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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Board announces the audited consolidated annual results of the Group for the financial year ended 31 December 2022 together with the comparative figures for the previous financial year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000 (restated)
Continuing operations			
Revenue	5	207,435	116,810
Cost of sales		<u>(137,343)</u>	<u>(66,534)</u>
Gross profit		70,092	50,276
Other income		296	18,484
Administrative expenses		(48,538)	(44,066)
Other expenses	6	<u>(31,171)</u>	<u>(80,895)</u>
Loss from operations		(9,321)	(56,201)
Finance costs	7	<u>(51,221)</u>	<u>(53,374)</u>
Loss before tax		(60,542)	(109,575)
Income tax (expense)/credit	8	<u>(1,609)</u>	<u>4,835</u>

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000 (restated)
Loss for the year from continuing operations		(62,151)	(104,740)
Discontinued operation			
Profit for the year from discontinued operation	<i>9</i>	<u>259</u>	<u>3,755</u>
Loss for the year	<i>10</i>	<u>(61,892)</u>	<u>(100,985)</u>
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income, net		(12,691)	4,251
Deferred tax effect arising on fair value change of equity investments at fair value through other comprehensive income		(831)	–
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(9,882)</u>	<u>(12,087)</u>
Other comprehensive loss for the year, net of tax		<u>(23,404)</u>	<u>(7,836)</u>
Total comprehensive loss for the year		<u>(85,296)</u>	<u>(108,821)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		(38,831)	(59,133)
– Discontinued operation		<u>259</u>	<u>3,755</u>
		<u>(38,572)</u>	<u>(55,378)</u>
Non-controlling interests			
– Continuing operations		<u>(23,320)</u>	<u>(45,607)</u>
Loss for the year		<u>(61,892)</u>	<u>(100,985)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(58,999)	(61,998)
Non-controlling interests		<u>(26,297)</u>	<u>(46,823)</u>
Total comprehensive loss for the year		<u>(85,296)</u>	<u>(108,821)</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
Loss per share (HK cents)			
From continuing and discontinued operations			
Basic	<i>11(a)</i>	<u>(2.55)</u>	<u>(4.02)</u>
Diluted	<i>11(a)</i>	<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic	<i>11(b)</i>	<u>(2.57)</u>	<u>(4.29)</u>
Diluted	<i>11(b)</i>	<u>N/A</u>	<u>N/A</u>
From discontinuing operation			
Basic	<i>11(c)</i>	<u>0.02</u>	<u>0.27</u>
Diluted	<i>11(c)</i>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		137,728	137,935
Right-of-use assets		378	1,254
Mining right	<i>12</i>	32,125	59,639
Equity investments at fair value through other comprehensive income	<i>13</i>	51,507	64,382
		<u>221,738</u>	<u>263,210</u>
Current assets			
Trade and other receivables	<i>14</i>	24,564	19,689
Loan receivables	<i>15</i>	–	411
Bank and cash balances		52,388	7,274
		<u>76,952</u>	<u>27,374</u>
Current liabilities			
Trade and other payables	<i>16</i>	94,065	50,337
Contract liabilities		4,516	9,553
Borrowings	<i>17</i>	301,434	223,808
Lease liabilities		456	875
		<u>400,471</u>	<u>284,573</u>
Net current liabilities		<u>(323,519)</u>	<u>(257,199)</u>
Total assets less current liabilities		<u>(101,781)</u>	<u>6,011</u>
Non-current liabilities			
Borrowings	<i>17</i>	14,329	38,118
Lease liabilities		–	456
Deferred tax liabilities		9,029	7,280
		<u>23,358</u>	<u>45,854</u>
NET LIABILITIES		<u>(125,139)</u>	<u>(39,843)</u>
Capital and reserves			
Share capital	<i>18</i>	15,153	15,153
Reserves		179,680	238,679
Equity attributable to owners of the Company		194,833	253,832
Non-controlling interests		(319,972)	(293,675)
TOTAL EQUITY		<u>(125,139)</u>	<u>(39,843)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Share- based payment reserve <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	Equity investment revaluation reserve <i>HKS'000</i>	Retained earning <i>HKS'000</i>	Total <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 January 2021	12,627	20,652	300	–	39,761	2,853	172,013	248,206	(246,852)	1,354
Issue of subscription shares <i>(note 18(j))</i>	2,526	56,569	–	–	–	–	–	59,095	–	59,095
Share-based payments	–	–	–	8,529	–	–	–	8,529	–	8,529
Total comprehensive (loss)/income for the year	–	–	–	–	(10,871)	4,251	(55,378)	(61,998)	(46,823)	(108,821)
At 31 December 2021	<u>15,153</u>	<u>77,221</u>	<u>300</u>	<u>8,529</u>	<u>28,890</u>	<u>7,104</u>	<u>116,635</u>	<u>253,832</u>	<u>(293,675)</u>	<u>(39,843)</u>
At 1 January 2022	15,153	77,221	300	8,529	28,890	7,104	116,635	253,832	(293,675)	(39,843)
Total comprehensive loss for the year	–	–	–	–	(6,905)	(13,522)	(38,572)	(58,999)	(26,297)	(85,296)
At 31 December 2022	<u>15,153</u>	<u>77,221</u>	<u>300</u>	<u>8,529</u>	<u>21,985</u>	<u>(6,418)</u>	<u>78,063</u>	<u>194,833</u>	<u>(319,972)</u>	<u>(125,139)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business has been changed to Room 1208, 12/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong with effective from 15 July 2022. The Company's shares are listed on the main board of the Stock Exchange.

The Company is an investment holding company. The Company, through its major subsidiaries, is principally engaged in:

- (i) gold mining, exploration and trading of gold products;
- (ii) trading of non-ferrous metal and wholesale and trading of frozen meat; and
- (iii) provision of money lending services (discontinued operation).

2. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$61,892,000 for the year ended 31 December 2022 and as at 31 December 2022 the Group had net current liabilities and net liabilities of approximately HK\$323,519,000 and approximately HK\$125,139,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, to provide liquidity and cash flows and sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

- (i) The Group is negotiating with lender to roll over the loan repayments and extend repayment of interests; and
- (ii) The Group is looking for potential investor(s) to invest in the Company.

In addition, the Group is currently focusing on the integration of gold mines and strengthening its operations of production and sales of gold, and the management of the Group is also implementing cost-saving measures to improve its operating cash flows and financial position.

On the basis that the Group can successfully completed the various proposed measures as mentioned above to improve its operating results and cash flows, the Directors believe that the Group will have sufficient funds to finance its current working capital requirements in the next twelve months from the end of the reporting date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

New standards, amendments and revised conceptual framework not yet adopted

Standards, amendments and revised conceptual framework that have been issued but not yet effective on 1 January 2022 and not been early adopted by the Group are as follows:

		Effective for the financial year beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1	Amendments in relation to Disclosure of Accounting Policies	1 January 2023
HKAS 8	Amendments in relation to Definition of Accounting Estimates	1 January 2023
HKAS 12	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 16	Amendments in relation to Lease Liability in a Sale and Leaseback	1 January 2024
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1	Amendments in relation to Non-current Liabilities with Covenants	1 January 2024
HK-int 5	Amendments in relation to Amendments to HKAS 1	1 January 2024
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

Money lending segment (discontinued operation) – provision of money lending services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements.

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

	Continuing operations		Discontinued operation	Total HK\$'000
	Mining products HK\$'000	Trading and wholesale HK\$'000	Money lending HK\$'000	
For the year ended 31 December 2022				
Revenue from external customers	119,474	87,961	–	207,435
Segment (loss)/profit	(47,607)	(2,464)	259	(49,812)
Depreciation of property, plant and equipment	18,956	–	–	18,956
Depreciation of right-of-use assets	–	–	109	109
Amortisation of mining right	2,018	–	–	2,018
Interest revenue	13	–	–	13
Interest expense	47,229	802	–	48,031
Income tax expense	1,609	–	–	1,609
Additions to segment non-current assets	55,503	–	210	55,713
Impairment loss	31,171	–	–	31,171
As at 31 December 2022				
Segment assets	184,419	107,469	–	291,888
Segment liabilities	285,689	57,294	–	342,983
For the year ended 31 December 2021				
Revenue from external customers	85,882	30,928	2,256	119,066
Segment (loss)/profit	(93,082)	(3,584)	3,755	(92,911)
Depreciation of property, plant and equipment	14,690	–	–	14,690
Depreciation of right-of-use assets	–	–	114	114
Amortisation of mining right	1,536	–	–	1,536
Interest revenue	13	–	–	13
Interest expense	48,082	–	1,894	49,976
Income tax credit	4,835	–	–	4,835
Additions to segment non-current assets	84,378	16	94	84,488
Impairment loss	79,454	1,441	–	80,895
As at 31 December 2021				
Segment assets	212,278	76,035	670	288,983
Segment liabilities	259,137	10,535	223	269,895

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments and consolidated revenue	207,435	119,066
Elimination of discontinued operation	—	(2,256)
	<u>207,435</u>	<u>116,810</u>
Consolidated revenue from continuing operations	<u><u>207,435</u></u>	<u><u>116,810</u></u>
Profit or loss		
Total loss of reportable segments	(49,812)	(92,911)
Other loss	(12,080)	(8,074)
Elimination of discontinued operation	(259)	(3,755)
	<u>(62,151)</u>	<u>(104,740)</u>
Consolidated loss for the year from continuing operations	<u><u>(62,151)</u></u>	<u><u>(104,740)</u></u>
Assets		
Total assets of reportable segments	291,888	288,983
Other assets	6,802	1,601
	<u>298,690</u>	<u>290,584</u>
Consolidated total assets	<u><u>298,690</u></u>	<u><u>290,584</u></u>
Liabilities		
Total liabilities of reportable segments	342,983	269,895
Other liabilities	80,846	60,532
	<u>423,829</u>	<u>330,427</u>
Consolidated total liabilities	<u><u>423,829</u></u>	<u><u>330,427</u></u>

Apart from the above, the total of other material items disclosed in the segment information is the same as the consolidated totals.

Geographical information:

(a) Revenue from external customers

	2022 HK\$'000	2021 <i>HK\$'000</i>
Continuing operations		
PRC	207,435	116,810
Discontinued operation		
Hong Kong	—	2,256
	207,435	119,066

In presenting the geographical information, revenue is based on the locations of the customers.

(b) Non-current assets

	2022 HK\$'000	2021 <i>HK\$'000</i>
Hong Kong	449	1,344
PRC	169,782	197,484
	170,231	198,828

(c) Revenue from major customers

Revenue from major customers individually accounting for 10% or more of total revenue are as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Customer A (sales of non-ferrous metal)	86,413	—
Customer B (sales of gold products)	67,021	41,611
Customer C (sales of gold products)	—*	22,791

*Note: Customer C in 2022 does not meet the threshold of revenue over 10%.

5. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mining products	119,474	85,882
Trading of non-ferrous metal and wholesale and trading of frozen meat	87,961	30,928
Revenue from contracts with customers	207,435	116,810
Interest income of money lending	–	2,256
Total revenue	<u>207,435</u>	<u>119,066</u>
Representing:		
Continuing operations	207,435	116,810
Discontinued operation (<i>note 9</i>)	–	2,256
	<u>207,435</u>	<u>119,066</u>

Disaggregation of revenue from contracts with customers:

	Mining products <i>HK\$'000</i>	Trading and wholesale <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022			
<i>Geographical markets</i>			
PRC	<u>119,474</u>	<u>87,961</u>	<u>207,435</u>
<i>Major products</i>			
Gold products	119,474	–	119,474
Frozen meat	–	1,548	1,548
Non-ferrous metal	–	86,413	86,413
Total	<u>119,474</u>	<u>87,961</u>	<u>207,435</u>
<i>Timing of revenue recognition</i>			
At a point in time	<u>119,474</u>	<u>87,961</u>	<u>207,435</u>
For the year ended 31 December 2021			
<i>Geographical markets</i>			
PRC	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>
<i>Major products</i>			
Gold products	85,882	–	85,882
Frozen meat	–	30,928	30,928
Total	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>
<i>Timing of revenue recognition</i>			
At a point in time	<u>85,882</u>	<u>30,928</u>	<u>116,810</u>

Sales of gold products

The Group engaged in gold mining, exploration and sells gold products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Trading of non-ferrous metal and wholesale and trading of frozen meat

The Group engaged in trading of non-ferrous metal and frozen meat. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

6. OTHER EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment loss on property, plant and equipment	24,392	51,339
Impairment loss on prepayments for property, plant and equipment and construction	1,086	797
Impairment loss trade receivables	–	6,544
Impairment loss on mining right	5,693	22,215
	<u>31,171</u>	<u>80,895</u>
Representing:		
Continuing operations	31,171	80,895
Discontinued operation (<i>note 9</i>)	–	–
	<u>31,171</u>	<u>80,895</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Leases interests	50	66
Loan interests	<u>55,277</u>	<u>64,394</u>
Total borrowing costs	55,327	64,460
Amount capitalised	<u>(4,101)</u>	<u>(9,187)</u>
	<u><u>51,226</u></u>	<u><u>55,273</u></u>
Representing:		
Continuing operations	51,221	53,374
Discontinued operation (<i>note 9</i>)	<u>5</u>	<u>1,899</u>
	<u><u>51,226</u></u>	<u><u>55,273</u></u>

Borrowing costs on fund borrowed generally are capitalised at a rate of 8% per annum (2021: 16%).

8. INCOME TAX (EXPENSE)/CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deferred tax	<u>(1,609)</u>	<u>4,835</u>
Representing:		
Continuing operations	(1,609)	4,835
Discontinued operation (<i>note 9</i>)	<u>–</u>	<u>–</u>
	<u><u>(1,609)</u></u>	<u><u>4,835</u></u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2022. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit for the year ended 31 December 2021.

No provision for PRC enterprise income tax is required since the Group has no assessable profit for the year.

The applicable income tax rate for the subsidiaries of the Group in the PRC in the current year is 5% - 25% (2021: 5%-25%).

The reconciliation between income tax expense/(credit) and the product of loss before tax multiplied by the applicable tax rate is as follows:

	Continuing operations		Discontinued operation		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	(60,542)	(109,575)	259	3,755	(60,283)	(105,820)
Tax at the domestic income tax rate	(14,014)	(28,114)	43	619	(13,971)	(27,495)
Tax effect of income that is not taxable	(6,965)	(2,393)	(57)	(583)	(7,022)	(2,976)
Tax effect of expenses that are not deductible	7,961	1,246	-	-	7,961	1,246
Tax effect of tax losses not recognised	14,627	24,426	14	-	14,641	24,426
Tax effect of utilisation of tax losses not previously recognised	-	-	-	(36)	-	(36)
Income tax expense/(credit)	1,609	(4,835)	-	-	1,609	(4,835)

9. DISCONTINUED OPERATION

Pursuant to an agreement dated 7 September 2022 entered into between the Company and an independent third party, the Company disposed of 100% interest in a wholly-owned subsidiaries, GCCF Finance Company Limited.

The profit for the year from the discontinued operation is analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit from discontinued operation	(89)	3,755
Gain on disposal of discontinued operation	348	-
	259	3,755

The results of the discontinued operation for the period from 1 January 2022 to 7 September 2022, which have been included in consolidated profit or loss, are as follows:

	Period from 1 January 2022 to 7 September 2022 HK\$'000	Year ended 2021 HK\$'000
Revenue	–	2,256
Other income	–	3,538
Administrative expenses	<u>(84)</u>	<u>(140)</u>
(Loss)/profit from operations	(84)	5,654
Finance costs	<u>(5)</u>	<u>(1,899)</u>
(Loss)/profit before tax	(89)	3,755
Income tax expense	<u>–</u>	<u>–</u>
(Loss)/profit for the period/year	<u>(89)</u>	<u>3,755</u>

During the year, the disposed subsidiary paid approximately HK\$81,000 (2021: approximately HK\$96,353,000) in respect of operating activities and received approximately HK\$82,000 (2021: received approximately HK\$93,723,000) in respect of financing activities.

No tax charge or credit arose on loss on disposal of the discontinued operation.

10. LOSS FOR THE YEAR

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

	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration	1,100	1,100
Amortisation of mining right	2,018	1,536
Cost of sales*	137,343	66,534
Depreciation of right-of-use assets	937	915
Depreciation of property, plant and equipment	18,596	14,706
Staff costs including directors' emoluments		
Salaries, bonus and allowances	25,254	28,296
Equity-settled share-based payments	–	8,529
Retirement benefits scheme contributions	4,106	4,787

* Cost of sales includes staff costs and depreciation of approximately HK\$9,163,000 (2021: approximately HK\$23,861,000) which are included in the amounts disclosed separately above.

11. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2022 is based on the loss for the year attributable to owners of the Company of approximately HK\$38,572,000 (2021: loss of approximately HK\$55,378,000) and the weighted average number of ordinary shares of 1,515,256,000 (2021: 1,377,568,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK\$38,831,000 (2021: loss of approximately HK\$59,133,000) and the denominator used is the same as that detailed above for basic loss per share 1,515,256,000 (2021: 1,377,568,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021.

(c) From discontinued operation

Basic earnings per share

The calculation of basic loss per share from discontinued operation attributable to owners of the Company is based on the profit for the year from discontinued operation attributable to owners of the Company of approximately HK\$259,000 (2021: profit of approximately HK\$3,755,000) and the denominator used is the same as that detailed above for basic loss per share 1,515,256,000 (2021: 1,377,568,000) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2022 and 2021.

12. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2021	1,493,761
Exchange differences	<u>49,581</u>
At 31 December 2021	1,543,342
Exchange differences	<u>(124,898)</u>
At 31 December 2022	<u>1,418,444</u>
Accumulated amortisation and impairment	
At 1 January 2021	1,418,015
Amortisation for the year	1,536
Impairment loss for the year	22,215
Exchange differences	<u>41,937</u>
At 31 December 2021	1,483,703
Amortisation for the year	2,018
Impairment loss for the year	5,693
Exchange differences	<u>(105,095)</u>
At 31 December 2022	<u>1,386,319</u>
Carrying amount	
At 31 December 2022	<u><u>32,125</u></u>
At 31 December 2021	<u><u>59,639</u></u>

Mining right includes the cost of acquiring mining licenses, costs transferred from exploration right and exploration and evaluation assets upon determination that an exploration property is capable of commercial production and land compensation costs. Land compensation costs represent the compensation paid to inhabitants for relocating them from the areas nearby the mining sites so that the Group can use the land as leaching piles and dumping areas for waste ores. The mining permit will expire on 31 December 2025. Mining right is amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2022 as a result of the Group implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right but has not updated a technical report to “upgrade” resources of the gold mine. The reviews of mining right led to the recognition of impairment losses of approximately HK\$5,693,000 (2021: approximately HK\$22,215,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK\$32,125,000 (2021: approximately HK\$59,639,000) has been determined on the basis of their fair value less costs of disposal using discounted cash flow method (level 3 fair value measurements).

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

	2022	2021
Discount rate (post-tax discount rate applied to the cash flow projections)	17.53%	14.23%
Years of cash flows projection (expected mining period)	9 years	9 years

Management determined gross margin based on past market prices of the gold and management's estimation of exploitation and production costs. The discount rate used is post-tax and reflects specific risks relating to the relevant assets. Expected mining period is determined based on extractable reserve of the mine and the Group's production capacity. The legal life of mining right can be extended upon maturity to enable the Group to conduct mining activities in the expected mining period.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities, at fair value		
Unlisted equity securities	<u>51,507</u>	<u>64,382</u>
Analysed as:		
Non-current assets	<u>51,507</u>	<u>64,382</u>

Notes:

- (i) The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.
- (ii) In 2020, the Group completed an investment in 德興市益豐再生有色金屬有限責任公司, which is principally engaged in: (i) comprehensive utilisation of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials. The purchase consideration was settled at a total cash consideration of HK\$55,000,000. The fair value of this investment as at 31 December 2022 was approximately HK\$46,225,000 (2021: approximately HK\$62,104,000), its carrying amount accounts for more than 5% of the Group's total assets as at 31 December 2022 and 2021. The fair value loss of equity investments at fair value through other comprehensive loss for the year ended 31 December 2022 was approximately HK\$15,789,000 (2021: fair value gain of approximately HK\$4,251,000).

In 2020, the Group completed another investment in a company, which is principally engaged in online auction.

14. TRADE AND OTHER RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	14,578	17,070
Provision for loss allowance	<u>(6,113)</u>	<u>(6,650)</u>
	8,465	10,420
Prepayments	9,751	5,641
Prepayments for property, plant and equipment	1,262	–
Deposits	532	727
Other receivables	<u>4,554</u>	<u>2,901</u>
	<u>24,564</u>	<u>19,689</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	–	3,350
31-60 days	2,353	983
61-90 days	–	–
Over 90 days	6,112	6,087
	8,465	10,420

Reconciliation of loss allowance for trade receivables:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	6,650	–
Increase in loss allowance for the year	–	6,544
Exchange differences	(537)	106
At 31 December	6,113	6,650

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Over 90 days past due	Total
At 31 December 2022			
Weighted average expected loss rate	0%	50%	
Receivable amount (HK\$'000)	2,353	12,225	14,578
Loss allowance (HK\$'000)	–	(6,113)	(6,113)
At 31 December 2021			
Weighted average expected loss rate	0%	52%	
Receivable amount (HK\$'000)	4,333	12,737	17,070
Loss allowance (HK\$'000)	–	(6,650)	(6,650)

15. LOAN RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables	–	8,362
Provision for loss allowance	–	(7,951)
Carrying amount	–	411

The directors of the Group monitored the collectability of the loan receivables closely with reference to their respective current creditworthiness.

The loan receivable, net of allowance will maturity within one year.

Reconciliation of loss allowance for loan receivables:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	7,951	11,489
Decrease in loss allowance for the year	–	(3,538)
Disposal of a subsidiary	<u>(7,951)</u>	<u>–</u>
At 31 December	<u><u>–</u></u>	<u><u>7,951</u></u>

16. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	9,269	9,424
Bill payables	46,167	–
Accrued liabilities and other payables	<u>38,629</u>	<u>40,913</u>
	<u><u>94,065</u></u>	<u><u>50,337</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	–	8,493
31-60 days	–	–
61-90 days	–	–
over 90 days	<u>9,269</u>	<u>931</u>
	<u><u>9,269</u></u>	<u><u>9,424</u></u>

17. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Short-term borrowings		
– secured, 10% - 24% interest per annum and due within one year (<i>note (i)</i>)	32,809	29,817
– unsecured, 24% interest per annum and due within one year (<i>note (ii)</i>)	1,933	1,809
– secured, 36% interest per annum and due within one year (<i>note (iii)</i>)	203,425	156,123
– unsecured, non-interest bearings and no fixed repayment terms (<i>note (iv)</i>)	19,030	20,706
– unsecured, non-interest bearings and no fixed repayment terms (<i>note (v)</i>)	500	2,508
– unsecured, 36% interest per annum and due within one year	28,363	12,845
– unsecured, non-interest bearing and no fixed repayment terms (<i>note (vi)</i>)	15,374	–
	<u>301,434</u>	<u>223,808</u>
Long-term borrowings		
– secured, 36% interest per annum and due within three years (<i>note (iii)</i>)	3,760	25,396
– unsecured, 36% interest per annum and due within three years	1,621	12,722
– unsecured, 24% interest per annum and due within three years (<i>note (ii)</i>)	8,948	–
	<u>14,329</u>	<u>38,118</u>
	<u><u>315,763</u></u>	<u><u>261,926</u></u>

Notes:

- (i) On 1 April 2022, the Company and Westralian Resources, entered into a further supplementary agreement with Mr. Cai agreed to extend the maturity date from 31 March 2022 to 31 March 2023 and reduced the interest rate from 24% to 10%. The borrowing is secured by the 51% shares of Hunan Westralian as at 31 December 2022 and 2021.
- (ii) The borrowings are guaranteed by a general manager (“General Manager”) of Hunan Westralian.
- (iii) The borrowing is secured by 35% of mining right owned by Hunan Westralian and guaranteed by 10.4% of shares of Xinquaxian Choumu Mining Co., Limited owned by a General Manager.
- (iv) The borrowings are provided by Hunan Westralian’s director with interest fee, non-guaranteed and no fixed repayment terms.
- (v) The borrowings are provided by a Shareholder with interest fee, non-guaranteed and no fixed repayment terms.
- (vi) The borrowings are provided by an independent third party with interest fee, non-guaranteed and no fixed repayment terms. The amount of indebtedness was fully settled on the date of this announcement by issued new shares, details please refer to note 19.

18. SHARE CAPITAL

	<i>Note</i>	Number of shares '000	Amount HK\$'000
Authorised:			
At 1 January 2021, 31 December 2021 and 2022 (25,000,000,000 ordinary shares of HK\$0.01 each)		<u>25,000,000</u>	<u>250,000</u>
Issued and fully paid:			
At 1 January 2021 (1,262,713,382 ordinary shares of HK\$0.01 each)		1,262,713	12,627
Issue of subscription shares	<i>(i)</i>	<u>252,543</u>	<u>2,526</u>
At 31 December 2021 and 2022 (1,515,256,058 ordinary shares of HK\$0.01 each)		<u>1,515,256</u>	<u>15,153</u>

Note: (i) On 2 July 2021, the Company entered into one subscription agreement with each of the four subscribers, pursuant to which the subscribers subscribed for a total of 252,542,676 Shares at a price of HK\$0.234 per Share. The issue of subscription shares was completed on 19 July 2021 and the premium of the issue of shares, amounting to approximately HK\$56,569,000, was credited to the Company's share premium account.

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Directors review the capital structure periodically. As a part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Company will balance its overall capital structure through new share issues, the issue of new debt or the redemption of existing debt.

19. EVENTS AFTER THE REPORTING PERIOD

On 12 January 2023, the Company entered into a settlement agreement with the subscriber for the issuance and subscription of new Shares. The indebtedness due to subscriber was settled in full by the Company by issuance and allotment of 66,334,814 settlement shares to the subscriber at the subscription price of HK\$0.27 per Shares on 30 January 2023. Details of the settlement agreement, please refer to the announcements of the Company dated 12 January 2023 and 30 January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in three business segments: (i) gold mining, exploration and trading of gold products in the PRC; (ii) trading of non-ferrous metal and wholesale and trading of frozen meat in the PRC; and (iii) provision of money lending services in Hong Kong (discontinued operation).

BUSINESS REVIEW

Mining Products

As stated in the previous annual reports and interim reports, Hunan Westralian started a mine enhancement project in 2017 to improve the output quality of its Gold Mine. At present (i) the rectification of mining technology in the eastern mining area of the Gold Mine has been completed, and has obtained the environmental impact assessment approval from the Ecological Environment Bureau of Huaihua City, Hunan Province (“**EEBHH**”) for gold mining capacity of 100,000 tons/year; (ii) the existing 150 tons/day ore processing plant has been closed; (iii) the construction of the new ore processing plant has been completed, and has obtained the environmental impact assessment approval from the EEBHH for ore processing capacity of 100,000 tons/year. The new ore processing plant is now in trial operation; (iv) the expansion of the tailings storage yard has been completed and is officially in use; and (v) a tailings filling system was installed in mid-2022 and is currently undergoing testing. Hunan Westralian continues to implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right (valid until 31 December 2025). In addition, Hunan Westralian will explore the Jiufa mining area that is in the vicinity of the new processing plant.

Due to the limited and insufficient efforts and investments in exploration projects over the past years, resulting in low known mineral reserves, insufficient proven mineral for mining, and the reduction of the area of exploration right by the Department of Natural Resources of Hunan Province. Therefore, during the Reporting Period, Hunan Westralian began to increase its exploration efforts within the scope of mining rights, with a view to increasing the mineral reserves available for mining.

Due to the aforementioned reasons, the mining is mostly carried out at the same time as exploration with small-scale manual operations, resulting in high mining costs. Hunan Westralian’s revenue in the 2022 was approximately HK\$119.5 million, with a loss of approximately HK\$47.6 million, which narrowed considerably compared to the Correspondence Period. Hunan Westralian expects this can be improved after the exploration project has made achievements in the future.

During the Reporting Period, Hunan Westralian has generated and sold gold products to customers that are engaged in metal trading operations on site, based on the weighted average trading price for gold published by the Shanghai Gold Exchange and on immediate payment against delivery basis.

Based on (i) the aggregate of the probable reserves and 50% of the inferred resources of the Gold Mine as of 31 March 2015 (stated in the independent technical review updated report prepared by SRK in May 2015) less (ii) the aggregate of 50% of gold from sub-mining ores produced from the mine enhancement projects and other works and 100% of the gold output on a planned production basis in 2020, Hunan Westralian estimates that the remaining reserves and resources will support just over 14 years of operating at full capacity by the existing processing plant and (from November 2022) the new process plant. The Company will look to commission an update technical report at an appropriate time to “upgrade” the reserves and/or resources of the gold mine.

Trading of Coal

As mentioned in the 2021 Annual Report and 2022 Interim Report, taking into various factors, the Management has decided to temporarily suspend this trading business in order to reallocate resources to other potential development projects.

Trading of Non-Ferrous Metal and Wholesale and Trading of Frozen Meat

As mentioned in the 2022 Interim Report, due to the impact of the epidemic, the two Thai chicken factories that supplied the most to the Group were suspended from importing by the Chinese customs. It was notified by the factories that they failed to resumed supply in the second half of 2022 as planned, which seriously affected the business of this segment of the Group. After the relaxation of epidemic control in the mainland China, the Group has organised a site visit to inspect their production status and the timetable for resuming exports to China, and was informed that the factories are still waiting for the reply from the relevant Chinese authorities, and the supply is expected to be delayed until June 2023.

The Group is actively expanding the supply channels of the Belarus factory. In the second half of 2022, the supply relationship was basically confirmed, and the trial order was completed. The supply agreement is expected to be formally signed in the first half of 2023.

At the same time, in order to improve the financial performance of this segment, the Group’s trading team actively carried out the nickel metal warehouse receipt business under the strict control environment in mainland China.

Money Lending Business (discontinued operation)

As mentioned in the 2022 Interim Report, considering, inter alia, the current global economy, politics, epidemic, risk and cost control management and the Group's future development strategy, the Management decided to dispose the business to an independent third party at a consideration of HK\$0.8 million and officially terminated the operation of this business segment in the third quarter of 2022, such disposal has been completed. The Directors (including the independent non-executive Directors) considered that the disposal has no material negative impact on the Group's financial position, and the consideration of the disposal was arrived at arm's length negotiations between the two parties on normal commercial terms, and was fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors also take into account a number of factors in making their decision, in particular the current financial situation of the subsidiary and its business prospects. The Group did not grant new loan to customers during the Reporting Period and the gain on disposal is approximately HK\$0.35 million.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$207.4 million for continuing operations, representing an increase of approximately 77.6% as compared with approximately HK\$116.8 million for the Corresponding Period. The increase in the Group's revenue was mainly due to steady increase in revenue from sales of gold products after the mining business segment resumed normal operations from August 2020, as well as the expansion of the trading volume of the Group's subsidiaries.

The revenue from continuing operations of the Group contributed by the mining products business segment during the Reporting Period was approximately HK\$119.5 million, representing an increase of approximately 39.1% as compared with approximately HK\$85.9 million for the Corresponding Period. The increase in revenue was mainly due to the technological upgrading of an existing ore processing plant to enable it to achieve an average production capacity of 4,000 tons/month since August 2020, when it resumed normal operations and sales of gold products.

During the Reporting Period, the Group's money lending segment (discontinued operation) did not generate revenue, mainly due to the fact that no new loans were granted during the Reporting Period.

During the Reporting Period, the revenue from continuing operations of the Group by trading of non-ferrous metal and wholesale and trading of frozen meat was approximately HK\$88.0 million, representing an increase of approximately 184.4% as compared with approximately HK\$30.9 million for the Corresponding Period. The increase in revenue was mainly due to the fact that the frozen meat trading market was slightly impacted by the epidemic, but the management continued to strive to expand the trading business, and has launched non-ferrous metal trading business in 2022. During the Reporting Period, trading of coal was tentatively suspended due to the reasons mentioned in the subsection "Trading of Coal" above and did not contribute revenue.

The gross profit of the continuing operations of the Group for the Reporting Period was approximately HK\$70.1 million, representing an increase of approximately 39.4% as compared with approximately HK\$50.3 million for the Corresponding Period.

The loss for the Reporting Period from continuing operations and discontinuing operation of the Group was approximately HK\$61.9 million, representing a decrease of approximately 38.7% as compared with approximately HK\$101.0 million for the Corresponding Period. The decrease in loss was mainly due to the gross profit increased slightly compared to the Corresponding Period of approximately HK\$19.8 million, and the impairment loss on property, plant and equipment of approximately HK\$24.4 million, representing a decrease of approximately 52.5% as compared with approximately HK\$51.3 million for the Corresponding Period, and the impairment loss of mining right of approximately HK\$5.7 million, representing a decrease of approximately 74.4% as compared with approximately HK\$22.2 million for the Corresponding Period.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

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

“Disclaimer of Opinion (“Disclaimer of Opinion”)

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$61,892,000 for the year ended 31 December 2022 and as at 31 December 2022 the Group had net current liabilities and net liabilities approximately HK\$323,519,000 and HK\$125,139,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful completion of various proposed measures and (ii) the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows. The consolidated financial statements do not include any adjustments that would result from the failure to complete various proposed measures and the failure to improve its financial positions to provide liquidity and cash flows. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the multiple uncertainties relating to (i) the successful completion of various proposed measures and (ii) the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.”

THE MANAGEMENT’S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

Regarding the disclaimer of opinion in relation to the going concern issue of the Group raised by the Auditor as set out in the previously annual reports and this announcement, the Group has taken and will continue to take certain measures (“**Proposed Measures**”) to improve the Group’s working capital and cash flow position and mitigate its liquidity pressure. Save for the following Proposed Measures summary updates, as at the date of this announcement, there have been no material changes in respect of this matter since the publication of the 2021 Annual Report and 2022 Interim Report:

Proposed Measures

The Group is actively negotiate with the financial institution(s) for obtaining additional financing/new borrowings

The Group has obtained letters of undertakings from substantial shareholders of the Company confirming that they will provide continued financial support to the Group to meet its present and future financial obligations as they fall due

The Group will actively negotiate and obtain additional funds through fundraising activities

Current status

The Group is actively liaising with financial institutions/individuals/bankers to seek new loan facilities with lower interest rate and longer maturities to improve the current financial position of the Group. Up to date of this announcement, Hunan Westralian has obtained several financing from individuals. This measure will be under monitoring and may be adjusted based on actual funding need and the results of other possible fundraising activities of the Group as mentioned below

Obtained

On 2 July 2021, the Company issued 252,542,676 Shares to independent third parties and raised approximately HK\$59 million net proceeds and mainly used for partial repayment of the Group’s high yield borrowings which have been taken out to fund the mining operations of the Group in the PRC, and general working capital. The Group will continue to actively liaise with the financial institutions and other potential investors to invest in the Group by way of placement of new shares, issue of convertible bonds or other financial activities etc. to repay the high-interest debt and to fund its working capital. Further announcement(s) will be made as and when appropriate subject to the applicable regulations and rules

Proposed Measures

The Group will continue to negotiate with the Group's creditors with a view to extend the repayment terms of the Group's current liabilities as they fall due or by other methods to repay the debts

The Management will continue to save or reduce costs aiming at improving the working capital and cash flow of the Group, including close monitoring of administrative expense and operating cost

Taking all of the above measures and/or actions into consideration, the Board considers and is confident that the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue its businesses and operations as a going concern and the going concern issue will be fully resolved in the immediate future.

Current status

A loan extension agreement has been successfully entered into with the major creditor to extend the repayment date to 31 March 2023 and reduce the relevant interest rate to 10% per annum. The Management is actively liaison with the remaining creditors, and the creditors have initially agreed to extend the loans to 2023, details and final terms and conditions are still under negotiation, and the Management will try its best to strive for a longer repayment period and lower interest rate

On 12 January 2023, the Company entered into the settlement agreement in relation to the issue and subscription of new shares. The indebtedness due to subscriber was to be settled in full by the Company by the issue and allotment of 66,334,814 settlement shares to subscribe at the subscription price of HK\$0.27 per shares on 30 January 2023

During the Reporting Period, Hunan Westraian's production increased proportionally, while management and administration costs did not increase significantly. The management believed that through continuous cost control, it will further increase the output of Gold Mine and eventually achieve profitability. The Management will continue monitor its cost and expenses to control and/or reduce those unnecessary administrative costs, expenses and/or other operating costs, while the Group can still able to maintain its existing operations and explore further business development smoothly

Audit Committee's View on the Disclaimer of Opinion

The Audit Committee had critically reviewed the Disclaimer of Opinion, the Management's position concerning the Disclaimer of Opinion and measures taken by the Group for addressing the Disclaimer of Opinion. The Audit Committee agreed with the Management's position based on the above updates on the Proposed Measures. Moreover, the Audit Committee requested the Management to take all necessary actions to address the impact of the Disclaimer of Opinion and strives that no such Disclaimer of Opinion will appear in the next audited financial statements. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving their opinion.

RISKS AND UNCERTAINTIES

The Board believes that risk management is important and shall use its best effort to ensure it is sufficient to mitigate the risks present in the Group operations and financial position as efficiently and effectively as possible.

BUSINESS RISK

The PRC local, provincial and central authorities exercise a substantial degree of control over the gold industry in China. Hunan Westralian's operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management.

The Management has been looking into different kinds of business and investment opportunities to broaden the sources of income of the Group in order to manage the risks associated with the volatility of the commodities prices that can have a material impact on the Group's mining operations and to create greater value for the Shareholders.

The functional manager will carefully scrutinise each project for related risks and returns. These include assessment of relevant government policies, market demand, market conditions and economic data. The Management is responsible for supervision, conducting regular operational reviews and keeping the Board fully informed through regular reports (either in written or verbal form) and enabling the Board to make prompt decisions if changes are required.

OPERATIONAL RISK

Hunan Westralian faces certain risks and uncertainties beyond their control from manmade and natural disasters. These risks and uncertainties mainly include: (i) major catastrophic events and natural disasters; (ii) geological or mining conditions such as instability of the slopes and subsidence of the working areas; (iii) unexpected or periodic interruptions due to inclement or hazardous weather conditions; (iv) disruptions or shortages of water, power or fuel supply; (v) industrial or manmade accidents occurring in connection with mining processing operations; and (vi) critical equipment failures, malfunction and breakdowns of information management systems, or unexpected maintenance or technical problems. Hunan Westralian has engaged a local safety assessment company, which is an independent third party, to assess the safety status of the eastern Gold Mine. It is believed that the eastern Gold Mine has fulfilled the conditions of safe production in accordance to the relevant government laws and regulations.

The front-line or functional manager will review key activities of the Group and ensure all required control procedures, including financial and operational, are fully implemented. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to the business operations.

FINANCIAL RISK

The market price of standard gold traded on Shanghai Gold Exchange follows international gold price trend closely. Historically, the gold market price has fluctuated widely and experienced periods of significant decline. The gold market prices are influenced by numerous factors such as demand and supply of gold, gold sales and purchases by central banks as well as macro-economic or political factors such as inflation expectation and interest rates.

The Management closely monitors the financial risks and when appropriate will adopt measures to manage and obtained approval from the Directors. The Group's cash and financing positions are closely monitored at the corporate level through regularly reporting. The maturity of receivable and payable are planned and managed to reduce liquidity risk.

ENVIRONMENT PROTECTION

The Group is committed to contributing to the sustainability of the environment from its business activities. The Group has established measures and created certain environmental frameworks to minimise and monitor the environmental impacts attributable to its operations. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraging the use of recycled paper for printing and copying and reducing energy consumption by switching off idle lightings and electrical appliances.

WORKPLACE QUALITY

The Group believes that employees are valuable assets and all indispensable to a company's success, therefore, the Group will use its best effort to attract and retain appropriate personnel to serve the Group. The objective of the Group's human resource policy is to reward and recognise the top-performing staff by providing attractive remuneration packages, which are reviewed annually and as required. The remuneration packages are determined with reference to the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing market compensation packages. The Group also allocates resources in training, retention and recruitment programs, and encouraging the staff to strive for self-development and improvements to cope with the rapidly changing environment.

PROSPECTS

As mentioned in the "Mining Products" subsection above, as at the date of this announcement, the eastern mining area and the new ore processing plant (both with 100,000 tons/year capacity) have completed rectification or construction, and have obtained relevant environmental impact assessment approvals and are in trial operations. Hunan Westralian will continue to implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right, and explore the Jiufa mining area near the new processing plant.

In order to continue its effort to improve its mining capability and facilities, with the goal of maximising the quality and output efficiency of the Gold Mine, Hunan Westralian is planning to carry out technical reforms and rectification of the western mining area. At the same time, the Company will also look to commission an update technical report at an appropriate time to “upgrade” the reserves and/or resources of the gold mine. In addition, in order to improve the living standards of employees, Hunan Westralian plans to add a dormitory building.

The Management believes that the performance of mining products segment will gradually improve as the gold price may continue to rise. The Management will monitor the capital needs for the aforesaid improvement and exploration projects, explore suitable financing opportunities when necessary, and inject capital based on the actual situation.

In addition, the Management will explore other strategic investment opportunities in mining ancillary businesses or bullion related businesses to enhance the business prospects of the Group, thereby maximising the value for the Shareholders.

During the Reporting Period, the Company has identified a potential suitable gold mine project located in Jilin, China (“**Project**”), which is in line with the Group’s principal business activities and development direction. The Management is conducting financial and legal due diligence on the Project and negotiating terms with the potential vendor for a possible acquisition of the Project (“**Potential Acquisition**”) which involves the Group’s possible acquisition of Huadian City Xinya Mining Co., Ltd. (樺甸市新亞礦業有限公司) (“**Xinya**”) (which owns the Project, i.e. a gold mine with an area of approximately 0.6581 square kilometers in Jilin Province, China) from Huadian City Huafeng Mining Co., Ltd. (樺甸市華豐礦業有限責任公司) (“**Potential Vendor**”). On 24 November 2022, the Company has commenced due diligence on the Project and negotiation with the Potential Vendor by entering into a memorandum of understanding, which provides an initial framework of the Potential Acquisition. Since various matters of the Potential Acquisition are still in progress and under negotiation, and no final decision has been reached, the Group may or may not proceed with the Potential Acquisition subject to the satisfaction of the due diligence results and agreement on the acquisition terms with the Potential Vendor. Should there be any positive progress on the Potential Acquisition, further announcement will be made by the Company as and when appropriate to release more information about the Project and/or the Potential Acquisition.

Regarding the coal trading, due to factors such as gradually strengthened national environmental governance policies, low cost-effectiveness and profit margin, and cost control measures, the Management has decided to tentatively suspend this trading business in order to reallocate resources to other potential development projects. As for the money lending business, considering the current global economy, politics, epidemic situation, risk and cost control management, as well as the Group’s future development strategy, the Management has disposal this business to an independent third party and officially terminated it in the third quarter operate this business segment.

With the efforts of the management of the subsidiary, the operation of wholesale and trading of frozen meat has gradually stabilised. In addition to continuing to find customers with stable demand, and stable low-cost supply channel to achieve better profitability, the management of the subsidiary is still exploring the possibility of expanding its business scope to other frozen meats such as beef, pork and seafood, with a view to eventually achieve the goal of establishing its own online store and cold-chain e-commerce and/or cooperation with large e-commerce platform.

The Group has made a capital contribution of HK\$55 million to the Target Company and owns 10.89% equity interest in the capital of the Target Company (which principally engaged in: (i) comprehensive utilisation of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials in Jiangxi Province, PRC) as at the date of this announcement. The Company will adjust its strategy towards the Target Company depending on its future performance, and may consider selling it to improve the Group's financial position. Details of the fair value of this investment as at the 31 December 2022, its performance for the Reporting Period and other information, please refer to note 13 to the consolidated financial statements of this announcement.

After a thorough survey of the global economic environment, the trend of China's future economic and business development model, and the future development of the Company's existing business, the Board believes that in addition to keeping up with the development pace and business opportunities of big data, e-commerce and blockchain technology, the Group should also establish a comprehensive group with the concept of green infrastructure, energy and financial, with mining resources and mining trade as its main business, and integrating related financial services, engineering and project consulting management services, investment management and derivative resources.

Therefore, in line with the future development direction of the Group and improve the overall performance of the Group, the Company established two wholly-owned subsidiaries in the PRC in 2022, one of which will focus on trial operation to carry out supply trade with iron and steel enterprises, and further extend to other mining industries, including its own gold mining business (if appropriate), to improve the Group's revenue and profitability, and address the current operating issues; and the other one which will focus on trial operation to provide business consultation, management and integration services for different project developers, builders, financial institutions, etc. to create new business opportunities for the Group.

The Board, having considered various solutions and measures to the going concern issue of the Group that have been actively undertaken and will continue to be undertaken, as well as the funding needs of the Group for its existing business operations and future business development, has decided that the Company may consider raising funds in different ways, including issuance of convertible bonds, issuance of new Shares or loan financing, etc. The final result will be subject to the market conditions and the outcomes of the negotiations with the potential investors.

Looking forward, on the one hand, the Management will continue modifying and finessing the Group's strategic plan, and make appropriate adjustments according to the changes in the dynamic business environment in China and around the world, and on the other hand will continue looking for other investment opportunities, potential partners or acquisition targets to improve and broaden the sources of income for the Group to create maximum value and long-term benefits for Shareholders. The Management will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operation with internally generated cashflows and borrowings.

As at 31 December 2022, the Group had unpledged bank and cash balances of approximately HK\$52.4 million (2021: approximately HK\$7.3 million). The gearing ratio was not applicable to the Group (2021: n/a) and the borrowings of the Group was approximately HK\$315.8 million (2021: approximately HK\$261.9 million). The Group reported net current liabilities of approximately HK\$323.5 million as at 31 December 2022 (2021: net current liabilities of approximately HK\$257.2 million).

Details of maturity profile and interest rate structure of the borrowings of the Group are set out in the notes to the consolidated financial statements of the annual report of the Company for the Reporting Period to be published later on.

CONTINGENT LIABILITY

As at 31 December 2022, the Group did not have any significant contingent liability (2021: nil).

BANK BORROWINGS

As at 31 December 2022, the Group did not have any outstanding bank loan (2021: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Group employed 486 staff members (2021: 512). The remuneration of employees was in line with the market trend and commensurate with the level of remuneration in the industry and the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group mainly generated sales revenue and incurred costs in both Hong Kong dollar and Renminbi. In view of the fluctuation of Renminbi, the Directors considered that the Group's exposure to fluctuation in foreign exchange rate was minimal and accordingly, the Group did not employ any financial instruments for hedging purpose.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2021: nil).

ANNUAL GENERAL MEETING

The Board has yet to fix the date of 2023 AGM. Further announcement will be made by the Company regarding the 2023 AGM as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

REVIEW OF AUDITED ANNUAL RESULTS

The Company established Audit Committee in accordance with the requirements of the CG Code. On 31 March 2023, the Audit Committee comprises 3 INEDs, namely: Dr. Liu Ka Ying Rebecca, Mr. Chen Jian and Mr. Tse Sze Pan.

The Audit Committee has reviewed with the Management the accounting principles, the CG Code as adopted by the Company and the practices of the Group and approved the internal control, risk management and financial reporting matters including the audited consolidated financial statements for the Reporting Period contained herein.

CORPORATE GOVERNANCE

The Company acknowledges the need for and the importance of corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with recommended practices. As at the date of this announcement, the Company has adopted the CG Code to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this announcement, has complied with the Code Provisions as set out in the CG code except for the following deviations:

Pursuant to the Code Provision C.5.3, at least 14 notice days should be given of a regular Board meeting to all Directors. During the Reporting Period, except for the 14-day notice period given to Directors for the semi-annual and annual regular Board meetings, only short notices were given to Directors for the two quarterly Board meetings, which all Directors considered acceptable. The Board will consider and adjust the meeting notice period in due course.

Pursuant to the Code Provision D.1.2, the Management should provide monthly updates to the Board to enable the Board and each Director to discharge their duties. Although the Management has provided the Board with monthly updates, there has been a delay, which the Company considers acceptable. In addition, the Company considers that providing such updates to the Board from time to time rather than on a regular monthly basis is sufficient for the Board and each Director to discharge their responsibilities. In the event there are any significant updates to be provided, the Company will update the Board as early as practicable for discussion and resolution.

Pursuant to the Code Provision D.1.3, as set out in the previous annual reports and 2022 Interim Report, the Auditor has issued a Disclaimer of Opinion regarding the Company's ability to continue as a going concern. The Group has taken and will continue to take certain Proposed Measures to improve the Group's working capital and cash flow position and mitigate its liquidity pressure. For details of the disclaimer and Proposed Measures, please refer to the section headed "THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION".

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Director's securities transactions. All Directors currently in the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Reporting Period and up to the date of this announcement.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the Audit Committee acknowledge that its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually. The Group emphasises the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority, and are designed for the Group to identify and manage the significant risks to achieve its business objectives. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

For risk management, the Group has adopted a three lines of defense model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluation, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt ongoing mitigating measures to manage such risks.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure the maintenance of proper accounting records and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board and Audit Committee annually. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

The Board and the Audit Committee have conducted an annual review for the need of internal audit function and has also reviewed annually for the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions.

The Company has engaged an Internal Control Consultant to conduct independent review on the internal control systems of the Group. Internal control review report was submitted to and approved by the Board and the Audit Committee. For control weaknesses identified by the Internal Control Consultant, the Group has adopted enhanced control measures to rectify relevant control weaknesses. The abovementioned annual review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered that the risk management and internal control systems of the Group were effective during the Reporting Period. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's environment control and processes.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group has put in place the procedures and internal controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as stated in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk as well as the website of the Company at www.rasr.com.hk respectively. The annual report of the Company for the Reporting Period will be despatched to the Shareholders and will be published on the aforementioned websites in due course.

DEFINITIONS

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

“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021
“2022 Interim Report”	the interim report of the Company for the six months ended 30 June 2022
“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor” or “ZHONGHUI ANDA”	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Chairman of the Board”	the chairman of the Board
“CEO”	the chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
“Code Provisions”	code provisions as set out in the CG Code

“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Renaissance Asia Silk Road Group Limited (formerly known as “China Billion Resources Limited”), a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the Stock Exchange
“Company Secretary”	the company secretary of the Company
“Corresponding Period”	the period for the year ended 31 December 2021
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province, the PRC
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards comprise HKFRS, HKAS and Interpretations
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Westralian”	Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company
“INED(s)”	the independent non-executive Director(s)
“Internal Control Consultant”	an internal control consultant engaged by the Company on 12 December 2022 to perform an internal control review of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Management”	the management of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“MPF Scheme”	Mandatory Provident Fund Scheme
“Mr. Cai” or “Lender”	Mr. Cai Shuo, a former director of Hunan Westralian (appointed as director on 15 August 2019 and resigned on 20 August 2020)
“NED(s)”	the non-executive Director(s)
“Nomination Committee”	the nomination committee of the Company
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the period for the year ended 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SRK”	SRK Consulting China Limited, an independent technical adviser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	德興市益豐再生有色金屬有限責任公司, a limited liability company incorporated in the PRC
“Westralian Resources”	Westralian Resources Pty Ltd, a wholly-owned subsidiary of the Company incorporated in Australia
“%”	per cent

APPRECIATION

On behalf of the Board, I am grateful for the perseverance and resilience of our staffs for their unswerving efforts. I would also take this opportunity to express my sincere appreciation to all Shareholders, investors and business partners for their continued support.

By order of the Board of
Renaissance Asia Silk Road Group Limited
Qiu Zhenyi
Chairman of the Board

Hong Kong, 31 March 2023

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

Executive Directors:

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

Non-executive Directors:

Ms. Ng Ching
Mr. Xu Huiqiang

Independent non-executive Directors:

Dr. Liu Ka Ying Rebecca
Mr. Chen Jian
Mr. Tse Sze Pan