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APAC RESOURCES
APAC RESOURCES LIMITED
亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104) (Warrant Code: 324)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the “**Board**”) of APAC Resources Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2009, which has been reviewed by the auditors of the Group and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	2	<u>–</u>	<u>170,215</u>
Continuing operations			
Revenue from sales of goods		–	170,215
Net gain from sales of trading securities		19,467	35,079
Gain on disposal of available-for-sale investments		–	22,488
Change in fair value of trading securities		115,892	258,773
Interest income		1,132	4,765
Other operating income		34,977	4,743
Purchases		–	(162,538)
Equity-settled share option expenses		(12,373)	(36,637)
Salaries and allowances		(7,636)	(7,908)
Operating lease rental on buildings		(1,544)	(1,670)
Provision for doubtful debt		–	(17,025)
Share of profit of associates		67,346	–
Other operating expenses		(7,614)	(11,701)
Finance costs	3	<u>(13,412)</u>	<u>(3)</u>

		Six months ended 30 June	
		2009	2008
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Profit before taxation	4	196,235	258,581
Income tax expenses	5	(32,864)	(521)
Profit for the period from continuing operations		163,371	258,060
Discontinued operation			
Profit for the period from discontinued operation		–	442
Profit for the period		<u>163,371</u>	<u>258,502</u>
Attributable to:			
Owners of the Company		<u>163,371</u>	<u>258,502</u>
Earnings per share	7		
From continuing and discontinued operations			
– Basic (<i>HK cents</i>)		<u>3.45</u>	<u>5.47</u>
– Diluted (<i>HK cents</i>)		<u>3.41</u>	<u>5.32</u>
From continuing operations			
– Basic (<i>HK cents</i>)		<u>3.45</u>	<u>5.45</u>
– Diluted (<i>HK cents</i>)		<u>3.41</u>	<u>5.31</u>

Details of dividend payable to owners of the Company are set out in note 6.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Profit for the period	163,371	258,502
Other comprehensive income		
Exchange differences arising on translation of foreign operations	1,183	15,887
Share of reserve movements of associates	264,745	–
Fair value change of available-for-sale investments	<u>33,154</u>	<u>280,199</u>
Other comprehensive income for the period, net of tax	<u>299,082</u>	<u>296,086</u>
Total comprehensive income for the period	<u>462,453</u>	<u>554,588</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>462,453</u>	<u>554,588</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		30 June 2009	31 December 2008
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipments	8	1,324	1,643
Available-for-sale investments	9	117,741	84,585
Interest in associates	10	1,291,805	591,817
		<u>1,410,870</u>	<u>678,045</u>
Current assets			
Trade and other receivables	11	139,708	470,732
Trading securities	12	334,908	113,898
Pledged bank deposits	13	89,308	90,004
Cash and cash equivalents	13	227,871	131,019
		<u>791,795</u>	<u>805,653</u>
Total assets		<u><u>2,202,665</u></u>	<u><u>1,483,698</u></u>
Equity and Liabilities			
Capital and reserves			
Share capital	14	562,882	472,866
Reserves		1,624,213	798,395
Total equity		<u>2,187,095</u>	<u>1,271,261</u>
Current liabilities			
Other payables		2,564	15,123
Bills payable		–	35,934
Margin financing	15	–	161,043
Tax payable		13,006	337
		<u>15,570</u>	<u>212,437</u>
Total liabilities		<u>15,570</u>	<u>212,437</u>
Total equity and liabilities		<u><u>2,202,665</u></u>	<u><u>1,483,698</u></u>

Notes:

1. Basis of Preparation and Accounting Policies

These unaudited Interim Financial Statements are prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These Interim Financial Statements should be read in conjunction with the 2008 annual report.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual report. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statement prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes HKASs and Interpretations).

In the current period, the Group has applied, for the first time, the following new standards, amendments and interpretations (hereinafter collectively referred to as “new HKFRSs”), issued by the HKICPA, which are effective for the current accounting period of the Group.

HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRSs (Amendments)	Improvements to HKFRSs, except for amendment to HKFRS 5
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Share-based payment-vesting conditions and cancellations
HKFRS 7 (Amendment)	Improvement disclosures about financial instruments
HKFRS 8	Operating segments
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK (IFRIC) – Int 13	Customer loyalty programmes
HK (IFRIC) – Int 15	Agreements for the construction of real estate
HK (IFRIC) – Int 16	Hedges of a net investment in a foreign operation

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting period have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has applied the disclosures requirements under HKAS 1 (Revised) “Presentation of Financial Statements”. Under HKAS 1(Revised), the “Balance Sheet” is renamed as the “Statement of Financial Position” and the “Cash Flow Statement” is renamed as the “Statement of Cash Flows”. All income and expenses arising from transactions with non-owner (i.e., the non-owner changes in equity) are presented under the “Statement of Comprehensive Income”, while the owner changes in equity are presented in the “Statement of Changes in Equity”.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRS 5 ²
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 39 (Amendment)	Eligible hedged items ²
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards ²
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions ⁴
HKFRS 3 (Revised)	Business combinations ²
HK (IFRIC) – Int 17	Distribution of non-cash assets to owners ²
HK (IFRIC) – Int 18	Transfer of assets from customers ³

¹ *Effective for annual periods beginning on or after 1 January 2010, unless otherwise specified*

² *Effective for annual periods beginning on or after 1 July 2009*

³ *Effective for transfers on or after 1 July 2009*

⁴ *Effective for annual periods beginning on or after 1 January 2010*

2. Segment Information

Business segments

For management purposes, the Group is currently organised into two operating divisions – trading of base metals and trading of and investment in listed securities.

Segment information about these businesses is presented below.

Six months ended 30 June 2009

	Continuing operations			Discontinued operation	
	Trading of base metals	Trading of and investment in listed securities	Total	Trading of fabric products and other merchandises	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Gross sales proceeds from trading of and investment in listed securities	<u><u>-</u></u>	<u><u>56,850</u></u>	<u><u>56,850</u></u>	<u><u>-</u></u>	<u><u>56,850</u></u>
Segment result	(932)	133,162	132,230	-	132,230
Share of profit of associates					67,346
Unallocated corporate incomes					34,622
Unallocated corporate expenses					(24,551)
Finance costs					<u>(13,412)</u>
Profit before taxation					196,235
Income tax expense					<u>(32,864)</u>
Profit for the period					<u><u>163,371</u></u>

Six months ended 30 June 2008

	Continuing operations			Discontinued operation	
	Trading of base metals <i>HK\$'000</i>	Trading of and investment in listed securities <i>HK\$'000</i>	Total <i>HK\$'000</i>	Trading of fabric products and other merchandises <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	<u>170,215</u>	<u>–</u>	<u>170,215</u>	<u>–</u>	<u>170,215</u>
Gross sales proceeds from trading of and investment in listed securities	<u>–</u>	<u>231,444</u>	<u>231,444</u>	<u>–</u>	<u>231,444</u>
Segment result	4,594	322,443	327,037	442	327,479
Unallocated corporate incomes					2,444
Unallocated corporate expenses					(70,897)
Finance costs					<u>(3)</u>
Profit before taxation					259,023
Income tax expense					<u>(521)</u>
Profit for the period					<u>258,502</u>

An analysis of the Group's assets by operating segment is set out below:

At 30 June 2009

	Continuing operations			Discontinued operation	
	Trading of base metals	Trading of and investment in listed securities	Total	Trading of fabric products and other merchandises	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	328,480	472,973	801,453	–	801,453
Interest in associates					1,291,805
Unallocated assets					109,407
					<u>2,202,665</u>

At 31 December 2008

	Continuing operations			Discontinued operation	
	Trading of base metals	Trading of and investment in listed securities	Total	Trading of fabric products and other merchandises	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	375,919	198,649	574,568	–	574,568
Interest in associates					591,817
Unallocated assets					317,313
					<u>1,483,698</u>

3. Finance Costs

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on margin financing	8,211	–
Interest on short-term loan	5,194	–
Interest on other bank borrowings	7	3
	<u>13,412</u>	<u>3</u>

4. Profit Before Taxation

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging/ (crediting) the following:		
Depreciation	329	405
Exchange gain, net	(1,138)	(4,688)
Legal and professional fees	1,778	3,756
Consultancy fee	927	621
	<u>266</u>	<u>30</u>
Staff costs, including directors' emoluments		
– salaries and allowance	7,636	7,908
– equity-settled share option expenses	12,373	36,637
– staff quarter	119	111
– retirement benefits scheme contributions, net of nil forfeited contributions	266	30
	<u>20,394</u>	<u>44,686</u>

5. Income Tax Expenses

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax provided for the period	12,769	–
Overseas tax provided for the period	<u>20,095</u>	<u>521</u>
	<u>32,864</u>	<u>521</u>

Hong Kong profits tax has been provided for at the rate of 16.5% on the Group estimated assessable profit for the six months period ended 30 June 2009. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit for the six months period ended 30 June 2008.

Taxation arising in other jurisdictions are calculated at the rate prevailing in the respective jurisdictions.

The Group's share of associates' tax charge for the six months period ended 30 June 2009 of approximately HK\$19,841,000 is included in the overseas tax provided for the period above.

The Group has no significant unprovided deferred taxation at the balance sheet date.

6. Dividend

No dividends had been paid or declared by the Company during the period (2008: nil).

7. Earnings Per Share

- (a) The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$163,371,000 for the period ended 30 June 2009 (six months period ended 30 June 2008: HK\$258,502,000) and the weighted average of 4,738,626,348 (six months ended 30 June 2008: 4,726,524,901) ordinary shares in issue during the period.

- (b) The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	Six months ended 30 June	
	2009	2008
Weighted average number of ordinary shares used in the calculation of basic earnings per share	4,738,626,348	4,726,524,901
Shares deemed to be issued for no consideration in respect of:		
– warrants	50,130,434	129,714,824
– share options	–	–
	<u>4,788,756,782</u>	<u>4,856,239,725</u>

The calculation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of the Company's shares during the period.

8. Property, Plant and Equipments

During the period, the Group incurred approximately HK\$8,000 (six months ended 30 June 2008: HK\$191,000) on acquisition of property, plant and equipment.

9. Available-for-sale Investments

	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed equity securities, in Hong Kong, at fair value	47,460	43,145
Listed equity securities, in overseas, at fair value	<u>70,281</u>	<u>41,440</u>
	<u>117,741</u>	<u>84,585</u>

10. Interest in Associates

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Share of net assets of associates	1,291,805	591,817
Goodwill on acquisition of an associate	–	466,553
	1,291,805	1,058,370
Less: impairment loss	–	(466,553)
	1,291,805	591,817

At 31 December 2008, the Group held 17.95% interest in Mount Gibson Iron Limited (“MGX”) and accounted for the investment as an associate. In January 2009, the Group further subscribed 115,729,630 new shares of MGX at an aggregate consideration of A\$69,437,777 (equivalent to approximately HK\$366,496,000). The Group’s interest in MGX was increased to 26.03%.

11. Trade and Other Receivables

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Trade receivables	–	35,933
Other receivables	10,487	110
Purchase deposits	124,406	168,896
Deposit for underwritten right issue of an associate	–	260,985
Other deposits and prepayments	4,815	4,808
	139,708	470,732

The Group allows an average credit period of 0 – 90 days to its trade customers.

All the trade receivables that are not considered to be impaired had not been past due.

12. Trading Securities

	30 June 2009 <i>HK\$'000</i> (Unaudited)	31 December 2008 <i>HK\$'000</i> (Audited)
Trading securities, at fair value		
Listed equity securities, in Hong Kong	177,445	13,225
Listed equity securities, in overseas	<u>157,463</u>	<u>100,673</u>
	<u>334,908</u>	<u>113,898</u>

13. Cash and Cash Equivalents

	30 June 2009 <i>HK\$'000</i> (Unaudited)	31 December 2008 <i>HK\$'000</i> (Audited)
Pledged bank deposits	89,308	90,004
Cash at bank and in hand	215,225	130,943
Cash held in securities accounts maintained in securities companies	<u>12,646</u>	<u>76</u>
	317,179	221,023
Less: Pledged bank deposits	<u>(89,308)</u>	<u>(90,004)</u>
Cash and cash equivalents	<u>227,871</u>	<u>131,019</u>

14. Share Capital

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
<i>Authorised:</i>		
At 1 January 2009 and at 30 June 2009	<u>8,000,000,000</u>	<u>800,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2009	4,728,659,055	472,866
Issue of shares under placement	900,000,000	90,000
Issue of shares upon exercise of warrants	<u>160,000</u>	<u>16</u>
At 30 June 2009	<u>5,628,819,055</u>	<u>562,882</u>

15. Margin Financing

The margin loan facilities were secured by part of the investment in a listed associate, part of the available-for-sale investments and part of the trading securities with carrying amount of approximately HK\$1,200,280,000 as at 30 June 2009 (31 December 2008 (audited): HK\$661,502,000).

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six-months ended 30 June 2009, although the Group recorded no turnover in relation to its base metal trading business amid a highly turbulent and uncertain market environment (2008: HK\$170,215,000), the Group managed to achieve a net profit attributable to shareholders of HK\$163,731,000 (2008: HK\$258,502,000).

Earning per share (basic) for the six-months ended 30 June 2009 was 3.45 HK cents (2008: 5.47 HK cents) and the net asset value as at 30 June 2009 was HK\$0.39 (2008: HK\$1.13).

Business Review

Trading and investment of listed securities

For the period under review, the economic environments and the financial market remained mostly volatile attributed to the global financial crisis though signs of recovery have emerged since the second quarter of 2009. For the businesses of securities trading and investment, the Group recorded a gross sales proceeds of HK\$56,850,000 (2008: HK\$231,444,000) and a profit of HK\$133,162,000 (2008: HK\$322,443,000) mainly due to the realised net gain from sales of trading securities of HK\$19,467,000 (2008: HK\$35,079,000) and the mark-to-market unrealised change in fair value of trading securities of HK\$115,892,000 (2008: HK\$258,773,000).

As at 30 June 2009, the Group maintained a long term investment portfolio of available-for-sale investments of HK\$117,741,000 (2008: HK\$3,250,341,000) and a short term portfolio of trading securities of HK\$334,908,000 (2008: HK\$1,437,784,000).

Trading in base metals

As a result of the uncertainty in the economic outlook and market demand for base metal, the Group did not actively in sourcing the supply of base metals for trading which resulted in no turnover was recorded for the period under review (2008: HK\$170,215,000) and a loss of HK\$932,000 (2008: profit of HK\$4,594,000) was recorded for the period under review.

PRINCIPAL ASSOCIATED COMPANY

The share of profit of associates (after tax) of the Group for the six-months ended 30 June 2009 was HK\$47,505,000 (2008: nil). As at 30 June 2009, the Group's interest in associates amounted to HK\$1,291,805,000 (2008: nil).

Mount Gibson Iron Limited (“MGX”) – 26.03% owned by the Group

Following the completion of a 1 for 5 renounceable rights issue at A\$0.6 each of MGX, the Group’s equity interest in MGX increased to 26.03%. MGX is a pure iron ore exploration and mining company, which owns iron ore deposits and holds mining rights in Western Australia. The Group considers such increase in investment in MGX as a step to preserve the Group’s interest in MGX from being diluted and as a way in which to strengthen and support its existing investment. Further, the Group considers that the long term offtake agreements, entered into between the Group and MGX in November 2008, will give the Group an opportunity to secure long term supply of hematite iron ore products for and to expand its base metal trading activities.

According to MGX’s preliminary final report for the year ended 30 June 2009, MGX recorded a total revenue of A\$431,730,000 (2008: A\$435,174,000) and a net profit of A\$42,618,000 (2008: A\$113,344,000) for the year ended 30 June 2009.

MGX pointed out that the impact of some of its customers defaulting on the MGX’s near term cash flows, together with the desire of the MGX to recommence priority development at Koolan Island and Extension Hill in Western Australia required the raising of additional equity finance. The rights issue and placement of MGX, completed in December 2008 and January 2009 respectively, together raised gross proceeds of A\$162,523,697, which together with existing cash reserves, will better place MGX to recommence priority development activities and mitigate the impact on the MGX of any near term volatility in the iron ore and financial markets.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the Group’s non-current assets amounted to HK\$1,410,870,000 (2008: HK\$3,252,318,000) and net current assets amounted to HK\$776,225,000 (2008: HK\$2,077,287,000) with a current ratio of 50.9 times (2008: 201.5 times) calculated on the basis of the Group’s current assets over current liabilities.

The flexibility of the financial resources available to the Group was enhanced by both short term credit facilities granted by a stock-broking firm and banking facilities granted to the Group. The short term credit facilities were secured by part of the investment in a listed associate, part of the available-for-sale investments and part of the trading securities while the banking facilities were secured by bank deposits. All the Group's borrowings are arranged on a short-term basis in Hong Kong. As at 30 June 2009, the Group had no borrowings (2008: nil) and a gearing ratio of 0% (2008: 0%), calculated on the basis of the Group's net borrowings (after cash and cash equivalents) over shareholders' fund.

In order to strengthen its capital base, the Group conducted a placing of 900,000,000 shares at HK\$0.5 each to raise approximately HK\$440.9 million for reduction of borrowings and for general working capital of the Group and/or for investment when opportunities arise which placing was completed in June 2009 (the "**Placing**").

During the period under review, the issued share capital of the Group was increased to HK\$562,882,000 from HK\$472,866,000 as a result of the Placing and the issue of 160,000 new shares following the exercise of warrants for consideration of HK\$16,000.

Foreign Exchange Exposure

For the period under review, the Group's assets were mainly denominated in Australian Dollar and Hong Kong Dollar while the liabilities were mainly denominated in Hong Kong Dollar. As a substantial portion of the assets was held as long-term investments, there would be no material immediate effect on the cash flow of the Group. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollar denominated assets.

Pledge of Assets

As at 30 June 2009, part of the Group's investment in a listed associate, available-for-sale investments and trading securities of HK\$1,200,192,000 (2008: HK\$4,167,978,000) were pledged to a stock-broking firm to secure short term credit facilities granted to the Group and the Group's bank deposits of HK\$89,308,000 (2008: HK\$88,979,000) were pledged to banks to secure banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis.

PROSPECT

With the commencement of supply of long term offtake of hematite iron ore products from MGX to the Group from July 2009 onward and the stabilisation of base metal market, barred for unforeseen circumstance, the Group believes its business in base metal trading will be improved in the second half of year 2009.

Given the recent sign of recovery from the global financial turmoil and economic recession, the Group believes that there will be ample supply of grossly undervalued investment and business opportunities and will continue to identify, evaluate and acquire strategic interests in quality natural resources assets in order to maximise returns for shareholders.

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2009, the Company has complied with the code provisions of The Code on Corporate Governance Practices (“**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the deviation in respect of the specific term of non-executive Directors' appointment under the code provision A.4.1 of the CG Code.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30 June 2009. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with the Hong Kong Standard on Review Engagements 2410 issued by the HKICPA as well as obtaining reports from management. The Audit Committee has not undertaken independent audit checks.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of the Listing Rules as the code (the “**Code**”) for dealing in securities of the Company by the Directors and supervisors. Having made specific enquiry, the Company confirmed that all Directors and supervisors had complied with the required standard as set out in the Code for the six months ended 30 June 2009.

By Order of the Board
APAC RESOURCES LIMITED
Cao Zhong
Chairman

Hong Kong, 21 September 2009

As at the date of this announcement, the Directors of the Company are:–

Executive Directors: Mr. Cao Zhong (Chairman), Mr. Liu Yongshun (Chief Executive Officer), Mr. Zhou Luyong (Deputy Chief Executive Officer), Ms. Chong Sok Un, Mr. Chen Zhaoqiang and Mr. Yue Jialin

Independent Non-Executive Directors: Mr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis, Mr. Alan Stephen Jones and Mr. Robert Moyse Willcocks

* *For identification purpose only*