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APAC RESOURCES
APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

(Warrant Code: 1074)

ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2021

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 2021 together with comparative figures for the year ended 30 June 2020 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue			
Trading of goods		517,672	367,690
Interest income		46,928	68,837
Total revenue	2	564,600	436,527
Cost of sales		(461,968)	(386,639)
Gross profit		102,632	49,888
Other gains and losses	4	646,759	(56,684)
Other income		18,021	25,735
Reversal of impairment loss/(impairment loss) on interests in associates, net	9	580,014	(549,614)
Administrative expenses		(111,267)	(45,032)
Finance costs	5(a)	(162)	(240)
Share of results of associates		131,973	146,545
Profit/(loss) before taxation	5	1,367,970	(429,402)
Income tax (expense)/credit	6	(10,680)	1
Profit/(loss) for the year attributable to owners of the Company		1,357,290	(429,401)
Earnings/(loss) per share (expressed in HK cents)			
– basic	8(a)	111.35	(35.23)
– diluted	8(b)	111.35	(35.23)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 30 June 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year	<u>1,357,290</u>	<u>(429,401)</u>
Other comprehensive income/(expense), net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	148,972	(30,625)
Exchange differences on translation of other foreign operations	6,509	(2,047)
Share of other comprehensive income of an associate, net of related income tax	<u>89</u>	<u>180</u>
	155,570	(32,492)
Item that will not be reclassified to profit or loss:		
Share of other comprehensive (expense)/income of an associate, net of related income tax	<u>(3,185)</u>	<u>5,104</u>
Other comprehensive income/(expense) for the year, net of income tax	<u>152,385</u>	<u>(27,388)</u>
Total comprehensive income/(expense) for the year attributable to owners of the Company	<u>1,509,675</u>	<u>(456,789)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		4,299	5,653
Interests in associates	9	2,404,381	1,525,576
Financial assets at fair value through profit or loss ("FVTPL")		208,234	76,379
Loan receivables		133,170	317,813
Loan notes		3,924	3,916
Rental deposits	10	239	539
Deferred tax assets		1,615	646
		<hr/> 2,755,862	<hr/> 1,930,522
Current assets			
Inventories		33,604	108,356
Trade and other receivables	10	121,070	43,568
Financial assets at FVTPL		1,227,912	640,472
Loan receivables		360,680	151,063
Pledged bank deposits		18,266	88,611
Bank balances and cash		420,389	564,039
		<hr/> 2,181,921	<hr/> 1,596,109
Total assets		<hr/> 4,937,783	<hr/> 3,526,631

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<i>12</i>	1,218,894	1,218,894
Other reserves		402,635	251,991
Accumulated profits		3,202,064	1,964,923
		<u>4,823,593</u>	<u>3,435,808</u>
Non-current liabilities			
Lease liabilities		1,238	761
Deferred tax liability		7,702	–
		<u>8,940</u>	<u>761</u>
Current liabilities			
Trade and other payables	<i>11</i>	99,837	85,443
Tax payable		3,232	876
Lease liabilities		2,181	3,743
		<u>105,250</u>	<u>90,062</u>
Total liabilities		<u>114,190</u>	<u>90,823</u>
Total equity and liabilities		<u>4,937,783</u>	<u>3,526,631</u>
Net current assets		<u>2,076,671</u>	<u>1,506,047</u>
Total assets less total liabilities		<u>4,823,593</u>	<u>3,435,808</u>

NOTES

For the year ended 30 June 2021

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 and liabilities are stated at their fair value:

- Listed equity securities held-for-trading
- Convertible notes
- Listed equity securities not held within the trading portfolios
- Unlisted equity investments
- Derivative financial instruments – warrants
- Trade receivables designated at FVTPL
- Trade payables designated at FVTPL

Application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the Group’s consolidated financial statements:

Amendments to Hong Kong Accounting Standards (“ HKASs ”) 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
– Commodities (Iron ore)	<u>517,672</u>	<u>367,690</u>
Revenue from other sources		
Interest income under effective interest method		
– Loan receivables	<u>46,748</u>	68,385
– Loan notes	<u>180</u>	<u>452</u>
	<u>46,928</u>	<u>68,837</u>
Total revenue	<u><u>564,600</u></u>	<u><u>436,527</u></u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in Notes 3(a) and 3(b) respectively.

- (b) 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 Company'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 note, 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 Company'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 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, reversal of impairment loss/(impairment loss) on interests in associates, loss arising from deemed disposal of partial interest in an associate, net gain/(loss) arising from changes in fair value of financial assets at FVTPL not held within the trading portfolios, other corporate income and gains, central administrative expenses and other corporate losses, and central finance costs.

Segment assets include all assets of operating and reportable segments other than interests in associates, certain loan notes and financial assets at FVTPL not held within the trading portfolios, not managed under principal investment and financial services segment, financial assets at FVTPL neither held within the trading portfolios, nor managed under resource investment segment, certain other receivables and certain bank balances and cash not managed under segments and other unallocated corporate assets.

Segment liabilities include trade and other payables, lease liabilities, tax payable and deferred tax liability attributable to the activities of the individual segments.

In addition to receiving segment information concerning segment profit/(loss), 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, gain/(loss) arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net, finance costs, net foreign exchange gain/(loss), income tax (expense)/credit 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 2021 and 2020 is set out below.

	Year ended 30 June 2021			
	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	517,672	–	–	517,672
– Revenue from other source:				
Interest income	–	–	46,928	46,928
	<u>517,672</u>	<u>–</u>	<u>46,928</u>	<u>564,600</u>
Revenue from external customers				
	<u>517,672</u>	<u>–</u>	<u>46,928</u>	<u>564,600</u>
Gross sales proceeds from resource investment	–	2,800,470	–	2,800,470
	<u>–</u>	<u>2,800,470</u>	<u>–</u>	<u>2,800,470</u>
Segment results	55,905	510,268	50,202	616,375
Share of results of associates				131,973
Reversal of impairment loss on interest in an associate				580,014
Loss arising from deemed disposal of partial interest in an associate				(1,911)
Gain arising from changes in fair value of financial assets at FVTPL not held within the trading portfolios, net				100,733
Other corporate income and gains				33,610
Central administrative expenses and other corporate losses				(92,704)
Central finance costs				(120)
				<u>1,367,970</u>
Consolidated profit before taxation				<u>1,367,970</u>
Segment assets	219,340	1,472,640	502,210	2,194,190
Interests in associates				2,404,381
Unallocated head office and corporate assets				
– Financial assets at FVTPL not held within the trading portfolios				208,234
– Bank balances and cash				126,173
– Other unallocated corporate assets				4,805
				<u>4,937,783</u>
Consolidated total assets				<u>4,937,783</u>

	Year ended 30 June 2021			
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	Total HK\$'000
Segment liabilities	37,576	16,884	1,635	56,095
Unallocated corporate liabilities				<u>58,095</u>
Consolidated total liabilities				<u><u>114,190</u></u>
Other segment information				
Interest income (included in other income)	1,017	5	-	1,022
Unallocated				<u>95</u>
				<u><u>1,117</u></u>
Dividend income from financial assets at FVTPL	-	15,136	-	15,136
Gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	-	490,248	-	490,248
Unallocated				<u>100,733</u>
				<u><u>590,981</u></u>
Impairment loss on loan receivables, net	-	-	(19,218)	(19,218)
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	1,106	-	-	1,106
Net foreign exchange gain	2,757	16,218	18,827	37,802
Unallocated				<u>32,988</u>
				<u><u>70,790</u></u>
Additions to non-current assets	276	-	-	276
Unallocated				<u>2,766</u>
				<u><u>3,042</u></u>
Depreciation	(1,101)	-	-	(1,101)
Unallocated				<u>(3,323)</u>
				<u><u>(4,424)</u></u>
Finance costs	(42)	-	-	(42)
Unallocated				<u>(120)</u>
				<u><u>(162)</u></u>
Income tax (expense)/credit	(2,258)	(8,768)	346	(10,680)

	Year ended 30 June 2020			
	Commodity	Resource	Principal	Total
	business	investment	investment	
	HK\$'000	HK\$'000	and financial	HK\$'000
			services	HK\$'000
			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
	<u>367,690</u>	<u>–</u>	<u>68,837</u>	<u>436,527</u>
Revenue from external customers				
	<u>367,690</u>	<u>–</u>	<u>68,837</u>	<u>436,527</u>
Gross sales proceeds from resource investment	–	977,887	–	977,887
	<u>–</u>	<u>977,887</u>	<u>–</u>	<u>977,887</u>
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 financial assets at FVTPL not held within the trading portfolios, net				(104,141)
Other corporate income and gains				7,538
Central administrative expenses and other corporate losses				(43,161)
Central finance costs				(185)
				<u>(429,402)</u>
Consolidated loss before taxation				
				<u>(429,402)</u>
Segment assets	403,136	824,292	505,796	1,733,224
Interests in associates				1,525,576
Unallocated head office and corporate assets				
– Financial assets at FVTPL not held within the trading portfolios				76,379
– Bank balances and cash				185,665
– Other unallocated corporate assets				5,787
				<u>3,526,631</u>
Consolidated total assets				<u>3,526,631</u>

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

There are no inter-segment revenue during the years ended 30 June 2021 and 2020.

(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 goods 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 and deferred tax 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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong (place of domicile)	14,600	16,023	3,788	4,339
The PRC	537,079	385,726	45,377	40,772
Australia	9,981	2,850	2,359,515	1,486,118
Southeast Asia region	2,940	31,928	–	–
	<u>564,600</u>	<u>436,527</u>	<u>2,408,680</u>	<u>1,531,229</u>

(c) Information about major customers

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

	2021 HK\$'000	2020 HK\$'000
Commodity business		
Customer A	139,665	70,104
Customer B	108,483	–
Customer C	87,788	–
Customer D	77,221	–
Customer E	–	194,469
Customer F	–	54,620

4. OTHER GAINS AND LOSSES

	2021 HK\$'000	2020 HK\$'000
Gain/(loss) arising from changes in fair value of financial assets mandatorily measured at FVTPL, net:		
– listed equity securities held-for-trading	448,111	42,317
– listed equity securities not held within the trading portfolios	115,686	(87,419)
– convertible notes	(9,690)	(2,283)
– unlisted equity investments	4,052	(14,439)
– derivative financial instruments – warrants	32,822	11,414
Impairment loss on loan receivables, net	(19,218)	(4,048)
Loss arising from deemed disposal of partial interest in an associate	(1,911)	(1,679)
(Loss)/gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities:		
– fair value (loss)/gain on trade receivables designated at FVTPL	(3,498)	1,749
– fair value gain on trade payables designated at FVTPL	4,604	19,549
Gain arising from modification of loan receivables	5,010	5,934
Net foreign exchange gain/(loss)	70,790	(27,797)
Others	1	18
	<u>646,759</u>	<u>(56,684)</u>

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging the following:

	2021 HK\$'000	2020 HK\$'000
(a) Finance costs:		
Interest on lease liabilities	162	240
	<u>162</u>	<u>240</u>
Total interest expense on financial liabilities not at fair value through profit or loss	162	240
	<u>162</u>	<u>240</u>
(b) Staff costs (including directors' emoluments) (note (i)):		
Salaries and allowance	80,380	19,781
Contributions to defined contribution retirement plans	323	317
	<u>80,703</u>	<u>20,098</u>
(c) Other items:		
Cost of goods recognised as expenses (note (ii))	459,983	384,605
Auditors' remuneration (note (i))		
– audit services	800	750
– non-audit services	130	307
Depreciation charges (note (i))		
– owned property, plant and equipment	440	419
– right-of-use assets	3,984	3,908
Short-term lease expense (note (i))	38	89
	<u>459,983</u>	<u>384,605</u>

Notes:

- (i) Classified under administrative expenses in the consolidated statement of profit or loss. Other major components of administrative expenses include brokerage and custodian fees for investments of HK\$10,834,000 (2020: HK\$4,293,000) and legal, professional and consultancy fees of HK\$5,426,000 (2020: HK\$5,930,000).
- (ii) The amount for the year ended 30 June 2021 includes reversal of write down of inventories of HK\$8,980,000 (2020: write down of inventories of HK\$5,833,000). The reversal of write down of inventories is due to the sale of inventories at net realisable value higher than the carrying amount.

6. INCOME TAX EXPENSE/(CREDIT)

Amounts recognised in profit or loss:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax for the year	2,357	644
– Under-provision of Hong Kong Profits Tax for the prior year	1,066	–
– PRC Enterprise Income Tax (“EIT”) for the year	524	–
– Under-provision of EIT for the prior year	–	1
Deferred tax		
– Origination and reversal of temporary differences	6,733	(646)
Income tax expense/(credit)	<u>10,680</u>	<u>(1)</u>

7. DIVIDENDS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
2020 interim dividend declared – HK10 cents (2020: 2019 interim dividend declared – HK10 cents)	<u>121,890</u>	<u>121,890</u>

During the year ended 30 June 2021, an interim dividend of HK10 cents (2020: HK10 cents) per ordinary share, in an aggregate amount of HK\$121,890,000 (2020: HK\$121,890,000), was declared in respect of the year ended 30 June 2020 (2020: year ended 30 June 2019) and an amount of HK\$121,890,000 (2020: HK\$121,890,000) is paid or payable in cash.

Subsequent to the end of the reporting period, the directors of the Company recommended a final dividend of HK10 cents per share and a special dividend of HK10 cents per share for the year ended 30 June 2021 (2020 interim dividend (in lieu of a final dividend): HK10 cents per share) subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to the owners of the Company of HK\$1,357,290,000 (2020: loss of HK\$429,401,000) and the weighted average number of 1,218,893,914 (2020: 1,218,893,914) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares in issue during the years ended 30 June 2021 and 2020. The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the year ended 30 June 2021 and 2020.

9. INTERESTS IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests in associates before impairment	2,404,381	2,105,590
Impairment losses recognised	–	(580,014)
	<u>2,404,381</u>	<u>1,525,576</u>
Fair value of listed investments	<u>2,601,366</u>	<u>1,500,361</u>

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 reversal of impairment loss/(impairment loss) on interests in associates recognised in the consolidated statement of profit or loss for the year ended 30 June 2021, net, are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
MGX	580,014	(580,014)
Tanami	–	30,400
	<u>580,014</u>	<u>(549,614)</u>

10. TRADE AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables designated at FVTPL (<i>note (i)</i>)	106,299	6,273
Other receivables and deposits	3,680	32,090
Rental deposits	578	546
Receivable from securities brokers	9,979	4,485
Prepayments	773	713
	<u>121,309</u>	<u>44,107</u>
Representing:		
Current assets	121,070	43,568
Non-current assets	239	539
	<u>121,309</u>	<u>44,107</u>

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.

Note:

(i) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	106,299	–
31-60 days	–	6,273
	<u>106,299</u>	<u>6,273</u>

The Group sells iron ore commodities under provisional pricing arrangements where final prices are based on prevailing spot prices over a quotation period after shipment to the customers. These trade receivables are designated at FVTPL on contract by contract basis.

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 customer's credit quality and defines credit limits to it. The credit limits attributed to customers are reviewed regularly.

11. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables designated at FVTPL (<i>note (i)</i>)	28,916	61,852
Other payables measured at amortised cost	70,921	23,591
	<u>99,837</u>	<u>85,443</u>

Note:

(i) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	28,916	56,529
31-60 days	–	5,323
	<u>28,916</u>	<u>61,852</u>

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 <i>HK\$'000</i>
Authorised:		
At 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021, ordinary shares of HK\$1.00 each	<u>2,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid, ordinary shares of HK\$1.00 each		
At 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	<u>1,218,893,914</u>	<u>1,218,894</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

APAC Resources Limited (“**APAC**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) reported a net profit attributable to shareholders of the Company of HK\$1,357,290,000 for the year ended 30 June 2021 (“**FY 2021**”), compared with a net loss attributable to shareholders of the Company of HK\$429,401,000 for the year ended 30 June 2020 (“**FY 2020**”). In the past 12 months our Resource Investment, Commodity Business and Principal Investment and Financial Services segments generated a combined profit of HK\$616,375,000. In addition, we had a non-cash impairment loss reversal on our ownership in Mount Gibson Iron Limited (“**Mount Gibson**”) of HK\$580,014,000 driven by the stronger 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 2021 was HK\$130,374,000 (FY 2020: Net profit of HK\$145,377,000). Mount Gibson reported a FY 2021 net profit after tax of A\$64 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. Sales of low grade material from and the Extension Hill/Iron Hill operations ended during the FY 2021. Mount Gibson is developing the Shine Iron Ore Project, located 85km north of Extension Hill, and target Stage 1 production to start in September quarter 2021 at a rate for 1.5 million tonnes per annum for an initial two years period.

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

Mount Gibson reported a net profit after tax of A\$64 million for FY 2021 from sales of 3.0 million tonnes.

Mount Gibson’s operating costs remained high in FY 2021 as it continued its waste mining phase at Koolan Island and upgrade of the crushing circuit, which is expected to be completed in the first half of FY 2022. Operations were also impacted by a rockfall at the western end of the main pit, and Mount Gibson has engaged a specialist contractor to provide footwall ground support in the area. Mount Gibson reported an all in cash cost of A\$70 per tonne for FY 2021 and expects site operating cash cost of A\$75-80 per wet metric tonne in FY 2022.

Mount Gibson’s cash reserve, including term deposits and tradable investments, ending FY 2021 was A\$365 million or an equivalent of A\$0.31 per share, despite paying a A\$16 million dividend during FY 2021.

Mount Gibson sales guidance for FY 2022 is 3.0 million tonnes to 3.2 million tonnes, including 1.0 million tonnes from the new Shine Project in the Midwest region of Western Australia.

The Platts IODEX 62% CFR China index strengthened considerably during FY 2021, starting the year at US\$101 per dry metric tonne (“**dmt**”) and steadily trended upwards to reach a high of US\$233 per dmt by May 2021. Demand for iron ore was driven by strong steel demand from China construction activity and a global rebound in manufacturing. We are now seeing a softening in Chinese construction activity, with China announcing a new target to keep steel output flat this year, implying significantly weaker production in the second half of 2021 and causing iron ore prices to retreat aggressively. At time of writing it is trading around US\$130 per dmt.

Tanami Gold

We currently own 46.3% of Tanami Gold.

Tanami Gold’s principal business activity is gold exploration. It holds 50% of the Central Tanami Project and has a cash balance of A\$28 million. In May 2021, Tanami Gold entered into a binding agreement with Northern Star Resources Limited (“**Northern Star**”) (ASX: NST) to establish a new 50-50 Joint Venture covering the Central Tanami Project. Northern Star agreed to pay A\$15 million cash to increase its ownership in the project from 40% to 50%, and going forward both parties will be jointly responsible for funding exploration and development activities. This agreement has now been completed.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss comprise mainly the Group’s investments in Metals X Limited (“**Metals X**”) and Resource Investment. As at 30 June 2021, APAC had a significant investment representing 5% or more of the Group’s total assets in Shougang Fushan Resources Group Limited (“**Shougang Fushan**”) (HKEX: 639).

Significant Investment

Name of investee company	Number of shares held	% of shares held	For the year ended 30 June 2021				As at 30 June 2021		
			Investment cost HK\$'000	Dividend received HK\$'000	Realised gain HK\$'000	Unrealised gain HK\$'000	Fair value gain HK\$'000	Carrying value HK\$'000	% of carrying value to the Group's total assets
Shougang Fushan	116,898,000	2.3%	190,767	8,010	2,367	75,018	77,385	267,697	5.4%
			<u>190,767</u>	<u>8,010</u>	<u>2,367</u>	<u>75,018</u>	<u>77,385</u>	<u>267,697</u>	

Brief description of principal business of the investee company of the significant investment held by the Group:

Name of investee company

Principal business

Shougang Fushan

Coking coal mining, production and sales of coking coal products

Shougang Fushan generated a fair value gain of HK\$77,385,000 with carrying value as at 30 June 2021 of HK\$267,697,000.

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 75 million tonnes of raw coking coal at 31 December 2020 and during six months ended 30 June 2021 Shougang Fushan produced 2.6 million tonnes raw coking coal.

The market capitalisation of Shougang Fushan in early September 2021 is around HK\$14 billion, while its working capital reported at 30 June 2021 is HK\$4.8 billion and it generated EBITDA of HK\$1.4 billion in six months ended 30 June 2021. 2021 guidance is for 5.2 million tonnes of raw coking coal, in line with the production rate achieved in the first half of 2021. It declared an interim dividend of HK8 cents per share. In the near term, we are concerned about whether coking coal demand will remain elevated given a softening in Chinese steel demand, but restrictions on seaborne imports are expected to remain in place for now which should provide a floor to China domestic coking coal prices.

Other our notable investment is in Metals X.

The carrying value of Metals X as at 30 June 2021 amounted to HK\$174,333,000 (As at 30 June 2020: HK\$58,398,000) represented approximately 3.5% (As at 30 June 2020: 1.7%) of the total assets of the Group. In FY 2021, our investment in Metals X generated an unrealised gain of HK\$115,935,000 (FY 2020: Loss of HK\$95,631,000) which was accounted for in profit or loss.

In July 2020, 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. Since his appointment, Metals X has sold its copper asset portfolio and is in the process of spinning out its nickel assets. APAC provided a loan facility to refinance Metals X debt, and at end June 2021 there was A\$15.5 million outstanding on the loan, and subsequent to the FY 2021 year end, the loan has been paid down to A\$7.8 million. Metals X is focused on implementing its life of mine plan at Renison mine, including development of the high grade Area 5 deposit.

During FY 2021, the Renison mine produced 3,974 tonnes of tin (net 50% basis) up 11% year-on-year (“YoY”), and the average realised tin price of A\$27,011 per tonne was up 26% YoY. Tin prices strengthened considerably during FY 2021 as part of the global reopening trade. Tin price ran up from as low as US\$17,000 per tonne to a peak of US\$36,000 per tonne by July 2021 and at time of writing is around US\$33,500 per tonne. Demand for semiconductors has increased on the back of consumer electronics sales. 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 United States. 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\$448,111,000 in FY 2021 (FY 2020: Gain of HK\$42,317,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK\$510,268,000 (FY 2020: Gain of HK\$63,356,000).

Our Resource Investment division includes the results of the two resource portfolios which were announced in August 2016. As the world recovered from the shock of the COVID-19 pandemic, the broader commodity complex has had a strong rebound.

Precious

Precious metals (majority gold exposure) generated a net fair value gain of HK\$30,812,000 in FY 2021 while the gold price was down 1%. As at 30 June 2021, the carrying value of the Precious segment was HK\$317,518,000 (As at 30 June 2020: HK\$314,449,000). Our largest gold investment in the Resource Investment division is in Northern Star (ASX: NST) which generated a fair value loss of HK\$24,659,000 with carrying value as at 30 June 2021 of HK\$102,558,000. We also own Westgold Resources Limited (“**Westgold Resources**”) (ASX: WGX) which generated a fair value gain of HK\$11,168,000 with carrying value as at 30 June 2021 of HK\$21,950,000. Other notable fair value gains include HK\$10,592,000 generated from our investment in Discovery Metals Corp. (TSX: DSV).

Northern Star owns high grade underground mines in Western Australia and Alaska. In FY 2021 its gold sales were 1,595,000 ounces, and it generated free cash flow of A\$735 million before acquisitions. In FY 2022 its production target is 1,550,000 to 1,650,000 ounces of gold.

Westgold Resources produced 245,411 ounces of gold in FY 2021 up 4% YoY but below its target 270,000 to 300,000 ounces. It is guiding for FY 2022 production of greater than 270,000 ounces, with all-in sustaining cost of A\$1,500 to A\$1,700 per ounce.

The gold price reached a peak of US\$2,050 per ounce in August 2020 and has gradually weakened as market expectations of real rates increased with the global reopening trade. Recent comments from the US Federal Reserve has led to expectations that it will start to taper its bond buying program sometime in calendar year 2021. Even though we do not see rates increasing materially in the medium term, we see limited opportunity for the gold price to outperform if real rates have indeed bottomed.

Bulk

Bulk commodities segment generated a fair value gain of HK\$161,539,000, as iron ore and thermal/met coal have been strong performers in FY 2021. As at 30 June 2021, the carrying value of this segment was HK\$490,627,000 (As at 30 June 2020: HK\$189,224,000). This segment included our investment in Shougang Fushan.

Base Metals

Base Metals segment (a mix of copper, nickel and zinc companies) delivered a fair value gain of HK\$129,482,000 in FY 2021, the copper, nickel and zinc prices increased by 56%, 47% and 47% respectively. The Base Metals segment includes our investment in China Molybdenum Co., Ltd. (HKEX: 3993) which generated a fair value gain of HK\$18,000,000 in FY 2021 and had a carrying value as at 30 June 2021 of HK\$18,440,000 (As at 30 June 2020: HK\$22,761,000).

Energy

The Energy segment (mainly oil and gas, renewables and uranium exposure) had a fair value gain of HK\$63,313,000 in FY 2021. Our significant Energy investments include CNOOC Limited (HKEX: 883), which generated a fair value gain of HK\$6,833,000 and had a carrying value as at 30 June 2021 of HK\$38,411,000 (As at 30 June 2020: Nil) and Peninsula Energy Limited (ASX: PEN), which generated a fair value gain of HK\$3,852,000 and had a carrying value as at 30 June 2021 of HK\$7,443,000 (As at 30 June 2020: HK\$7,226,000).

Others

We also have a fair value gain of HK\$62,540,000 from the remaining commodity (diamonds, manganese and mineral sands among others) and non-commodity investments in FY 2021 and had a carrying value as at 30 June 2021 of HK\$117,161,000 (As at 30 June 2020: HK\$21,921,000).

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 2021, our Commodity Business, which engaged in trading of iron ore, generated a profit of HK\$55,905,000 (FY 2020: Loss of HK\$5,912,000).

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 2021, this segment generated a profit of HK\$50,202,000 (FY 2020: Profit of HK\$57,851,000).

Money Lending

The Group engaged in money lending activities under the Money Lenders Ordinance of Hong Kong. For FY 2021, 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 2021, our non-current assets amounted to HK\$2,755,862,000 (As at 30 June 2020: HK\$1,930,522,000) and net current assets amounted to HK\$2,076,671,000 (As at 30 June 2020: HK\$1,506,047,000) with a current ratio of 20.7 times (As at 30 June 2020: 17.7 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\$3,924,000 (As at 30 June 2020: HK\$3,916,000) and loan receivables of HK\$493,850,000 (As at 30 June 2020: HK\$468,876,000).

As at 30 June 2021, we had no borrowings (excluding lease liabilities) (As at 30 June 2020: Nil) and had undrawn banking facilities amounting to HK\$217,927,000 secured against certain term deposits of the Group. As at 30 June 2021, we had a gearing ratio of nil (As at 30 June 2020: Nil), calculated on the basis of net debt over equity attributable to owners of the Company. For this purpose, net debt is defined as borrowings (excluding lease liabilities) less cash and cash equivalents.

As disclosed in the announcement of the Company dated 29 June 2021 and the circular of the Company dated 27 July 2021, on 29 June 2021, the Company proposed a bonus issue of warrants to the qualifying shareholders of the Company on the basis of one warrant for every 5 shares held on the record date. A total of 243,778,782 warrants have been issued by the Company pursuant to the bonus warrants issue, conferring the rights to the holders to subscribe in cash for 243,778,782 new shares of the Company at an initial exercise price of HK\$1.20 per new share (subject to adjustment) at any time during the period of thirteen months from 7 September 2021 to 6 October 2022 (both days inclusive).

Foreign Exchange Exposure

For the year under review, the Group's assets were mainly denominated in Australian Dollars and Renminbi 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 2021, the Group's bank deposits of HK\$18,266,000 (As at 30 June 2020: HK\$88,611,000) 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 2021, the Group, including its subsidiaries but excluding associates, had 15 (As at 30 June 2020: 14) employees. Total remuneration together with pension contributions incurred for FY 2021 amounted to HK\$64,097,000 (FY 2020: HK\$12,868,000).

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 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 2021, 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 2021, the Group did not have any plan for material investments or capital assets.

Capital Commitments

As at 30 June 2021, the Group has a capital commitment contracted for of approximately HK\$102,582,000 in relation to the acquisition of an associate. Details of this acquisition is further disclosed in the section “Important Events Affecting the Group After the End of the Financial Year” of this announcement.

Save as disclosed above, as at 30 June 2021 and 30 June 2020, 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 2021, the Board is not aware of any material contingent liabilities.

Impact of Novel Coronavirus Outbreak to the Group

The COVID-19 spread globally during 2020 & 2021. When COVID-19 spread to major western economies, the global economy was once on the brink of paralysis in March 2020. Fortunately, global central banks and governments have swiftly adopted aggressive fiscal and monetary policies to bolster the economies and global financial liquidity. In the second half of 2020, global equity markets have rebounded strongly.

In preparing the consolidated financial statements, the Group applies fair value to measure its financial assets at fair value through profit or loss and, if applicable, to estimate impairment loss of the Group’s interests in associates and loan receivables. In FY 2020 and FY 2021, provision and reversal of impairment loss of the Group’s interests in associates and loan receivables and fair value of the Group’s financial assets stated at fair value are subject to fluctuations due to the COVID-19 outbreak. The Group will keep monitoring the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group, in particular the impact of the fair value of its financial instruments and the recoverable amount of the interests in associates and loan receivables. Save as disclosed in this announcement, the COVID-19 outbreak did not have material impacts on our Commodity Business, liquidity positions, working capital sufficiency and capital commitments for FY 2021.

COVID-19 Pandemic Response

The Group has implemented certain protocols below to minimise the associated risks to employees while ensuring a safe environment for operations to continue as usual:

- measures to maximise social distancing and staff protection within the offices;
- 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;
- 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 at the Company's cost;
- increased inventory of face mask, hand sanitiser and hygiene supplies; and
- increased focus on cleaning and sanitation.

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

On 18 June 2021, a wholly-owned subsidiary of the Company acquired 29.83% equity interests in Mabuhay Holdings Corporation (“**Mabuhay**”) for a consideration of approximately US\$4 million. Mabuhay is a company incorporated in the Philippines with its shares listed on the Philippine Stock Exchange. Mabuhay is a holding company principally engaged in the acquisition and disposition of investments in securities, stocks, real properties and of investments in other entities. On 2 August 2021, Mr. Andrew Ferguson, who is an Executive Director and the Chief Executive Officer of the Company, was appointed as a director of Mabuhay and Mabuhay became an associate of the Company.

As disclosed in the announcement of the Company dated 14 May 2021 and the circular of the Company dated 25 June 2021, on 14 May 2021, a direct wholly-owned subsidiary (the “**Purchaser**”) of the Company entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Allied Properties Overseas Limited (the “**Vendor**”), being an indirect wholly-owned subsidiary of Allied Group Limited which is a substantial shareholder of the Company. Pursuant to the Sale and Purchase Agreement and subject to the fulfillment of certain conditions, (i) the Purchaser shall acquire and the Vendor shall sell the entire issued share capital of Allied Properties Resources Limited (the “**Target Company**”); and (ii) a shareholder's loan in the principal amount of HK\$412,260,366 due to the Vendor by the Target Company shall be assigned by the Vendor to the Purchaser, for a consideration of HK\$102,581,817.50 (collectively, the “**Transaction**”). The principal asset of the Target Company was its 41,032,727 shares in Dragon Mining Limited (“**Dragon Mining**”) (HKEX: 1712), which represents approximately 25.83% of its issued share capital. Its principal activities involve the operation of gold mines and processing facilities in Finland and Sweden. All conditions were fulfilled and the Transaction was completed on 13 August 2021. After completion of the Transaction, Dragon Mining became an associate of APAC.

Subsequent to the end of the reporting period, there was a decline in the share price of Mount Gibson. At the date of this announcement, the fair value of the Group's investment in Mount Gibson reduced to HK\$1,165,440,000. The decline in fair value may impact the impairment loss on interests in associates for the year ending 30 June 2022.

Save as disclosed in this announcement, there are no important events affecting the Group after the end of the financial year and up to the date of this announcement.

Company Strategy

Commodity markets have benefitted by a rebound in demand for durable goods, and ongoing government stimulus as a result of the COVID-19 pandemic. Looking forward, the Board believes that the performance of the equity investments 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 maximise value for the shareholders.

Forward Looking Observations

The COVID-19 outbreak is ongoing, although we remain optimistic that the ongoing vaccine roll out provides a path forward for normalisation of activity. The Group has maintained protocols to protect the health and safety of our workforce, their families, local suppliers and neighboring communities while ensuring a safe environment for operations to continue as usual.

The challenges of the COVID-19 pandemic are not yet behind us, and the outlook for the global economy in the short term will still be impacted by COVID-19 infection rates and in our view, more importantly, hospitalization rates. We have already seen the start of a reopening that has driven global growth but have also seen the impact from mutations in the COVID-19 virus, the most recent being the delta strain. While governments and central banks are likely to dial back some of the fiscal and monetary support, we still expect a relatively loose environment to support businesses and households.

We remain 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 focused on ramping up production at the Koolan Island mine as it completes its large waste stripping program and also starting production from its smaller Shine mine, which will position it for strong free cash flow generation in coming years.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has recommended the payment of (i) a final dividend of HK10 cents per share; and (ii) a special dividend of HK10 cents per share for the year ended 30 June 2021 (2020 interim dividend (in lieu of a final dividend): HK10 cents per share), payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 31 December 2021 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend and the proposed special dividend will be paid on or around Friday, 28 January 2022.

For holders of the warrant(s) of the Company (Warrant Code: 1074) who wish to exercise the subscription rights attaching to the warrants and be entitled to the proposed final dividend and the proposed special dividend, they must ensure that the subscription forms accompanied by the relevant warrant certificates and exercise money be lodged with the Company's branch share registrar in Hong Kong for determining their entitlement not later than 4:30 p.m. on Tuesday, 28 December 2021.

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 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2021, 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 2021 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 2021 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 2021. 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, 24 September 2021

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*