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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 2024

The board of directors (the “**Board**”) of APAC Resources Limited (the “**Company**” or “**APAC**”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2024 together with comparative figures for the year ended 30 June 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue			
Trading of goods		1,169,403	407,776
Interest income		19,125	24,161
Total revenue	2	1,188,528	431,937
Cost of sales		(1,095,148)	(410,664)
Gross profit		93,380	21,273
Other gains and losses	4	380,428	(136,337)
Other income		69,413	136,453
Impairment losses on interests in associates, net	9	(80,423)	(276,851)
Administrative expenses		(78,391)	(67,397)
Exploration expenses		(22,516)	(14,090)
Finance costs	5(a)	(9,088)	(10,660)
Share of results of associates		38,751	(12,946)
Share of results of a joint venture		4,464	4,714
Profit/(loss) before taxation	5	396,018	(355,841)
Income tax (expense)/credit	6	(32,577)	27,334
Profit/(loss) for the year		363,441	(328,507)
Attributable to:			
Owners of the Company		390,031	(318,547)
Non-controlling interests		(26,590)	(9,960)
		363,441	(328,507)
Earnings/(loss) per share attributable to owners of the Company (expressed in HK cents)	8		
– Basic		29.39	(24.46)
– Diluted		29.39	(24.46)

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

For the year ended 30 June 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	<u>363,441</u>	<u>(328,507)</u>
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	(6,194)	(59,610)
Exchange differences on translation of a joint venture	(599)	(7,573)
Exchange differences on translation of other foreign operations	(8,385)	5,164
Share of other comprehensive income of associates, net of related income tax	304	2,662
Share of other comprehensive income of a joint venture, net of related income tax	<u>194</u>	<u>–</u>
	<u>(14,680)</u>	<u>(59,357)</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>1,056</u>	<u>4,713</u>
Other comprehensive income for the year, net of tax	<u>(13,624)</u>	<u>(54,644)</u>
Total comprehensive income for the year	<u>349,817</u>	<u>(383,151)</u>
Attributable to:		
Owners of the Company	375,696	(375,469)
Non-controlling interests	<u>(25,879)</u>	<u>(7,682)</u>
Total comprehensive income for the year	<u>349,817</u>	<u>(383,151)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		5,096	6,968
Interests in associates	9	1,515,506	1,565,530
Interest in a joint venture	10	89,398	88,584
Goodwill		5,227	5,227
Financial assets at fair value through profit or loss (“FVTPL”)		–	5,279
Loan receivables		–	327,628
Exploration and evaluation expenditure		4,977	4,541
Prepayments, deposits and other receivables		–	265
Term deposits		12,878	12,883
Deferred tax assets		–	8,994
		<u>1,633,082</u>	<u>2,025,899</u>
Current assets			
Inventories		62,355	291,568
Prepayments, deposits and other receivables		65,503	95,522
Financial assets at FVTPL		1,793,152	886,384
Loan receivables		88,563	18,446
Bank balances and cash		574,680	555,169
		<u>2,584,253</u>	<u>1,847,089</u>
Assets held for sale		<u>2,587</u>	<u>29,202</u>
		<u>2,586,840</u>	<u>1,876,291</u>
Total assets		<u>4,219,922</u>	<u>3,902,190</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<i>12</i>	1,356,637	1,302,486
Other reserves		198,506	215,904
Accumulated profits		2,286,631	2,026,849
Total equity attributable to owners of the Company		3,841,774	3,545,239
Non-controlling interests		17,509	40,049
		3,859,283	3,585,288
Non-current liabilities			
Lease liabilities		146	1,514
Deferred tax liability		18,686	523
Provisions		7,927	7,913
		26,759	9,950
Current liabilities			
Trade and other payables	<i>11</i>	51,740	113,305
Bank and other loans		280,105	183,240
Derivative financial instruments		104	–
Tax payable		461	7,685
Lease liabilities		1,470	2,722
		333,880	306,952
Total liabilities		360,639	316,902
Total equity and liabilities		4,219,922	3,902,190
Net current assets		2,252,960	1,569,339
Total assets less total liabilities		3,859,283	3,585,288

NOTES

For the year ended 30 June 2024

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 set out below:

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

Application of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following new or revised 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 2023 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12 HKFRS 17	International Tax Reform – Pillar Two Model Rules Insurance Contracts

The application of the new or revised 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.

New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“**MPF**”) scheme to offset severance payment (“**SP**”) and long service payments (“**LSP**”) (the “**Abolition**”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “**Transition Date**”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

For the years ended 30 June 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

2. REVENUE

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
– Commodities (Iron ore)	<u>1,169,403</u>	<u>407,776</u>
Revenue from other sources		
Interest income under effective interest method		
– Loan receivables	18,774	24,127
– Loan note	–	34
– Others	<u>351</u>	<u>–</u>
	<u>19,125</u>	<u>24,161</u>
Total revenue	<u>1,188,528</u>	<u>431,937</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 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 2024 and 2023 are set out below.

	Year ended 30 June 2024					
	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
Segment revenue:						
Disaggregated by timing of revenue recognition						
– Point in time	1,169,403	-	-	1,169,403	-	1,169,403
– Revenue from other source:						
Interest income	-	-	19,125	19,125	-	19,125
Revenue from external customers	<u>1,169,403</u>	<u>-</u>	<u>19,125</u>	<u>1,188,528</u>	<u>-</u>	<u>1,188,528</u>
Gross sales proceeds from resource investment	-	1,997,241	-	1,997,241	-	1,997,241
Reversal of impairment loss on loan receivables, net	-	-	24,086	24,086	-	24,086
Loss arising from modification of loan receivable	-	-	(2,147)	(2,147)	-	(2,147)
Impairment loss on assets held for sale	-	-	-	-	(25,855)	(25,855)
Segment results	84,031	403,722	38,531	526,284	(52,031)	474,253
Share of results of associates						38,751
Share of results of a joint venture						4,464
Impairment losses on interests in associates, net						(80,423)
Gain arising from deemed increasing of shareholding in an associate						101
Loss arising from deemed disposal of partial interest in an associate						(492)
Unallocated income and gains						1,420
Unallocated administrative expenses and other losses						(34,780)
Unallocated finance costs						(7,276)
Consolidated profit before taxation						<u>396,018</u>

	Year ended 30 June 2024					
	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
Segment assets	517,706	1,941,356	89,115	2,548,177	41,425	2,589,602
Interests in associates						1,515,506
Interest in a joint venture						89,398
Unallocated head office and corporate assets						
– Bank balances and cash						16,028
– Other corporate assets						9,388
Consolidated total assets						<u>4,219,922</u>
Segment liabilities	61,862	134,610	5,470	201,942	12,438	214,380
Unallocated head office and corporate liabilities						
– Other loan						135,000
– Dividend payable						5,882
– Other corporate liabilities						5,377
Consolidated total liabilities						<u>360,639</u>
Other segment information						
Interest income						
(included in other income)	4,342	839	2	5,183	1,249	6,432
Unallocated						5,675
						<u>12,107</u>
Dividend income from financial assets at FVTPL	–	56,584	–	56,584	–	<u>56,584</u>
Gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net	–	379,870	–	379,870	–	<u>379,870</u>
Reversal of impairment loss on loan receivables, net	–	–	24,086	24,086	–	<u>24,086</u>

	Year ended 30 June 2024					
	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	8,947	-	-	8,947	-	<u>8,947</u>
Impairment loss on assets held for sale	-	-	-	-	(25,855)	<u>(25,855)</u>
Net foreign exchange (loss)/gain	5,721	(3,815)	(824)	1,082	-	1,082
Unallocated						<u>(5,164)</u>
						<u>(4,082)</u>
Additions to non-current assets	746	-	-	746	976	1,722
Unallocated						<u>-</u>
						<u>1,722</u>
Depreciation	(1,130)	-	-	(1,130)	(504)	(1,634)
Unallocated						<u>(1,930)</u>
						<u>(3,564)</u>
Finance costs	(1,812)	-	-	(1,812)	-	(1,812)
Unallocated						<u>(7,276)</u>
						<u>(9,088)</u>
Income tax expense	(5,039)	(27,025)	(276)	(32,340)	-	(32,340)
Unallocated						<u>(237)</u>
						<u>(32,577)</u>

There are no inter-segment revenue during the years ended 30 June 2024 and 2023.

	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
Segment revenue:						
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	–	2,392,110	–	2,392,110	–	2,392,110
Impairment loss on loan receivables, net	–	–	(11,715)	(11,715)	–	(11,715)
Loss arising from modification of loan receivable	–	–	(847)	(847)	–	(847)
Impairment loss on exploration and evaluation expenditure	–	–	–	–	(2,926)	(2,926)
Segment results	3,470	92,801	(17,635)	78,636	(19,681)	58,955
Share of results of associates						(12,946)
Share of results of a joint venture						4,714
Impairment losses on interests 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					
	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
Segment assets	420,875	1,067,132	346,829	1,834,836	89,037	1,923,873
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
– Other corporate assets						4,214
Consolidated total assets						<u>3,902,190</u>
Segment liabilities	147,731	106,498	6,376	260,605	12,666	273,271
Unallocated head office and corporate liabilities						
– Other loan						20,500
– Dividend payable						4,858
– Other corporate liabilities						18,273
Consolidated total liabilities						<u>316,902</u>
Other segment information						
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 loss on exploration and evaluation expenditure	-	-	-	-	(2,926)	<u>(2,926)</u>
Net foreign exchange loss	(6,612)	(8,931)	(29,039)	(44,582)	-	(44,582)
Unallocated						<u>101</u>
						<u>(44,481)</u>
Additions to non-current assets	-	-	-	-	1,887	1,887
Unallocated						<u>3,692</u>
						<u>5,579</u>
Depreciation	(1,107)	-	-	(1,107)	(278)	(1,385)
Unallocated						<u>(1,740)</u>
						<u>(3,125)</u>
Finance costs	(1,310)	-	-	(1,310)	-	(1,310)
Unallocated						<u>(9,350)</u>
						<u>(10,660)</u>
Income tax (expense)/credit	(93)	27,898	(91)	27,714	-	27,714
Unallocated						<u>(380)</u>
						<u>27,334</u>

There are no inter-segment revenue during the years ended 30 June 2024 and 2023.

(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	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (place of domicile)	6,667	3,859	1,505	3,425
The PRC	1,181,861	427,519	137,755	135,035
Australia	–	559	1,472,391	1,523,286
Philippines	–	–	8,553	9,104
	<u>1,188,528</u>	<u>431,937</u>	<u>1,620,204</u>	<u>1,670,850</u>

(c) Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Commodity business		
Customer A	670,195	235,850
Customer B (<i>note</i>)	N/A	90,930

Note: The customer contributed less than 10% of the Group's revenue for the respective years.

4. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <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	364,260	16,813
– listed equity securities not held within the trading portfolios	–	(77,575)
– unlisted equity investments	12,603	(27,867)
– derivative financial instruments – warrants	3,111	(2,453)
– derivative financial instruments – others	(104)	–
Reversal of impairment loss/(impairment loss) on loan receivables, net	24,086	(11,715)
Gain arising from deemed increasing of shareholding in an associate	101	48
Loss arising from deemed disposal of partial interest in an associate	(492)	(3,391)
(Loss)/gain 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	(11,550)	–
– fair value gain on trade payables designated at FVTPL	20,497	17,891
Loss arising from modification of loan receivables	(2,147)	(847)
Impairment loss on exploration and evaluation expenditure	–	(2,926)
Net foreign exchange loss	(4,082)	(44,481)
Impairment loss on assets held for sale	(25,855)	–
Others	–	166
	380,428	(136,337)

5. PROFIT/(LOSS) BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Finance costs:		
Interest on bank and other loans	8,916	10,504
Interest on lease liabilities	<u>172</u>	<u>156</u>
Total interest expense on financial liabilities not at FVTPL	<u>9,088</u>	<u>10,660</u>
(b) Staff costs (including directors' emoluments) (note (i)):		
Salaries and allowance	45,061	30,987
Contributions to defined contribution retirement plans	<u>992</u>	<u>527</u>
	<u>46,053</u>	<u>31,514</u>
(c) Other items:		
Cost of goods recognised as expenses (note (ii))	1,117,125	401,786
Auditors' remuneration (note (i))		
– audit services	1,200	1,200
– non-audit services	200	200
Depreciation charges (note (i))		
– owned property, plant and equipment	1,033	820
– right-of-use assets	2,531	2,305
Exploration expense	22,516	14,090
Short-term lease expense (note (i))	<u>41</u>	<u>33</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\$8,277,000 (2023: HK\$8,574,000) and legal, professional and consultancy fees of HK\$4,602,000 (2023: HK\$4,499,000).
- (ii) The amount for the year ended 30 June 2024 includes write down of inventories of HK\$5,461,000 (2023: HK\$38,212,000).

6. INCOME TAX EXPENSE/(CREDIT)

Amounts recognised in profit or loss:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax for the year	360	101
– Over-provision of Hong Kong Profits Tax for the prior year	(37)	(16)
– PRC Enterprise Income Tax (“EIT”) for the year	5,039	95
– Under-provision of EIT for the prior year	–	4
Deferred tax		
– Origination and reversal of temporary differences	<u>27,215</u>	<u>(27,518)</u>
Income tax expense/(credit)	<u>32,577</u>	<u>(27,334)</u>

7. DIVIDENDS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
2024 proposed final dividend declared – HK10 cents (2023: 2022 final dividend – HK10 cents)	135,664	130,249
2023 interim dividend declared – HK10 cents	<u>130,249</u>	<u>–</u>

The Board has recommended the payment of a final dividend of HK10 cents per share for the year ended 30 June 2024. The proposed final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend in respect of the year declared subsequent to 30 June 2024 has not been recognised as a liability as at 30 June 2024.

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

During the year ended 30 June 2024, an interim dividend of HK10 cents per ordinary share, in an aggregate amount of HK\$130,249,000 was declared in respect of the year ended 30 June 2023, which is paid or payable in cash 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. Consequently, HK\$80,040,000 was paid in cash and the remaining amount of HK\$50,209,000 was settled by the issue of 54,151,441 ordinary shares of the Company to shareholders who elected to receive the dividend in lieu of cash on 15 January 2024.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to the owners of the Company of HK\$390,031,000 (2023: loss of HK\$318,547,000) and the weighted average number of 1,327,193,965 (2023: 1,302,456,432) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

During the year ended 30 June 2024, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding warrants since the average market price of the Company's ordinary shares is below the exercise price of the warrants.

During the year ended 30 June 2023, the computation of diluted loss per share did 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests in associates before impairment	2,338,149	2,307,750
Impairment losses recognised	<u>(822,643)</u>	<u>(742,220)</u>
	<u>1,515,506</u>	<u>1,565,530</u>
Fair value of listed investments	<u>1,582,291</u>	<u>1,484,315</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)/reversal of impairment loss on respective associates recognised in the consolidated statement of profit or loss for the year ended 30 June 2024 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mount Gibson Iron Limited ("MGX")	(71,303)	(267,769)
Tanami Gold NL	(11,115)	(5,463)
Mabuhay Holdings Corporation	<u>1,995</u>	<u>(3,619)</u>
	<u>(80,423)</u>	<u>(276,851)</u>

10. INTEREST IN A JOINT VENTURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest in a joint venture	89,398	88,584

11. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables designated at FVTPL (<i>note (i)</i>)	3,688	9,866
Other payables measured at amortised cost	48,052	40,322
Contract liabilities – sales deposits received	–	63,117
	51,740	113,305

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	3,688	9,866

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

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

12. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
At 1 July 2022, 30 June 2023 and 30 June 2024 ordinary shares of HK\$1.00 each	<u>3,000,000,000</u>	<u>3,000,000</u>
Issued and fully paid, ordinary shares of HK\$1.00 each		
At 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 and 1 July 2023	1,302,485,521	1,302,486
Share issued under scrip dividend scheme	<u>54,151,441</u>	<u>54,151</u>
At 30 June 2024	<u>1,356,636,962</u>	<u>1,356,637</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

APAC Resources Limited (“APAC” or the “Company”) and its subsidiaries (collectively, the “Group”) reported a net profit attributable to shareholders of the Company of HK\$390,031,000 for the year ended 30 June 2024 (“FY2024”), compared with a net loss attributable to shareholders of the Company of HK\$318,547,000 for the year ended 30 June 2023 (“FY2023”). This profit was mostly driven by a strong performance from our Resource Investment division, where we generated a segment profit of HK\$403,722,000.

Primary Strategic Investments

Our Primary Strategic Investments are in Mount Gibson Iron Limited (“Mount Gibson”) (ASX: MGX), Tanami Gold NL (“Tanami Gold”) (ASX: TAM), Metals X Limited (“Metals X”) (ASX: MLX) and Prodigy Gold NL (“Prodigy Gold”) (ASX: PRX) where APAC owns 37.3%, 46.3%, 22.8% and 44.3% respectively. They are listed and operating in Australia.

During the year, APAC increased its shareholding in Metals X to approximately 22.8% as at 30 June 2024, and it remains an associate of APAC for accounting purposes. Notwithstanding APAC’s ownership of Prodigy Gold, a gold exploration company listed on ASX, reducing from 49.8% as at 30 June 2023 to 44.3% as at 30 June 2024, it continues to be deemed a non-wholly owned subsidiary of APAC.

The net attributable profit from our Primary Strategic Investments for FY2024 was HK\$28,249,000 (FY2023: Net loss of HK\$10,632,000), however, this was offset by impairment losses on interests in associates of HK\$80,423,000, driven predominantly by writedowns by Mount Gibson and Tanami Gold.

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 high freight costs.

Ore sales at the Koolan Island Restart Project started in April 2019 and achieved commercial production in the June quarter of 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 has allowed for increased production, and reported sales of 4.1 million wet tonnes in FY2024, a significant increase from 3.0 million wet tonnes in FY2023.

Mount Gibson reported a net profit after tax of A\$6 million for FY2024, a small improvement on A\$5 million reported in FY2023. Higher sales tonnages and iron ore pricing resulted in iron ore sales increasing from A\$450,586,000 in FY2023 to A\$667,678,000 in FY2024. However, this was offset by non-cash stockpile costs (which swung from a A\$71,331,000 credit in FY2023 to a A\$28,539,000 expense in FY2024) as well as a non-cash impairment charge for the carrying value of Koolan Island of A\$159,100,000.

Sales guidance for the year ended 30 June 2025 is 2.7 million tonnes to 3.0 million tonnes and the mine is estimated to have 3 years of production remaining.

Given the strong cash generation in FY2024, Mount Gibson's cash, term deposits and tradable investments and net of debt, was A\$441 million or an equivalent of A\$0.362 per share as at 30 June 2024.

It was another volatile year for the Platts IODEX 62% CFR China index, trading as high as US\$136 per dry metric tonne (“**dmt**”) in January 2024 before falling to US\$95 per dmt in March 2024. Over the course of FY2024, it averaged US\$114 per dmt. Iron ore prices have generally fluctuated with sentiment related to China's economy and underlying Chinese steel demand, which has been softer given the ongoing weakness in the domestic property sector.

Tanami Gold

APAC currently owns 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\$25 million as well as ownership of 500,000 shares in Northern Star Resources Limited (“**Northern Star**”) (ASX: NST) which were worth A\$6 million as at 30 June 2024. Tanami spent A\$6 million in FY2024, largely on exploration and evaluation as well as care and maintenance.

In May 2021, Tanami Gold entered into a binding agreement with Northern Star 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 22.8% of Metals X as at 30 June 2024.

Metals X's operations are focused on tin production from its 50%-owned Renison tin mine, where hard rock mining began in 1965. Recent development into the Area 5 deposit has provided higher grade tonnes to the mill and, during FY2024 and on a 100% basis, Renison produced 10,037 tonnes of tin-in-concentrate at all-in sustaining costs of A\$29,141 per tonne against a tin price of A\$41,680 per tonne for imputed EBITDA of A\$184 million.

The 2023 Life of Mine Plan targets annual production slightly above 10,000 tonnes until 2032 but Metals X will update the plan (as well as reserves) in the near-term. There is medium-term production upside from the Rentails project given an existing above-ground measured resource of 24 million tonnes at 0.44% tin that doesn't require mining.

After its sharp peak in early 2022, tin prices moderated due to weaker demand as reflected in a drop in semiconductor orders and lower demand for electronic consumer products. However, prices have moved higher again, driven by production issues at major exporters in Indonesia and Myanmar. In FY2024, the average tin price increased to US\$27,500 per tonne. We remain constructive on the medium-term outlook for tin due to the lack of significant supply growth and new demand for tin from the growing electrical vehicle and energy storage industries.

For the six months ended 30 June 2024 Metals X generated a net profit after tax of A\$15 million and finished with a very strong balance sheet with A\$182 million cash against only A\$7 million in debt.

Prodigy Gold

APAC owns 44.3% 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, and a JORC resource of 0.94 million ounces across its Hyperion, Tregony, Buccaneer and Old Pirate projects. 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 a number of years of restrictions during the COVID-19 pandemic.

Prodigy Gold reported a net loss after tax of A\$10 million for FY2024, which was largely driven by A\$4 million of exploration expenses and a A\$5 million impairment of capitalized exploration and evaluation expenditure. As at 30 June 2024, Prodigy Gold had a cash balance of A\$2 million and the near-term focus will be the Tregony and Hyperion projects.

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 2024, APAC had significant investments 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 2024	% of shares held at 30 June 2024	For the period ended 30 June 2024					As at 30 June 2024	
			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
Shougang Fushan	134,836,000	2.7%	233,484	37,754	502	165,833	166,335	431,475	10.2%

Our investment in Shougang Fushan generated a fair value gain of HK\$166,335,000 during FY2024, with a closing value of HK\$431,475,000. Our investment in Shougang Fushan also generated dividend income of HK\$37,754,000 during FY2024.

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 recoverable reserves of 59 million tonnes of raw coking coal at 31 December 2023.

During the six months ended 30 June 2024, Shougang Fushan produced 2.25 million tonnes of raw and clean coking coal and sold 1.34 million tonnes of clean coking coal, with raw coking coal production costs increasing year-on-year from RMB236 to RMB267 per tonne given lower production. This generated HK\$2,498 million in revenues and HK\$837 million in attributable profit. The market capitalisation of Shougang Fushan as at 30 June 2024 was HK\$15.7 billion, compared to cash and time deposits of HK\$9.2 billion.

The outlook for coking coal demand from Chinese steel mills remains uncertain given the ongoing weakness in the property market, low to negative steel margins and the potential for near-term steel production cuts. Baowu Steel Group Chair, Hu Wangming, recently warned of a “steel winter” for the Chinese steel industry given the challenges posted by economic slowdowns, overcapacity and government policies.

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\$364,260,000 in FY2024 (FY2023: HK\$16,813,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK\$403,722,000 in FY2024 (FY2023: HK\$92,801,000).

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 larger 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.

Small and Mid-Cap Mining Portfolio

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 558.6% to 30 June 2024, which is an outperformance of 557.6% against its benchmark (currency adjusted equal weighting of ASX 200 Smallcap Resources, FTSE AIM All Share Basic Resources and TSX Venture Composite) return of -1.0%.

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

From	To	Small & Mid-Cap Mining Portfolio Performance	Benchmark Performance	Alpha	Small & Mid-Cap Mining Portfolio Cumulative Performance	Cumulative Benchmark Performance	Cumulative Alpha
01-Oct-16	30-Sep-17	8.7%	4.0%	4.7%	8.7%	4.0%	4.7%
01-Oct-17	30-Sep-18	9.6%	-4.3%	13.9%	19.1%	-0.4%	19.5%
01-Oct-18	30-Sep-19	18.8%	-15.4%	34.2%	41.4%	-15.7%	57.1%
01-Oct-19	30-Sep-20	59.8%	29.4%	30.4%	126.0%	9.0%	117.0%
01-Oct-20	30-Jun-21	87.0%	33.5%	53.5%	322.6%	45.5%	277.1%
01-Jul-21	30-Jun-22	14.2%	-27.6%	41.8%	382.7%	5.4%	377.3%
01-Jul-22	30-Jun-23	16.3%	-3.2%	19.5%	461.2%	2.0%	459.2%
01-Jul-23	30-Jun-24	17.4%	-2.9%	20.3%	558.6%	-1.0%	557.6%

For the year ended 30 June 2024, this strategy generated a return of 17.4%, which was 20.3% above the benchmark return of -2.9%. Portfolio alpha was generated by a large gold sector weighting, which was driven by our view that gold prices would be propelled higher by ongoing central bank buying plus investment inflows ahead of a Federal Reserve rate cutting cycle. The largest individual stock contributions to performance was Galiano Gold Inc (“**Galiano Gold**”) (TSX: GAU), which executed a clever, value-accretive deal to consolidate the Asanko Gold Mine and restarted mining operations, as well as Westgold Resources Ltd (“**Westgold**”) (ASX: WGX) and Resolute Mining Ltd (“**Resolute Mining**”) (ASX: RSG), which both benefitted from higher gold prices as well as self-help turnarounds.

The portfolio also has substantial wins in the uranium sector, with large gains from investments in KazAtomProm GDRs, Paladin Energy Ltd and Peninsula Energy Ltd, however, this sector has turned more bearish recently.

The largest detractor to performance was maintaining a cash position that averaged 44% over the year, given the portfolio manager's ongoing bearish macro outlook with the Chinese economy continuing to struggle with weak demand, while western economies are slowing, which creates a potentially negative setup for industrial commodities.

Energy Portfolio

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 June 2024, the Energy Portfolio has generated a return on investment of 22%.

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\$109,677,000 in FY2024 and, as at 30 June 2024, the carrying value of the Precious Metals segment was HK\$686,052,000 (30 June 2023: HK\$267,232,000).

Our largest gold investments in the Resource Investment division were Northern Star, which generated a fair value gain of HK\$4,686,000 with a carrying value as at 30 June 2024 of HK\$87,421,000, and Newmont Corp (NYSE: NEM) with a fair value loss of HK\$1,854,000 with a carrying value as at 30 June 2024 of HK\$65,377,000. Our largest fair value gains within the gold sector were HK\$25,547,000 from Galiano Gold, HK\$19,560,000 from Westgold, and HK\$12,217,000 from Resolute Mining.

Northern Star is the second largest gold company in Australia and owns high grade underground mines in Western Australian and Alaska. In FY2024, its production was 1.62 million ounces of gold at an all-in sustaining cost of A\$1,853 per ounce for A\$4.9 billion in revenues and A\$462 million in underlying free cash flow. For FY2025, its production target is 1.65 million to 1.8 million ounces of gold at an all-in sustaining cost of A\$1,850 to A\$2,100 per ounce.

Gold prices have performed extremely well year-to-date, increasing from US\$2,063 per ounce at the end of 2023 to US\$2,503 per ounce at the end of August 2024. Supportive factors have included central bank buying continuing at near-record levels, the Federal Reserve's dovish stance and expected interest rate cuts later this year, and ongoing geopolitical tensions.

Bulk

Bulk commodities segment generated a fair value gain of HK\$163,679,000 in FY2024. As at 30 June 2024, the carrying value was HK\$584,717,000 (30 June 2023: HK\$324,588,000). Our largest investment in this segment during FY2024 was Shougang Fushan (HKEX: 639), which generated a fair value gain of HK\$166,335,000 plus HK\$37,754,000 dividend income during FY2024. It had a closing value of HK\$431,475,000.

Base Metals

The Base Metals segment (which can include a mix of copper, nickel, zinc, aluminium, tin and cobalt companies) delivered a fair value gain of HK\$21,683,000 in FY2024. During FY2024, base metal prices were mixed, with copper up 12.3%, aluminium up 14.2%, zinc up 16.0% but nickel down 18.8%. The Base Metals segment includes our investment in China Hongqiao Group Limited (HKEX: 1378) which had a carrying value as at 30 June 2024 of HK\$8,274,000.

Energy

The Energy segment (mix of oil and gas, uranium and renewables) had a fair value gain of HK\$67,040,000 in FY2024 and a carrying value of HK\$232,734,000 as at 30 June 2024. Our significant Energy investments include National Atomic Company Kazatomprom JSC (LSE: KAP), which generated a fair value gain of HK\$16,650,000 and had a carrying value as at 30 June 2024 of HK\$31,228,000.

Others

We also had a fair value gain of HK\$16,108,000 from the remaining commodity investments (diamonds, manganese, rare earths, lithium and mineral sands among others) in FY2024 and had a carrying value as at 30 June 2024 of HK\$132,289,000 (30 June 2023: 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 FY2024, our Commodity Business generated a segment profit of HK\$84,031,000 (FY2023: profit of HK\$3,470,000).

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 FY2024, this segment recognized a profit of HK\$38,531,000 (FY2023: Loss of HK\$17,635,000).

Money Lending

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 FY2024, customers of the Group's lending business include subsidiaries of Hong Kong listed companies for unsecured loans, and private companies for secured loans.

Outstanding loan receivables net of loss allowances as at 30 June 2024 amounted to approximately HK\$88,563,000 (As at 30 June 2023: HK\$346,074,000). During the year, the Group has written back impairment losses on its loan receivables of approximately HK\$24,086,000 (FY2023: Impairment losses of HK\$11,715,000).

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 ratio; and (ii) the value of the securities, if any.

Each loan transaction will be approved by either the Board, 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

The Company adopts expected 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.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2024, our non-current assets amounted to HK\$1,633,082,000 (As at 30 June 2023: HK\$2,025,899,000) and net current assets amounted to HK\$2,252,960,000 (As at 30 June 2023: HK\$1,569,339,000) with a current ratio of 7.7 times (As at 30 June 2023: 6.1 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets loan receivables of HK\$88,563,000 (As at 30 June 2023: HK\$346,074,000).

As at 30 June 2024, we had borrowings of HK\$280,105,000 (excluding lease liabilities) (As at 30 June 2023: HK\$183,240,000) and had undrawn letter of credit, bank and other loan facilities amounting to HK\$457,152,000. As at 30 June 2024, we had a gearing ratio of nil (As at 30 June 2023: 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 2024, the Group's listed securities held-for-trading with a fair value of HK\$416,000,000 (As at 30 June 2023: HK\$256,100,000) 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 2024, the Group, including its subsidiaries but excluding associates, had 25 (As at 30 June 2023: 28) employees. Total remuneration together with pension contributions incurred for FY2024 amounted to HK\$36,344,000 (FY2023: HK\$24,295,000).

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.

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

Save as disclosed in this announcement, during the year ended 30 June 2024, 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 2024, the Group did not have any plans for material investments or capital assets.

Capital Commitments

As at 30 June 2024, 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 2024, 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, geo-political conditions and performance of the macro economy. In order to mitigate the associated risks, the Group will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in market situation. In addition, the Group will also seek potential investment opportunities with an aim to maximise value for the shareholders.

Forward Looking Observations

The global economic outlook in 2024 presents a complex picture with increasing concerns over global demand and rising inventories. The U.S. economy is expected to face significant headwinds, with fears of a recession looming as consumer spending slows and interest rates remain elevated. This environment is likely to dampen industrial activity, leading to reduced demand for key commodities such as copper and iron ore. Analysts predict a widening surplus in iron ore and a marginal surplus in refined copper, suggesting that supply will outpace demand in the near term, which could pressure prices downward. In China, despite some recovery signals, the economy is grappling with structural issues, particularly in the property sector, which continues to weigh on overall growth. This uncertainty has led to cautious sentiment among investors, as reflected in the lowest commodity market positioning since early 2019.

While cash weightings in our various investment portfolios remain somewhat elevated, we continue to hunt for high quality companies in select commodities which can 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 has successfully ramped up production at the Koolan Island mine and is now generating significant free cash flow, subject to iron ore prices, over the remaining three years of life.

DIVIDEND

The Board has recommended the payment of a final dividend of HK10 cents per share for the year ended 30 June 2024 (2023 interim dividend: HK10 cents per share (in lieu of a final dividend)) reflecting the strong financial performance of the Group for the year. However, we must flag that this dividend cannot be relied on moving forward. The Company remains committed to delivering value to shareholders while maintaining a balanced and sustainable approach to capital allocation.

The dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 28 November 2024 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (“**2024 AGM**”). The proposed final dividend will be paid on or around Monday, 16 December 2024.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the 2024 AGM scheduled to be held on Tuesday, 19 November 2024

- Latest time to lodge transfer documents for registration with the Company's branch share registrar in Hong Kong At 4:30 p.m. on Wednesday, 13 November 2024
- Closure of the register of members of the Company Thursday, 14 November 2024 to Tuesday, 19 November 2024 (both days inclusive)

(2) For determining the entitlement to the proposed final dividend for the year ended 30 June 2024 subject to the approval of the shareholders at the 2024 AGM

- Latest time to lodge transfer documents for registration with the Company's branch share registrar in Hong Kong At 4:30 p.m. on Friday, 22 November 2024
- Closure of the register of members of the Company Monday, 25 November 2024 to Thursday, 28 November 2024 (both days inclusive)

During the above closure periods, no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2024 AGM and qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the aforementioned latest time.

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 (including treasury shares, if any) during the year ended 30 June 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2024, 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 (which has been restructured as Appendix C1 since 31 December 2023) 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 2024 have been reviewed by the Audit Committee.

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 FY2024 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 FY2024. 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.

PROPOSED ADOPTION OF NEW BYE-LAWS

The Board proposes to amend the existing Bye-laws in order to, among other things, (i) bring the existing Bye-laws in line with amendments to the Listing Rules in relation to electronic dissemination of corporate communications by listed issuers; (ii) allow the Company to hold and resell its shares as treasury shares in accordance with applicable laws of Bermuda and the Listing Rules; and (iii) incorporate certain housekeeping amendments. As such, the Board proposes to adopt a new set of Bye-laws which consolidates and incorporates all the proposed amendments 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 2024 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 2024 AGM, will be despatched to shareholders of the Company in due course.

On behalf of the Board
APAC Resources Limited
Arthur George Dew
Chairman

Hong Kong, 25 September 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*