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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)

**ANNOUNCEMENT OF THE FINAL RESULTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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 2023 together with comparative figures for the year ended 30 June 2022 are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 30 June 2023*

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue			
Trading of goods		407,776	315,355
Interest income		24,161	33,323
Total revenue	2	<u>431,937</u>	348,678
Cost of sales		<u>(410,664)</u>	(267,583)
Gross profit		21,273	81,095
Other gains and losses	4	(136,337)	288,078
Other income		136,453	57,578
Impairment losses on interests in associates	9	(276,851)	(465,369)
Administrative expenses		(67,397)	(62,278)
Exploration expenses		(14,090)	–
Finance costs	5	(10,660)	(4,244)
Share of results of associates		(12,946)	(343,099)
Share of results of a joint venture		4,714	2,178
Loss before taxation	5	<u>(355,841)</u>	(446,061)
Income tax credit/(expense)	6	27,334	(19,933)
Loss for the year		<u>(328,507)</u>	(465,994)
Attributable to:			
Owners of the Company		(318,547)	(465,994)
Non-controlling interests		(9,960)	–
		<u>(328,507)</u>	(465,994)
Loss per share attributable to owners of the Company (expressed in HK cents)	8		
– Basic		<u>(24.46)</u>	(36.95)
– Diluted		<u>(24.46)</u>	(36.95)

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

*For the year ended 30 June 2023*

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Loss for the year	<u>(328,507)</u>	<u>(465,994)</u>
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	<b>(59,610)</b>	(125,504)
Exchange differences on translation of a joint venture	<b>(7,573)</b>	(4,840)
Exchange differences on translation of other foreign operations	<b>5,164</b>	(8,994)
Share of other comprehensive income of associates, net of related income tax	<u><b>2,662</b></u>	<u>(4,819)</u>
	<u><b>(59,357)</b></u>	<u>(144,157)</u>
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate, net of related income tax	<u><b>4,713</b></u>	<u>(2,669)</u>
Other comprehensive income for the year, net of tax	<u><b>(54,644)</b></u>	<u>(146,826)</u>
Total comprehensive income for the year	<u><b>(383,151)</b></u>	<u>(612,820)</u>
Attributable to:		
Owners of the Company	<b>(375,469)</b>	(612,820)
Non-controlling interests	<u><b>(7,682)</b></u>	<u>–</u>
Total comprehensive income for the year	<u><b>(383,151)</b></u>	<u>(612,820)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,968</b>	4,172
Interests in associates	9	<b>1,565,530</b>	1,618,763
Interest in a joint venture	10	<b>88,584</b>	95,242
Goodwill		<b>5,227</b>	–
Financial assets at fair value through profit or loss (“FVTPL”)		<b>5,279</b>	330,724
Loan receivables		<b>327,628</b>	337,540
Exploration and evaluation expenditure		<b>4,541</b>	–
Prepayments, deposits and other receivables		<b>265</b>	288
Term deposits		<b>12,883</b>	–
Deferred tax assets		<b>8,994</b>	–
		<hr/> <b>2,025,899</b>	<hr/> 2,386,729
<b>Current assets</b>			
Inventories		<b>291,568</b>	90,649
Prepayments, deposits and other receivables		<b>95,522</b>	83,959
Financial assets at FVTPL		<b>886,384</b>	1,320,936
Loan receivables		<b>18,446</b>	25,158
Loan note		–	3,965
Pledged bank deposits		–	111,452
Bank balances and cash		<b>555,169</b>	449,069
		<hr/> <b>1,847,089</b>	<hr/> 2,085,188
Assets held for sale		<hr/> <b>29,202</b>	<hr/> –
		<hr/> <b>1,876,291</b>	<hr/> 2,085,188
<b>Total assets</b>		<hr/> <b>3,902,190</b>	<hr/> 4,471,917

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>1,302,486</b>	1,302,130
Other reserves		<b>215,904</b>	272,456
Accumulated profits		<b>2,026,849</b>	2,475,645
<b>Total equity attributable to owners of the Company</b>		<b>3,545,239</b>	4,050,231
<b>Non-controlling interests</b>		<b>40,049</b>	–
		<b>3,585,288</b>	4,050,231
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,514</b>	1,050
Deferred tax liability		<b>523</b>	21,234
Provisions		<b>7,913</b>	–
		<b>9,950</b>	22,284
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>113,305</b>	99,173
Bank and other loans		<b>183,240</b>	289,617
Tax payable		<b>7,685</b>	8,513
Lease liabilities		<b>2,722</b>	2,099
		<b>306,952</b>	399,402
<b>Total liabilities</b>		<b>316,902</b>	421,686
<b>Total equity and liabilities</b>		<b>3,902,190</b>	4,471,917
<b>Net current assets</b>		<b>1,569,339</b>	1,685,786
<b>Total assets less total liabilities</b>		<b>3,585,288</b>	4,050,231

## NOTES

For the year ended 30 June 2023

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Listed equity securities held-for-trading
- 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 amendments to Hong Kong Financial Reporting Standards**

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 2022 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRS 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Leases and HKAS 41 Agriculture
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of 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 these consolidated financial statements.

## 2. REVENUE

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
– Commodities (Iron ore)	<u>407,776</u>	<u>315,355</u>
Revenue from other sources		
Interest income under effective interest method		
– Loan receivables	24,127	33,142
– Loan note	<u>34</u>	<u>181</u>
	<u>24,161</u>	<u>33,323</u>
Total revenue	<u><b>431,937</b></u>	<u>348,678</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 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 on interests in associates, net gain/(loss) arising from changes in fair value of financial assets at FVTPL not held within the trading portfolios, unallocated income and gains, unallocated administrative expenses and other losses, and unallocated 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 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 2023 and 2022 are set out below.

	Year ended 30 June 2023					Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	Total reporting segments HK\$'000	Others HK\$'000	
<b>Segment revenue:</b>						
Disaggregated by timing of revenue recognition						
– Point in time	407,776	-	-	407,776	-	407,776
– Revenue from other source:						
Interest income	-	-	24,161	24,161	-	24,161
Revenue from external customers	<u>407,776</u>	<u>-</u>	<u>24,161</u>	<u>431,937</u>	<u>-</u>	<u>431,937</u>
Gross sales proceeds from resource investment	<u>-</u>	<u>2,392,110</u>	<u>-</u>	<u>2,392,110</u>	<u>-</u>	<u>2,392,110</u>
<b>Segment results</b>	<b>3,470</b>	<b>92,801</b>	<b>(17,635)</b>	<b>78,636</b>	<b>(19,681)</b>	<b>58,955</b>
Share of results of associates						(12,946)
Share of results of a joint venture						4,714
Impairment losses on interest in associates						(276,851)
Gain arising from deemed increasing of shareholding in an associate						48
Loss arising from deemed disposal of partial interest in an associate						(3,391)
Loss arising from changes in fair value of financial assets at FVTPL not held within the trading portfolio, net						(77,571)
Unallocated income and gains						3,565
Unallocated administrative expenses and other losses						(43,014)
Unallocated finance costs						<u>(9,350)</u>
Consolidated loss before taxation						<u>(355,841)</u>



	Year ended 30 June 2023					Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	Total reporting segments HK\$'000	Others HK\$'000	
<b>Segment assets</b>	<b>420,875</b>	<b>1,067,132</b>	<b>346,829</b>	<b>1,834,836</b>	<b>89,037</b>	<b>1,923,873</b>
Interests in associates						1,565,530
Interest in a joint venture						88,584
Unallocated head office and corporate assets						
– Financial assets at FVTPL not held within the trading portfolios						5,279
– Bank balances and cash						314,710
– Unallocated corporate assets						4,214
Consolidated total assets						<u>3,902,190</u>
<b>Segment liabilities</b>	<b>147,731</b>	<b>106,498</b>	<b>6,376</b>	<b>260,605</b>	<b>12,666</b>	<b>273,271</b>
Unallocated head office and corporate liabilities						
– Other loan						20,500
– Dividend payable						4,858
– Unallocated corporate liabilities						18,273
Consolidated total liabilities						<u>316,902</u>
<b>Other segment information</b>						
Interest income (included in other income)	1,155	120	1	1,276	1,194	2,470
Unallocated						2,156
						<u>4,626</u>
Dividend income from financial assets at FVTPL	-	129,506	-	129,506	-	<u>129,506</u>
Loss arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	-	(13,511)	-	(13,511)	-	(13,511)
Unallocated						(77,571)
						<u>(91,082)</u>
Impairment loss on loan receivables, net	-	-	(11,715)	(11,715)	-	<u>(11,715)</u>

	Year ended 30 June 2023					
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services HK\$'000	Total reporting segments HK\$'000	Others HK\$'000	Total HK\$'000
Gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net	17,891	-	-	17,891	-	<u>17,891</u>
Impairment of capitalised exploration and evaluation expenditure	-	-	-	-	(2,926)	<u>(2,926)</u>
Net foreign exchange loss Unallocated	(6,612)	(8,931)	(29,039)	(44,582)	-	<u>(44,582)</u> 101
						<u>(44,481)</u>
Additions to non-current assets Unallocated	-	-	-	-	1,887	<u>1,887</u> 3,692
						<u>5,579</u>
Depreciation Unallocated	(1,107)	-	-	(1,107)	(278)	<u>(1,385)</u> (1,740)
						<u>(3,125)</u>
Finance costs Unallocated	(1,310)	-	-	(1,310)	-	<u>(1,310)</u> (9,350)
						<u>(10,660)</u>
Income tax (expense)/credit Unallocated	(93)	27,898	(91)	27,714	-	<u>27,714</u> (380)
						<u>27,334</u>

There are no inter-segment revenue during the years ended 30 June 2023 and 2022.

	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>	53,649	171,572	32,466	257,687
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
Unallocated income and gains				9,971
Unallocated administrative expenses and other losses				(39,518)
Unallocated finance costs				<u>(3,446)</u>
Consolidated loss before taxation				<u>(446,061)</u>

	Year ended 30 June 2022			
	Commodity business <i>HK\$'000</i>	Resource investment <i>HK\$'000</i>	Principal investment and financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	401,265	1,538,617	368,031	2,307,913
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
– Unallocated corporate assets				24,771
Consolidated total assets				<u>4,471,917</u>
<b>Segment liabilities</b>	89,509	144,453	1,243	235,205
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			Total HK\$'000
	Commodity business HK\$'000	Resource investment HK\$'000	Principal investment and financial services 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 Unallocated	(3,423)	(12,091)	(6,583)	<u>(22,097)</u> <u>(174)</u>
				<u>(22,271)</u>
Additions to non-current assets	3,578	–	–	<u>3,578</u>
Depreciation Unallocated	(1,229)	–	–	<u>(1,229)</u> <u>(2,252)</u>
				<u>(3,481)</u>
Finance costs Unallocated	(89)	(709)	–	<u>(798)</u> <u>(3,446)</u>
				<u>(4,244)</u>
Income tax expense	(6,399)	(11,202)	(2,332)	<u>(19,933)</u>

**(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, goodwill and exploration and evaluation expenditure. 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 note in respect of principal investment and financial services is analysed by the location where these investments are managed by the Group. In the case of non-current assets (excluding financial assets) which is presented based on geographical location of assets (where the property, plant and equipment and exploration and evaluation expenditures are located/incurred and where the associates, the joint venture and the subsidiary to which the goodwill relates are incorporated/listed).

	Revenue from external customers		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	3,859	10,682	3,425	1,538
The PRC	427,519	335,300	135,035	143,914
Australia	559	2,696	1,523,286	1,557,140
Philippines	–	–	9,104	15,585
	<u>431,937</u>	<u>348,678</u>	<u>1,670,850</u>	<u>1,718,177</u>

**(c) Information about major customers**

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

	2023 HK\$'000	2022 HK\$'000
Commodity business		
Customer A (note)	186,660	N/A
Customer B (note)	90,930	N/A
Customer C	–	84,487
Customer D	–	79,906
Customer E	–	61,835

Note: The customer contributed less than 10% of the Group's revenue for the year ended 30 June 2022.

#### 4. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <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>16,813</b>	166,483
– listed equity securities not held within the trading portfolios	<b>(77,575)</b>	82,480
– unlisted equity investments	<b>(27,867)</b>	4,901
– derivative financial instruments – warrants	<b>(2,453)</b>	(14,268)
(Impairment loss)/reversal of impairment loss on loan receivables, net	<b>(11,715)</b>	1,613
Gain arising from deemed increasing of shareholding in an associate	<b>48</b>	265
Gain arising from acquisitions of interests in associates	–	9,335
Gain on bargain purchases arising from acquisition of a subsidiary	–	43,598
Loss arising from deemed disposal of partial interest in an associate	<b>(3,391)</b>	(2,390)
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	–	(37,668)
– fair value gain on trade payables designated at FVTPL	<b>17,891</b>	51,164
(Loss)/gain arising from modification of loan receivables	<b>(847)</b>	1,977
Gain arising from assignment of a loan receivable	–	2,855
Impairment loss on exploration and evaluation expenditure	<b>(2,926)</b>	–
Net foreign exchange loss	<b>(44,481)</b>	(22,271)
Others	<b>166</b>	4
	<b>(136,337)</b>	<b>288,078</b>

## 5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(a) Finance costs:</b>		
Interest on bank and other loans	10,504	4,049
Interest on lease liabilities	<u>156</u>	<u>195</u>
Total interest expense on financial liabilities not at FVTPL	<u>10,660</u>	<u>4,244</u>
<b>(b) Staff costs (including directors' emoluments) (note (i)):</b>		
Salaries and allowance	30,987	25,315
Contributions to defined contribution retirement plans	<u>527</u>	<u>353</u>
	<u>31,514</u>	<u>25,668</u>
<b>(c) Other items:</b>		
Cost of goods recognised as expenses (note (ii))	401,786	259,206
Auditors' remuneration (note (i))		
– audit services	1,200	1,025
– non-audit services	200	130
Depreciation charges (note (i))		
– owned property, plant and equipment	820	527
– right-of-use assets	2,305	2,954
Short-term lease expense (note (i))	<u>33</u>	<u>40</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\$8,574,000 (2022: HK\$12,422,000) and legal, professional and consultancy fees of HK\$4,499,000 (2022: HK\$7,513,000).
- (ii) The amount for the year ended 30 June 2023 includes write down of inventories of HK\$38,212,000 (2022: HK\$4,607,000).



## 6. INCOME TAX (CREDIT)/EXPENSE

Amounts recognised in profit or loss:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Current tax</b>		
– Hong Kong Profits Tax for the year	<b>101</b>	8,017
– Over-provision of Hong Kong Profits Tax for the prior year	<b>(16)</b>	(1,764)
– PRC Enterprise Income Tax (“EIT”) for the year	<b>95</b>	846
– Under-provision of EIT for the prior year	<b>4</b>	17
<b>Deferred tax</b>		
– Origination and reversal of temporary differences	<u><b>(27,518)</b></u>	<u>12,817</u>
Income tax (credit)/expense	<u><b>(27,334)</b></u>	<u>19,933</u>

## 7. DIVIDENDS

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
2022 final dividend declared – HK10 cents (2022: 2021 final dividend declared – HK10 cents and 2021 special dividend declared – HK10 cents)	<u><b>130,249</b></u>	<u>260,425</u>

During the year ended 30 June 2023, a final dividend of HK10 cents (2022: final dividend of HK10 cents and a special dividend of HK10 cents) per ordinary share, in an aggregate amount of HK\$130,249,000 (2022: HK\$260,425,000), was declared in respect of the year ended 30 June 2022 (2022: year ended 30 June 2021), and an amount of HK\$130,249,000 (2022: HK\$260,425,000) is paid or payable in cash.

Subsequent to the end of the reporting period, the directors of the Company declared an interim dividend of HK10 cents per share (in lieu of a final dividend) for the year ended 30 June 2023 (2022 final dividend: HK10 cents per share) with an option to receive the interim dividend (in lieu of a final dividend) wholly or partly in the form of new fully paid shares in lieu of cash.

## 8. LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to the owners of the Company of HK\$318,547,000 (2022: loss of HK\$465,994,000) and the weighted average number of 1,302,456,432 (2022: 1,261,023,368) ordinary shares in issue during the year.

### (b) Diluted loss per share

During the years ended 30 June 2023 and 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.

## 9. INTERESTS IN ASSOCIATES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests in associates before impairment	2,307,750	2,084,132
Impairment losses recognised	<u>(742,220)</u>	<u>(465,369)</u>
	<u>1,565,530</u>	<u>1,618,763</u>
Fair value of listed investments	<u>1,484,315</u>	<u>1,514,367</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 associates by comparing their recoverable amounts (higher of value in use and fair value less costs of disposal) with its respective carrying amounts when there is impairment indication. The impairment loss on respective associates determined based on their fair values less costs of disposal, net recognised in the consolidated statement of profit or loss for the year ended 30 June 2023 are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Mount Gibson Iron Limited (“MGX”)	(267,769)	(405,751)
Tanami Gold NL	(5,463)	(50,109)
Mabuhay Holdings Corporation	<u>(3,619)</u>	<u>(9,509)</u>
	<u>(276,851)</u>	<u>(465,369)</u>

## 10. INTEREST IN A JOINT VENTURE

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest in a joint venture with nil impairment	<b><u>88,584</u></b>	<u>95,242</u>

## 11. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables designated at FVTPL ( <i>note (i)</i> )	<b>9,866</b>	64,926
Other payables measured at amortised cost	<b>40,322</b>	34,247
Contract liabilities – sales deposits received in advance	<b><u>63,117</u></b>	<u>–</u>
	<b><u>113,305</u></b>	<u>99,173</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:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0-30 days	<b><u>9,866</u></b>	<u>64,926</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

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>		
At 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, 1 July 2022 and 30 June 2023, ordinary shares of HK\$1.00 each	<u>3,000,000,000</u>	<u>3,000,000</u>
<b>Issued and fully paid, ordinary shares of HK\$1.00 each</b>		
At 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 and 1 July 2022	1,302,130,149	1,302,130
Exercise of warrants subscription rights	<u>355,372</u>	<u>356</u>
At 30 June 2023	<u>1,302,485,521</u>	<u>1,302,486</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\$318,547,000 for the year ended 30 June 2023 (“FY2023”), compared with a net loss attributable to shareholders of the Company of HK\$465,994,000 for the year ended 30 June 2022 (“FY2022”). This loss includes a material non-cash item related to an impairment loss in Mount Gibson Iron Limited (“Mount Gibson”) as an associate of HK\$267,769,000, and has offset the solid performance in our Resource Investment division where we generated a segment profit of HK\$92,801,000.

### Primary Strategic Investments

Our Primary Strategic Investments are in Mount Gibson (ASX: MGX) and Tanami Gold NL (“Tanami Gold”) (ASX: TAM), both are listed and operating in Australia. During the year, APAC has increased its shareholding in Metals X Limited (“Metals X”) (ASX: MLX) to approximately 21.2% as at 30 June 2023, which is also listed on the Australian Securities Exchange (“ASX”), turning it to become an associate. The net attributable loss from our Primary Strategic Investments for FY2023 was HK\$10,632,000 (FY2022: Net loss of HK\$340,418,000).

In October 2022, our shareholding in Prodigy Gold NL (“Prodigy Gold”), a gold exploration company listed on ASX increased to 49.9%. In accordance with Hong Kong Financial Reporting Standards, APAC is deemed to have control over it and commence accounting for it as a subsidiary. In FY2023, the post-acquisition attributable loss from Prodigy Gold amounted to HK\$9,721,000.

### *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 has reached the end of a planned elevated waste mining phase, which will enable increased production from the year ending 30 June 2023 onwards.

Mount Gibson reported a net profit after tax of A\$5 million for FY2023 from sales of 3 million tonnes of iron ore. Operating costs improved in FY2023 as the company completed its elevated stripping phase at Koolan Island and repairs were completed at the crushing plant. Mount Gibson financials were impacted by a non-cash impairment for the carrying value of both Koolan Island and its Mid West assets, for a combined impact of A\$75 million.

Sales guidance for the year ending 30 June 2024 (“**FY2024**”) is 3.8 million tonnes to 4.2 million tonnes.

Mount Gibson cash reserve, including term deposits and tradable investments and net of debt, was A\$139 million or an equivalent of A\$0.115 per share at the end of FY2023.

The Platts IODEX 62% CFR China index has been volatile in FY2023, it averaged US\$103 per dry metric tonne (“**dmt**”) but bottomed in late October 2022 at US\$73 before trading up to US\$127 per dmt in February 2023 and by late August 2023, traded back to US\$115 per dmt. Iron ore prices have generally fluctuated with sentiment related to China’s economy. It saw a sharp rebound after the end of its zero covid policy, then weakened on concerns of weak property sales and construction activity.

### ***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\$31 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.

## ***Metals X***

APAC owns 21.2% of Metals X as at 30 June 2023.

Metals X is focused on implementing its life of mine plan at Renison mine, including development of the high grade Area 5 deposit. During FY2023, the Renison mine produced 4,023 tonnes of tin (net 50% basis) down 15% year-on-year (“YoY”), and the average realised tin price of A\$36,429 per tonne was down 24% YoY.

After its sharp peak in early 2022, tin prices have moderated due to weaker demand as reflected in a drop in semiconductor orders and lower demand for electronic consumer products in the face of a weakening global economy. In FY2023 the tin price averaged US\$24,420 per tonne. More recently, concerns about supply issues, including weaker production from Indonesia and potential ban on mining activity in Myanmar has provided some support for prices, and at the time of writing the tin price is around US\$25,000 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.

For the six months ended 30 June 2023, Metals X generated a net profit after tax of A\$12.1 million with net assets of approximately A\$331.7 million at 30 June 2023.

## ***Prodigy Gold***

APAC owns 49.8% of Prodigy Gold.

Prodigy Gold is a gold exploration company listed on the ASX. It holds a large footprint of exploration tenements in the Tanami region in the Northern Territory, Australia. Some of its tenements are held in joint venture with partners such as Newmont Corporation and IGO Limited. Prodigy Gold restarted its exploration activities in 2022 after several years of restrictions related to the COVID-19 pandemic. Prodigy Gold reported a net loss after tax of A\$5.2 million for FY2023. At the end of June 2023, Prodigy Gold has a cash balance of A\$6.1 million. The focus of Prodigy Gold for 2023 will be exploration on the Northern Tanami project area and continue with its strategy to divest non-core assets.

## Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through profit or loss comprise mainly its Resource Investment. As at 30 June 2023, APAC had 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 at 30 June 2023	% of shares held at 30 June 2023	For the year ended 30 June 2023					As at 30 June 2023	
			Investment cost	Dividend income	Realised loss	Unrealised loss	Fair value loss	Carrying value	% of carrying value to the Group's total assets
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Shougang Fushan	134,708,000	2.7%	232,695	91,143	-	156,316	156,316	265,375	6.8%

Our investment in Shougang Fushan generated a fair value loss of HK\$156,316,000 with carrying value as at 30 June 2023 of HK\$265,375,000.

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 64 million tonnes of raw coking coal at 31 December 2022 and during six months ended 30 June 2023 Shougang Fushan produced 2.7 million tonnes raw coking coal which is consistent with its 2023 guidance of 5.25 million tonnes of raw coking coal.

For the six months ended 30 June 2023, Shougang Fushan generated EBITDA of HK\$2,373,000,000 and net profit after tax of HK\$1,519,000,000. The market capitalisation of Shougang Fushan in September 2023 is around HK\$11.4 billion, while its working capital reported at 30 June 2023 is HK\$7.4 billion. In July 2023 Shougang Fushan announced it plans to buyback 125 million shares at HK\$2.40 per share as a means to provide liquidity given that the company is trading at a discount to its net asset value. Since the announcement Shougang Fushan's share price has traded consistently below this buyback level.



The average benchmark market selling prices of its clean coking coal products in the first half of 2023 was down 30% YoY and Shougang Fushan's realized price was down 22%. The outlook for Chinese steel demand remains uncertain given the weakness seen in the housing market and speculation that there will be steel production cuts.

### ***Resource Investment***

The investments in this division comprise mostly minor and liquid 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\$16,813,000 in FY2023 (FY2022: HK\$169,137,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK\$92,801,000 in FY2023 (FY2022: HK\$171,572,000).

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 the Company's 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 461.2% to 30 June 2023, which is an outperformance of 459.2% against its benchmark (currency adjusted equal weighting of ASX 200 Smallcap Resources, FTSE AIM All Share Basic Resources and TSX Venture Composite) return of 2.0%.

A full breakdown of the Small and Midcap Mining Portfolio's (P1) annual performance against its benchmark is presented in the table below.

From	To	Starting	Ending	P&L	P1 %	B'mk %	Alpha %	ASX	TSX	AIM	Cum	Cum	Cum
		NAV	NAV					Small Resc	Venture	Basic Mats	P1 %	B'mk %	Alpha %
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>									
01-Oct-16	30-Sep-17	100,000	108,661	8,661	8.7%	4.0%	<b>4.7%</b>	9.0%	2.8%	0.4%	8.7%	4.0%	<b>4.7%</b>
01-Oct-17	30-Sep-18	108,661	119,053	10,392	9.6%	-4.3%	<b>13.9%</b>	11.5%	-12.3%	-12.2%	19.1%	-0.4%	<b>19.5%</b>
01-Oct-18	30-Sep-19	119,053	141,406	22,353	18.8%	-15.4%	<b>34.2%</b>	-13.8%	-23.8%	-8.5%	41.4%	-15.7%	<b>57.1%</b>
01-Oct-19	30-Sep-20	141,406	225,978	84,572	59.8%	29.4%	<b>30.4%</b>	7.7%	26.2%	54.2%	126.0%	9.0%	<b>117.0%</b>
01-Oct-20	30-Jun-21	225,978	422,643	196,665	87.0%	33.5%	<b>53.5%</b>	35.8%	43.6%	21.2%	322.6%	45.5%	<b>277.1%</b>
01-Jul-21	30-Jun-22	422,643	482,675	60,032	14.2%	-27.6%	<b>41.8%</b>	-11.9%	-38.3%	-32.5%	382.7%	5.4%	<b>377.3%</b>
01-Jul-22	30-Jun-23	482,675	561,199	78,524	16.3%	-3.2%	<b>19.5%</b>	2.2%	-1.9%	-9.8%	461.2%	2.0%	<b>459.2%</b>

For the year ended 30 June 2023, this strategy generated a return of 16.3%, which was 19.5% above the benchmark return of -3.2%. Alpha was generated by a) larger positions in lithium and thermal names in the first half of the year, before pivoting to more gold and uranium exposure in the second half of the year, b) reweighting the portfolio towards cashflow generating production and cutting more early stage and speculative positions (total holdings reduced from 46 to 38 stocks), and c) early investments into Meteoric Resources NL and Azure Minerals Limited. The largest detractor to performance was maintaining a cash position that averaged 30% over the year. This cash position is currently higher given the portfolio manager's near-term bearish macro outlook.

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 3.5 years from February 2020 (before the full impact of the COVID-19 Pandemic) to August 2023, the Energy Portfolio has generated a return on investment of 103%.

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 impact of high interest rates on the green energy sector, plus robust oil prices supported by OPEC+ production cuts.

## *Precious*

Precious metals (majority gold exposure) generated a net fair value gain of HK\$98,194,000 in FY2023. As at 30 June 2023, the carrying value of the Precious segment was HK\$267,232,000 (As at 30 June 2022: HK\$319,354,000). Our largest gold investment in the Resource Investment division is in Northern Star (ASX: NST) which generated a fair value gain of HK\$45,544,000 with carrying value as at 30 June 2023 of HK\$76,837,000. We also own Westgold Resources Limited (ASX: WGX) which generated a fair value gain of HK\$9,703,000 with carrying value as at 30 June 2023 of HK\$44,114,000. Other notable fair value gains include HK\$7,387,000 generated from our investment in Centerra Gold Inc. (CSE: CG).

Northern Star is the second largest gold company in Australia and owns high grade underground mines in Western Australian and Alaska. In FY2023 its production was 1,563,000 ounces of gold, and it generated free cash flow of A\$359 million. In FY2024 its production target is 1,600,000 – 1,750,000 ounces of gold.

Gold price generally strengthened in 2H FY2023 and traded above US\$2,000 per ounce in April and May but have since traded back down as expectations for the timing of US Federal Reserve interest rate cuts were pushed out. It has recently traded in a range of approximately US\$1,900 per ounce to US\$1,950 per ounce.

## *Bulk*

Bulk commodities segment generated a net fair value loss of HK\$129,409,000 in FY2023. As at 30 June 2023, the carrying value was HK\$324,588,000 (As at 30 June 2022: HK\$552,081,000). Our largest investment in this segment during FY2023 is in Shougang Fushan (HKEX: 639), which generated a fair value loss of HK\$156,316,000 and had a carrying value as at 30 June 2023 of HK\$265,375,000.

## *Base Metals*

Base Metals segment (a mix of copper, nickel and zinc companies) delivered a net fair value loss of HK\$742,000 in FY2023. The copper price fell by 0.4%, nickel by 13% and zinc by 27%. The Base Metals segment includes our investment in China Hongqiao Group Limited (HKEX: 1378) which had a carrying value as at 30 June 2023 of HK\$10,812,000.

## *Energy*

The Energy segment (mix of oil and gas, uranium and renewables) had a net fair value gain of HK\$8,206,000 in FY2023. Our significant Energy investments include National Atomic Company Kazatomprom JSC (LSE: KAP), which generated a fair value gain of HK\$1,062,000 and had a carrying value as at 30 June 2023 of HK\$33,622,000.

## *Others*

We also have a net fair value gain of HK\$5,335,000 from the remaining commodity (diamonds, manganese, rare earths, lithium and mineral sands among others) and non-commodity investments in FY2023 and had a carrying value as at 30 June 2023 of HK\$113,025,000 (As at 30 June 2022: HK\$177,578,000). This includes our investment in Azure Minerals Limited (ASX: AZS), which generated a fair value gain of HK\$6,018,000 and had a carrying value as at 30 June 2023 of HK\$15,629,000.

## **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 FY2023, our Commodity Business generated a segment profit of HK\$3,470,000 (FY2022: profit of HK\$53,649,000).

## **Principal Investment and Financial Services**

The Principal Investment and Financial Services segment, which covers the income generated from loan receivables, loan notes and other financial assets. For FY2023, this segment recognized a loss of HK\$17,635,000 (FY2022: Profit of HK\$32,466,000).

## **Money Lending**

The Group engaged in money lending activities under the Money Lenders Ordinance of Hong Kong. For FY2023, 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 2023 amounted to approximately HK\$346,074,000 (As at 30 June 2022: HK\$362,698,000). During the year, the Group has provided for impairment losses on its loan receivables of approximately HK\$11,715,000 (FY2022: Impairment losses written back of HK\$1,613,000).

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

As at 30 June 2023, our non-current assets amounted to HK\$2,025,899,000 (As at 30 June 2022: HK\$2,386,729,000) and net current assets amounted to HK\$1,569,339,000 (As at 30 June 2022: HK\$1,685,786,000) with a current ratio of 6.1 times (As at 30 June 2022: 5.2 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan note of nil (As at 30 June 2022: HK\$3,965,000) and loan receivables of HK\$346,074,000 (As at 30 June 2022: HK\$362,698,000).

As at 30 June 2023, we had borrowings of HK\$183,240,000 (excluding lease liabilities) (As at 30 June 2022: 289,617,000) and had undrawn letter of credit, bank and other loan facilities amounting to HK\$381,500,000. As at 30 June 2023, we had a gearing ratio of nil (As at 30 June 2022: 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 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 2023, the Group's listed securities held-for-trading with a fair value of HK\$256,100,000 (As at 30 June 2022: bank deposits and listed securities held-for-trading of HK\$491,157,000) were pledged to a bank to secure 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 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).

The executive directors, key management personnel and employees of Prodigy Gold receive the superannuation guarantee contribution required by the Australian government. Other benefits include personal accident (working directors) insurance and other fringe benefits.

As at 30 June 2023, the Group, including its subsidiaries but excluding associates, had 28 (As at 30 June 2022: 15) employees. The increase in headcount is mainly a result of newly added Prodigy Gold, which has become the Group's subsidiary since October 2022. Total remuneration together with pension contributions incurred for FY2023 amounted to HK\$24,295,000 (FY2022: HK\$19,282,000).

## **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 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 entitled 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 were 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. During the period from 1 July 2022 to 6 October 2022, a total of 355,372 units of warrants were exercised. Up to 6 October 2022 (the last day for subscription of warrants), a total of 83,591,607 units of warrants were exercised and 160,187,175 units of outstanding warrants were lapsed thereafter. All of subscription monies received of approximately HK\$100,310,000 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**

In October 2022, APAC participated as a sub-underwriter of the rights issue of Prodigy Gold. Upon completion of the rights issue, the Group's shareholding in Prodigy Gold increased from approximately 19.8% to 49.9%. After the rights issue, Prodigy Gold further issued new shares and the Group's shareholding in Prodigy Gold decreased from 49.9% to 49.8%.

Save as disclosed in this announcement, during the year ended 30 June 2023, 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 2023, the Group did not have any plans for material investments or capital assets.

### **Capital Commitments**

As at 30 June 2023, 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 2023, the Board is not aware of any material contingent liabilities.

### **Important Events Affecting The Group After The End of the Financial Year**

There are no important events affecting the Group 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, geopolitical 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 are concerned about the near term outlook for the global economy and therefore the impact of slower growth on commodities and equities. While equity markets focus on when the US Federal Reserve will reduce interest rates, we expect this to only occur once we see weakness in economic conditions. While China's economy is impacted by a lack of consumer confidence and concerns about the housing sector, we cannot rule out a large stimulus package which would be a positive for most commodities. 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 has successfully ramped up production at the Koolan Island mine after completing its large waste stripping program, and is now in a position to generate free cash flow in the coming years.

## **DIVIDEND**

The Board has declared an interim dividend of HK10 cents per share (in lieu of a final dividend) for the year ended 30 June 2023 (2022 final dividend: HK10 cents per share) with an option to receive the interim dividend (in lieu of a final dividend) wholly or partly in the form of new fully paid shares in lieu of cash ("**Scrip Dividend Scheme**"), payable on or around Monday, 15 January 2024 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 23 November 2023.

The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares of the Company to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. A circular giving full details of the Scrip Dividend Scheme and the election form will be sent to the shareholders of the Company as soon as practicable. Dividend warrants and/or share certificates for the scrip shares are expected to be sent to the shareholders of the Company on or around Monday, 15 January 2024.

## **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 2023.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the year ended 30 June 2023, 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.

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

The Group’s final results for the year ended 30 June 2023 have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF BDO 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 FY2023 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the FY2023. The work performed by BDO 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 BDO Limited on this announcement.

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

Hong Kong, 26 September 2023

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*