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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 2022**

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 2022 together with comparative figures for the year ended 30 June 2021 are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue			
Trading of goods		<b>315,355</b>	517,672
Interest income		<b>33,323</b>	46,928
Total revenue	2	<b>348,678</b>	564,600
Cost of sales		<b>(267,583)</b>	(461,968)
Gross profit		<b>81,095</b>	102,632
Other gains and losses	4	<b>288,078</b>	646,759
Other income		<b>57,578</b>	18,021
(Impairment loss)/reversal of impairment loss on interests in associates, net	9	<b>(465,369)</b>	580,014
Administrative expenses		<b>(62,278)</b>	(111,267)
Finance costs	5(a)	<b>(4,244)</b>	(162)
Share of results of associates		<b>(343,099)</b>	131,973
Share of results of a joint venture		<b>2,178</b>	—
(Loss)/profit before taxation	5	<b>(446,061)</b>	1,367,970
Income tax expense	6	<b>(19,933)</b>	(10,680)
(Loss)/profit for the year attributable to owners of the Company		<b>(465,994)</b>	1,357,290
(Loss)/earnings per share (expressed in HK cents)			
— basic	8(a)	<b>(36.95)</b>	111.35
— diluted	8(b)	<b>(36.95)</b>	111.35

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

*For the year ended 30 June 2022*

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	<u><b>(465,994)</b></u>	<u>1,357,290</u>
Other comprehensive (expense)/income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	<b>(125,504)</b>	148,972
Exchange differences on translation of a joint venture	<b>(4,840)</b>	—
Exchange differences on translation of other foreign operations	<b>(8,994)</b>	6,509
Share of other comprehensive (expense)/income of associates, net of related income tax	<u><b>(4,819)</b></u>	<u>89</u>
	<b>(144,157)</b>	155,570
Item that will not be reclassified to profit or loss:		
Share of other comprehensive expense of an associate, net of related income tax	<u><b>(2,669)</b></u>	<u>(3,185)</u>
Other comprehensive (expense)/income for the year, net of income tax	<u><b>(146,826)</b></u>	<u>152,385</u>
Total comprehensive (expense)/income for the year attributable to owners of the Company	<u><u><b>(612,820)</b></u></u>	<u><u>1,509,675</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>4,172</b>	4,299
Interests in associates	<i>9</i>	<b>1,618,763</b>	2,404,381
Interest in a joint venture	<i>10</i>	<b>95,242</b>	—
Financial assets at fair value through profit or loss ("FVTPL")		<b>330,724</b>	208,234
Loan receivables		<b>337,540</b>	133,170
Loan note		—	3,924
Rental deposit	<i>11</i>	<b>288</b>	239
Deferred tax assets		<u>—</u>	<u>1,615</u>
		<b><u>2,386,729</u></b>	<u>2,755,862</u>
<b>Current assets</b>			
Inventories		<b>90,649</b>	33,604
Trade and other receivables	<i>11</i>	<b>83,959</b>	121,070
Financial assets at FVTPL		<b>1,320,936</b>	1,227,912
Loan receivables		<b>25,158</b>	360,680
Loan note		<b>3,965</b>	—
Pledged bank deposits		<b>111,452</b>	18,266
Bank balances and cash		<b>449,069</b>	<u>420,389</u>
		<b><u>2,085,188</u></b>	<u>2,181,921</u>
<b>Total assets</b>		<b><u><u>4,471,917</u></u></b>	<u><u>4,937,783</u></u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>1,302,130</b>	1,218,894
Other reserves		<b>272,456</b>	402,635
Accumulated profits		<b><u>2,475,645</u></b>	<u>3,202,064</u>
		<b><u>4,050,231</u></b>	<u>4,823,593</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,050</b>	1,238
Deferred tax liability		<b><u>21,234</u></b>	<u>7,702</u>
		<b><u>22,284</u></b>	<u>8,940</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>99,173</b>	99,837
Bank and other loans		<b>289,617</b>	—
Tax payable		<b>8,513</b>	3,232
Lease liabilities		<b><u>2,099</u></b>	<u>2,181</u>
		<b><u>399,402</u></b>	<u>105,250</u>
<b>Total liabilities</b>		<b><u>421,686</u></b>	<u>114,190</u>
<b>Total equity and liabilities</b>		<b><u>4,471,917</u></b>	<u>4,937,783</u>
<b>Net current assets</b>		<b><u>1,685,786</u></b>	<u>2,076,671</u>
<b>Total assets less total liabilities</b>		<b><u>4,050,231</u></b>	<u>4,823,593</u>

## NOTES

*For the year ended 30 June 2022*

### 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 the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are mandatory effective for the annual period beginning on or after 1 July 2021 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — phase 2
Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
— Commodities (Iron ore)	<u>315,355</u>	<u>517,672</u>
Revenue from other sources		
Interest income under effective interest method		
— Loan receivables	33,142	46,748
— Loan note	<u>181</u>	<u>180</u>
	<u>33,323</u>	<u>46,928</u>
Total revenue	<u><u>348,678</u></u>	<u><u>564,600</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 unsatisfied contracts 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 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 and a joint venture, (impairment loss)/reversal of impairment loss on interests in associates, gain arising from acquisitions of associates, gain on bargain purchases arising from acquisition of a subsidiary, gain arising from deemed increasing of shareholding in an associate, loss arising from deemed disposal of partial interest in an associate, net gain 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 and a joint venture, certain property, plant and equipment, loan note and financial assets at FVTPL not held within the trading portfolios neither managed under principal investment and financial services segment, financial assets at FVTPL not 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 provisions, trade and other payables, deferred tax liability 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 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, (loss)/gain 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 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 2022 and 2021 is set out below.

	Year ended 30 June 2022			Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	
<b>Segment revenue:</b>				
Disaggregated by timing of revenue recognition				
— Point in time	315,355	—	—	315,355
— Revenue from other source:				
Interest income	—	—	33,323	33,323
Revenue from external customers	<u>315,355</u>	<u>—</u>	<u>33,323</u>	<u>348,678</u>
Gross sales proceeds from resource investment	<u>—</u>	<u>3,301,312</u>	<u>—</u>	<u>3,301,312</u>
<b>Segment results</b>	<b>53,649</b>	<b>171,572</b>	<b>32,466</b>	<b>257,687</b>
Share of results of associates				(343,099)
Share of results of a joint venture				2,178
Impairment losses on interests in associates				(465,369)
Gain arising from acquisitions of interests in associates				9,335
Gain on bargain purchases arising from acquisition of a subsidiary				43,598
Gain arising from deemed increasing of shareholding in an associate				265
Loss arising from deemed disposal of partial interest in an associate				(2,390)
Gain arising from changes in fair value of financial assets at FVTPL not held within the trading portfolios, net				84,727
Other corporate income and gains				9,971
Central administrative expenses and other corporate losses				(39,518)
Central finance costs				<u>(3,446)</u>
Consolidated loss before taxation				<u><u>(446,061)</u></u>



	Year ended 30 June 2022			
	Commodity	Resource	Principal	Total
	business	investment	and financial	
	HK\$'000	HK\$'000	services	HK\$'000
			HK\$'000	
<b>Segment assets</b>	<b>401,265</b>	<b>1,538,617</b>	<b>368,031</b>	<b>2,307,913</b>
Interests in associates				1,618,763
Interest in a joint venture				95,242
Unallocated head office and corporate assets				
— Financial assets at FVTPL not held within the trading portfolios				330,724
— Bank balances and cash				94,504
— Other unallocated corporate assets				24,771
Consolidated total assets				<u>4,471,917</u>
<b>Segment liabilities</b>	<b>89,509</b>	<b>144,453</b>	<b>1,243</b>	<b>235,205</b>
Other loan				169,617
Unallocated corporate liabilities				16,864
Consolidated total liabilities				<u>421,686</u>
<b>Other segment information</b>				
Interest income (included in other income)	475	6	—	481
Unallocated				47
				<u>528</u>
Dividend income from financial assets at FVTPL	—	45,840	—	45,840
Unallocated				9,972
				<u>55,812</u>
Gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	—	154,869	—	154,869
Unallocated				84,727
				<u>239,596</u>

	Year ended 30 June 2022			
	Commodity	Resource	Principal	Total
	business	investment	investment	
	and financial	and financial	and financial	
	services	services	services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reversal of impairment loss on loan receivables, net	—	—	1,613	<u>1,613</u>
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	13,496	—	—	<u>13,496</u>
Net foreign exchange loss	(3,423)	(12,091)	(6,583)	(22,097)
Unallocated				<u>(174)</u>
				<u>(22,271)</u>
Additions to non-current assets	3,578	—	—	3,578
Unallocated				<u>—</u>
				<u>3,578</u>
Depreciation	(1,229)	—	—	(1,229)
Unallocated				<u>(2,252)</u>
				<u>(3,481)</u>
Finance costs	(89)	(709)	—	(798)
Unallocated				<u>(3,446)</u>
				<u>(4,244)</u>
Income tax expense	(6,399)	(11,202)	(2,332)	(19,933)
Unallocated				<u>—</u>
				<u>(19,933)</u>

	Year ended 30 June 2021			Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	
<b>Segment revenue:</b>				
Disaggregated by timing of revenue recognition				
— Point in time	517,672	—	—	517,672
— Revenue from other source:				
Interest income	<u>—</u>	<u>—</u>	<u>46,928</u>	<u>46,928</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	<u>—</u>	<u>2,800,470</u>	<u>—</u>	<u>2,800,470</u>
<b>Segment results</b>	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				<u>(120)</u>
Consolidated profit before taxation				<u>1,367,970</u>

	Year ended 30 June 2021			
	Commodity	Resource	Principal	Total
	business	investment	investment	
	HK\$'000	HK\$'000	and financial	HK\$'000
			services	
			HK\$'000	
<b>Segment assets</b>	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
Consolidated total assets				<u>4,937,783</u>
<b>Segment liabilities</b>	37,576	16,884	1,635	56,095
Unallocated corporate liabilities				<u>58,095</u>
Consolidated total liabilities				<u>114,190</u>
<b>Other segment information</b>				
Interest income (included in other income)	1,017	5	—	1,022
Unallocated				<u>95</u>
				<u>1,117</u>
Dividend income from financial assets at FVTPL	—	15,136	—	<u>15,136</u>
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>590,981</u>

	Year ended 30 June 2021			Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	
Impairment loss on loan receivables, net	—	—	(19,218)	<u>(19,218)</u>
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	1,106	—	—	<u>1,106</u>
Net foreign exchange gain	2,757	16,218	18,827	37,802
Unallocated				<u>32,988</u>
				<u>70,790</u>
Additions to non-current assets	276	—	—	276
Unallocated				<u>2,766</u>
				<u>3,042</u>
Depreciation	(1,101)	—	—	(1,101)
Unallocated				<u>(3,323)</u>
				<u>(4,424)</u>
Finance costs	(42)	—	—	(42)
Unallocated				<u>(120)</u>
				<u>(162)</u>
Income tax (expense)/credit	(2,258)	(8,768)	346	(10,680)
Unallocated				<u>—</u>
				<u>(10,680)</u>

There are no inter-segment revenue during the years ended 30 June 2022 and 2021.

**(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, interests in associates and a joint venture. 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 and the joint venture are incorporated/listed).

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (place of domicile)	10,682	14,600	1,538	3,788
The PRC	335,300	537,079	143,914	45,377
Australia	2,696	9,981	1,557,140	2,359,515
Philippines	—	—	15,585	—
Southeast Asia region	—	2,940	—	—
	<u>348,678</u>	<u>564,600</u>	<u>1,718,177</u>	<u>2,408,680</u>

**(c) Information about major customers**

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

	2022 HK\$'000	2021 HK\$'000
Commodity business		
Customer A	84,487	—
Customer B	79,906	—
Customer C	61,835	108,483
Customer D	—	139,665
Customer E	—	87,788
Customer F	—	77,221

#### 4. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain/(loss) arising from changes in fair value of financial assets mandatorily measured at FVTPL, net:		
— listed equity securities held-for-trading	<b>166,483</b>	448,111
— listed equity securities not held within the trading portfolios	<b>82,480</b>	115,686
— convertible notes	—	(9,690)
— unlisted equity investments	<b>4,901</b>	4,052
— derivative financial instruments — warrants	<b>(14,268)</b>	32,822
Reversal of impairment loss/(impairment loss) on loan receivables, net	<b>1,613</b>	(19,218)
Gain arising from deemed increasing of shareholding in an associate	<b>265</b>	—
Gain arising from acquisitions of interests in associates	<b>9,335</b>	—
Gain on bargain purchases arising from acquisition of a subsidiary	<b>43,598</b>	—
Loss arising from deemed disposal of partial interest in an associate	<b>(2,390)</b>	(1,911)
Gain/(loss) arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities:		
— fair value loss on trade receivables designated at FVTPL	<b>(37,668)</b>	(3,498)
— fair value gain on trade payables designated at FVTPL	<b>51,164</b>	4,604
Gain arising from modification of loan receivables	<b>1,977</b>	5,010
Gain arising from assignment of a loan receivable	<b>2,855</b>	—
Net foreign exchange (loss)/gain	<b>(22,271)</b>	70,790
Others	<b>4</b>	<b>1</b>
	<b>288,078</b>	<b>646,759</b>

## 5. (LOSS)/PROFIT BEFORE TAXATION

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

	2022 HK\$'000	2021 HK\$'000
<b>(a) Finance costs:</b>		
Interest on bank and other loans	4,049	—
Interest on lease liabilities	<u>195</u>	<u>162</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>4,244</u></u>	<u><u>162</u></u>
<b>(b) Staff costs (including directors' emoluments) (note (i)):</b>		
Salaries and allowance	25,315	80,380
Contributions to defined contribution retirement plans	<u>353</u>	<u>323</u>
	<u><u>25,668</u></u>	<u><u>80,703</u></u>
<b>(c) Other items:</b>		
Cost of goods recognised as expenses (note (ii))	259,206	459,983
Auditors' remuneration (note (i))		
— audit services	1,025	800
— non-audit services	130	130
Depreciation charges (note (i))		
— owned property, plant and equipment	527	440
— right-of-use assets	2,954	3,984
Short-term lease expense (note (i))	<u>40</u>	<u>38</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\$12,422,000 (2021: HK\$10,834,000) and legal, professional and consultancy fees of HK\$7,513,000 (2021: HK\$5,426,000).
- (ii) The amount for the year ended 30 June 2022 includes write down of inventories of HK\$4,607,000 (2021: reversal of write down of inventories of HK\$8,980,000). The reversal of write down of inventories during the year ended 30 June 2021 is due to the sale of inventories at net realisable value of higher than the carrying amounts.



## 6. INCOME TAX EXPENSE

Amounts recognised in profit or loss:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax for the year	8,017	2,357
— (Over)/under-provision of Hong Kong Profits Tax for the prior year	(1,764)	1,066
— PRC Enterprise Income Tax (“EIT”) for the year	846	524
— Under-provision of EIT for the prior year	17	—
Deferred tax		
— Origination and reversal of temporary differences	<u>12,817</u>	<u>6,733</u>
Income tax expense	<u><u>19,933</u></u>	<u><u>10,680</u></u>

## 7. DIVIDENDS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
2021 final dividend declared — HK10 cents and 2021 special dividend declared — HK10 cents (2021: 2020 interim dividend declared — HK10 cents)	<u><u>260,425</u></u>	<u><u>121,890</u></u>

During the year ended 30 June 2022, a final dividend of HK10 cents and a special dividend of HK10 cents (2021: an interim dividend of HK10 cents) per ordinary share, in an aggregate amount of HK\$260,425,000 (2021: HK\$121,890,000), was declared in respect of the year ended 30 June 2021 (2021: year ended 30 June 2020) and an amount of HK\$260,425,000 (2021: 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 for the year ended 30 June 2022 (2021 final dividend: HK10 cents per share and 2021 special 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. (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\$465,994,000 (2021: profit of HK\$1,357,290,000) and the weighted average number of 1,261,023,368 (2021: 1,218,893,914) ordinary shares in issue during the year.

### (b) Diluted (loss)/earnings per share

During the year ended 30 June 2022, the computation of diluted loss per share does not assume the conversion of the Company's outstanding warrants since their assumed exercise would result in a decrease in loss per share.

There were no dilutive potential ordinary shares in issue during the year ended 30 June 2021. The diluted earnings per share is the same as the basic earnings per share for the year ended 30 June 2021.

## 9. INTERESTS IN ASSOCIATES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests in associates before impairment	2,084,132	2,404,381
Impairment losses recognised	<u>(465,369)</u>	<u>—</u>
	<u><b>1,618,763</b></u>	<u>2,404,381</u>
Fair value of listed investments	<u><b>1,514,367</b></u>	<u>2,601,366</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”), Tanami Gold NL (“Tanami”), Dragon Mining Limited (“Dragon Mining”) and Mabuhay Holdings Corporation (“MHC”) 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 loss on interests in associates recognised in the consolidated statement of profit or loss for the year ended 30 June 2022, net, are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
MGX	(405,751)	580,014
Tanami	(50,109)	—
MHC	<u>(9,509)</u>	<u>—</u>
	<u><b>(465,369)</b></u>	<u>580,014</u>

## 10. INTEREST IN A JOINT VENTURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest in a joint venture with nil impairment	<u>95,242</u>	<u>—</u>

## 11. TRADE AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables designated at FVTPL ( <i>note (i)</i> )	—	106,299
Other receivables and deposits	35,644	3,680
Dividend receivable	22,343	—
Rental deposits	288	578
Receivable from securities brokers	24,384	9,979
Prepayments	<u>1,588</u>	<u>773</u>
	<u>84,247</u>	<u>121,309</u>
Representing:		
Current assets	83,959	121,070
Non-current assets	<u>288</u>	<u>239</u>
	<u>84,247</u>	<u>121,309</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 designed at FVTPL based on invoice date which approximates the revenue recognition date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	<u>—</u>	<u>106,299</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.

## 12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables designated at FVTPL ( <i>note (i)</i> )	64,926	28,916
Other payables measured at amortised cost	<u>34,247</u>	<u>70,921</u>
	<u><u>99,173</u></u>	<u><u>99,837</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	<u><u>64,926</u></u>	<u><u>28,916</u></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.

## 13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>		
At 1 July 2020, 30 June 2021 and 1 July 2021, ordinary shares of HK\$1.00 each	2,000,000,000	2,000,000
Increase in authorised share capital	<u>1,000,000,000</u>	<u>1,000,000</u>
At 30 June 2022, ordinary shares of HK\$1.00 each	<u><u>3,000,000,000</u></u>	<u><u>3,000,000</u></u>
<b>Issued and fully paid, ordinary shares of HK\$1.00 each</b>		
At 1 July 2020, 30 June 2021 and 1 July 2021	1,218,893,914	1,218,894
Exercise of warrants subscription rights	<u>83,236,235</u>	<u>83,236</u>
At 30 June 2022	<u><u>1,302,130,149</u></u>	<u><u>1,302,130</u></u>

## 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\$465,994,000 for the year ended 30 June 2022 (“**FY2022**”), compared with a net profit attributable to shareholders of the Company of HK\$1,357,290,000 for the year ended 30 June 2021 (“**FY2021**”). This loss includes two material non-cash items as follows: (a) an impairment loss in Mount Gibson Iron Limited (“**Mount Gibson**”) as an associate of HK\$405,751,000, and (b) a share of loss of Mount Gibson of HK\$364,734,000. These losses have entirely offset the strong performance in our Resource Investment division where we generated a segment profit of HK\$171,572,000.

### Primary Strategic Investments

Our Primary Strategic Investments are in Mount Gibson (ASX: MGX) which is listed and operating in Australia and Tanami Gold NL (“**Tanami Gold**”) (ASX: TAM). The net attributable loss from our Primary Strategic Investments for FY2022 was HK\$340,418,000 (FY2021: Net Profit of HK\$130,374,000).

### *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. Mount Gibson developed the Shine Iron Ore Project, located 85km north of Extension Hill, but suspended operations in November 2021 due to the widening discount for low grade iron ore and the high freight costs.

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 near the end of a planned elevated waste mining phase, which should allow for increased production from the year ending 30 June 2023 (“**FY2023**”) onwards.

Mount Gibson reported a net loss after tax of A\$174 million for FY2022 from sales of 1.7 million tonnes of iron ore. Operating costs remained high in FY2022 as the company continued its elevated stripping phase at Koolan Island but expect this will decline significantly in FY2023 as ore production increases and waste stripping falls. Mount Gibson financials were impacted by a non-cash impairment for the carrying value of both Koolan Island and Shine, for a combined impact of A\$185 million.

Sales guidance for FY2023 is 3.2 million tonnes to 3.7 million tonnes.

Mount Gibson cash reserve, including term deposits and tradable investments, ended FY2022 with A\$126 million or an equivalent of A\$0.10 per share.

The Platts IODEX 62% CFR China index was very volatile in FY2022 and averaged US\$138 per dry metric tonne (“**dmt**”). It fell from US\$210 per dmt in July 2021 down to US\$80 per dmt in November 2021 and then partially recovered to US\$140 per dmt before ending FY2022 at US\$120 per dmt. Since the end of the year the iron ore price has fallen further and at time of writing it is at US\$100 per dmt. Iron ore prices have generally weakened since July 2021 due to weak property sales and construction activity in China. The outlook for iron ore remains challenging given China’s ongoing zero covid policy which remains an overhang for its economy, not to mention the weak economic outlook globally.

### **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\$33 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 was completed and Tanami Gold paid A\$5 million cash to fund its share of the joint venture activity.

### **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 2022, APAC had significant investments representing 5% or more of the Group’s total assets in Shougang Fushan Resources Group Limited (“**Shougang Fushan**”) (HKEX: 639) and Metals X (ASX: MLX).

### **Significant Investments**

Name of investee company	Number of shares held at 30 June 2022	% of shares held at 30 June 2022	For the year ended 30 June 2022					As at 30 June 2022	
			Investment cost HK\$’000	Dividend income 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
Metals X	179,596,319	19.8%	398,796	9,972 (note)	—	83,974	83,974	325,449	7.3%
Shougang Fushan	116,474,000	2.3%	190,709	19,838	459	113,683	114,142	379,705	8.5%

*Note:* On 25 May 2021, Metals X signed a binding term sheet with Nico Resources Limited (“**NICO**”) for the sale and spin out of its nickel asset portfolio to NICO with eligible Metals X shareholders to receive a direct holding in NICO shares (the “**In-specie Distribution**”). The In-specie Distribution was completed in January 2022 and market value in respect of the Group’s shareholdings in NICO arising from the In-specie Distribution for an amount of HK\$9,972,000 was recognised as dividend income distributed by Metals X.

Brief description of principal businesses of the investee companies of the significant investments held by the Group:

<b>Name of investee company</b>	<b>Principal business</b>
Metals X	Exploration and development of base metals
Shougang Fushan	Coking coal mining, production and sales of coking coal products

Our investment in Shougang Fushan generated a fair value gain of HK\$114,142,000 with carrying value as at 30 June 2022 of HK\$379,705,000.

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 69 million tonnes of raw coking coal at 31 December 2021 and during six months ended 30 June 2022 Shougang Fushan produced 2.7 million tonnes raw coking coal which is consistent with its 2022 guidance of 5.3 million tonnes of raw coking coal.

For the six months ended 30 June 2022 Shougang Fushan generated EBITDA of HK\$3,267,000,000 and net profit after tax of HK\$1,936,000,000. The market capitalisation of Shougang Fushan in September 2022 is around HK\$12.8 billion, while its working capital reported at 30 June 2022 is HK\$6.7 billion.

The average benchmark market selling prices of its company's clean coking coal products in the first half of 2022 was up 89% year-on-year (“YoY”). However for second half Calendar Year 2022 Shougang Fushan has flagged the risks to coking coal demand given the National Development and Reform Commission have asked steel mills to cut crude steel production as recently as August 2022.

Our other notable investment is in Metals X. The carrying value of Metals X as at 30 June 2022 amounted to HK\$325,449,000 (As at 30 June 2021: HK\$174,333,000) represented approximately 7.3% (As at 30 June 2021: 3.5%) of the total assets of the Group. In FY2022, our investment in Metals X generated an unrealised gain of HK\$83,974,000 (FY2021: Gain of HK\$115,935,000).

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 spun out its nickel assets into a separate company, NICO. APAC provided a loan facility to refinance Metals X debt, and the loan was fully repaid during the six months ended 31 December 2021.

Metals X is focused on implementing its life of mine plan at Renison mine, including development of the high grade Area 5 deposit. During FY2022, the Renison mine produced 4,731 tonnes of tin (net 50% basis) up 19% YoY, and the average realised tin price of A\$48,186 per tonne was up 78% YoY.

Tin prices hit an all time high of US\$50,050 per tonne in early 2022 but has pulled back significantly due to higher production from China, Indonesia and Myanmar. At the same time, concerns about global economic outlook and the impact on demand for consumer electronics has overshadowed solid demand from other end markets like autos, and solar. At time of writing, the tin price is US\$23,600 per tonne. We remain comfortable with 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.

Resource Investment posted a fair value gain of HK\$169,137,000 in FY2022 (FY2021: HK\$448,111,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK\$171,572,000 in FY2022 (FY2021: HK\$510,268,000).

Our Resource Investment division includes, among other investing strategies, the two resource portfolios announced in August 2016, with additional natural resource focused strategies subsequently established and focused on large caps and specialist opportunities. The aim of the portfolios is to produce a positive return using Company funds as well as to create a track record to attract potential third-party investments in the future. These various portfolios are managed under the Resource Investment segment of the Company, which is separate to the Company's large strategic stakes. Our portfolios have a global long-only mandate (cannot short stocks) and strict parameters on market capitalisation, liquidity, development stage (exploration through to production) and jurisdiction to manage risk.

One of the mining portfolios focuses on investments in Small and Mid-cap companies involved in battery metals, base metals, precious metals, uranium, bulks and other hard rock commodities. Since its inception on 1 October 2016, the Mining Portfolio has delivered a return on investment of 382.7% to 30 June 2022, which is an outperformance of 376.4% against its benchmark (currency adjusted equal weighting of ASX 200 Smallcap Resources, FTSE AIM All Share Basic Resources and TSX Venture Composite) return of 6.3%.



A full breakdown of the Small and Midcap Mining Portfolio's annual performance against its benchmark is presented in the table below.

Period	Start of Financial Period	End of Financial Period	Mining Portfolio Period Performance	Benchmark Period Performance	Period Outperformance	Mining Portfolio Cumulative	Benchmark Cumulative	Cumulative Outperformance
FY16-17	01-Oct-16	30-Sep-17	8.7%	4.0%	4.7%	8.7%	4.0%	4.7%
FY17-18	01-Oct-17	30-Sep-18	9.6%	-4.3%	13.9%	19.1%	-0.4%	19.5%
FY18-19	01-Oct-18	30-Sep-19	18.8%	-15.4%	34.2%	41.4%	-15.7%	57.1%
FY19-20	01-Oct-19	30-Sep-20	59.8%	29.9%	29.9%	126.0%	9.5%	116.5%
FY20-21 (9 months)	01-Oct-20	30-Jun-21	87.0%	33.2%	53.8%	322.6%	45.8%	276.8%
FY21-22	01-Jul-21	30-Jun-22	14.2%	-27.1%	41.3%	382.7%	6.3%	376.4%

For the year ended 30 June 2022, this strategy generated a return of 14.2%, which was 41.3% above the benchmark return of -27.1%. As in previous years, the alpha was driven by significant work on the underlying commodities and getting the sector calls mostly correct (including large overweights in coal, lithium and uranium), investing in producers with high spot free cash flow yields, as well as identifying a number of emerging exploration and development companies. The five largest positive contributors to Mining Portfolio profits for the financial year were, in order, Thungela Resources (LSE: TGA), Whitehaven Coal (ASX: WHC), Red Dirt Metals (ASX: RDT), New Hope Coal (ASX: NHC) and Stanmore Coal (ASX: SMR).

The Energy Portfolio is primarily focused on the oil, gas and renewables sectors. At the end of 2019, the mandate for this portfolio was expanded to include investments in renewables, and with a broadened sector of investments, in the last 2.5 years from February 2020 (before the full impact of the COVID-19 Pandemic) to August 2022, the Energy Portfolio has generated a return on investment of 124%.

The investment choices in the Energy Portfolio are selected through a combination of fundamental bottom up valuation and analysis of the prospects for different sectors. For instance, during the early days of the COVID-19 pandemic, the investments were focused in companies in the green energy sector given that the low interest rate environment was supportive of stocks with significant growth potential. More recently investments have focused on energy companies given the disruptions to energy markets due to the invasion of Ukraine.

### *Precious*

Precious metals (majority gold exposure) generated a net fair value loss of HK\$139,065,000 in FY2022. As at 30 June 2022, the carrying value of the Precious segment was HK\$319,354,000 (As at 30 June 2021: HK\$317,518,000). Our largest gold investment in the Resource Investment division is in Northern Star (ASX: NST) which generated a fair value loss of HK\$42,065,000 with carrying value as at 30 June 2022 of HK\$76,775,000. We also own Newmont Corporation (NYSE: NEM) which generated a fair value gain of HK\$493,000 with carrying value as at 30 June 2022 of HK\$28,095,000. Other notable fair value gains include HK\$4,223,000 generated from our investment in Asante Gold Corporation (CSE: ASE).

Northern Star is the second largest gold company in Australia and owns high grade underground mines in Western Australian and Alaska. In FY2022 its production was 1,561,000 ounces of gold, and it generated free cash flow of A\$477 million. In FY2023 its production target is 1,560,000 – 1,680,000 ounces of gold.

Outside of a brief rally in gold prices to US\$2,000 per ounce to include a geopolitical risk premium at the time of the Ukraine invasion, the gold price has been range bound in FY2022, trading in a range of approximately US\$1,750 per ounce to US\$1,850 per ounce.

### *Bulk*

Bulk commodities segment generated a fair value gain of HK\$309,550,000 in FY2022. As at 30 June 2022, the carrying value was HK\$552,081,000 (As at 30 June 2021: HK\$490,627,000). Our largest investment in this segment during FY2022 is in Shougang Fushan (HKEX: 639), which generated a fair value gain of HK\$114,142,000 and had a carrying value as at 30 June 2022 of HK\$379,705,000.

### *Base Metals*

Base Metals segment (a mix of copper, nickel and zinc companies) delivered a fair value loss of HK\$26,642,000 in FY2022. The copper price fell by 12%, while nickel and zinc rose by 27% and 11% respectively. The Base Metals segment includes our investment in China Hongqiao Group Limited (HKEX: 1378) which had a carrying value as at 30 June 2022 of HK\$32,819,000.

### *Energy*

The Energy segment (mix of oil and gas, uranium and renewables) had a fair value gain of HK\$4,157,000 in FY2022. Our significant Energy investments include National Atomic Company Kazatomprom JSC (LSE: KAP), which generated a fair value loss of HK\$15,550,000 and had a carrying value as at 30 June 2022 of HK\$37,659,000.

### *Others*

We also have a fair value gain of HK\$21,137,000 from the remaining commodity (diamonds, manganese, rare earths, lithium and mineral sands among others) and non-commodity investments in FY2022 and had a carrying value as at 30 June 2022 of HK\$177,578,000 (As at 30 June 2021: HK\$117,161,000). This includes our investment in Glencore plc (LSE: GLEN), which generated a fair value gain of HK\$1,572,000 and had a carrying value as at 30 June 2022 of HK\$42,366,000.

## **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 FY2022, our Commodity Business generated a segment profit of HK\$53,649,000 (FY2021: HK\$55,905,000).

## **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 FY2022, this segment generated a profit of HK\$32,466,000 (FY2021: Profit of HK\$50,202,000).

## **Money Lending**

The Group engaged in money lending activities under the Money Lenders Ordinance of Hong Kong. For FY2022, the revenue and profits generated from money lending formed part of results of the Principal Investment and Financial Services segment.

Outstanding loan receivables net of loss allowances as at 30 June 2022 amounted to approximately HK\$362,698,000 (As at 30 June 2021: HK\$493,850,000). During the year, the Group has written back impairment losses on its loan receivables of approximately HK\$1,613,000 (FY2021: Provision of HK\$19,218,000).

## **Liquidity, Financial Resources and Capital Structure**

As at 30 June 2022, our non-current assets amounted to HK\$2,386,729,000 (As at 30 June 2021: HK\$2,755,862,000) and net current assets amounted to HK\$1,685,786,000 (As at 30 June 2021: HK\$2,076,671,000) with a current ratio of 5.2 times (As at 30 June 2021: 20.7 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan note of HK\$3,965,000 (As at 30 June 2021: HK\$3,924,000) and loan receivables of HK\$362,698,000 (As at 30 June 2021: HK\$493,850,000).

As at 30 June 2022, we had borrowings of HK\$289,617,000 (excluding lease liabilities) (As at 30 June 2021: Nil) and had undrawn letter of credit, bank and other loan facilities amounting to HK\$413,712,000 secured against certain term deposits and listed securities held-for-trading of the Group. As at 30 June 2022, we had a gearing ratio of nil (As at 30 June 2021: 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.

## **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 Australian Dollars, 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 2022, the Group's bank deposits of HK\$111,452,000 and listed securities held-for-trading with a fair value of HK\$379,705,000 (As at 30 June 2021: bank deposits of HK\$18,266,000) were pledged to banks to secure various letter of credit, bank and other loan 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 Group'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 2022, the Group, including its subsidiaries but excluding associates, had 15 (As at 30 June 2021: 15) employees. Total remuneration together with pension contributions incurred for FY2022 amounted to HK\$19,282,000 (FY2021: HK\$64,097,000).

## **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 (the "Audit Committee") 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.

### **Bonus Issue of Warrants**

As disclosed in the announcement of the Company dated 29 June 2021 (the “**Announcement**”) and the circular of the Company dated 27 July 2021 (the “**Circular**”), on 29 June 2021, the Board proposed to make a bonus issue of warrants to qualifying shareholders of the Company on the basis of one warrant for every five shares held on the record date. Each warrant entitles the holder to subscribe in cash for one new share of the Company at an initial subscription price of HK\$1.20 (subject to adjustment) at any time during the period from the date of issue to 6 October 2022 (both days inclusive). The warrants are listed on The Stock Exchange of Hong Kong Limited (Warrant code: 1074) and traded in board lots of 12,000 units each.

On 7 September 2021, a total of 243,778,782 units of warrants were issued by the Company to qualifying shareholders of the Company. As at 30 June 2022, a total of 83,236,235 units of warrants have been exercised and 160,542,547 units of warrants are outstanding. All of subscription monies received of approximately HK\$99,883,000 have been utilised for investment in companies involved in the natural resources sector as its intent disclosed in the Announcement and the Circular.

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

On 13 August 2021, the Group completed an acquisition of the entire issued share capital of Allied Properties Resources Limited which in turn held 25.83% equity interests in Dragon Mining Limited (“**Dragon Mining**”) for a consideration of approximately HK\$102,582,000. Dragon Mining is a company incorporated in Western Australia with its shares listed on The Stock Exchange of Hong Kong Limited (HKEX: 1712). The principal activities of Dragon Mining involve the operation of gold mines and processing facilities in Finland and Sweden. Details of the acquisition are set out in the Company’s announcement dated 14 May 2021.

On 18 March 2022, the Group completed an acquisition of the entire issued share capital of Bowen Limited which in turn held 45% equity interests in Huaneng Shouguang Wind Power Co., Ltd. (“**Huaneng Shouguang**”) for a consideration of HK\$75,000,000. Huaneng Shouguang is a sino-foreign joint venture enterprise incorporated in the PRC. The principal activities of Huaneng Shouguang is development, operation, management, production and sale of electricity for wind power plants, as well as provision of electricity project consulting and other related services. Details of the acquisition are set out in the Company’s announcement dated 2 March 2022.

Save as disclosed in this announcement, during the year ended 30 June 2022, 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 2022, the Group did not have any plans for material investments or capital assets.

### **Capital Commitments**

As at 30 June 2022, 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 2022, 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 and 2021. When COVID-19 spread to major western economies, the global economy was once on the brink of paralysis in March 2020. In FY2022, Hong Kong was in its 5th wave of the COVID-19 pandemic and was still impacted by new COVID-19 related lockdowns and its dynamic zero covid strategy.

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. Since 2020, provision of impairment loss of the Group's interests in associates and the fair values of the Group's financial instruments are subject to fluctuations due to the COVID-19 outbreak as well as other global economic and geopolitical factors. 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 FY2022.

### **COVID-19 Pandemic Response**

The Group has continued to implement 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**

- (i) Subsequent to the end of the reporting period, there is a decline in share prices of Mount Gibson and Metals X and depreciation of Australian Dollars against Hong Kong Dollars. At the date when the consolidated financial statements are authorised for issue, the fair values of the Group's investment in Mount Gibson and Metals X reduced to HK\$956,057,000 and HK\$246,730,000, respectively. The decline in fair value may impact the impairment loss on interests in associates and loss on financial assets at FVTPL for the year ending 30 June 2023.
- (ii) Currently, the Group holds approximately 19.83% in the issued share capital of Prodigy Gold NL ("**Prodigy**") (ASX: PRX). On 7 September 2022, the directors of Prodigy announced an underwritten two for one renounceable pro-rata rights issue at an issue price of A\$0.01 per new Prodigy share to raise up to approximately A\$11.65 million (before costs and expenses) (the "**Rights Issue**"). The Group is entitled to subscribe for 231,089,788 new Prodigy shares for an amount of approximately A\$2.31 million under terms of the Rights Issue. Moreover, the Group has agreed to sub-underwrite the Rights Issue to up to approximately A\$9.71 million (inclusive of its Rights Issue entitlements). The results of the Rights Issue are expected to be announced by Prodigy on 3 October 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**

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**

We remain cautious on the outlook for commodities and equities. The US Federal Reserve has indicated its focus is to reduce inflation which we believe will mean ongoing monetary tightening, and this is generally not supportive of equity prices. China's current focus on its zero covid policy means that its economy will continue to be buffeted by negative impacts of city lockdowns. Both factors are likely to lead to weak global growth. Nonetheless we see opportunities in select commodities and aim to be nimble 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 has largely completed its large waste stripping program, which will position it for free cash flow generation in coming years.

## **DIVIDEND**

The Board has recommended the payment of a final dividend of HK10 cents per share for the year ended 30 June 2022 (2021 final dividend: HK10 cents per share and 2021 special 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, 3 February 2023 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend will be paid on or around Monday, 20 February 2023.

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, 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 4:00 p.m. on Thursday, 6 October 2022, being the expiry date of the subscription rights attaching to the warrants.

## **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 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the year ended 30 June 2022, the Company has applied the principles of, and fully complied with, the applicable code provisions set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **REVIEW OF RESULTS BY AUDIT COMMITTEE**

The Group's final results for the year ended 30 June 2022 have been reviewed by the Audit Committee.

## **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 FY2022 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 FY2022. 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.

## **PROPOSED ADOPTION OF NEW BYE-LAWS**

The Board proposes to amend the existing bye-laws of the Company (the “**Bye-laws**”), among other things, to conform to the core shareholder protection standards as set out in Appendix 3 of the Listing Rules. Other amendments to the existing Bye-laws will also be proposed to reflect certain amendments in the applicable laws of Bermuda and the Listing Rules and make other minor consequential and tidying-up amendments for house-keeping purposes. As such, the Board proposes to adopt a new set of Bye-laws (the “**New Bye-laws**”) in substitution for, and to the exclusion of, the existing Bye-laws, which is subject to the approval of the shareholders of the Company by way of a special resolution at the forthcoming annual general meeting of the Company (the “**AGM**”). A circular containing, among other things, an explanation of the effect of the proposed amendments and the full terms of the proposed amendments, together with the notice of the AGM, will be despatched to shareholders of the Company in due course.

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

Hong Kong, 27 September 2022

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*