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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)

SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Reference is made to the annual report (the “**Annual Report**”) of APAC Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 30 June 2023 (“**FY2023**”) posted on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 October 2023.

The Company would like to provide additional information about the money lending business of the Group as follows:

BUSINESS MODEL AND CUSTOMER PROFILE

The Group provides both secured and unsecured term loans to its customers under its principal investment and financial services segment. Money lending activities diversifies the income stream and business risks of the Group, and generates a stable return with the Group’s available financial resources on hand from time to time. The Group mainly financed its money lending business by its internal resources.

The Group does not set a specific target for the industry, business or level of annual revenue to corporate borrowers. The customers of the Group’s lending business were referred to the Group through its corporate or business networks. For FY2023, customers of the Group’s lending business include subsidiaries of Hong Kong listed companies for unsecured loans, and private companies and an individual for secured loans.

RISK MANAGEMENT POLICIES

The Group adopts a thorough credit assessment and approval process, and will assess and approve each loan transaction on a case-by-case basis. The finance department of the Group (the “**Finance Department**”) is responsible for conducting a background check on the prospective borrower in compliance with the applicable laws and regulations, reviewing the background and financial strength of such borrower and where applicable, the guarantor, and enquiring the prospective borrower about the purpose of the loan and the expected source of funds for loan repayment. To support its analysis, the Group will obtain corporate documents, financial statements and search reports of the borrower and/or the guarantor, and thereafter, assess the credit risk of the loan and negotiate the terms thereof after considering (i) the background and financial position of the borrower or the guarantor (if applicable), including net asset value and gearing; and (ii) the value of the securities, if any.

Each loan transaction will be approved by either the board (the “**Board**”) of directors of the Company, or if the loan principal does not exceed the threshold set by the Board, by the executive committee of the Board.

The Finance Department monitors the loan and interest repayment regularly and reviews the annual financial statements of the borrowers and guarantors (if applicable). It would promptly report to the chief executive or chief financial officer of the Group for any delay or default in repayment upon maturity, who would then formulate plans for loan collection, including but not limited to requesting for additional securities or initiating legal actions.

LOAN IMPAIRMENT POLICIES

As disclosed in notes 2 and 36(a) to the consolidated financial statements of the Company for FY2023 in the Annual Report, the Company adopts estimated credit loss allowances (“**ECLs**”) according to the requirements of Hong Kong Financial Reporting Standard 9 issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, it shall review the recoverable amount of each loan at the end of each reporting period to ensure that adequate impairment losses are made. The Group applies a general approach on loan receivables to assess for the ECLs. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the borrower. In order to measure the ECLs of loan receivables, the Group will apply a credit rating for each of its borrowers by reference to each borrower’s past default records, current past due exposure, an analysis of its current financial position, likelihood or risk of a default, an assessment on any

significant increase in credit risk, and fair value of collaterals (if any), and adjust for forward-looking information that is available without undue cost or effort, such as the current and forecasted global economy and the general economic conditions of the industry in which the borrower operates. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the loan amount becomes past due.

The Group has engaged an independent and qualified valuer to carry out an assessment of the ECLs on the loan receivables of the Group as at 30 June 2023 according to the aforesaid policy, and based on the assessment results, the Group recognised an impairment on loan receivables of approximately HK\$11.8 million for FY2023.

The Board confirms that the above information does not affect other information contained in the Annual Report, and the content of the Annual Report remains correct and unchanged.

By Order of the Board
APAC Resources Limited
Andrew Ferguson
Executive Director

Hong Kong, 30 January 2024

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

Executive Director

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. Wang Hongqian and Mr. Kelvin Chau Kwok Wing

* *For identification purpose only*