APAC RESOURCES

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The board of directors (the "**Board**") of APAC Resources Limited (the "**Company**" or "**APAC**") announces the audited consolidated final results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2020 together with comparative figures for the year ended 30 June 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Revenue			
Trading of goods		**367,690**	51,099
Interest income		**68,837**	58,128
Total revenue	*2*	**436,527**	109,227
Cost of sales		**(386,639)**	(51,818)
Gross profit		**49,888**	57,409
Other gains and losses	*4*	**(56,684)**	(341,250)
Other income		**25,735**	16,803
(Impairment loss)/reversal of impairment loss on interests in associates, net	*9*	**(549,614)**	643,439
Administrative expenses		**(45,032)**	(38,871)
Finance costs	*5(a)*	**(240)**	(2,020)
Share of results of associates		**146,545**	273,750
(Loss)/profit before taxation	*5*	**(429,402)**	609,260
Income tax credit/(expense)	*6*	**1**	(828)
(Loss)/profit for the year attributable to owners of the Company		**(429,401)**	608,432
(Loss)/earnings per share (expressed in HK cents) – basic	*8*	**(35.23)**	68.04

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(429,401)**	608,432
Other comprehensive (expense)/income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	**(30,625)**	(55,017)
Exchange differences on translation of other foreign operations	**(2,047)**	(4,731)
Share of other comprehensive income of an associate, net of related income tax	**180**	669
	(32,492)	(59,079)
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate, net of related income tax	**5,104**	3,375
	(27,388)	(55,704)
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(456,789)**	552,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**5,653**	1,368
Interests in associates	*9*	**1,525,576**	1,904,461
Financial assets at fair value through profit or loss ("**FVTPL**")		**76,379**	307,880
Loan receivables		**317,813**	–
Loan notes		**3,916**	51,168
Rental deposits	*10*	**539**	–
Deferred tax assets		**646**	–
		1,930,522	2,264,877
Current assets			
Inventories		**108,356**	53,802
Trade and other receivables	*10*	**43,568**	26,072
Financial assets at FVTPL		**640,472**	392,102
Loan receivables		**151,063**	401,418
Pledged bank deposits		**88,611**	74,711
Bank balances and cash		**564,039**	814,547
		1,596,109	1,762,652
Total assets		**3,526,631**	4,027,529

	Notes	**2020**	2019
		HK$'000	*HK$'000*
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*12*	**1,218,894**	1,218,894
Other reserves		**251,991**	287,231
Accumulated profits		**1,964,923**	2,508,362
		3,435,808	4,014,487
Non-current liability			
Lease liabilities		**761**	–
Current liabilities			
Trade and other payables	*11*	**85,443**	12,811
Tax payable		**876**	231
Lease liabilities		**3,743**	–
		90,062	13,042
Total liabilities		**90,823**	13,042
Total equity and liabilities		**3,526,631**	4,027,529
Net current assets		**1,506,047**	1,749,610
Total assets less total liabilities		**3,435,808**	4,014,487

NOTES

For the year ended 30 June 2020

1. BASIS FOR 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.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value:

- Listed equity securities held-for-trading
- Convertible notes
- Equity securities not held within the trading portfolios
- Derivative financial instruments – warrants
- Trade receivables designated at fair value through profit or loss ("**FVTPL**")
- Trade payables designated at FVTPL

Application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16, "Leases", none of the developments have had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current year.

HKFRS 16 "Leases"

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019.

The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.1%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 30 June 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 30 June 2019 to the opening balance for lease liabilities recognised as at 1 July 2019:

	HK$'000
Operating lease commitments at 30 June 2019	5,114
Less: Short-term leases and other leases with remaining lease term ending on or before 30 June 2020	(32)
Total future interest expenses	(219)
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 July 2019	4,863

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 30 June 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 30 June 2019 *HK$'000*	**Capitalisation of operating lease contracts** *HK$'000*	**Carrying amount at 1 July 2019** *HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	1,368	4,863	6,231
Total non-current assets	**2,264,877**	**4,863**	**2,269,740**
Total assets	**4,027,529**	**4,863**	**4,032,392**
Lease liabilities (non-current)	–	(1,848)	(1,848)
Total non-current liabilities	**–**	**(1,848)**	**(1,848)**
Lease liabilities (current)	–	(3,015)	(3,015)
Total current liabilities	**(13,042)**	**(3,015)**	**(16,057)**
Total liabilities	**(13,042)**	**(4,863)**	**(17,905)**
Total equity and liabilities	**(4,027,529)**	**(4,863)**	**(4,032,392)**
Net current assets	**1,749,610**	**(3,015)**	**1,746,595**
Total assets less total liabilities	**4,014,487**	**–**	**4,014,487**

(c) *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flow.

2. REVENUE

(a) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
– Commodities (Iron ore)	**367,690**	51,099
Revenue from other sources		
Interest income under effective interest method		
– Loan receivables	**68,385**	56,011
– Loan notes	**452**	911
– Convertible notes	**–**	1,206
	68,837	58,128
Total revenue	**436,527**	109,227

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date:

All sales contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Commodity business (trading of commodities);

(ii) Resource investment (trading of and investment in listed and unlisted securities of energy and natural resources companies); and

(iii) Principal investment and financial services (provision of loan financing and investments in loan notes, convertible notes and other financial assets and receiving interest income from these financial assets).

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is earnings and loss of each segment without allocation of share of results of associates, net impairment loss on interests in associates, loss arising from deemed disposal of partial interest in an associate, net loss arising from changes in fair value of certain financial assets at FVTPL (i.e. unlisted equity investments, listed equity securities not held within the trading portfolios and convertible notes) other corporate income and gain, central administrative expenses and other corporate losses, and central finance costs.

Segment assets include operating and reportable segments other than interests in associates, certain property, plant and equipment, certain loan notes and certain financial assets at FVTPL (i.e. convertible notes) not managed under principal investment and financial services segment, certain financial assets at FVTPL (i.e. unlisted equity investments and listed equity securities not held within the trading portfolios) not managed under resource investment segment, certain other receivables and certain bank balances and cash.

Segment liabilities include provisions and trade and other payables and lease liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

In addition to receiving segment information concerning segment (loss)/profit, the Board is provided with segment information concerning revenue, interest income (included in other income), depreciation, dividend income from financial assets at FVTPL, gain/(loss) arising from changes in fair value of financial assets mandatorily measured at FVTPL, net, (impairment loss)/reversal of impairment loss on loan receivables, net, (loss)/gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net, finance costs, net foreign exchange loss, income tax and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2020 and 2019 is set out below.

	Year ended 30 June 2020			
	Commodity business *HK$'000*	Resource investment *HK$'000*	Principal investment and financial services *HK$'000*	Total *HK$'000*
Segment revenue:				
Disaggregated by timing of revenue recognition				
Point in time	**367,690**	**–**	**–**	**367,690**
Revenue from other source:				
Interest income	**–**	**–**	**68,837**	**68,837**
Revenue from external customers	**367,690**	**–**	**68,837**	**436,527**
Gross sales proceeds from resource investment	**–**	**977,887**	**–**	**977,887**
Segment results	**(5,912)**	**63,356**	**57,851**	**115,295**
Share of results of associates				**146,545**
Impairment loss on interests in associates, net				**(549,614)**
Loss arising from deemed disposal of partial interest in an associate				**(1,679)**
Loss arising from changes in fair value of certain financial assets at FVTPL, net				**(104,141)**
Other corporate income and gains				**7,538**
Central administrative expenses and other corporate losses				**(43,161)**
Central finance costs				**(185)**
Consolidated loss before taxation				**(429,402)**
Segment assets	**403,136**	**824,292**	**505,796**	**1,733,224**
Interests in associates				**1,525,576**
Unallocated head office and corporate assets				
– Certain financial assets at FVTPL				**76,379**
– Bank balances and cash				**185,665**
– Other unallocated corporate assets				**5,787**
Consolidated total assets				**3,526,631**

	Commodity business	Resource investment	Principal investment and financial services	Total
	Year ended 30 June 2020			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment liabilities	**72,579**	**9,410**	**1,023**	**83,012**
Unallocated corporate liabilities				**7,811**
Consolidated total liabilities				**90,823**
Other segment information				
Interest income (included in other income)	**1,457**	**7**	**–**	**1,464**
Unallocated				**3,672**
				5,136
Dividend income from financial assets at FVTPL	**–**	**15,630**	**–**	**15,630**
Gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	**–**	**53,731**	**–**	**53,731**
Unallocated				**(104,141)**
				(50,410)
Impairment loss on loan receivables, net	**–**	**–**	**(4,048)**	**(4,048)**
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	**21,298**	**–**	**–**	**21,298**
Net foreign exchange loss	**(5,241)**	**(1,271)**	**(12,175)**	**(18,687)**
Unallocated				**(9,110)**
				(27,797)
Additions to non-current assets	**–**	**–**	**–**	**–**
Unallocated				**2,794**
				2,794
Depreciation	**(1,074)**	**–**	**–**	**(1,074)**
Unallocated				**(3,253)**
				(4,327)
Finance costs	**(55)**	**–**	**–**	**(55)**
Unallocated				**(185)**
				(240)
Income tax (expenses)/credit	**(1)**	**–**	**2**	**1**
Unallocated				**–**
				1

	Year ended 30 June 2019			
	Commodity business *HK$'000*	Resource investment *HK$'000*	Principal investment and financial services *HK$'000*	Total *HK$'000*
Segment revenue:				
Disaggregated by timing of revenue recognition				
Point in time	51,099	–	–	51,099
Revenue from other source:				
Interest income	–	–	58,128	58,128
Revenue from external customers	51,099	–	58,128	109,227
Gross sales proceeds from resource investment	–	343,030	–	343,030
Segment results	(3,808)	(86,646)	47,371	(43,083)
Share of results of associates				273,750
Reversal of impairment loss on interests in associates, net				643,439
Loss arising from deemed disposal of partial interest in an associate				(3,762)
Loss arising from changes in fair value of certain financial assets at FVTPL, net				(229,936)
Other corporate income and gains				4,063
Central administrative expenses and other corporate losses				(33,191)
Central finance costs				(2,020)
Consolidated profit before taxation				609,260
Segment assets	541,765	477,278	422,619	1,441,662
Interests in associates				1,904,461
Financial assets at FVTPL				307,880
Unallocated head office and corporate assets				
– Loan notes				31,360
– Bank balances and cash				339,505
– Other unallocated corporate assets				2,661
Consolidated total assets				4,027,529

	Year ended 30 June 2019			
	Commodity business *HK$'000*	Resource investment *HK$'000*	Principal investment and financial services *HK$'000*	Total *HK$'000*
Segment liabilities	6,675	609	231	7,515
Unallocated corporate liabilities				5,527
Consolidated total liabilities				13,042
Other segment information				
Interest income (included in other income)	2,986	9	1	2,996
Unallocated				3,944
				6,940
Dividend income from financial assets at FVTPL	–	9,132	–	9,132
(Loss)/gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	–	(89,953)	533	(89,420)
Unallocated				(229,936)
				(319,356)
Reversal of impairment loss on loan receivables, net	–	–	602	602
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	4,054	–	–	4,054
Net foreign exchange loss	(5,422)	(4,365)	(11,561)	(21,348)
Unallocated				(1,440)
				(22,788)
Additions to non-current assets	–	–	–	–
Unallocated				917
				917
Depreciation	–	–	–	–
Unallocated				(316)
				(316)
Finance costs	–	–	–	–
Unallocated				(2,020)
				(2,020)
Income tax expenses	–	–	–	–
Unallocated				(828)
				(828)

There are no inter-segment revenue during the years ended 30 June 2020 and 2019.

(b) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, and interests in associates. The geographical location of customers is based on the location of good delivered; the Group's interest income derived from loan receivables in respect of principal investment and financial services is analysed by the location where the loan financing is provided; and the Group's interest income derived from loan notes in respect of principal investment and financial services is analysed by the location where these investments are managed by the Group. In the case of non-current assets (excluding financial assets) which is presented based on geographical location of assets (where the property, plant and equipment are located and where the associates are incorporated/listed).

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**16,023**	11,916	**4,339**	1,338
The PRC	**385,726**	70,378	**40,772**	39,719
Australia	**2,850**	2,016	**1,486,118**	1,864,772
Southeast Asia region	**31,928**	24,917	**–**	–
	436,527	109,227	**1,531,229**	1,905,829

(c) Information about major customers

Revenue from customers contributing 10% or more of the Group's revenue are as follows:

	2020	2019
	HK$'000	*HK$'000*
Commodity business		
Customer A	**194,469**	50,839
Customer B	**70,104**	–
Customer C	**54,620**	–
Principal investment and financial services		
Customer D	**N/A***	24,917
Customer E	**N/A***	14,967

* The corresponding revenue did not contribute 10% or more of the Group's total revenue during the corresponding year.

4. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Gain/(loss) arising from changes in fair value of financial assets mandatorily measured at FVTPL, net:		
– listed equity securities held-for-trading	**42,317**	(89,953)
– listed equity securities not held within the trading portfolios	**(87,419)**	(214,912)
– convertible notes	**(2,283)**	(999)
– unlisted equity investments	**(14,439)**	(13,492)
– derivative financial instruments – warrants	**11,414**	–
(Impairment loss)/reversal of impairment loss on loan receivables, net	**(4,048)**	602
Loss arising from deemed disposal of partial interest in an associate	**(1,679)**	(3,762)
Gain/(loss) arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities		
– fair value gain/(loss) on trade receivable designated at FVTPL	**1,749**	(652)
– fair value gain on trade payables designed at FVTPL	**19,549**	4,706
Gain arising from modification of loan receivables	**5,934**	–
Net foreign exchange loss	**(27,797)**	(22,788)
Others	**18**	–
	(56,684)	(341,250)

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting) the following:

		2020 *HK$'000*	2019 *HK$'000*
(a)	**Finance costs:**		
	Interest on lease liabilities	**240**	–
	Interest on other borrowings	**–**	1,174
	Interest on a bank borrowing	**–**	846
	Total interest expense on financial liabilities not at fair value through profit or loss	**240**	2,020
(b)	**Staff costs (including directors' emoluments):**		
	Salaries and allowance	**19,781**	18,953
	Director's quarter recognised as lease expense	**–**	1,080
	Contributions to defined contribution retirement plans	**317**	312
		20,098	20,345
(c)	**Other items:**		
	Cost of goods recognised as an expense *(note)*	**384,605**	51,818
	Auditors' remuneration		
	– audit services	**750**	940
	– non-audit services	**307**	661
	Depreciation charges		
	– owned property, plant and equipment	**419**	316
	– right-of-use assets	**3,908**	–
	Total minimum lease payments for lease previously classified as operating leases under HKAS 17	**–**	3,422
	Short-term lease expense	**89**	–

Note: The amount for the year ended 30 June 2020 includes write down of inventories of HK$5,833,000 (2019: HK$3,147,000).

6. INCOME TAX (CREDIT)/EXPENSE

Amounts recognised in profit or loss:

	2020 *HK$'000*	2019 *HK$'000*
Current tax		
– Hong Kong Profits Tax for the year	**644**	231
– PRC Enterprise Income Tax ("**EIT**") for the year	**–**	597
– Under-provision of EIT for the prior year	**1**	–
Deferred tax		
– Origination and reversal of temporary differences	**(646)**	–
Income tax (credit)/expenses	**(1)**	828

7. DIVIDENDS

Dividends recognised as distribution to owners of the Company during the year:

	2020	2019
	HK$'000	*HK$'000*
2019 interim dividend declared – HK10 cents (2019: 2018 interim dividend declared – HK6 cents with a scrip dividend option)	**121,890**	47,717

During the year ended 30 June 2020, an interim dividend of HK10 cents (2019: HK6 cents) per ordinary share, in an aggregate amount of HK$121,890,000 (2019: HK$47,717,000), was declared in respect of the year ended 30 June 2019 (2019: year ended 30 June 2018) and an amount of HK$121,890,000 is paid or payable in cash (2019: an amount of HK$28,072,000 was selected to be settled by cash and the remaining amount of HK$19,645,000 was selected to be settled by the issue of 17,318,628 new ordinary shares of the Company).

Subsequent to the end of the reporting period, the directors of the Company declared an interim dividend of HK10 cents per share (in lieu of a final dividend) for the year ended 30 June 2020 (2019 interim dividend (in lieu of a final dividend): HK10 cents).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of HK$429,401,000 (2019: profit of HK$608,432,000) and the weighted average number of 1,218,893,914 (2019: 894,232,466) ordinary shares in issue during the year.

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 30 June 2020 and 2019. The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the year ended 30 June 2020 and 2019.

9. INTERESTS IN ASSOCIATES

	2020	2019
	HK$'000	*HK$'000*
Interests in associates before impairment	**2,105,590**	1,934,861
Impairment losses recognised *(note)*	**(580,014)**	(30,400)
	1,525,576	1,904,461
Fair value of listed investments	**1,500,361**	1,864,772

Note: At the end of the reporting period, the management of the Group carried out review on impairment loss on the carrying amounts of its interests in Mount Gibson Iron Limited ("**MGX**") and Tanami Gold NL ("**Tanami**") by comparing their recoverable amounts (higher of value in use and fair value less costs of disposal) with its respective carrying amounts. The (impairment loss)/reversal of impairment on interests in associates recognised in the consolidated statement of profit or loss for the year ended 30 June 2020, net are as follows:

	2020	2019
	HK$'000	*HK$'000*
MGX	**(580,014)**	656,390
Tanami	**30,400**	(12,951)
	(549,614)	643,439

10. TRADE AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables designated at FVTPL	**6,273**	–
Other receivables and deposits	**32,090**	14,983
Rental deposits	**546**	512
Receivable from securities brokers	**4,485**	9,341
Prepayments	**713**	1,236
	44,107	26,072
Representing:		
Current	**43,568**	26,072
Non-current	**539**	–
	44,107	26,072

Except for the non-current rental deposits, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Aging analysis

As of the end of the reporting period, the ageing analysis of trade receivables designated at FVTPL based on invoice date, which approximates the revenue recognition date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**–**	–
31-60 days	**6,273**	–
	6,273	–

The Group allows an average credit period of 90 days to its trade customers from commodity business. Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits to it. The credit limits attributed to customers are reviewed regularly.

11. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables designated at FVTPL	**61,852**	5,415
Other payables measured at amortised cost	**23,591**	7,396
	85,443	12,811

Aging analysis

As of the end of the reporting period, the aging analysis of trade payables designated at FVTPL based on invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**56,529**	5,415
31-60 days	**5,323**	–
	61,852	5,415

The Group purchases iron ore commodities under provisional pricing arrangements where final prices are based on prevailing spot prices over a quotation period after shipment by the supplier, MGX. These trade payables are designated at FVTPL on contract by contract basis.

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

12. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
At 1 July 2018, 30 June 2019, 1 July 2019 and 30 June 2020, ordinary shares of HK$1.00 each	2,000,000,000	2,000,000
Issued and fully paid, ordinary shares of HK$1.00 each		
At 1 July 2018	795,277,315	795,277
Issue of shares in lieu of cash dividend *(Note 7)*	17,318,628	17,319
Issue of shares under rights issue *(note)*	406,297,971	406,298
At 30 June 2019, 1 July 2019 and 30 June 2020	1,218,893,914	1,218,894

Note: On 11 March 2019, the Company announced a fund raising proposal comprising a rights issue on the basis of one new ordinary share of the Company ("**Rights Share**") for every two existing shares then held at the subscription price of HK$1.10 per Rights Share (the "**Rights Issue**"). On 25 April 2019, the Company completed the Rights Issue and a total number of 406,297,971 Rights Shares were issued for gross proceeds of HK$446,928,000 (net proceeds of HK$438,584,000 after deduction of the direct costs in relation to the Rights Issue).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

APAC Resources Limited ("**APAC**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") reported a net loss attributable to shareholders of the Company of HK$429,401,000 for the year ended 30 June 2020 ("**FY 2020**"), compared with a net profit attributable to shareholders of the Company of HK$608,432,000 for the year ended 30 June 2019 ("**FY 2019**"). In the past 12 months our Resource Investment, and Principal Investment and Financial Services segments generated a combined profit of HK$121,207,000. However, this was offset by a non-cash impairment loss on our ownership in Mount Gibson Iron Limited ("**Mount Gibson**") of HK$580,014,000 driven by the weaker Mount Gibson share price.

Primary Strategic Investments

Our Primary Strategic Investments are in Mount Gibson which is listed and operating in Australia, and in the year ended 30 June 2018 we also acquired an investment in Tanami Gold NL ("**Tanami Gold**"). The net attributable profit from our Primary Strategic Investments for FY 2020 was HK$145,377,000 (FY 2019: Net profit of HK$271,659,000). Mount Gibson reported a FY 2020 net profit after tax of A$84 million.

Mount Gibson

Mount Gibson is an Australian producer of direct shipping grade iron ore products. Mount Gibson owns the Koolan Island mine off the Kimberley coast in the remote north-west of Western Australia which produces one of the highest grade iron ore products in Australia, and the Extension Hill/Iron Hill operations in the Mount Gibson Range south east of Geraldton. Mining of Direct Shipping Ore from its Mid West mines ended in the year ended 30 June 2019 although sale of low grade material from Extension Hill has continued for longer than forecast, and the latest forecast is for sales to end in calendar year 2020.

Importantly, ore sales at the Koolan Island Restart Project started in April 2019, achieved commercial production in the June quarter 2019. The restart project had 21 million tonnes of 65.5% Fe reserves, and is partway through a planned elevated waste mining phase, which should then allow for increased production from the year ended 30 June 2022 ("**FY 2022**") onwards.

Mount Gibson reported a net profit after tax of A$84 million for FY 2020 from sales of 4.9 million tonnes.

Mount Gibson's operating costs were high in FY 2020 and will remain high until the waste mining phase is complete. In addition, Koolan Island operations were impacted by a conveyor belt tear and replacement, which is now completed. The company reported an all in cash cost of A$72 per tonne for FY 2020 and released guidance for the year ended 30 June 2021 ("**FY 2021**") all in cash cost of A$60-65 per tonne. Costs will remain high as Mount Gibson completes the waste mining phase at Koolan Island over the next 18 months.

Mount Gibson still boasts a robust cash reserve, including term deposits and tradable investments, ending FY 2020 with A$423 million or an equivalent of A$0.36 per share, despite paying a dividend in September 2019.

Mount Gibson sales guidance for FY 2021 is 2.8 million tonnes to 3.3 million tonnes, at an all-in group cash cost of A$60–65 per wet metric tonne ("**wmt**") FOB.

The Platts IODEX 62% CFR China index sold off its highs in early FY 2020, and was range bound around US$80-90 per dry metric tonne ("**dmt**") for the majority of the year. In May 2020, the iron ore price started to strengthen as Chinese steel inventories were drawn down from pent-up demand as construction restarted in China. Global iron ore supply is still impacted by lower production from Vale. Iron ore prices have been on an upward trend, and at the time of writing it is above US$120 per dmt. In the medium term we continue to expect average iron ore prices to remain capped given weak non-China steel demand and a continuing recovery in Brazil.

Tanami Gold

We currently own 46.3% of Tanami Gold.

Tanami Gold's principal business activity is gold exploration. It holds 60% of the Central Tanami Project and has a cash balance of A$29 million, after it exercised its first put option in July 2018 to sell 15% of the project to Northern Star Resources Limited ("**Northern Star**") for A$20 million cash. The remaining 40% is owned by Northern Star. Under the terms of the joint venture, Northern Star will sole fund all expenditure until commercial production is achieved at the Central Tanami Project. After commercial production is reached, Northern Star can earn an additional 35% of the Central Tanami Project and Tanami Gold has a second put option to sell its remaining 25% of the project to Northern Star for A$32 million. Northern Star continues exploration in the Central Tanami Project, although since March there has been no on-ground exploration due to COVID-19 restrictions.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss comprise the Group's investments in Metals X Limited ("**Metals X**") and Resource Investment. As at 30 June 2020, none of these investments represents 5% or more of the Group's total assets.

Metals X

The carrying values of Metals X as at 30 June 2020 amounted to HK$58,398,000 (As at 30 June 2019: HK$87,748,000) represented approximately 1.7% (As at 30 June 2019: 2.2%) of the total assets of the Group. In FY 2020, our investment in Metals X generated an unrealized loss of approximately HK$95,631,000 (FY 2019: Loss of HK$195,693,000) which was accounted for in profit or loss.

In June 2020, APAC gave notices to Metals X requesting that the directors of Metals X call a general meeting of Metals X to replace three of its directors given its failure to sell the Nifty asset and subsequent plan to redevelop Nifty as an open pit. Metals X also announced the updated mine plan for Renison mine, with significant capex spend in FY 2021-FY 2022. This caused Metals X to breach covenants in its debt facility with Citibank.

In July 2020, the three directors of Metals X stepped down from the board while Mr. Brett Robert Smith, who is the deputy chairman and an executive director of the Company, was appointed to the board initially as a non-executive director and subsequently as an executive director of Metals X, and Metals X reiterated its commitment to sell the copper asset portfolio. APAC provided a A$26 million loan facility to repay the Citibank loan. Metals X is now focused on implementing its life of mine plan at Renison mine.

During FY 2020, the Renison mine produced 3,591 tonnes of tin (net 50% basis) up 1% year-on-year ("**YoY**"), however the average realised tin price of A$21,466 per tonne was down 13% YoY. Metals X expects to access higher grade Area 5 in the second half of calendar year 2020.

Tin prices weakened early in FY 2020 due to the weakness in the semiconductor sector, and fell below US$14,000 per tonne due to concerns about the COVID-19 outbreak. Since then, tin prices have recovered to as high as US$18,000 per tonne. We remain bullish on the medium term outlook for tin due to the lack of significant supply growth and new demand for tin from the growing electrical vehicle and energy storage industries.

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, the United Kingdom and the US. Our investments focus on select commodities within several commodity segments, namely energy, bulk commodities, base metals and precious metals. 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.

Resource Investment posted a fair value gain of HK$42,317,000 in FY 2020 (FY 2019: Loss of HK$89,953,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK$63,356,000 (FY 2019: Loss of HK$86,646,000).

Our Resource Investment division includes the results of the two resource portfolios which were announced in August 2016. While the resources sector was already subdued in the six months ended 31 December 2019 ("**1H FY 2020**") due to concerns relating to the trade war, the spread of COVID-19 in February and March 2020 caused the vast majority of commodity prices to drop significantly, although most metal prices have recovered to its pre-COVID-19 levels and in the case of iron ore and gold, have outperformed. During FY 2020 the average performance from a number of small cap resources indices averaged 6% (includes the FTSE AIM Basic Resources Index, ASX Small Resources Index, the TSX Venture Composite Index among others). Brent oil prices traded in a range of US$55 per barrel to US$65 per barrel during 1H FY 2020, but sold off heavily when Russia and Saudi Arabia walked away from OPEC+ production cuts at the time when COVID-19 was spreading beyond China. Although it has recovered from its March lows, it is still trading well below its pre-COVID-19 levels. The average performance of several small-mid cap oil and gas indices averaged –51% in FY 2020 (includes the S&P TSX Small Cap Energy Index and S&P 500 Energy Sector among others).

Precious

Precious metals (majority gold exposure) generated a net fair value gain of HK$92,981,000 in FY 2020 while the gold price was up 28%. As at 30 June 2020, the carrying value of the Precious segment was HK$314,449,000 (As at 30 June 2019: HK$80,468,000). Our largest gold investment in the Resource Investment division is in Northern Star (ASX: NST) which generated a fair value gain of HK$14,326,000 with carrying value as at 30 June 2020 of HK$104,165,000. We also own Westgold Resources (ASX: WGX) which generated a fair value gain of HK$18,332,000 with carrying value as at 30 June 2020 of HK$68,444,000. Other notable fair value gains include HK$12,618,000 generated from our investment in Skeena Resources (TSX: SKE).

Northern Star owns high grade underground mines in Western Australian and Alaska. In FY 2020 its production was 905,000 ounces of gold, and it generated underlying free cash flow of A$423 million. In FY 2021 its production target is 1,000,000 ounces of gold, equating to 10% YoY growth.

Westgold Resources produced 235,150 ounces of gold in FY 2020 down 8% YoY and missed its target of 275,000 to 300,000 ounces. Westgold Resources now target 270,000 to 300,000 ounces in FY 2021 at an AISC of A$1,460–1,560 per ounce as it expects Big Bell production to ramp up over the year.

The gold price started to strengthen after the Fed cut its benchmark rate by 25 basis points in July 2019. Since then, gold has continue its upward trajectory, except for a brief drop in March 2020 as the market sold down en masse as the pandemic spread. Gold price continues to be supported by central governments' stimulus plans, including the US Federal Reserve's ongoing commitment to purchase government securities. By the end of FY 2020 it was trading at US$1,770 per ounce, and at the time of writing it is trading around US$1,950 per ounce. More recently, the US Federal Reserve announced a new inflation target of an average of 2%, implying that there are periods where inflation can be above these levels and interest rates are now expected to stay lower for longer, which is also supportive for gold prices.

Bulk

Bulk commodities generated a fair value gain of HK$9,519,000, as iron ore was one of the best performing commodities in FY 2020. As at 30 June 2020, the carrying value of the segment was HK$189,224,000 (As at 30 June 2019: HK$72,784,000). Our largest investment in this segment is Shougang Fushan (HKEX: 639), which generated a fair value gain of HK$1,395,000 with carrying value as at 30 June 2020 of HK$174,487,000.

Shougang Fushan is a coking coal producer listed on The Stock Exchange of Hong Kong Limited. Its principal businesses are coking coal mining, production and sales of coking coal products in China. It has 3 mines located in China with reserves of 79Mt of raw coking coal at 31 December 2019 and during six months ended 30 June 2020 Shougang Fushan produced 2.3Mt raw coking coal. The market cap of Shougang Fushan in early September 2020 is around HK$9.4 billion, while its working capital reported at 30 June 2020 is HK$4.8 billion and it generated EBITDA of HK$1 billion in six months ended 30 June 2020. 2020 guidance is for 4.8 million tonnes of raw coking coal, and implies an increase from the first half of 2020 which was impacted by temporary mine suspensions due to COVID-19. It declared an interim dividend of HK7.5 cents per share. In the near term, China's fiscal stimulus supports growth in infrastructure spending which encourages steel and therefore coking coal demand while restrictions on seaborne imports are expected to remain in place for now.

Base Metals

Base Metals segment (a mix of copper, nickel and zinc companies) delivered a fair value loss of HK$26,923,000 in FY 2020, the copper and nickel prices increased by 1% and 4% respectively while the zinc price fell 19%. The Base Metals segment includes our investment in China Molybdenum (HKEX: 3993) which generated a fair value gain of HK$540,000 and dividend income of HK$424,000 in FY 2020 and had a carrying value as at 30 June 2020 of HK$22,761,000 (As at 30 June 2019: HK$22,221,000).

Energy

The Energy segment (mainly oil and uranium exposure) had a fair value loss of HK$20,835,000 in FY 2020. Our significant Energy investments include Woodside Petroleum (ASX: WPL), which generated a fair value gain of HK$1,165,000 and had a carrying value as at 30 June 2020 of HK$11,522,000 (As at 30 June 2019: Nil) and Kazatomprom (LSE: KAP), which generated a fair value loss of HK$18,000 and had a carrying value as at 30 June 2020 of HK$7,514,000 (As at 30 June 2019: Nil).

Others

We also have a fair value loss of HK$12,425,000 from the remaining commodity (diamonds, manganese and mineral sands among others) and non-commodity investments in FY 2020 and had a carrying value as at 30 June 2020 of HK$21,921,000 (As at 30 June 2019: HK$28,556,000).

Commodity Business

Our iron ore offtake at Koolan Island recommenced as the mine restarted operations, and we continue to look for new offtake opportunities across a range of commodities. For FY 2020, our Commodity Business, which engaged in trading of iron ore, generated a loss of HK$5,912,000 (FY 2019: Loss of HK$3,808,000).

Principal Investment and Financial Services

The Principal Investment and Financial Services segment, which covers the income generated from loan receivables, loan notes, convertible notes and other financial assets. For FY 2020, this segment generated a profit of HK$57,851,000 (FY 2019: Profit of HK$47,371,000).

Money Lending

The Group engaged in money lending activities under the Money Lenders Ordinance of Hong Kong. For FY 2020, the revenue and profits generated from money lending formed part of results of the Principal Investment and Financial Services segment.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2020, our non-current assets amounted to HK$1,930,522,000 (As at 30 June 2019: HK$2,264,877,000) and net current assets amounted to HK$1,506,047,000 (As at 30 June 2019: HK$1,749,610,000) with a current ratio of 17.7 times (As at 30 June 2019: 135.2 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$3,916,000 (As at 30 June 2019: HK$51,168,000) and loan receivables of HK$468,876,000 (As at 30 June 2019: HK$401,418,000).

As at 30 June 2020, we had no borrowings (As at 30 June 2019: Nil) and had undrawn banking facilities amounting to HK$298,084,000 secured against certain term deposits of the Group. As at 30 June 2020, we had a gearing ratio of nil (As at 30 June 2019: Nil), calculated on the basis of total borrowings over equity attributable to owners of the Company.

As announced on 11 March 2019, the Company decided to implement a rights issue (the "**Rights Issue**") on the basis of one rights share for every two existing shares in issue by issuing 406,297,971 rights shares, with aggregate nominal value of HK$406,297,971, at the subscription price of HK$1.10 per rights share raising gross proceeds of approximately HK$447 million and net proceeds of approximately HK$438 million (approximately HK$1.08 per share). The Rights Issue was completed in April 2019. The subscription price represented a discount of approximately 14.73% to the closing price of HK$1.29 per share as quoted on The Stock Exchange of Hong Kong Limited on 11 March 2019. The directors of the Company considered the Rights Issue would provide an opportunity to raise capital for the Company whilst strengthening the capital base and the financial position of the Company. During FY 2020, approximately HK$237.2 million, which remained unused as at 30 June 2019, was used to further invest in companies involved in the resources sector. As at 30 June 2020, all proceeds from the Rights Issue were used and details of use of proceeds were as follows:

Intended use of proceeds	Actual use of proceeds
(i) Approximately HK$244 million will be used for enhancing the Group's capacity to further invest in companies involved in the resources sector	Approximately HK$244 million was used
(ii) Approximately HK$150 million will be used for repayment of the Group's existing outstanding loans and other related expenses owed to a bank and a related company	Approximately HK$150 million was used
(iii) Approximately HK$44 million for general working capital for the Group	Approximately HK$44 million was used
(iv) Approximately HK$9 million will be used for expenses of the Rights Issue	Approximately HK$8.3 million was used. The unused amount of approximately HK$0.7 million was used for general working capital for the Group

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 United States Dollars and Hong Kong Dollars. There would be no material immediate effect on the cash flows of the Group from adverse movements in foreign exchange for long term investments. In addition, the Group is required to maintain foreign currency exposure to cater for its present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollars denominated assets. However, the Group will closely monitor this risk exposure as required.

Pledge of Assets

As at 30 June 2020, the Group's bank deposits of HK$88,611,000 (As at 30 June 2019: HK$74,711,000) were pledged to banks to secure various trade and banking facilities granted to the Group.

Employees and Emolument Policy

The Group ensures 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 and pension fund schemes including the 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 2020, the Group, including its subsidiaries but excluding associates, had 14 (As at 30 June 2019: 14) employees. Total remuneration together with pension contributions incurred for FY 2020 amounted to HK$12,868,000 (FY 2019: HK$11,333,000).

Principal Risks

The Group adopts a comprehensive risk management framework. Policies and procedures are developed, regularly reviewed and updated to enhance risk management and react to changes in market conditions and the Group's business strategy. The audit committee of the Company reviews the Group's policies and scrutinises that management has performed its duty to have effective risk management and internal control systems necessary for monitoring and controlling major risks arising from the Group's business activities, changing external risks and the regulatory environment, and reports to the Board on the above.

Financial Risk

Financial risk includes market risk, credit risk and liquidity risk. Market risk concerns that the value of an investment will change due to movements in market factors and which can be further divided into foreign currency risk, interest rate risk and other price risk. Credit risk is the risk of losses arising from clients or counterparties failing to make payments as contracted. Liquidity risk concerns that a given security or asset cannot be traded readily in the market to prevent a loss or make the required profit.

Operational Risk

The Group faces various operational risks which are concerned with possible losses caused by human factors, inadequate or failed internal processes, systems or external events. Operational risk is mitigated and controlled through establishing robust internal controls, proper segregation of duties and effective internal reporting.

The business and operating line management are responsible for managing the operational risks of their business units on a day-to-day basis. Each department head has to identify risks, evaluate the effectiveness of key controls in place and assess whether the risks are effectively managed. Independent monitoring and reviews are conducted by the internal audit team which reports regularly to the respective senior management and the audit committee of the Company.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, during the year ended 30 June 2020, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in this announcement, as at 30 June 2020, the Group did not have any plan for material investments or capital assets.

Capital Commitments

As at 30 June 2020 and 30 June 2019, 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 2020, the Board is not aware of any material contingent liabilities.

Important Events Affecting the Group After the End of the Financial Year

There are no important events affecting the Group which have occurred after the end of the financial year and up to the date of this announcement.

Company Strategy

The commodity market has been volatile during the year. Looking forward, the Board believes that the performance of the equity investments at fair value through profit or loss will be dependent on market sentiment which is affected by factors such as commodity prices, interest rate movements, geo-political conditions and performance of the macro economy. In order to mitigate the associated risks, the Group will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in market situation. In addition, the Group will also seek potential investment opportunities with an aim to maximize value for the shareholders.

Forward Looking Observations

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The Group has implemented, since January 2020, the following protocols to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities while ensuring a safe environment for operations to continue as usual:

- implement measures to maximize social distancing and staff protection within the offices;
- required meetings are held off-site or by conference calls as far as possible;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- access to office restrictions and temperature screening;
- self-isolation following outbound travel, development of symptoms, or interaction with a confirmed case of COVID-19 and do coronavirus test as and when necessary on Company's cost;
- increased inventory of face mask, hand sanitiser and hygiene supplies; and
- increased focus on cleaning and sanitation.

The outlook for the global economy in the short term will largely depend on the pandemic. At the time of writing, the effects of the pandemic are ongoing, although social distancing measures have provided a way for infection rates to remain somewhat contained, which has allowed for a soft reopening trajectory. Several countries and companies are focused on developing a vaccine, which would lead to a broader reopening and would support a further improvement in global growth and the broader commodity complex. We expect central banks and governments to continue to support businesses and households with fiscal and monetary measures.

Against this difficult backdrop, we remain defensive and selective with our investments in the near term, and continue to look for high quality opportunities which will generate attractive returns over the long run. Our mining and energy investment portfolios are the platform for future mining and energy investments. Our largest investment is in Mount Gibson which is underpinned by a large cash reserve, and its Koolan Island mine is currently undergoing a large waste stripping program, which will position it for strong free cash flow generation once it is completed.

DIVIDEND

The Board has declared an interim dividend of HK10 cents per share (in lieu of a final dividend) for the year ended 30 June 2020 (2019 interim dividend (in lieu of a final dividend): HK10 cents per share), payable on or around Thursday, 10 December 2020 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 25 November 2020.

In order for a shareholder of the Company to qualify for the interim dividend (in lieu of a final dividend), all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 25 November 2020.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2020, the Company has applied the principles of, and fully complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Group's final results for the year ended 30 June 2020 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. CROWE (HK) CPA LIMITED

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 2020 as set out in this announcement have been agreed by the Group's auditor, Messrs. Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the FY 2020. The work performed by Messrs. Crowe (HK) CPA Limited 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. Crowe (HK) CPA Limited on this announcement.

By Order of the Board
APAC Resources Limited
Arthur George Dew
Chairman

Hong Kong, 25 September 2020

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

Executive Directors
Mr. Brett Robert Smith *(Deputy Chairman)* and Mr. Andrew Ferguson *(Chief Executive Officer)*

Non-Executive Directors
Mr. Arthur George Dew *(Chairman) (Mr. Wong Tai Chun, Mark as his alternate)*, Mr. Lee Seng Hui and Ms. Lam Lin Chu

Independent Non-Executive Directors
Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Wang Hongqian

* *For identification purpose only*