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APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED 30 JUNE 2014

The board of directors (the “**Board**”) of APAC Resources Limited (the “**Company**” or “**APAC**”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2014.

RESULTS HIGHLIGHTS

Underlying net profit improved significantly despite weak prices for the commodities linked to our Primary Strategic Investments. Our Resource Investment division remains conservatively positioned and the Commodity Business delivered a substantial profit even while iron ore prices dropped steadily from December 2013.

For the year ended 30 June 2014

(compared to the year ended 30 June 2013)

- Attributable profit from Primary Strategic Investment at HK\$245 million (2013: Profit of HK\$347 million)
- Resource Investment posted a loss of HK\$8 million (2013: Loss of HK\$269 million)
- Commodity Business reported revenue of HK\$775 million (2013: HK\$1,105 million), with a profit of HK\$51 million (2013: Profit of HK\$17 million)
- Partial reversal of HK\$674 million of the impairment loss on interests in listed associates (2013: Provision for impairment loss of HK\$2,111 million)
- Profit attributable to owners before partial reversal of impairment loss of HK\$233 million (2013: HK\$32 million), with earnings per share of HK3.48 cents (2013: HK0.46 cents)
- Profit attributable to owners at HK\$907 million (2013: Loss of HK\$2,080 million) with earnings per share of HK13.53 cents (2013: Loss per share of HK30.53 cents)

OTHER HIGHLIGHT

In April 2014, APAC successfully repurchased 680,000,000 shares of the Company through a conditional cash offer of HK\$0.18 per share for a total consideration (before expenses) of HK\$122,400,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 30 June 2014 (“**FY 2014**”), against a challenging economic environment, the Group reported a net profit attributable to owners of HK\$907,260,000 for FY 2014 compared with a net loss of HK\$2,079,687,000 reported for the year ended 30 June 2013 (“**FY 2013**”). The significant profit has been driven by a reversal of impairment provision of HK\$673,647,000 against the carrying value of the Group’s two principal listed associates. Before taking into account the reversal of impairment provision, the Group had generated an operating profit of HK\$233,613,000, a significant improvement in profitability when compared with the profit before impairment provision of HK\$31,672,000 for FY 2013.

FY 2014 VS FY 2013

Primary Strategic Investment

Our two Primary Strategic Investments are Mount Gibson Iron Limited (“**Mount Gibson**”) and Metals X Limited (“**Metals X**”), both located in Australia. The net attributable profit from our Primary Strategic Investments for the FY 2014 was HK\$244,622,000 (FY 2013: HK\$347,152,000).

Mount Gibson

Mount Gibson is an Australian listed iron ore producer. Mount Gibson’s annual production capacity is now 7 million tonnes from its Koolan Island and Extension Hill mines. The projects are located in Western Australia and are Direct Shipping Ore (“**DSO**”) operations, which have a substantial cost advantage over mines that require beneficiation prior to sale.

For FY 2014, Mount Gibson increased total ore sales by 11% to a record 9.7 million tonnes, above its full year sales guidance of 9.0 million tonnes to 9.5 million tonnes. The record performance was predominantly from the Mid West region as rail bottlenecks eased, plus taking advantage of market conditions to sell higher quantities of low grade ore. Operations at Talling Peak have now concluded, and Mount Gibson is guiding to sales of 6.6 million tonnes to 7.0 million tonnes for the year ending 30 June 2015 (“**FY 2015**”).

Mount Gibson continues to focus on cost reduction, and has reduced Koolan Island unit cash mining costs guidance from A\$8–A\$10 per tonne in FY 2014 to A\$7–A\$9 per tonne for FY 2015. The company delivered a strong operational performance, however, FY 2014 net profit after tax decreased from A\$157 million to A\$96 million as a result of a weaker average realised iron ore price of US\$95/dry metric tonne (“**dmt**”) in FY 2014, down from US\$105/dmt in FY 2013, and a non-cash Mineral Resources Rent Tax (MRRT) expense of A\$21 million against a A\$64 million benefit in FY 2013. That being said, Mount Gibson was still able to build its cash position by A\$144 million in FY 2014 and ended the FY 2014 year with a A\$520 million cash balance and minimal debt.

Iron ore prices fell precipitously in the second half of FY 2014 as significant new mine supply came to market at a time of slowing Chinese demand. New supply is weighted towards lower grade ores, resulting in larger discounts for iron ore with less than 58% Fe content, however, Mount Gibson will produce an average blended ore grade of 61% in FY 2015, which should act as a buffer.

Mount Gibson is reviewing its development for the Shine DSO project after recently completing its drilling program and in light of the weak iron ore price, and a second round of exploration drilling at Extension Hill South is planned for the September quarter of 2014, and remains a high priority for near-mine exploration.

Metals X

Metals X is an Australian based and listed emerging diversified resource group with exposure to gold with the Higginsville, South Kalgoorlie and Central Murchison projects, tin via its 50% interest in the producing Renison mine in Tasmania, and nickel through its world scale Wingellina nickel development project.

During FY 2014, Renison produced 6,215 tonnes of tin in concentrate (100% basis), down marginally (2%) from FY 2013. While processed tonnes increased by 5% year-on-year, this was offset by lower than expected grade.

The highlight for Metals X was the acquisition of the Higginsville and South Kalgoorlie Operations from Alacer Gold for A\$44 million in September 2013. The mines produced 138,000 ounces from handover in October 2013, generating EBITDA of A\$85 million compared and a payback period of 5 months. Metals X recently provided production guidance for Higginsville and South Kalgoorlie, and forecasts gold production to increase from 147,000 ounces in FY 2015 up to 200,000 ounces by year ending 30 June 2018. This guidance relies on a certain level of exploration success as Metals X looks to produce from new open pit resources and extend existing underground operations.

The acquisition of the gold operations has transformed Metals X, which can be seen from the significant increase in net profit after tax of A\$37.5 million for FY 2014 compared to a net profit of A\$8.1 million for FY 2013.

Metals X received an average realised tin price of A\$24,471 per tonne in FY 2014, up 19% compared to FY 2013 (A\$20,525 per tonne). The tin price was steady throughout second half of FY 2014, but has weakened since the end of the period. The market is currently well supplied as Myanmar's exports to China continue to increase, resulting in a build in tin inventories. However, we remain bullish on the medium to long-term outlook for tin due to the limited supply growth as most development projects require a minimum tin price of US\$30,000 to US\$40,000 per tonne to be economically viable.

At the date of this announcement, closing share prices of Mount Gibson and Metals X were A\$0.56 and A\$0.24 respectively.

Resource Investment

The investments in this division comprise mostly minor holdings in various natural resource companies listed on major stock exchanges including Australia, Canada, Hong Kong, and the United Kingdom. Some of our positions are exploration or development stage companies and this section of the market is particularly sensitive to risk aversion, lower commodity prices, and the difficult financing markets.

Commodity prices and the resource sector as a whole has started to show signs of recovery, reflected in the mixed performances of benchmarks such as the ASX Small Resources Index up 11%, the FTSE AIM Basic Resources Index down 14%, and the TSX Venture Composite Index increasing 16%. US economic data is improving, and while the outlook for China and Europe is still subject to uncertainty, we think that governments in both regions have sufficient policy levers to support growth should the outlook deteriorate.

Resource Investment posted a loss of HK\$7,596,000 in FY 2014 (FY 2013: loss of HK\$268,911,000). While a loss is always a disappointing result, we feel that our defensive strategy with focus on producing companies with strong balance sheets and cash flows, and generally avoiding earlier stage explorers has minimised the quantum of the loss in an otherwise difficult market. We remain confident that our high quality core positions, many of which are well capitalised, will weather the challenging market conditions and deliver superior returns in the long run.

ABM

ABM Resources NL (“**ABM**”) is an Australian listed gold company with assets located in the Northern Territory. It has a large acreage footprint in the Tanami-Arunta region, and is currently focused on the Old Pirate and Buccaneer projects, both of which sit inside the Twin Bonanza Gold Camp. Old Pirate is one of Australia’s highest grade open-pittable projects, with a resource of 611,000 ounces of gold at 10.1g/t.

ABM was extremely active in FY 2014. The company completed a successful trial mine, producing 3,454 ounces of gold from 8,100 tonnes processed for 86% recoveries from a 15.4gpt head grade. The company also signed an agreement with Tanami Exploration in July 2014 to lease and potentially purchase the Coyote Gold Processing Plant to treat Old Pirate ore. This agreement reduces ABM’s capital expenditure requirements and also allows for higher recoveries and staged development.

ABM has secured the Mineral Lease, and the Environmental Impact Statement has been approved. During FY 2014, the company also completed more than 10,000 metres of infill drilling to enable final pit design. ABM enhanced its balance sheet by bringing on Pacific Road Capital as a strategic investor, raising A\$19.6 million of equity in July 2014. The forward plan is to commission the plant, and production is expected to start in coming months.

The gold price has remained largely range bound, trading between US\$1,200 per ounce and US\$1,400 per ounce during FY 2014. We expect the fluctuations will continue to be driven by two factors, firstly, expectations of US interest rates and the US dollar and, secondly, its appeal as a safe haven asset if there is further geopolitical uncertainty, particularly Ukraine and the Middle East.

ABM should be well insulated against a fall in the gold price given the high grade nature of the project which is expected to generate robust margins even in a lower gold price environment.

Commodity Business

The Commodity Business mainly comprises two offtake agreements with Mount Gibson and the shipments are sold on the spot market to steel mills and traders in China.

For FY 2014, the Commodity Business generated a profit of HK\$51,353,000 (FY 2013: HK\$16,556,000), a pleasing result given the ongoing uncertainty in the iron ore market. The Platts IODEX 62% CFR China index started FY 2014 at US\$115 per tonne, and traded in a range of US\$135 to US\$140 per tonne for most of the first half of FY 2014 before falling in the second half of FY 2014. Since the end of FY 2014, iron ore price has drifted lower and is now below US\$80 per tonne. The recent weakness in the iron ore price is driven by weak steel demand in China and an influx of supply from significant mine expansions. Given ongoing low cost supply additions, we remain cautious on the outlook for iron ore going into FY 2015.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2014, our non-current assets amounted to HK\$2,531,023,000 (2013: HK\$1,428,755,000) and net current assets amounted to HK\$598,178,000 (2013: HK\$829,878,000) with a current ratio of 3.9 times (2013: 4.1 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan notes of HK\$235,934,000 (2013: HK\$Nil) and loans receivable of HK\$218,320,000 (2013: HK\$Nil) respectively which form part of the on-going treasury management arrangements of the Group.

As at 30 June 2014, we had borrowings of HK\$126,217,000 (2013: HK\$242,500,000) and had undrawn banking and loan facilities amounting to HK\$501,183,000 secured against certain of our interests in listed associates and term deposits; and corporate guarantee of the Company. As at 30 June 2014, we had a gearing ratio of 0.04 (2013: 0.11), calculated on the basis of total borrowings over equity attributable to owners of the Company.

During the year ended 30 June 2014, through a conditional cash offer, the Company repurchased a total of 680,000,000 shares of the Company at HK\$0.18 per share for an aggregate consideration of HK\$122,400,000 in April 2014. Following the share repurchase and cancellation of the repurchased shares, shares of the Company in issue reduced from 6,811,927,990 to 6,131,927,990.

Foreign Exchange Exposure

For the year under review, the Group's assets were mainly denominated in Australian Dollars while the liabilities were mainly denominated in Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Group from adverse movements in foreign exchange. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollars denominated assets.

Pledge of Assets

As at 30 June 2014, certain of the Group's interests in listed associates of HK\$1,253,610,000 (2013: HK\$862,277,000 comprised the Group's interests in listed associates and available-for-sale investments) were pledged to a stock-broking firm to secure against securities margin loan facilities made available to the Group. The Group's bank deposit of HK\$80,010,000 (2013: HK\$345,502,000) were pledged to a bank to secure various trade and 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. All employees are entitled to participate in the Company's benefit plans including medical insurance, share option scheme and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the People's Republic of China (the "PRC")) for its employees in the PRC).

As at 30 June 2014, the Group, including its subsidiaries but excluding associates, had 18 (2013: 25) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2014 amounted to HK\$17,100,000 (2013: HK\$15,073,000).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, during the year ended 30 June 2014, the Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies. Save as disclosed in this announcement, as at 30 June 2014, the Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2014 and 30 June 2013, the Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at the date of this announcement and as at 30 June 2014, the Board is not aware of any material contingent liabilities.

Company Strategy

APAC leverages its in-house natural resources expertise to identify and manage both Primary Strategic Investments and Resource Investments which drives growth in the business. We aim to profit from the value curve of resources projects from exploration to production, though currently see good risk-reward in select mid-tier producers. Value and cash flow can be generated through capital appreciation, direct project ownership and securing offtake agreements.

Forward Looking Observations

Recent economic data seems to confirm an uptick in US economic activity, setting the Federal Reserve on a path to rate normalisation around mid-2015. While the US improves, the outlook for China and Europe remains uncertain. Earlier optimism that Europe would grow GDP by 1% in FY 2014 has faded and recent European inflation forecasts have fallen to 2009 lows, sparking concerns that they Europe will face deflation. Markets were initially hopeful that China's Purchasing Managers' Index (PMI) data showing a recovery from January 2014 to June 2014 meant that the government's "mini stimulus" measures were successful. However, this view remains less than certain as a set of weaker data released in the recent weeks has lowered market optimism.

The commodity complex has been mixed in FY 2014 which is an improvement on the downward trend of the last few years. As a result, we have seen an improvement in the sentiment towards resource equities, particularly as valuations remain cheap. Although the outlook for China is mixed, we do not expect to see further synchronised falls in the commodity complex as many prices are now well into the cost curve. Additionally, the supply and demand fundamentals for certain commodities like zinc, nickel and bauxite is starting to look constructive.

Our Primary Strategic Investments remain focused on sensible low risk acquisitions and reducing costs, leaving them well positioned for strong margin expansion when prices turn. Mount Gibson maintains a very strong cash balance of A\$520 million, and although the closure of Talling Peak reduces overall sales volumes, it also lifts the grade profile during a period where there is plenty of discounted lower grade supply. Metals X is generating significant free cash flow from its bulked up gold division, where it reported a total gross margin of A\$426 per ounce since the acquisition. ABM is progressing to a full production scenario, and has done so while minimizing capital expenditure through a prudent infrastructure leasing agreement with Tanami Exploration.

We remain defensive and selective with our investments in the near term, and continue to look for deep value opportunities which will generate attractive returns over the long run.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue from sales of goods	2	774,512	1,104,617
Cost of sales		<u>(721,416)</u>	<u>(1,092,065)</u>
		53,096	12,552
Other gains and losses	4	629,752	(2,387,295)
Other income		48,222	15,545
Administrative expenses			
— General administrative expenses		(55,647)	(44,770)
— Equity-settled share option expenses		—	(14,021)
Finance costs	5	(7,392)	(6,195)
Share of results of associates		<u>244,622</u>	<u>347,152</u>
Profit (loss) before taxation	6	912,653	(2,077,032)
Income tax expense	7	<u>(5,393)</u>	<u>(2,655)</u>
Profit (loss) for the year attributable to owners of the Company		<u><u>907,260</u></u>	<u><u>(2,079,687)</u></u>
Earnings (loss) per share (expressed in HK cents)			
— basic	9	<u><u>13.53</u></u>	<u><u>(30.53)</u></u>
— diluted	9	<u><u>N/A</u></u>	<u><u>(30.53)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit (loss) for the year	<u>907,260</u>	<u>(2,079,687)</u>
Other comprehensive income (expense), net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of associates	78,923	(302,890)
Exchange difference arising from translation of other foreign operations	(3,418)	10,092
Fair value change of available-for-sale investments	584	(557)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	(617)	—
Reclassification adjustment upon deemed disposal of partial interests in associates	(23)	(7,359)
Share of investment revaluation reserve of associates	<u>10,259</u>	<u>(16,479)</u>
	<u>85,708</u>	<u>(317,193)</u>
Total comprehensive income (expense) for the year attributable to owners of the Company	<u><u>992,968</u></u>	<u><u>(2,396,880)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,395	2,011
Interests in associates	10	2,241,023	1,301,491
Available-for-sale investments		26,794	18,686
Financial assets designated at fair value through profit or loss		3,522	77,953
Loans receivable	11	20,434	28,614
Loan notes	12	235,934	—
Deposits	13	921	—
		<u>2,531,023</u>	<u>1,428,755</u>
Current assets			
Inventories		39,798	—
Trade receivables, other receivables and deposits	13	77,017	27,178
Financial assets designated at fair value through profit or loss		70,200	—
Investments held for trading	14	225,199	233,091
Loans receivable	11	218,320	—
Tax recoverable		693	—
Pledged bank deposits		80,010	345,502
Bank balances and cash		94,776	492,785
		<u>806,013</u>	<u>1,098,556</u>
Total assets		<u><u>3,337,036</u></u>	<u><u>2,527,311</u></u>

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	613,193	681,193
Reserves		3,153,495	3,054,187
Accumulated losses		<u>(637,487)</u>	<u>(1,476,747)</u>
		<u>3,129,201</u>	<u>2,258,633</u>
Current liabilities			
Trade and other payables	16	74,984	25,381
Derivative financial instruments		873	—
Borrowings		126,217	242,500
Tax payable		<u>5,761</u>	<u>797</u>
		<u>207,835</u>	<u>268,678</u>
Total equity and liabilities		<u>3,337,036</u>	<u>2,527,311</u>
Net current assets		<u>598,178</u>	<u>829,878</u>
Total assets less current liabilities		<u>3,129,201</u>	<u>2,258,633</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional and presentation currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

In the current year, the Group has applied the following amendments and interpretations (“**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

Except as described below, the application of the other new and revised amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 “Disclosures — Offsetting financial assets and financial liabilities” for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- (a) recognised financial instruments that are set off in accordance with HKAS 32 “Financial instruments: Presentation”; and
- (b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group’s consolidated financial statements.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations ⁴
HKFRS 9	Financial instruments ⁶
HKFRS 15	Revenue from contracts with customers ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plant ⁴
Amendments to HKAS 19	Defined benefit plans: Employees contributions ²
Amendments to HKAS 27	Equity method in separate financial statements ⁴
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
Amendments to HKFRSs	Annual improvement to HKFRSs 2010–2012 cycle ³
Amendments to HKFRSs	Annual improvement to HKFRSs 2011–2013 cycle ²
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for accounting periods beginning on or after 1 January 2014.

² Effective for accounting periods beginning on or after 1 July 2014.

³ Effective for accounting periods beginning on or after 1 July 2014, with limited exceptions.

⁴ Effective for accounting periods beginning on or after 1 January 2016.

⁵ Effective for accounting periods beginning on or after 1 January 2017.

⁶ Effective for accounting periods beginning on or after 1 January 2018.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the application of HKFRS 9 in the future will affect the classification and measurement in respect of the Group’s available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 remove the requirement to disclose recoverable amounts when there has been no impairment or reversal of impairment but require the following disclosures (in addition to the others already required by HKAS 36) when an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal:

- the level of the HKFRS 13 “fair value hierarchy” within which the fair value measurement of the asset or cash-generating unit has been determined.
- for fair value measurements at level 2 or level 3 of the fair value hierarchy: a description of the valuation techniques used and any changes in that valuation technique; key assumptions used in the measurement of fair value, including the discount rate(s) used in the current measurement and previous measure if fair value less costs of disposal is measured using a present value technique.

The directors of the Company anticipate that the amendments to HKAS 36 may result in more extensive disclosures in the consolidated financial statements retrospectively.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

In addition, the annual report requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Hong Kong Companies Ordinance (Cap. 622). The Group is in the process of making and assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the Hong Kong Companies Ordinance (Cap. 622). The directors of the Company anticipate that the application of the Hong Kong Companies Ordinance (Cap. 622) is not significant and will only affect the presentation and disclosure of information in the consolidated financial statements.

2. REVENUE

	2014 HK\$’000	2013 HK\$’000
Revenue from trading of commodities	<u>774,512</u>	<u>1,104,617</u>

3. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker, represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group’s businesses and operations. The Group’s reportable and operating segments under HKFRS 8 are therefore as follows:

- (i) Commodity business (trading of commodities); and
- (ii) Resource investment (trading of and investment in listed and unlisted securities).

The accounting policies of the reportable and operating segments are the same as the Group’s accounting policies. Segment results represent the profit (loss) by each segment without allocation of central administration costs, directors’ salaries, share of results of associates, reversal of impairment losses on interests in associates, impairment losses on interests in associates, net gain/loss on deemed disposal of partial interests in associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Information regarding the Group’s reportable and operating segments is presented below.

Segment revenue and result

The following is an analysis of the Group’s revenue and results by reportable and operating segment.

For year ended 30 June 2014

	Commodity business HK\$'000	Resource investment HK\$'000	Total HK\$'000
Revenue	<u>774,512</u>	<u>—</u>	<u>774,512</u>
Gross sales proceeds from resource investment	<u>—</u>	<u>106,749</u>	<u>106,749</u>
Segment profit (loss)	51,353	(7,596)	43,757
Share of results of associates			244,622
Reversal of impairment losses on interests in associates			673,647
Impairment loss on interest in an associate			(26,190)
Loss on deemed disposal of partial interests in an associate			(305)
Unallocated corporate income			42,324
Unallocated corporate expenses			(57,810)
Finance costs			<u>(7,392)</u>
Profit before taxation			912,653
Income tax expense			<u>(5,393)</u>
Profit for the year			<u>907,260</u>

For year ended 30 June 2013

	Commodity business HK\$'000	Resource investment HK\$'000	Total HK\$'000
Revenue	<u>1,104,617</u>	<u>—</u>	<u>1,104,617</u>
Gross sales proceeds from resource investment	<u>—</u>	<u>206,137</u>	<u>206,137</u>
Segment profit (loss)	16,556	(268,911)	(252,355)
Share of results of associates			347,152
Impairment losses on interests in associates			(2,111,359)
Net gain on deemed disposal of partial interests in associates			3,359
Unallocated corporate income			203
Unallocated corporate expenses			(57,837)
Finance costs			<u>(6,195)</u>
Loss before taxation			(2,077,032)
Income tax expense			<u>(2,655)</u>
Loss for the year			<u>(2,079,687)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Other segment information

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2014 are as follows:

Amounts included in the measure of segment profit or loss or segment assets:

	Commodity business HK\$'000	Resource investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	5,647	6,088	33,309	45,044
Fair value change of investments held for trading	—	13,363	—	13,363
Fair value change of financial assets designated at fair value through profit or loss	—	(2,046)	—	(2,046)
Impairment loss on an available-for-sale investment	—	(11,214)	—	(11,214)
Impairment loss on financial assets designated at fair value through profit or loss	—	(9,032)	—	(9,032)

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interests in associates	—	—	2,241,023	2,241,023
Loan notes	—	—	235,934	235,934
Loans receivable	—	—	238,754	238,754
Share of results of associates	—	—	244,622	244,622
Reversal of impairment losses on interests in associates	—	—	673,647	673,647
Impairment loss on interest in an associate	—	—	(26,190)	(26,190)
Interest income from loan notes	—	—	11,879	11,879
Interest income from loans receivable	—	—	21,357	21,357

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2013 are as follows:

Amounts included in the measure of segment profit or loss or segment assets:

	Commodity business HK\$'000	Resource investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	8,041	522	46	8,609
Fair value change of investments held for trading	—	(212,840)	—	(212,840)
Fair value change of financial assets designated at fair value through profit or loss	—	(13,022)	—	(13,022)
Reversal of allowance for inventories	5,867	—	—	5,867
Reversal of allowance for trade receivable	<u>3,317</u>	<u>—</u>	<u>—</u>	<u>3,317</u>

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interests in associates	—	—	1,301,491	1,301,491
Loans receivable	—	—	28,614	28,614
Share of results of associates	—	—	347,152	347,152
Impairment losses on interests in associates	<u>—</u>	<u>—</u>	<u>(2,111,359)</u>	<u>(2,111,359)</u>

Segment assets and liabilities

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

	2014 HK\$'000	2013 HK\$'000
Commodity business	262,064	772,078
Resource investment	<u>342,687</u>	<u>400,686</u>
Total segment assets	604,751	1,172,764
Interests in associates	2,241,023	1,301,491
Loan notes	235,934	—
Loans receivable	238,754	28,614
Unallocated	<u>16,574</u>	<u>24,442</u>
Consolidated assets	<u>3,337,036</u>	<u>2,527,311</u>
Commodity business	128,425	265,529
Resource investment	<u>73,764</u>	<u>117</u>
Total segment liabilities	202,189	265,646
Unallocated	<u>5,646</u>	<u>3,032</u>
Consolidated liabilities	<u>207,835</u>	<u>268,678</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, property, plant and equipment, loan notes, loans receivable, other receivables and certain bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and tax payable.
- bank borrowing is allocated while the finance costs are not allocated to respective reportable segments.

Geographical information

The Group's revenue from external customers and information about non-current assets (excluding financial instruments) by geographical location of the customers and assets (where the property, plant and equipment are located and where the associates are incorporated/listed) respectively are detailed below.

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Australia	—	67,639	2,204,046	1,237,391
Bailiwick of Guernsey	—	—	—	27,971
Hong Kong	701,725	1,036,518	2,000	1,586
The PRC	72,787	460	37,369	36,155
United Kingdom	—	—	924	399
	<u>774,512</u>	<u>1,104,617</u>	<u>2,244,339</u>	<u>1,303,502</u>

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are under segment of commodity business and as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A	N/A ¹	778,361
Customer B	241,965	162,154
Customer C	278,736	N/A ¹
Customer D	90,801	N/A ¹
Customer E	<u>90,223</u>	<u>N/A¹</u>

¹ The transactions with the customer did not contribute over 10% of the total sales of the Group during the relevant year.

4. OTHER GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Fair value change of investments held for trading (<i>Note</i>)	13,363	(212,840)
Fair value change of derivative financial instruments	(873)	—
Fair value change of financial assets designated at fair value through profit or loss	(2,046)	(13,022)
Impairment loss on an available-for-sale investment	(11,214)	—
Reversal of impairment losses on interests in associates	673,647	—
Impairment losses on interests in associates	(26,190)	(2,111,359)
Impairment loss on loan receivable	(9,129)	(6,388)
Impairment loss on financial assets designated at fair value through profit or loss	(9,032)	—
Net (loss) gain on deemed disposal of partial interests in associates	(305)	3,359
Net foreign exchange gain (loss)	914	(8,359)
Gain on disposal of an available-for-sale investment	617	285
Loss on deemed disposal of an available-for-sale investment	—	(38,971)
	<u>629,752</u>	<u>(2,387,295)</u>

Note: Net realised gain of HK\$25,631,000 (2013: net realised loss of HK\$18,991,000) on disposal of investments held for trading are included in fair value change of investments held for trading.

5. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings	4,571	6,195
Securities margin financing	1,628	—
Other borrowing	1,193	—
	<u>7,392</u>	<u>6,195</u>

6. PROFIT (LOSS) BEFORE TAXATION

2014	2013
HK\$'000	HK\$'000

Profit (loss) before taxation has been arrived at after charging (crediting):

Staff costs, including directors' emoluments

— salaries and allowances	21,985	17,262
— equity-settled share option expenses (included in administrative expenses)	—	13,071
— staff quarters	882	869
— retirement benefits schemes contributions	891	407

Total staff costs	23,758	31,609
Auditor's remuneration	850	830
Cost of goods recognised as an expense (<i>Note a</i>)	599,381	979,551
Depreciation of property, plant and equipment	949	701
Reversal of allowance for trade receivable (<i>Note b</i>)	—	(3,317)

Notes:

- (a) The amount included a reversal of allowance for inventories of HK\$5,867,000 resulting from the sale of the relevant inventories during the year ended 30 June 2013.
- (b) Allowance recognised on trade receivable was reversed when the relevant amounts were settled during the year ended 30 June 2013.

7. INCOME TAX EXPENSE

2014	2013
HK\$'000	HK\$'000

Current tax

Hong Kong Profits Tax	5,213	(106)
PRC Enterprise Income Tax	—	1,508

	5,213	1,402
Underprovision in prior periods	180	1,253

Total income tax expense	5,393	2,655
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Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The tax charge for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss as follows:

	2014 HK\$'000	2013 HK\$'000
Profit (loss) before taxation	<u>912,653</u>	<u>(2,077,032)</u>
Tax at Hong Kong profits tax rate of 16.5%	150,588	(342,710)
Tax effect of expenses not deductible for tax purpose	15,972	398,142
Tax effect of income not taxable for tax purpose	(123,785)	(2,977)
Tax effect of tax losses not recognised	4,570	6,160
Tax effect of utilisation of tax losses previously not recognised	(1,807)	—
Tax effect of share of results of associates	(40,363)	(57,280)
Underprovision in prior periods	180	1,253
Effect of different tax rate of subsidiaries operating in other jurisdictions	76	361
Others	<u>(38)</u>	<u>(294)</u>
Tax charge for the year in respect of Hong Kong and the PRC	<u>5,393</u>	<u>2,655</u>

At 30 June 2014, the Group had unused tax losses of HK\$134,108,000 (2013: HK\$117,363,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

8. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

Earnings (loss) per share

The calculation of basic and diluted earnings (loss) per share is based on the profit for the year ended 30 June 2014 attributable to owners of the Company of HK\$907,260,000 (2013: loss for the year of HK\$2,079,687,000) and weighted average number of 6,705,736,209 (2013: 6,811,995,682) ordinary shares in issue during the year.

Number of shares

	2014	2013
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings (loss) per share	<u>6,705,736,209</u>	<u>6,811,995,682</u>

For the year ended 30 June 2014, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

For the year ended 30 June 2013, the calculation of the diluted loss per share did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

10. INTERESTS IN ASSOCIATES

	2014 HK\$'000	2013 HK\$'000
Cost of investments in associates		
Listed in Australia	2,223,339	2,223,339
Unlisted	50,687	50,687
Share of post-acquisition profits and other comprehensive income, net of dividends received	1,504,202	1,212,127
Impairment losses recognised	<u>(1,537,205)</u>	<u>(2,184,662)</u>
	<u>2,241,023</u>	<u>1,301,491</u>
Fair value of listed investments	<u>2,217,823</u>	<u>1,237,392</u>

Details of the Group's associates at 30 June 2014 and 2013 are as follows:

Name of entity	Listed/ unlisted	Country of incorporation/ establishment and operation	Class of shares held	Proportion of ownership interest and voting power held		Principal activities
				2014	2013	
平港(上海)貿易 有限公司	Unlisted	The PRC	N/A	40%	40%	Wholesales, import and export, agency service and relevant service for coal, coke, material for metallurgy, mineral products, chemical engineering products, mechanical and electrical equipment and spare parts, steel and steel products, construction material and related products and technology.
Mount Gibson Iron Limited	Listed	Australia	Ordinary	26.61%	26.61%	Mining of hematite deposits at Tallering Peak and Koolan Island; development of hematite mining operations at Extension Hill; and exploration of hematite deposits in Western Australia.
Metals X Limited	Listed	Australia	Ordinary	24.02%	24.07%	Exploration for and the mining, treatment and marketing of tin concentrate and nickel in Australia; exploration for phosphate in Australia; the development and construction of tin mine projects and exploration for precious and base metals.
Alufer Mining Limited	Unlisted	Bailiwick of Guernsey	Ordinary	26.17%	26.17%	Mineral exploration and development of bauxite in the Republic of Guinea.

11. LOANS RECEIVABLE

	2014 HK\$'000	2013 HK\$'000
Fixed-rate loan (<i>Note a</i>)	218,320	—
Interest-free loan (<i>Note b</i>)	<u>20,434</u>	<u>28,614</u>
	<u>238,754</u>	<u>28,614</u>

The following is the analysis of loans receivable for financial reporting purpose:

Non-current assets	20,434	28,614
Current assets	<u>218,320</u>	<u>—</u>
	<u>238,754</u>	<u>28,614</u>

Notes:

- (a) The loan receivable amounting to HK\$218,320,000 bears fixed-rate interest of 24% per annum and matures on 28 July 2014. The loan is secured by a floating charge on the assets of the borrower, mortgage of shares of the borrower and one of the borrower's subsidiaries incorporated in the PRC (the "PRC Co A"), mortgage of a parcel of land and properties held by the PRC Co A, assignment of loan due by a company incorporated in the PRC, in which the PRC Co A has a non-controlling interest (the "PRC Co B"), to the PRC Co A and the pre-sale agreements in relation to certain properties signed between the Group and the PRC Co B which will be cancelled upon repayment of the loan. On 28 July 2014, the Group received the final interest payment from the borrower and pursuant to a supplemental loan agreement, the Group agreed to extend the repayment date of the loan receivable to 28 January 2015.
- (b) The loan receivable from an investee amounting to HK\$20,434,000 (2013: HK\$28,614,000) is non-interest bearing as at 30 June 2014. Management of the Group considered that the loan will not be recovered within one year, hence classified it as a non-current asset as at 30 June 2013 and 2014. Taking into consideration of the financial information of the investee, impairment loss of HK\$9,129,000 (2013: HK\$6,388,000) was recognised in profit or loss during the year.

12. LOAN NOTES

The Group subscribed for loan notes with a nominal value of US\$30,000,000 from Mulpha SPV Limited (“**Mulpha**”), a limited liability company incorporated in Malaysia, at the nominal value amount, in November 2013. The loan notes bear 8.5% coupon interest per annum and will mature on 26 November 2016. The loan notes are guaranteed by Mulpha International Bhd., a company incorporated in Malaysia whose shares are listed on the Main Market of Bursa Malaysia Securities Berhad. The loan notes can be early redeemed by Mulpha before the maturity date at the nominal amount of the loan notes plus accrued unpaid interest up to the date of redemption. The early redemption option by Mulpha is closely related to the host debt and is therefore not separately accounted for.

The movement of loan notes during the year as follows:

	<i>HK\$'000</i>
At 1 July 2012 and 30 June 2013	—
Investment in loan notes	232,599
Interest income	1,934
Exchange difference	<u>1,401</u>
At 30 June 2014	<u><u>235,934</u></u>

13. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	65,787	4,919
Other deposits and prepayments	<u>12,151</u>	<u>22,259</u>
	<u><u>77,938</u></u>	<u><u>27,178</u></u>
Presented as non-current assets	921	—
Presented as current assets	<u>77,017</u>	<u>27,178</u>
	<u><u>77,938</u></u>	<u><u>27,178</u></u>

The Group allows an average credit period of 90 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition dates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 90 days	<u><u>65,787</u></u>	<u><u>4,919</u></u>

14. INVESTMENTS HELD FOR TRADING

	2014 HK\$'000	2013 HK\$'000
Listed securities:		
— Equity securities listed in Hong Kong	504	—
— Equity securities listed in the United Kingdom	16,840	44,233
— Equity securities listed in the United States of America	—	1,622
— Equity securities listed in Australia	184,674	152,797
— Equity securities listed in Canada	23,181	34,439
	<u>225,199</u>	<u>233,091</u>

15. SHARE CAPITAL

Authorised and issued share capital

	2014		2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised	<u>20,000,000,000</u>	<u>2,000,000</u>	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
At beginning of the year	6,811,927,990	681,193	6,813,047,990	681,305
Shares repurchased and cancelled	<u>(680,000,000)</u>	<u>(68,000)</u>	<u>(1,120,000)</u>	<u>(112)</u>
At end of the year	<u>6,131,927,990</u>	<u>613,193</u>	<u>6,811,927,990</u>	<u>681,193</u>

16. TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Trade payables	58,839	20,407
Other payables	<u>16,145</u>	<u>4,974</u>
	<u>74,984</u>	<u>25,381</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2014 HK\$'000	2013 HK\$'000
0 to 90 days	<u>58,839</u>	<u>20,407</u>

DIVIDEND

Given the Company has negative distributable reserve, the Board does not recommend the payment of a dividend for the year ended 30 June 2014 (2013: Nil).

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

During the year ended 30 June 2014, through a conditional cash offer, the Company repurchased a total of 680,000,000 shares of the Company at HK\$0.18 per share for an aggregate consideration of HK\$122,400,000 in April 2014.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2014.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company has adopted the Code on Corporate Governance Practices (the “**CG Code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) which sets out the principles of good corporate governance. During the year ended 30 June 2014, the Company has fully complied with the code provisions of the CG Code.

Investor Relations

For the year ended 30 June 2014, Ms. Chong Sok Un, Chairman of the Board and member of the remuneration committee chaired the annual general meeting of the Company on 5 December 2013 (the “**2013 AGM**”). Ms. Chong together with other members of the remuneration committee, namely Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks who also attended the 2013 AGM were available to answer questions thereat.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code during the year ended 30 June 2014.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Group’s final results for the year ended 30 June 2014 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY 2014 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the FY 2014. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

By Order of the Board
APAC RESOURCES LIMITED
Chong Sok Un
Chairman

Hong Kong, 26 September 2014

As at the date of this announcement, the directors of the Company are:

Executive Directors

Ms. Chong Sok Un (*Chairman*), Mr. Andrew Ferguson (*Chief Executive Officer*) and Mr. Kong Muk Yin

Non-Executive Directors

Mr. Lee Seng Hui (*Mr. Peter Anthony Curry as his alternate*) and Mr. So Kwok Hoo

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks

* *For identification purpose only*