstanding 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 outstanding during the years ended 31 December 2024 and 2023.

8. TRADE AND BILLS RECEIVABLES

	2024	2023
	US$'000	*US$'000*
Trade receivables	**2,422**	27,525
Bills receivable	**33,895**	34,086
Total	**36,317**	61,611

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 by 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 did not have any bills receivable transferred to a bank as at 31 December 2024 (2023: US$10,259,000). The proceeds from transferring such bills receivable as at 31 December 2023 were accounted for as collateralised bank advances and included in interest-bearing bank and other borrowings.

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 2024 and 2023, 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 respective reporting periods, based on the invoice date, net of loss allowance, is as follows:

	2024	2023
	US$'000	*US$'000*
Within 3 months	**36,317**	61,611

The Group applies the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade and bills receivables measured at amortised cost. As at 31 December 2024, the Group's trade receivables were not yet past due (2023: Nil), and therefore the credit risk related to the receivables measured at amortised cost was considered to be immaterial.

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 2024, the Group's bills payables amounted to US$31,093,000 (2023: US$31,558,000). An ageing analysis of the trade and bills payables as at the end of the respective reporting periods, based on the invoice date, is as follows:

	2024	2023
	US$'000	*US$'000*
Within 3 months	**36,779**	59,107

The Group's trade and bills payables were non-interest-bearing as at 31 December 2024 and 2023.

CHAIRMAN'S STATEMENT

I hereby present the annual results of the Company for the Reporting Period.

2024 continued to be a difficult year for the Group as the Group was affected by, among others, weak downstream steel demand, tough business environment, macroeconomic pressures, continuing high interest rate, slowing growth and other challenges. Nevertheless, attributed to the effort of the Group's management and the business development team (the "Business Development Team"), the Group has successfully secured swift sales of its iron ores during the Reporting Period. The Group reported revenue of approximately US$309.9 million (2023: approximately US$526.1 million) and gross profit of approximately US$5.2 million (2023: approximately US$9.9 million) for the Reporting Period. Therefore, the Group recorded a net loss of approximately US$0.3 million for the Reporting Period (2023: a net profit of approximately US$2.4 million).

Looking ahead, the economic outlook remains uncertain. The trade policies, the potentially escalating global trade frictions and supply chain disruptions are expected to exert additional pressure on iron ore prices in 2025. The iron ore and steel demand is expected to remain sensitive to Chinese policies and dependent on the recovery of the Chinese economy. The iron ore market prices are therefore likely to remain volatile. The Group shall continue to observe the macroeconomic developments and the impact of fiscal policies alongside any significant changes in supply and demand fundamentals in the iron ore and steel markets. The Group will also continue to identify and explore new sources of supply of iron ores and other commodities to further diversify the Group's product offerings and explore and capture mergers and acquisitions or investment opportunities and other collaboration for its sustainable development.

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. I would also like to express my heartfelt gratitude to my fellow Board members, our management, the Business Development Team and all the staff members for their contributions and commitment made for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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. Operating under the Group's ethos of legal, ethical, and responsible business practices, the Business Development Team liaised with suppliers and vessel owners for commodities supply and delivery, identified and secured new customers, developed the customer network, and executed the hedging strategy and hedging instruments. As a distributor, the Group continued to engage shipping service providers under chartering for cargo delivery during the Reporting Period.

FINANCIAL HIGHLIGHTS

	2024	2023
	US$'000	*US$'000*
Revenue	**309,937**	526,119
Gross profit	**5,190**	9,946
(Loss)/profit for the year	**(329)**	2,368
Basic (loss)/earnings per share *(US cents)*	**(0.01)**	0.06
Total assets	**71,414**	109,173
Total equity	**29,982**	30,339
Net cash[1]	**15,494**	N/A
Net debt[2]	**N/A**	2,890

	2024	2023
Liquidity ratio[3]	**1.6**	1.3
Net gearing ratio[4]	**N/A**	10%

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

[2] *Net debt is defined as interest-bearing bank and other borrowings less cash and cash equivalents*

[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*

BUSINESS AND FINANCIAL REVIEW

In 2024, China's economy demonstrated resilience and the effectiveness of its overall reform process. Attributed to the effort of the Group's management and the Business Development Team, the Group has successfully secured the swift sales of its iron ores during the Reporting Period.

With the supply of medium to high-grade Hematite Ores from Koolan, the Group's iron ores were mainly priced with reference to the Platts 62% Fe CFR North China index (the "Platts IODEX Price") or the Platts 65% Fe CFR North China index (the "65 IO Price"), where applicable, with price adjustments based on the quality and impurity level and cargo specifications. To accommodate the needs and requests of the Group's customers and suppliers, the Group's iron ores were priced with reference to market indices under different price quotation periods.

The combination of weak domestic steel demand in China, the increase in iron ore imports with a pile-up in China's portside stocks, and the strong supply from Brazilian and Australian mines drove down the seabound iron ore market prices in 2024. The average Platts IODEX Price was approximately US$109 per tonne and the average 65 IO Price was approximately US$123 per tonne during the Reporting Period. Both indices trended downwards to approximately US$104 per tonne for the average Platts IODEX Price and approximately US$118 per tonne for the average 65 IO Price in December 2024, as compared to the average of approximately US$136 per tonne and approximately US$147 per tonne in December 2023, respectively. The seaborne iron ore market experienced a downward trend in the second half of 2024, closing the year lower due to weak demand fundamentals and macroeconomic pressures.

The Group's revenue for the Reporting Period amounted to approximately US$309.9 million (2023: approximately US$526.1 million), representing a drop of about 41% year-over-year. There was also an overall decrease in the Group's gross profit to approximately US$5.2 million (2023: approximately US$9.9 million). The decline in the Group's business performance and financial results for the Reporting Period as compared to FY 2023 was multifaceted, key factors included (a) the significant decrease in the supply of high-quality Hematite Ores during FY 2024; (b) the sales of medium-grade Hematite Ores during the third quarter of 2024 with a higher degree of variance in quality leading to additional costs to the Group which could not be passed onto the Group's customers; (c) the poor iron ore demand by our customers as affected by weak demand fundamentals; (d) the lower iron ore market indices prevailing throughout FY 2024 as compared to FY 2023; and (e) thinner profit differential that can be captured from different price quotation periods. As a result, the Group recorded a net loss of approximately US$0.3 million for the Reporting Period (2023: a net profit of approximately US$2.4 million).

The Group purchased and sold about 2.9 Mt of iron ores (2023: about 4.3 Mt), comprising about 2.2 Mt of Hematite Ores sourced from Koolan and about 0.7 Mt of iron ores sourced from other mines during the Reporting Period (2023: about 3.3 Mt and 1.0 Mt respectively), representing a drop by about 33% year-over-year.

During the Reporting Period, the average iron grade of the Group's Hematite Ores was about 65% Fe, which remained steady as compared to that for the Corresponding Prior Period. As mentioned in the Company's interim report 2024, there had been a transition in the operation and mining locations of Koolan in the third quarter of 2024 (the "Transition"). During the Transition, there had been a temporary reduction in shipment rates from Koolan with iron grade lowered to an average of about 63% Fe. After the Transition, the iron grade of the Hematite Ores had improved and Koolan had provided high-grade Hematite Ores with an average of about 65% Fe in the fourth quarter of 2024.

The iron ore and steel markets were complicated and fast-changing. The seaborne iron ore market prices continued to be volatile and hedging tools and derivatives were executed to mitigate the Group's exposures to the fluctuations in the market indices arising from the difference in price quotation periods for iron ore sales and purchases. During the Reporting Period, the Group recorded net gains of approximately US$5.8 million (2023: net losses of approximately US$16.6 million) and net losses of approximately US$10.8 million (2023: net gains of approximately US$29.5 million) from the hedging transactions which were recognised as part of the Group's revenue and cost of sales, respectively.

The Group's revenue attributed to the provision of iron ore shipping services amounted to approximately US$26.6 million for the Reporting Period (2023: approximately US$41.7 million), representing a decrease of about 36% year-over-year. Such decrease was largely in line with the overall decrease in the quantity of iron ores sold by the Group during the Reporting Period as compared to the Corresponding Prior Period.

The Group had a healthy financial position as at 31 December 2024 with total assets of approximately US$71.4 million (2023: approximately US$109.2 million). Attributed to the decrease in iron ore shipments before 31 December 2024, the Group's trade and bills receivables and other current financial assets as at 31 December 2024 decreased by approximately US$25.3 million and approximately US$10.8 million, respectively, leading to the overall decrease in the Group's total assets as at 31 December 2024.

The Group had total liabilities of approximately US$41.4 million as at 31 December 2024 (2023: approximately US$78.8 million), representing a decrease of approximately US$37.4 million. The overall decrease in the Group's total liabilities as at 31 December 2024 was attributable to the decrease in the trade and bills payables by approximately US$22.3 million as the Group's iron ore shipments decreased before the year end and the decrease in the Group's interest-bearing bank and other borrowings by approximately US$14.2 million with repayment and settlement made during FY 2024.

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of FY 2024 (2023: Nil).

SEGMENT INFORMATION

The Group was principally engaged in the Resources Business throughout the Reporting Period and the Corresponding Prior Period. The Group's revenue from customers by geographical segment is categorised based on the ports of discharge of the Group's iron ores, which were all in Mainland China for the Reporting Period and the Corresponding Prior Period.

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

FINANCIAL RESOURCES, CAPITAL STRUCTURE AND LIQUIDITY

The Group has a 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. During the Reporting Period, the Group financed its operation with internal financial resources, interest-bearing bank and other borrowings and trade finance banking facilities. The Group's objective is to maintain a balance between the continuity of funds and flexibility through the effective use of these financing sources.

As at 31 December 2024, the Group's total equity amounted to approximately US$30.0 million (2023: approximately US$30.3 million). In line with the loss recorded for the Reporting Period, the Group's total equity decreased by approximately US$0.3 million.

The cash and cash equivalents of the Group amounted to approximately US$16.0 million as at 31 December 2024 (2023: approximately US$11.8 million), representing about 22% (2023: about 11%) of the total assets of the Group. The Group's cash and cash equivalents were mainly denominated as to about 97% in USD as at 31 December 2024 (2023: about 96% in USD). In addition, the Group had approximately US$6.2 million restricted bank deposits denominated in USD to secure the issuance of letters of credit by banks to the suppliers as at 31 December 2024 (2023: approximately US$10.7 million).

As at 31 December 2024, the Group had interest-bearing bank and other borrowings of approximately US$0.5 million, all of which bore fixed interest rates, were unsecured and denominated in HKD. About 33% of such interest-bearing bank and other borrowings will mature within one year or on demand. As at 31 December 2023, the Group had interest-bearing bank and other borrowings of approximately US$14.7 million, all of which will mature within one year or on demand and bore fixed interest rates, with about 70% denominated in USD and about 30% denominated in HKD. Apart from the bank borrowings of approximately US$10.3 million secured by bills receivable, the remaining interest-bearing bank and other borrowings of the Group of approximately US$4.4 million as at 31 December 2023 were unsecured. Attributed to the decrease in iron ore shipments before 31 December 2024, the Group did not have any bank borrowings secured by bills receivable as at 31 December 2024.

The Group's recorded net cash was approximately US$15.5 million as at 31 December 2024 (2023: net debt of approximately US$2.9 million) and it is therefore not considered to have any net gearing (2023: net gearing ratio (computed as net debt divided by total equity) about 10%). The Group's liquidity ratio was about 1.6 as at 31 December 2024 (2023: about 1.3). The Group's liquidity remained stable and healthy as at 31 December 2024.

The Group had in aggregate unutilised committed borrowing facilities and trade finance banking facilities of approximately US$288.0 million for the Resources Business as at 31 December 2024 (2023: approximately US$287.0 million). The Group will continue to negotiate for new trade finance facilities with banks to support its continual development.

PLEDGE OF ASSETS

As at 31 December 2024 and 2023, no property, plant and equipment or right-of-use assets were pledged for the Group's bank borrowing or banking facilities. The Group's utilised banking facilities as at 31 December 2024 were secured by restricted bank deposits in an aggregate amount of approximately US$6.2 million (2023: approximately US$10.7 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's business activities were principally carried out in Hong Kong and most of the transactions were denominated in USD, the Group's functional currency. Since HKD is pegged to USD, the Group's exposure to foreign currency risk mainly arose from the interest-bearing borrowings as at 31 December 2024 denominated in HKD, which is considered to be minimal. Therefore, the Group was considered to have insignificant 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 continued to manage the operational exposure to fluctuations in iron ore market prices by entering into iron ore futures or swap contracts. The Group's hedging executives 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 reference index prices. The reference index prices mostly adopted by the Group during the Reporting Period were the Platts IODEX Price and the 65 IO Price.

As at 31 December 2024, the Group had an aggregate open position of iron ore futures or swap contracts of 596,000 tonnes expiring by the end of February 2025 (2023: 1,245,000 tonnes expired by the end of March 2024) with a positive carrying value of approximately US$0.8 million (2023: approximately US$7.7 million) which had been recognised as financial assets at fair value through profit or loss and included in the other current financial assets in the consolidated statement of financial position of the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no significant investments, nor any material 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 2024, the Group had a total of 33 (2023: 23) employees in Hong Kong and Mainland China. During FY 2024, the Group's staff costs (inclusive of Directors' emoluments) were approximately US$3.1 million (2023: approximately US$4.6 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 bonus and share options 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 and the prevailing market conditions. 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 own remuneration.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

From 31 December 2024 to the date of this announcement, there was no important event affecting the Group.

OUTLOOK AND FUTURE PLANS

The Group's business will continue to face lots of challenges in 2025.

The combination of weak domestic steel demand in China, the increase in iron ore imports with a pile-up in China's portside stocks, and the strong supply from Brazilian and Australian mines drove down the seabound iron ore market prices in 2024. The trade policies that may be introduced by the government of the United States of America, along with the potentially escalating trade tensions between China and the United States of America, are expected to exert additional pressure on the iron ore prices in 2025, and any further constraints or tariffs on the export of Chinese manufactured goods may suppress the iron ore demand. Downside risks are expected to prevail in 2025.

On the other hand, the increase in imports of iron ores to China driven by traders rebuilding the port stockpiles at low prices could demonstrate the optimism of the iron ore market participants in the outlook for China's iron ore and steel sectors with staunch support from the stimulus measures adopted by the Chinese government aiming to revive the Chinese economy. Iron ore and steel demand is expected to remain resilient in China as supported by strong steel exports and manufacturing activities. It is believed that the iron ore and steel demand will remain dependent on the recovery of the Chinese economy. With the recovery path for China still bumpy, the iron ore market is expected to remain sensitive to Chinese policies and the iron ore demand and market prices are likely to remain volatile. Nevertheless, the Chinese steel mills could always find new customers and markets and it could be anticipated that any negative impact on iron ore demand would not be too severe at least in the short term.

Looking ahead, the Group shall continue to observe the macroeconomic developments and the impact of fiscal policies alongside any significant changes in supply and demand fundamentals in the iron ore and steel markets. The Group will also continue to identify and explore new supplies of iron ores and other commodities to further diversify the Group's product offerings and explore and capture mergers and acquisitions or investment opportunities and other collaboration for its sustainable development.

CORPORATE GOVERNANCE PRACTICES

The Board strongly believes that corporate governance is an integral part of the Company 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 its 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") are embedded into the corporate governance practices. During FY 2024, 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 its unwavering commitment to high standards of corporate governance, the Company has adopted and complied with 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 will continue enhancing its corporate governance practices which evolve with the conduct and growth of its business, and reviewing and improving such practices to ensure that business activities and decision making processes are regulated in a proper, prudent and transparent manner in accordance with international best practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 and all the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout FY 2024.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee currently comprises four members, including Mr. Tsui King Fai (Chairman of the Committee), who possesses the appropriate professional qualification, accounting and related financial management expertise in accordance with the requirements under the Listing Rules, Mr. Lee Kwan Hung, Eddie, Mr. Shin Yick, Fabian and Ms. Hang Qingli, 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 (www.newton-resources.com) 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 the 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 2024.

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

During FY 2024, 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, 9 June 2025 to Thursday, 12 June 2025 (both days inclusive), during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the 2025 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, 6 June 2025.

ANNUAL GENERAL MEETING

The 2025 AGM of the Company is scheduled to be held on Thursday, 12 June 2025. A notice convening the 2025 AGM will be issued 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 2024, 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 FY 2024. 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 (www.newton-resources.com) and the Stock Exchange (www.hkexnews.hk). The annual report 2024 will be issued 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:

"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 C1 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 2023" or "Corresponding Prior Period"	the financial year ended 31 December 2023
"FY 2024" or "Reporting Period"	the financial year ended 31 December 2024

"Group"	the Company and its subsidiaries collectively
"Hematite Ore(s)"	the iron ore(s) of high-grade for direct shipping ore sales
"HK$" or "HKD"	Hong Kong dollar
"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 Mount Gibson Iron Limited, a company incorporated in Australia, the shares of which are listed on the Australian Securities Exchange (ASX: MGX)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mt"	million tonnes
"Remuneration Committee"	the remuneration committee of the Company
"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

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

Hong Kong, 25 March 2025

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