THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in APAC Resources Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

APAC RESOURCES

APAC RESOURCES LIMITED

亞 太 資 源 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
A MANDATE FOR FUTURE DISPOSAL
AND
NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company to be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 5 January 2017 at 10:00 a.m. is set out on pages 73 to 75 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purpose only*

15 December 2016

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In this circular, the following expressions have the following meanings unless the context otherwise requires:

"A$"	Australian dollars, the lawful currency of Australia
"associates"	has the meaning ascribed thereto under the Listing Rules
"ASX"	Australian Securities Exchange
"Board"	board of Directors
"Company"	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104)
"Demerged Metals X"	Metals X after its Demerger
"Demerged Metals X Shares"	the ordinary shares of Demerged Metals X
"Demerger"	the demerger of Westgold by Metals X approved in the extraordinary general meeting of Metals X held on 24 November 2016
"Director(s)"	director(s) of the Company
"Disposal Mandate"	the specific mandate to be granted by the Shareholders to the Directors to effect the Future Disposal during the Mandate Period of Demerged Metals X Shares and Westgold Shares, which may amount to a very substantial disposal of the Company under Chapter 14 of the Listing Rules
"Future Disposal"	the possible disposal of Demerged Metals X Shares and Westgold Shares by the Company under the Disposal Mandate from time to time
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	12 December 2016, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mandate Period"	being the period from the date of passing the resolution approving the Disposal Mandate at the SGM to the date falling 12 months thereafter
"Metals X"	Metals X Limited, a company whose shares are listed on the ASX
"Metals X Shares"	the ordinary shares of Metals X
"Remaining Group"	the Group immediately after completion of the Future Disposal
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting to be convened by the Company to consider and, if thought fit, approve the Future Disposal and the grant of the Disposal Mandate
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Review"	strategic review on the Group's investment in Metals X being conducted by Deutsche Bank AG
"substantial shareholders"	has the meaning ascribed thereto under the Listing Rules
"US$"	United States dollar, the lawful currency of United States of America
"Westgold"	Westgold Resources Limited, a company with its principal business activity as an Australian gold producer, which has been demerged from Metals X under the Demerger
"Westgold Share(s)"	the ordinary shares in Westgold after the Demerger
"%"	per cent

Unless otherwise stated, amounts in A$ have been translated into HK$ at the exchange rates on the relevant dates as set out in this circular which are within the range of HK$5.7958 to HK$5.9622 to A$1 for illustration purpose only. No representation has been made that any amounts in A$ or HK$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

Executive Directors:
Mr. Brett Robert Smith *(Deputy Chairman)*
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
Mr. So Kwok Hoo

Independent Non-Executive Directors:
Dr. Wong Wing Kuen, Albert
Mr. Chang Chu Fai, Johnson Francis
Mr. Robert Moyse Willcocks

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business:
Room 2304, 23rd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

15 December 2016

To the Shareholders

Dear Sir or Madam,

POSSIBLE VERY SUBSTANTIAL DISPOSAL IN RELATION TO A MANDATE FOR FUTURE DISPOSAL AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 1 June 2016, 15 July 2016 and 26 October 2016 relating to the disposal and the Future Disposal of the Group's shareholding interest in Metals X.

* *For identification purpose only*

The Board announced on 1 June 2016 that the Company has determined to place its investment in Metals X under the Strategic Review with an aim to maximizing Shareholders' value. As part of this review, an option would include the disposal of the Company's entire interest in the Metals X Shares. Accordingly, the Company proposes to seek from the Shareholders a Disposal Mandate authorizing the Board to effect the Future Disposal which may amount to a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with further details of the Future Disposal and the grant of the Disposal Mandate, a notice of the SGM and such other information as required by the Listing Rules.

The Company announced on 15 July 2016 that it had already disposed of in aggregate 21,500,000 Metals X Shares at a price of A$1.48 per share for a total consideration of A$31,820,000 (approximately HK$188,569,000). Such disposal had constituted a discloseable transaction for the Company under the Listing Rules. As a result of and immediately following the disposal, the Group held 77,907,571 Metals X Shares and the Group's interest in Metals X dropped from approximately 20.72% to approximately 16.24%. Therefore, the Group is considered to have ceased having significant influence over Metals X. Accordingly Metals X ceased to be an associate of the Group and the Group's interest in Metals X has since been recognised as an available-for-sale investment of the Group. After such disposal, the Group has neither disposed any shares nor acquired any shares in Metals X, Demerged Metals X or Westgold.

During the period from such disposal up to the Latest Practicable Date, the total number of issued shares of Metals X (or Demerged Metals X, after the Demerger) had been increased from 479,685,300 to 609,340,903 by issuing an aggregate of 129,655,603 new shares. Therefore, the Group's shareholding interest in Demerged Metals X has been diluted to 12.79% as at the Latest Practicable Date.

FUTURE DISPOSAL OF DEMERGED METALS X SHARES AND WESTGOLD SHARES

As at the Latest Practicable Date, the Group held 77,907,571 Demerged Metals X Shares, representing approximately 12.79% of the total issued shares of Demerged Metals X, and 38,953,786 Westgold Shares, representing approximately 12.79% of the total issued shares of Westgold. The Future Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and requires Shareholders' approval in a general meeting of the Company.

In the extraordinary general meeting of Metals X held on 24 November 2016, the shareholders of Metals X resolved that, among other matters, (i) the issued share capital of Metals X be reduced, without cancelling any Metals X Shares, by an amount up to the market value (as assessed by the directors of Metals X) of all the fully paid ordinary shares in the capital of Westgold (a wholly-owned subsidiary of Metals X before the Demerger) less a demerger dividend (if any) with effect as at the record date set by the directors of Metals X; and (ii) the said reduction of issued share capital of Metals X, and the demerger dividend (if any), be satisfied by the distribution and transfer of all

Westgold Shares to holders of Metals X Shares at the record date set by the directors of Metals X in the ratio of 1 Westgold Share for every 2 Demerged Metals X Shares at the record date set by the directors of Metals X (i.e. the Demerger).

Following the Demerger, Westgold has become an ASX-listed gold entity and Demerged Metals X has continued to hold its base metals assets. The normal trading of Westgold Shares has commenced on 6 December 2016.

Given the volatility of the stock market and the demands and commercial terms of potential purchasers, disposing of shares at the best possible price requires prompt actions at the right timing and it is not practicable to seek prior Shareholders' approval for each disposal of Demerged Metals X Shares and Westgold Shares. To allow flexibility in effecting the Future Disposal at appropriate timing and manner, the Company proposes to seek from its Shareholders the Disposal Mandate subject to the parameters set out below.

DISPOSAL MANDATE

Mandate Period

12 month period commencing on the date of passing of the resolution approving the Disposal Mandate at the SGM.

Maximum number of Demerged Metals X Shares and Westgold Shares to be Disposed

The maximum number of Demerged Metals X Shares and Westgold Shares shall be up to 77,907,571 Demerged Metals X Shares and 38,953,786 Westgold Shares, subject to adjustments as set out in the sub-heading "Capital Restructuring of Demerged Metals X and/or Westgold" below.

Scope of Authority

The Board be authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Future Disposal, including but not limited to (a) the timing; (b) one or a number of batches of disposals, the number of Demerged Metals X Shares and/or Westgold Shares to be sold in each disposal; (c) the manner of disposal (subject to the parameters set out under the sub-heading "Manner of Disposal" below); (d) the target purchaser(s); and (e) the disposal price (subject to the parameters set out under the sub-heading "Mechanism for Setting Sale Price" below).

It is expected that the purchaser(s) of Demerged Metals X Shares and/or Westgold Shares to be disposed of under the Disposal Mandate and their ultimate beneficial owner(s) will be third parties independent of and not connected with the Company and its connected persons. In the event that any purchaser of the Future Disposal is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Manner of Disposal

The Board be authorized and empowered to determine and decide with full discretion the manner of disposal, whether by way of sale in the open market or through block trade(s). The Future Disposal will be conducted through reputable third party placing agent(s) and/or broker(s). As at the Latest Practicable Date, the Board has not yet appointed or identified any placing agent or broker.

Mechanism for Setting Sale Price

Under the Future Disposal, if a particular disposal of Demerged Metals X Shares and/or Westgold Shares is made in the open market, they shall be sold at the market price. The Board shall ensure that regardless of the manner of disposal, the minimum disposal price of Demerged Metals X Shares after such demerger and the minimum disposal price of the Westgold Shares shall be based on the following formula:

$$X + 0.5 \times Y = A\$0.85$$

Key:

X = the disposal price of Demerged Metals X Shares or the last closing price of Demerged Metals X Shares immediately preceding the date of disposal of Westgold Shares, as the case may be.

Y = the disposal price of Westgold Shares or the last closing price of Westgold Shares immediately preceding the date of the disposal of Demerged Metals X Shares, as the case may be.

Scenarios:

(i) In the case that Demerged Metals X Shares are being disposed of, X shall be the minimum disposal price of Demerged Metals X Shares and Y shall be the last closing price of Westgold Shares immediately preceding the date of disposal of Demerged Metals X Shares.

(ii) In the case that Westgold Shares are being disposed of, X shall be the last closing price of Demerged Metals X Shares immediately preceding the date of disposal of Westgold Shares and Y shall be the minimum disposal price of Westgold Shares.

(iii) In the case of both Westgold Shares and Demerged Metals X Shares are being disposed of concurrently, X shall be the disposal price of Demerged Metals X Shares and Y shall be the disposal price of Westgold Shares, and the amount of $X + 0.5 \times Y$ shall be no less than A$0.85.

In any event, the selling price per Demerged Metals X Share or Westgold Share shall represent no more than 10% discount to the volume weighted average closing price of Demerged Metals X Shares or Westgold Shares (as the case may be) in the 10 trading-day-period immediately prior to the date of any definitive agreement or the date of the transaction.

However, setting a minimum disposal price does not in any way limit the potential premium that Demerged Metals X Shares and/or Westgold Shares may be disposed for. Given the strategic size of the investment and the ongoing strength in the Australian dollar gold price, the Board believes it is reasonable to expect that the Strategic Review will uncover significant interest in Demerged Metals X and Westgold.

The Company considers that the minimum disposal price will allow flexibility for the Board to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of Demerged Metals X Shares and Westgold Shares, and is thus fair and reasonable as far as the Company and the Shareholders as a whole are concerned.

Capital Restructuring of Demerged Metals X and/or Westgold

If and when there shall be, during the period between the day after the SGM and the end date of the Mandate Period (both days inclusive):

(a) any alteration to the nominal value of Demerged Metals X Shares and/or Westgold Shares as a result of consolidation, subdivision or reclassification, or issue of new shares of Demerged Metals X and/or Westgold to the Company by way of capitalization of profits or reserves or by way of a scrip dividend, the minimum disposal price of Demerged Metals X Shares and/or Westgold Shares as set out under the sub-heading "Mechanism for Setting Sale Price" above and/or the number of Demerged Metals X Shares and/or Westgold Shares approved under the Disposal Mandate shall be adjusted accordingly; and

(b) an issue of new shares of Demerged Metals X and/or Westgold to the Company by way of a rights issue or open offer, the minimum disposal price of Demerged Metals X Shares and/or Westgold Shares as set out under the sub-heading "Mechanism for Setting Sale Price" above and/or the number of Demerged Metals X Shares and/or Westgold Shares approved under the Disposal Mandate shall be adjusted accordingly.

INFORMATION ON THE COMPANY

The Group is an established natural resource investment fund and commodity trading house which owns strategic interests in natural resource companies with the main business lines comprising of primary strategic investment; resource investment; and commodity trading business, focused primarily on metals and energy.

INFORMATION ON DEMERGED METALS X AND WESTGOLD

Information on Demerged Metals X

Demerged Metals X is listed on the ASX (Stock Code: MLX), a diversified group exploring and developing minerals and metals in Australia. It is Australia's largest tin producer, a top Australian copper producer and holds a pipeline of assets from exploration to development including the Wingellina Nickel-Cobalt Project.

Set out below is the audited financial information of Metals X (before the Demerger) for the three years ended 30 June 2014, 30 June 2015 and 30 June 2016 as extracted from its published annual reports, which are available on the website of the ASX. The published annual reports of Metals X have been prepared in accordance with the relevant Australian Accounting Standards, which in all material respects, are consistent with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants adopted by the Company in the preparation of its financial statements:

	For the year ended 30 June		
	2014	**2015**	**2016**
	A$'000	*A$'000*	*A$'000*
Revenue	238,600	315,250	352,281
Profit (loss) before income tax	37,452	40,949	(27,909)
Net profit (loss) after tax	37,452	40,949	(23,624)

As confirmed by the reporting accountants of the Company, since both Hong Kong Accounting Standards and Australian Accounting Standards have adopted International Financial Reporting Standards (IFRSs), including Interpretations, issued by the International Accounting Standards Board (IASB), it is expected that there is no material difference in the Hong Kong Accounting Standards and Australian Accounting Standards.

During the preparation of the consolidated financial statements of the Group for each of three financial years ended 30 June 2016, the management of the Group has already unified the accounting policies between the Group and its associates (including Metals X) so as to comply with the above accounting standard. Therefore, there is no material difference on the accounting policies between the Group and its associates (including Metals X) during the three financial years ended 30 June 2016.

The after tax results of Metals X turned from a profit of approximately A$40,949,000 for the year ended 30 June 2015 to a loss of approximately A$23,624,000 for the year ended 30 June 2016 primarily due to (i) increase in the cost of sales resulting from the production at Central Murchison Gold Project; (ii) higher costs of deeper underground mining and post-fill requirements at Higginsville Gold Operation and South Kalgoorlie Operation and an increase in amortisation rates; and (iii) significant write off of exploration and evaluation expenditure in the year ended 30 June 2016.

As at 30 June 2016 and 30 June 2015, the major assets of Metals X comprised mainly exploration & evaluation expenditure, mine properties & development costs, property, plant & equipment, inventories and cash & cash equivalents. Material available-for-sale financial assets were also held by Metals X as at 30 June 2016.

The audited consolidated net asset values of Metals X as at 30 June 2015 and 30 June 2016 were A$346,267,000 (approximately HK$2,064,513,000) and A$394,908,000 (approximately HK$2,274,078,000) as set out in the annual report of Metals X for the years ended 30 June 2015 and 30 June 2016 respectively.

According to the published annual report of Metals X for the three years ended 30 June 2014, 30 June 2015 and 30 June 2016, the auditors of Metals X did not express any qualified opinion in the audited consolidated financial statements of Metals X for the three respective financial years.

In the extraordinary general meeting of Metals X held on 24 November 2016, the shareholders of Metals X resolved that, among other matters, (i) the issued share capital of Metals X be reduced, without cancelling any Metals X Shares, by an amount up to the market value (as assessed by the directors of Metals X) of all the fully paid ordinary shares in the capital of Westgold (a wholly owned subsidiary of Metals X before the Demerger) less a demerger dividend (if any) with effect as at the record date set by the director of Metals X; and (ii) the said reduction of issued share capital of Metals X, and the demerger dividend (if any), be satisfied by the distribution and transfer of all Westgold Shares to holders of Metals X Shares at the record date set by the director of Metals X in the ratio of 1 Westgold Share for every 2 Demerged Metals X Shares at the record date set by the director of Metals X (i.e. the Demerger).

According to the annual report of Metals X for the year ended 30 June 2016, following the Demerger, Demerged Metals X would have the following assets for its base metals mining business:

— **Tin**

The tin mining operations of Demerged Metals X are conducted through its 50% joint venture ownership of the operating tin mine at Renison Tin Mine, the Rentails Project and Mt Bischoff Project on the west coast of Tasmania.

The Renison Tin Mine had a 700,000 tonnes-per-annum tin concentrator, a fully developed underground mine, site infrastructure and a 100-person camp. An owner-operator mining fleet provides competitive performance and productivity. The mine produces a tin concentrate which is exported to 3rd party smelters in Asia for refining to LME (London Metal Exchange) grade ingot. The Renison Tin Mine has a Mineral Resource estimate of 11.5 million tonnes at 1.44% tin containing 166,000 tonnes of tin metal with an Ore Reserve estimate of 5.69 million ore tonnes at 1.28% tin containing 73,000 tonnes of tin metal providing for a long-life project.

The Rentails Project is a planned tailings retreatment project, located at the Renison Tin Mine and has a Mineral Resource estimate of 22.5 million tonnes at 0.45% tin containing 100,000 tonnes of tin metal with an ore reserve estimate of 21.6 million tonnes at 0.45% tin containing 97,000 tonnes of tin metal.

The Mt Bischoff Project is located approximately 80km north of the Renison mine. The Mt Bischoff Project had a total Mineral Resource estimate of 1.7 million tonnes at 0.54% tin, containing 9,000 tonnes of tin metal.

— **Copper**

The copper mining operations of Demerged Metals X include the Nifty Copper Operation at the western margin of the Great Sandy Desert in Western Australia and the Maroochydore Project located 90 km from Nifty.

The Nifty Copper Operation produces a clean copper concentrate which is shipped to the Hindalco copper smelter in India for refining. The Nifty operation is an underground copper sulphide mine with an associated 2.5 million tonne-per-annum copper concentrator. Site infrastructure is extensive, including a powerhouse, camp and airfield. Processing of sulphide copper ore is by conventional comminution, grinding and flotation to produce a copper concentrate. A concentrate storage facility is located at Port Hedland where concentrate is accumulated before shipping. At 31 March 2015, Nifty had a Mineral Resource estimate of 31.1 million tonnes at 1.73% copper containing 539,000 tonnes of copper metal. The Ore Reserve subset of this resource is estimated at 5.24 million ore tonnes grading 1.85% copper and containing 97,000 tonnes of copper metal.

The Maroochydore Project is located 90 km from the Nifty Copper Operations and manifests as a large copper oxide and secondary chalcocite blanket of mineralisation. The aggregated Mineral Resources for the Maroochydore Project contain approximately 486,000 tonnes of copper.

— **Nickel**

The Central Musgrave Project at Wingellina is located on the triple-point borders of Western Australia, Northern Territory and South Australia. The project represents Demerged Metals X's key nickel assets and comprises the globally significant Wingellina Ni-Co-Fe rich Limonite deposit, the smaller Claude Hills deposit and the Mt Davies exploration prospects. Within the Central Musgrave Project, total Mineral Resource Estimate of the nickeliferous limonite was 215.8 million tonnes at 0.9% nickel, 0.07% cobalt and 44.29% Fe_2O_3, containing 2.0 million tonnes of nickel metal.

Information on Westgold

Following the Demerger, Westgold has become an ASX-listed gold entity and Demerged Metals X has continued to hold its base metals assets. The normal trading of Westgold Shares commenced on 6 December 2016.

Set out below is the audited financial information of Westgold for the three years ended 30 June 2014, 30 June 2015 and 30 June 2016 as extracted from its general purpose financial reports, which are available its website (http://www.westgold.com.au):

	For the year ended 30 June		
	2014	**2015**	**2016**
	A$'000	*A$'000*	*A$'000*
Revenue	161,051	232,776	280,317
Profit (loss) before income tax	33,473	36,546	(29,092)
Net profit (loss) after tax	23,830	13,666	(20,570)

The after tax results of Westgold turned from a profit of approximately A$13,666,000 for the year ended 30 June 2015 to a loss of approximately A$20,570,000 for the year ended 30 June 2016 primarily due to (i) increase in the cost of sales resulting from the production at Central Murchison Gold Project; (ii) higher costs of deeper underground mining and post-fill requirements at Higginsville Gold Operation and South Kalgoorlie Operation and an increase in amortisation rates; and (iii) significant write off of exploration and evaluation expenditure in the year ended 30 June 2016.

As at 30 June 2016 and 30 June 2015, the major assets of Westgold comprise mainly exploration & evaluation expenditure, mine properties & development costs, property, plant & equipment, inventories and trade & other receivables.

The audited consolidated net asset value of Westgold as at 30 June 2015 and 30 June 2016 are A$133,290,000 (approximately HK$794,702,000) and A$104,111,000 (approximately HK$599,523,000) as set out in the general purpose financial reports of Westgold for the year ended 30 June 2015 and 30 June 2016 respectively.

According to the annual report of Metals X for the year ended 30 June 2016, following the Demerger, Westgold owns three operating gold projects, with a fourth under refurbishment. The four processing facilities are located in the gold production belts of Western Australia and have a combined 5.5 million tonnes per annum processing capacity. Westgold's three operations currently in production are:

1. Higginsville Gold Operation in the Norseman region of Western Australia. Higginsville Gold Operation has a modern 1.3 million tonne-per-annum Carbon-in-Pulp (CIP) gold processing plant, a 300-person village, the Trident underground mine (multiple open-pit mines and requisite mine and process infrastructure). At 30 June 2016, Higginsville Gold Operation had the following Mineral Resources and Ore Reserves:

   — A Measured, Indicated and Inferred Resource of 33.6 million tonnes at 2.04 g/t gold, containing 2.2 million ounces of gold; and

   — A Proved and Probable Reserve of 7.6 million tonnes at 1.78 g/t gold, containing 433,000 ounces of gold).

2. South Kalgoorlie Operation in the Kalgoorlie region of Western Australia. The South Kalgoorlie Operations comprise the Hampton Boulder Jubilee underground mine, a number of open pits and the Jubilee Mill, a 1.2 million tonne-per-annum CIP gold processing plant and associated infrastructure. Numerous open pits and underground options previously have been mined within the project area since the late 1980s. At 30 June 2016, South Kalgoorlie Operations had the following Mineral Resources and Ore Reserves:

   — A Measured, Indicated and Inferred Resource of 50.9 million tonnes at 2.27 g/t gold, containing 3.7 million ounces of gold; and

   — A Proved and Probable Reserve of 2.3 million tonnes of ore at 2.60 g/t gold, containing 192,000 ounces of gold.

3. Central Murchison Gold Project in the Murchison region of Western Australia, and around the regional towns of Cue and Meekatharra. Central Murchison Gold Project has a nominal 2.0 million tonne-per-annum Carbon-in-Pulp gold processing plant and associated infrastructure, with a significant number of historical open pit and underground mines.

The information of Metals X, Demerged Metals X and Westgold reproduced from the annual report of Metals X appears for information purposes only. The Directors take no responsibility for the information of Metals X, Demerged Metals X and Westgold, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the information of Metals X, Demerged Metals X and Westgold contained herein.

REASONS FOR FUTURE DISPOSAL AND USE OF SALE PROCEEDS

The Group's strategy is to realize profits with cash inflow from realization of its investments, including Metals X, and to capture return at opportune times, subject to favorable prevailing share prices and market sentiment.

The Group has been an investor in Metals X since 2007. The Australian dollar gold price, despite a recent pullback to around A$1,550 per ounce, sits near the top of its 15-year trading range, while industry costs have fallen substantially over recent years. This has driven a substantial margin expansion for many Australian gold producers including Metals X, leading to increased company valuations and corporate interest. The Board believes that the current environment represents an appropriate time to consider a divestment of the Group's interest in Metals X and to maximise Shareholders' value and to investigate and reinvest in other alternative investments. The Group is retaining its other major investment in the natural resources sector, namely Mount Gibson Iron Limited.

On 15 July 2016, as a result of the disposal of the 21,500,000 Metals X Shares by the Group, the remaining 77,907,571 Metals X Shares held by the Group were reclassified from an investment in associate to an available-for-sale investment and their carrying value was adjusted upward, based on the fair market value of A$1.48 per share, to approximately A$115,303,000 (approximately HK$682,053,000). Details of this disposal together with the expected gain therefrom were set out in the discloseable transaction announcement of the Company dated 15 July 2016. For illustrative purpose and based on the assumption that all of Demerged Metals X Shares and Westgold Shares under the Disposal Mandate are sold on the Latest Practicable Date, the expected loss on the Future Disposal is approximately HK$45,498,000 (calculated from the last closing price of Demerged Metals X Shares and Westgold Shares of A$0.66 and A$1.70 respectively immediately preceding the Latest Practicable Date), after taking into account of estimated maximum potential tax payable; and before taking into account of any advisory or placing expenses (if any). Accordingly, the actual amount of the proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group in relation to the Future Disposal may vary depending on the actual sale price(s) of the relevant Demerged Metals X Shares and/or Westgold Shares, the actual number and timing of Demerged Metals X Shares and/or Westgold Shares to be disposed of by the Group and the actual tax payable (if any) arising from such disposal(s).

It has been, and remains, the Group's focus to continue to look for investment opportunities in listed and unlisted securities globally in the resources sector, which are expected to generate attractive returns. The net sales proceeds from the Future Disposal will be added to the Group's readily available internal financial resources, allowing the Group to take advantage of reinvesting in further investment opportunities in both Resources Investment and Primary Strategic Investment business segments and medium-term treasury instruments, such as the 6% 3 year loan notes of US$20,000,000 which the Group subscribed for on 5 September 2016 (details are set out in the discloseable transaction announcement of the Company dated 6 September 2016) on a timely basis as and when such opportunities are identified. The Group announced on 25 August 2016 that it had created two new investment portfolios focusing on the areas of (i) energy (oil and gas); and (ii) mining (base metals, precious metals, bulks, resources companies where the primary asset is cash etc.) respectively, which will form the new platform for the Group's future investment in the Resources Investment segment. Since their creation, the Group has proceeded to invest out of these funds.

As at the Latest Practicable Date, the Company has been reviewing further potential investment targets in the natural resources sector and has made a number of investments within the two investment portfolios. The Company will publish further announcements as and when appropriate pursuant to the Listing Rules.

The Directors consider that the Future Disposal and the Disposal Mandate are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board (including the independent non-executive Directors) considers that the Future Disposal represents a good opportunity for the Group to realise its investment in Metals X and thereby enhances the financial resources available to the Group for reinvestment purpose.

The Board is also of the view that the Disposal Mandate will give flexibility to the Directors to dispose of Demerged Metals X Shares and Westgold Shares at appropriate times and prices in order to maximize the return to the Group.

LISTING RULES IMPLICATIONS

As at and based on the information available up to the Latest Practicable Date, the applicable percentage ratios (as defined in the Listing Rules) for the Future Disposal are more than 75% and therefore the Future Disposal constitutes a very substantial disposal of the Company and is subject to the announcement, reporting and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.68(2)(a)(i) of the Listing Rules, this circular shall include the financial information of (a) Metals X; or (b) the Group with Metals X being shown separately, to be prepared by the Directors in accordance with the accounting policies of the Company and such financial information shall be reviewed by the auditor of the Company. Pursuant to Note 2 to Rule 14.68(2)(a)(i) of the Listing Rules, the Stock Exchange may relax such financial disclosure requirements if the assets of Metals X are not consolidated in the accounts of the Group before the Future Disposal.

The Company has applied to the Stock Exchange for a waiver in relation to Rule 14.68(2)(a)(i) of the Listing Rules by reason of the fact that, amongst others, the accounts of Metals X have never been consolidated into the accounts of the Company before the Future Disposal.

The Stock Exchange has granted a waiver to the Company to waive the requirements under Rule 14.68(2)(a)(i) of the Listing Rules in this circular, subject to the disclosure of the following information in this circular:

1. according to the published annual report of Metals X for three years ended 30 June 2014, 30 June 2015 and 30 June 2016, the auditors of Metals X did not express any qualified opinion in the audited consolidated financial statements of Metals X for the three respective financial years;

2. as confirmed by the reporting accountants of the Company, since both Hong Kong Accounting Standards and Australian Accounting Standards have adopted International Financial Reporting Standards (IFRSs), including Interpretations, issued by the International Accounting Standards Board (IASB), it is expected that there is no material difference in the Hong Kong Accounting Standards and Australian Accounting Standards;

3. during the preparation of the consolidated financial statements of the Group for each of three financial years ended 30 June 2016, the management of the Group has already unified the accounting policies between the Group and its associates (including Metals X) so as to comply with the above accounting standard. Therefore, there is no material difference on the accounting policies between the Group and its associates (including Metals X) during the three financial years ended 30 June 2016; and

4. the extracted financial information of Metals X for each of the three years ended 30 June 2014, 30 June 2015 and 30 June 2016.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Future Disposal and the grant of the Disposal Mandate. The aforesaid approvals shall be obtained by way of a poll.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Future Disposal and the Disposal Mandate. Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

GENERAL

Shareholders and potential investors should note that (i) the grant of the Disposal Mandate is subject to Shareholders' approval at the SGM and therefore the Future Disposal may or may not proceed; and (ii) there is no assurance that the Company will proceed with the Future Disposal after obtaining the Disposal Mandate. The timing and whether the Company will proceed with the Future Disposal depends on a number of factors including, inter alia, the then prevailing market prices and market conditions. As such, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the Shares.

SGM

The Directors have resolved to convene the SGM to consider and, if thought fit, to approve the Future Disposal and the grant of the Disposal Mandate by the Shareholders.

The notice of SGM is set out on pages 73 to 75 of this circular. A proxy form for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors believe that the Future Disposal and the Disposal Mandate are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Future Disposal and the Disposal Mandate.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
APAC Resources Limited
Arthur George Dew
Chairman

FINANCIAL INFORMATION OF METALS X

The Group's shareholding interest in Metals X as at the Latest Practicable Date is 12.79%. The Group cannot ascertain financial information on Metals X for inclusion in this circular other than from publicly available information. The financial information of Metals X for each of the three years ended 30 June 2014, 30 June 2015 and 30 June 2016 are disclosed in the following documents which have been published on the website of the ASX (**http://www.asx.com.au/prices/company-information.htm**) and the website of Metals X (**https://www.metalsx.com.au**):

- annual report of Metals X for the year ended 30 June 2014 published on 24 October 2014 (page 44 to page 112);
- annual report of Metals X for the year ended 30 June 2015 published on 23 October 2015 (page 54 to page 115); and
- annual report of Metals X for the year ended 30 June 2016 published on 13 October 2016 (page 65 to page 122).

The financial information of Metals X appears for information purposes only. The Directors take no responsibility for the financial information of Metals X, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the financial information of Metals X contained in this appendix.

Set out below are consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and consolidated statement of cash flows of Metals X for each of the three financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 which are extracted from the 2014, 2015 and 2016 annual reports of Metals X.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June		
	2016	2015	2014
	AUD	*AUD*	*AUD*
Revenue	352,281,354	315,250,223	238,599,832
Cost of sales	(339,726,697)	(254,907,936)	(186,298,890)
Gross profit	12,554,657	60,342,287	52,300,942
Other income	3,441,525	2,248,740	4,885,754
Other expenses	(16,254,935)	(10,437,397)	(9,151,386)
Fair value change in financial assets	364,853	1,244,795	(70,073)
Impairment loss on receivables	—	(1,500,000)	—
Impairment loss on available-for-sale financial assets	(105,000)	—	(1,622,700)
Impairment loss on mine properties and development	—	(4,717,594)	—
Exploration and evaluation expenditure written off	(26,816,554)	(6,110,660)	(6,974,352)
(Loss)/profit before income tax and finance costs	(26,815,454)	41,070,171	39,368,185
Finance costs	(1,093,797)	(120,970)	(1,916,448)
(Loss)/profit before income tax	(27,909,251)	40,949,201	37,451,737
Income tax benefit	4,285,058	—	—
Net (loss)/profit after tax	(23,624,193)	40,949,201	37,451,737
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Net fair value changes in available-for-sale financial asset	9,745,369	3,223,335	—
Other comprehensive profit for the period, net of tax	9,745,369	3,223,335	—
Total comprehensive (loss)/profit for the period	(13,878,824)	44,172,536	37,451,737
Earnings per share for profit attributable to the ordinary equity holders of the company			
— basic (loss)/profit for the year (cents)	(5.21)	9.87	9.06
— diluted (loss)/profit for the year (cents)	(5.21)	9.87	9.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		
	2016	**2015**	**2014**
	AUD	*AUD*	*AUD*
CURRENT ASSETS			
Cash and cash equivalents	39,184,787	99,037,845	57,108,871
Trade and other receivables	15,799,458	16,107,764	19,297,623
Inventories	52,173,412	36,521,582	33,248,694
Prepayments	528,564	819,215	812,095
Other financial assets	5,802,625	5,600,977	6,481,192
Total current assets	113,488,846	158,087,383	116,948,475
NON-CURRENT ASSETS			
Available-for-sale financial assets	43,238,834	3,783,915	595,582
Property, plant and equipment	79,343,202	64,117,187	63,428,294
Mine properties and development costs	197,832,376	161,306,883	155,075,197
Exploration and evaluation expenditure	165,083,986	100,042,283	95,114,871
Total non-current assets	485,498,398	329,250,268	314,213,944
TOTAL ASSETS	598,987,244	487,337,651	431,162,419
CURRENT LIABILITIES			
Trade and other payables	68,289,529	36,911,968	33,064,474
Provisions	5,347,668	4,433,329	3,447,676
Interest bearing loans and borrowings	5,201,279	1,657,552	116,865
Unearned income	22,493,125	20,222,500	—
Total current liabilities	101,331,601	63,225,349	36,629,015
NON-CURRENT LIABILITIES			
Provisions	86,692,744	69,524,576	82,818,109
Interest bearing loans and borrowings	10,242,066	3,265,527	56,122
Unearned income	5,812,500	5,055,625	—
Total non-current liabilities	102,747,310	77,845,728	82,874,231
TOTAL LIABILITIES	204,078,911	141,071,077	119,503,246
NET ASSETS	394,908,333	346,266,574	311,659,173
EQUITY			
Issued capital	407,029,190	332,851,798	331,399,336
Accumulated losses	(45,666,070)	(9,769,564)	(39,479,827)
Share based payments reserve	20,576,509	19,961,005	19,739,664
Fair value reserve	12,968,704	3,223,335	—
TOTAL EQUITY	394,908,333	346,266,574	311,659,173

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 30 June				
	Issued capital	**Accumulated losses**	**Share based payments reserve**	**Fair value reserves**	**Total Equity**
	AUD	*AUD*	*AUD*	*AUD*	*AUD*
2014					
At 1 July 2013	330,962,263	(76,931,564)	19,739,664	—	273,770,363
Profit for the year	—	37,451,737	—	—	37,451,737
Other comprehensive income, net of tax	—	—	—	—	—
Total comprehensive (loss)/ profit for the year net of tax	—	37,451,737	—	—	37,451,737
Transactions with owners in their capacity as owners					
Issue of share capital	87,000	—	—	—	87,000
Exercise of options	357,500	—	—	—	357,500
Share issue costs	(7,427)	—	—	—	(7,427)
At 30 June 2014	331,399,336	(39,479,827)	19,739,664	—	311,659,173
2015					
At 1 July 2014	331,399,336	(39,479,827)	19,739,664	—	311,659,173
Profit for the year	—	40,949,201	—	—	40,949,201
Other comprehensive income, net of tax	—	—	—	3,223,335	3,223,335
Total comprehensive profit for the year net of tax	—	40,949,201	—	3,223,335	44,172,536
Transactions with owners in their capacity as owners					
Dividends paid	—	(11,238,938)	—	—	(11,238,938)
Share based payments	—	—	221,341	—	221,341
Exercise of options	88,000	—	—	—	88,000
Issue of share capital	1,371,865	—	—	—	1,371,865
Share issue costs	(7,403)	—	—	—	(7,403)
At 30 June 2015	332,851,798	(9,769,564)	19,961,005	3,223,335	346,266,574

	For the year ended 30 June				
	Issued capital	**Accumulated losses**	**Share based payments reserve**	**Fair value reserves**	**Total Equity**
	AUD	*AUD*	*AUD*	*AUD*	*AUD*
2016					
At 1 July 2015	332,851,798	(9,769,564)	19,961,005	3,223,335	346,266,574
Loss for the year	—	(23,624,193)	—	—	(23,624,193)
Other comprehensive income, net of tax	—	—	—	9,745,369	9,745,369
Total comprehensive (loss)/ profit for the year net of tax	—	(23,624,193)	—	9,745,369	(13,878,824)
Transactions with owners in their capacity as owners					
Dividends paid	—	(12,272,313)	—	—	(12,272,313)
Share based payments	—	—	615,504	—	615,504
Issue of share capital	74,294,360	—	—	—	74,294,360
Share issue costs	(116,968)	—	—	—	(116,968)
At 30 June 2016	407,029,190	(45,666,070)	20,576,509	12,968,704	394,908,333

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 30 June		
	2016	2015	2014
	AUD	*AUD*	*AUD*
OPERATING ACTIVITIES			
Receipts from customers	333,778,610	297,820,029	238,134,367
Interest received	1,368,321	2,822,419	2,498,811
Other income	1,918,640	1,803,200	668,871
Payments to suppliers and employees	(274,723,364)	(219,622,450)	(165,002,231)
Transaction cost relating to business combination	—	—	(2,884,145)
Interest paid	(302,045)	(10,032)	(19,191)
Net cash flows from operating activities	62,040,162	82,813,166	73,396,482
INVESTING ACTIVITIES			
Payments for property, plant and equipment	(15,688,911)	(8,005,660)	(12,195,847)
Payments for mine properties and development	(86,476,897)	(43,637,593)	(26,261,405)
Payments for exploration and evaluation	(26,405,423)	(22,044,782)	(10,274,690)
Proceeds from sale of property, plant and equipment	409,903	20,226	285,548
Payments for available-for-sale financial assets	(2,574,234)	—	—
Proceeds from sales of available-for-sale financial assets	299,400	157,591	—
Advances in relation to interest bearing receivables	(1,591,484)	(840,765)	—
Net cash outflow on acquisition of subsidiary	—	—	(29,529,600)
Net cash flows used in investing activities	(132,027,646)	(74,350,983)	(77,975,994)

	For the year ended 30 June		
	2016	**2015**	**2014**
	AUD	*AUD*	*AUD*
FINANCING ACTIVITIES			
Payment of finance lease liabilities	(2,890,872)	(738,404)	(519,503)
Payments for dividends	(10,057,734)	(9,546,275)	—
Proceeds from share issue	—	88,000	357,500
Payments for share issue costs	(116,968)	(7,403)	(7,427)
Proceeds from gold prepayment	23,250,000	40,445,000	—
Payments for performance bond facility	(50,000)	—	—
Proceeds from performance bond facility	—	3,225,873	404,693
Net cash flows from financing activities	10,134,426	33,466,791	235,263
Net (decrease)/increase in cash and cash equivalents	(59,853,058)	41,928,974	(4,344,249)
Cash and cash equivalents at the beginning of the financial period	99,037,845	57,108,871	61,453,120
Cash and cash equivalents at the end of the period	39,184,787	99,037,845	57,108,871

FINANCIAL INFORMATION OF WESTGOLD

The Group's shareholding interest in Westgold as at the Latest Practicable Date is 12.79%. The Group cannot ascertain financial information on Westgold for inclusion in this circular other than from publicly available information. The financial information of Westgold for each of the three years ended 30 June 2014, 30 June 2015 and 30 June 2016 are disclosed in the following documents which have been published on the website of Westgold (https://www.westgold.com.au):

— general purpose financial report of Westgold for the year ended 1 July 2013 to 30 June 2014 (page 8 to page 46);

— general purpose financial report of Westgold for the year ended 1 July 2014 to 30 June 2015 (page 10 to page 47); and

— general purpose financial report of Westgold for the year ended 1 July 2015 to 30 June 2016 (page 11 to page 47);

The financial information of Westgold appears for information purposes only. The Directors take no responsibility for the financial information of Westgold, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the financial information of Westgold contained in this appendix.

Set out below are consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and consolidated statement of cash flows of Westgold for each of the three financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 which are extracted from the 2014, 2015 and 2016 general purpose financial reports of Westgold.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June		
	2016	**2015**	**2014**
	AUD	*AUD*	*AUD*
Revenue	280,317,331	232,776,237	161,051,109
Cost of sales	(279,295,243)	(185,078,076)	(122,796,109)
Gross profit	1,022,088	47,698,161	38,255,000
Other income	3,314,900	2,188,475	3,891,829
Other expenses	(5,402,232)	(2,319,838)	(338,897)
Impairment loss on intercompany loan	—	(242,204)	—
Impairment loss on mine properties and development	—	(4,717,594)	—
Exploration and evaluation expenditure written off	(27,063,338)	(5,974,542)	(6,521,424)
(Loss)/profit before income tax and finance costs	(28,128,582)	36,632,458	35,286,508
Finance costs	(963,778)	(86,048)	(1,813,984)
(Loss)/profit before income tax	(29,092,360)	36,546,410	33,472,524
Income tax benefit/(expense)	8,522,713	(22,880,909)	(9,642,494)
Net (loss)/profit after tax	(20,569,647)	13,665,501	23,830,030
Other comprehensive income			
Other comprehensive profit for the period, net of tax	—	—	—
Total comprehensive (loss)/profit for the period	(20,569,647)	13,665,501	23,830,030
Earnings per share for profit attributable to the ordinary equity holders of the company			
— basic (loss)/profit for the year (cents)	(4.93)	3.28	5.71
— diluted (loss)/profit for the year (cents)	(4.93)	3.28	5.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		
	2016	**2015**	**2014**
	AUD	*AUD*	*AUD*
CURRENT ASSETS			
Cash and cash equivalents	478,316	5,851,150	745,689
Trade and other receivables	38,729,505	49,047,423	6,129,977
Inventories	35,881,733	21,206,601	16,092,302
Prepayments	309,810	250,549	351,365
Other financial assets	—	—	3,149,000
Total current assets	75,399,364	76,355,723	26,468,333
NON-CURRENT ASSETS			
Property, plant and equipment	59,494,356	54,172,787	53,842,450
Mine properties and development costs	87,891,162	52,622,589	50,892,563
Exploration and evaluation expenditure	164,583,990	97,854,736	93,171,427
Total non-current assets	311,969,508	204,650,112	197,906,440
TOTAL ASSETS	387,368,872	281,005,835	224,374,773
CURRENT LIABILITIES			
Trade and other payables	129,298,655	30,826,271	29,582,754
Provisions	3,021,268	2,343,014	2,069,886
Interest bearing loans and borrowings	3,130,282	1,603,643	38,142
Unearned income	22,493,125	20,222,500	—
Total current liabilities	157,943,330	54,995,428	31,690,782
NON-CURRENT LIABILITIES			
Provisions	83,147,893	66,496,164	79,501,166
Interest bearing loans and borrowings	4,205,433	3,258,005	—
Unearned income	5,812,500	5,055,625	—
Deferred tax liabilities	32,149,109	17,910,456	9,487,888
Total non-current liabilities	125,314,935	92,720,250	88,989,054
TOTAL LIABILITIES	283,258,265	147,715,678	120,679,836
NET ASSETS	104,110,607	133,290,157	103,694,937
EQUITY			
Issued capital	171,644,902	171,644,902	171,644,902
Accumulated losses	(80,518,514)	(59,948,867)	(73,614,368)
Share based payments reserve	5,664,403	5,664,403	5,664,403
Other reserve	7,319,816	15,929,719	—
TOTAL EQUITY	104,110,607	133,290,157	103,694,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 30 June				
			Share based		
		Accumulated	payments	Other	Total
	Issued capital	losses	reserve	reserves	Equity
	AUD	*AUD*	*AUD*	*AUD*	*AUD*
2014					
At 1 July 2013	171,644,902	(97,444,398)	5,664,403	—	79,864,907
Profit for the year	—	23,830,030	—	—	23,830,030
Other comprehensive income, net of tax	—	—	—	—	—
Total comprehensive (loss)/ profit for the year net of tax	—	23,830,030	—	—	23,830,030
Transactions with owners in their capacity as owners	—	—	—	—	—
At 30 June 2014	171,644,902	(73,614,368)	5,664,403	—	103,694,937
2015					
At 1 July 2014	171,644,902	(73,614,368)	5,664,403	—	103,694,937
Profit for the year	—	13,665,501	—	—	13,665,501
Other comprehensive income, net of tax	—	—	—	—	—
Total comprehensive profit for the year net of tax	—	13,665,501	—	—	13,665,501
Transactions with owners in their capacity as owners	—	—	—	15,929,719	15,929,719
At 30 June 2015	171,644,902	(59,948,867)	5,664,403	15,929,719	133,290,157

	For the year ended 30 June				
	Issued capital	Accumulated losses	Share based payments reserve	Other reserves	Total Equity
	AUD	*AUD*	*AUD*	*AUD*	*AUD*
2016					
At 1 July 2015	171,644,902	(59,948,867)	5,664,403	15,929,719	133,290,157
Loss for the year	—	(20,569,647)	—	—	(20,569,647)
Other comprehensive income, net of tax	—	—	—	—	—
Total comprehensive (loss)/ profit for the year net of tax	—	(20,569,647)	—	—	(20,569,647)
Transactions with owners in their capacity as owners	—	—	—	(8,609,903)	(8,609,903)
At 30 June 2016	171,644,902	(80,518,514)	5,664,403	7,319,816	104,110,607

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 30 June		
	2016	2015	2014
	AUD	*AUD*	*AUD*
OPERATING ACTIVITIES			
Receipts from customers	260,094,831	217,609,363	163,980,445
Interest received	1,238	92,297	224,606
Other income	1,784,248	1,855,750	609,255
Payments to suppliers and employees	(212,018,299)	(149,597,475)	(98,850,819)
Interest paid	(234,252)	(8,152)	(7,600)
Net cash flows from operating activities	49,627,766	69,951,783	65,955,887
INVESTING ACTIVITIES			
Payments for property, plant and equipment	(11,990,644)	(5,913,613)	(3,387,459)
Payments for mine properties and development	(79,100,887)	(33,734,212)	(12,811,381)
Payments for exploration and evaluation	(28,339,756)	(21,664,559)	(6,789,782)
Proceeds from sale of property, plant and equipment	374,308	12,691	70,456
Net cash outflow on acquisition of subsidiary	—	—	(38,929,601)
Net cash flows used in investing activities	(119,056,979)	(61,299,694)	(61,847,767)
FINANCING ACTIVITIES			
Payment of finance lease liabilities	(2,555,428)	(664,990)	(469,744)
Proceeds from/(payment of) intercompany loans	43,361,807	(46,475,638)	(3,273,911)
Proceeds from gold prepayment	23,250,000	40,445,000	—
Proceeds from performance bond facility	—	3,149,000	—
Net cash flows from financing activities	64,056,379	(3,546,627)	(3,743,655)
Net (decrease)/increase in cash and cash equivalents	(5,372,834)	5,105,461	364,465
Cash and cash equivalents at the beginning of the financial period	5,851,150	745,689	381,224
Cash and cash equivalents at the end of the period	478,316	5,851,150	745,689

(A) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

In connection with Future Disposal by the Group, the unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the Future Disposal on the Group's financial position as at 30 June 2016 and the Group's financial performance and cash flows for the year ended 30 June 2016 as if the Future Disposal had taken place at 30 June 2016 and 1 July 2015 respectively.

The unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of financial position of the Group as at 30 June 2016, audited consolidated statement of profit or loss and the consolidated statement of cash flows of the Group for the year ended 30 June 2016 as extracted from the annual report of the Company for the year ended 30 June 2016 issued on 22 September 2016.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate (a) the financial position of the Remaining Group as if the Future Disposal had taken place at 30 June 2016; and (b) the financial performance and cash flows of the Remaining Group as if the Future Disposal had taken place at 1 July 2015.

The unaudited pro forma financial information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Future Disposal that are (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Remaining Group may not purport to predict what the results and cash flows, or financial position of the Remaining Group would have been had the Future Disposal been completed on 1 July 2015, 30 June 2016 nor in any future periods or on any future dates.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix IV to this circular and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Group after Future Disposal

	The Group As at 30 June 2016	Pro forma adjustments				Remaining Group As at 30 June 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (i)	*Note (ii)*	*Note (iii)*	*Note (iv)*	*Note (v)*	
Non-current assets						
Property, plant and equipment	486					486
Interests in associates	1,145,649	(624,580)				521,069
Available-for-sale investments	49,492	173,376				222,868
Loan notes	31,161					31,161
	1,226,788					775,584
Current assets						
Inventories	24,823					24,823
Loan notes	314,304					314,304
Other receivables and deposits	15,078					15,078
Investments held for trading	286,881					286,881
Loans receivable	131,899					131,899
Pledged bank deposits	79,955					79,955
Bank balances and cash	149,251	628,247		(1,256)		776,242
	1,002,191					1,629,182
Total assets	2,228,979					2,404,766
Capital and reserves						
Share capital	919,165					919,165
Reserves	291,875				65,515	357,390
Accumulated profits	997,326	147,599	(14,668)	(1,256)	(65,515)	1,063,486
Total equity	2,208,366					2,340,041
Non-current liabilities						
Deferred tax liabilities	—		14,668			14,668
Current liabilities						
Trade and other payables	19,215					19,215
Tax payable	1,398	29,444				30,842
	20,613					50,057
Total liabilities	20,613					64,725
Total equity and liabilities	2,228,979					2,404,766
Net current assets	981,578					1,579,125
Total assets less current liabilities	2,208,366					2,354,709

Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Group after Future Disposal

	The Group For the year ended 30 June 2016			**Pro forma adjustments**			**Remaining Group For the year ended 30 June 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (i)	*Note (vi)*	*Note (vii)*	*Note (viii)*	*Note (ix)*	*Note (x)*	
Revenue from sales of goods	123,103						123,103
Cost of sales	(96,846)						(96,846)
	26,257						26,257
Other gains and losses	(181,981)		90,252				(91,729)
Other income	68,966					3,459	72,425
Administrative expenses	(36,122)						(36,122)
Finance costs	(135)						(135)
Share of results of associates	107,310	28,431					135,741
(Loss) profit before taxation	(15,705)						106,437
Income tax expense	(1,140)			(32,952)	(15,705)		(49,797)
(Loss) profit for the year	(16,845)						56,640

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group after Future Disposal

	The Group For the year ended 30 June 2016	**Pro forma adjustments**						**Remaining Group For the year ended 30 June 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (i)	*Note (vi)*	*Note (vii)*	*Note (viii)*	*Note (xi)*	*Note (x)*	*Note (xii)*	
(Loss) profit before taxation	(15,705)	28,431	90,252			3,459		106,437
Adjustments for:								
Depreciation of property, plant and equipment	421							421
Net gain on deemed disposal of partial interests in associates	(8,456)							(8,456)
Net gain on Future Disposal	—		(90,252)					(90,252)
Fair value change of investments held for trading	59,440							59,440
Fair value change in derivative financial instruments	(3,627)							(3,627)
Interest income	(56,418)							(56,418)
Interest expenses	135							135
Adjustment to carrying amount of loans receivable	119,583							119,583
Share of results of associates	(107,310)	(28,431)						(135,741)
Impairment losses on interests in associates	30,836							30,836
Exchange difference	(411)							(411)
Operating cash flows before movements in working capital	18,488							21,947
Increase in inventories	(24,823)							(24,823)
Increase in other receivables	(570)							(570)
Increase in trade and other payables	3,251							3,251
Increase in investments held for trading	(151,561)							(151,561)
Cash used in operations	(155,215)							(151,756)
Income tax paid	(1,788)							(1,788)
NET CASH USED IN OPERATING ACTIVITIES	(157,003)							(153,544)

	The Group For the year ended 30 June 2016	**Pro forma adjustments**						**Remaining Group For the year ended 30 June 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note (i)	*Note (vi)*	*Note (vii)*	*Note (viii)*	*Note (xi)*	*Note (x)*	*Note (xii)*	
INVESTING ACTIVITIES								
Investment in loan notes	(31,076)							(31,076)
Investment in an associate	(46,397)							(46,397)
Proceed from Future Disposal	—						640,774	640,774
Capital gain tax in relation to Future Disposal	—			(32,952)				(32,952)
Dividend received from associates	15,995				(15,995)			—
Dividend received from available-for-sale investments	—					3,459		3,459
Interest received	27,871							27,871
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(33,607)							561,679
FINANCING ACTIVITIES								
Proceeds from issue of shares	306,388							306,388
Transaction costs attributable to issue of new shares	(5,752)							(5,752)
Interest paid	(135)							(135)
New borrowings raised	165,657							165,657
Repayments of borrowings	(222,345)							(222,345)
NET CASH FROM FINANCING ACTIVITIES	243,813							243,813
NET INCREASE IN CASH AND CASH EQUIVALENTS	53,203							651,948
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	(5,260)							(5,260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	101,308							101,308
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	149,251							747,996

Notes:

(i) Figures are extracted from the audited consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of cash flows of the Group as set out in the annual report of the Company for the year ended 30 June 2016 issued on 22 September 2016.

(ii) The adjustment represents the exclusion of the interests in Metals X of approximately HK$624,580,000 as at 30 June 2016, extracted from the consolidated financial statements for the year ended 30 June 2016 issued on 22 September 2016, assuming the Future Disposal had been taken place on 30 June 2016. Future Disposal represents the possible disposal of Demerged Metals X shares and Westgold Shares by the Company under the Disposal Mandate from time to time. Westgold was a wholly owned subsidiary of Metals X and demerged from Metals X on 30 November 2016 as detailed in note (xv). Had the Future Disposal been completed on 30 June 2016 or 31 December 2015, for the purpose of unaudited pro forma financial information, Future Disposal would represent the disposal of Metals X shares only prior to Demerger. As set out in note (xiv), 21,500,000 shares out of 99,407,571 shares of Metals X were disposed of subsequent to 30 June 2016. Therefore, for illustrative purpose of this unaudited pro forma financial information, it is assumed that the Group should have disposed of 77,907,571 shares of Metals X as at 30 June 2016. Pro forma cash consideration of approximately HK$628,247,000 is based on disposal of 77,907,571 shares of Metals X and the closing market price of Metals X of A$1.40 per share of Metals X as at 30 June 2016. Upon the Future Disposal, the Group's interests in Metals X should have decreased from 20.72% to 4.69% and the Group should have been considered to cease significant influence over Metals X. The Group's remaining interests in Metals X of approximately HK$173,376,000, which are determined by the remaining 21,500,000 shares of Metals X and closing price of Metals X of A$1.40 per share of Metals X as at 30 June 2016, should have been recognised as available-for-sale investments. These available-for-sale investments were disposed of subsequent to 30 June 2016 and details are set out in note (xiv).

Based on the Australian tax rule, the gain from the sale of shares in an Australian company by a non-resident company may subject to the Australian capital gains tax of 30% if the gain is derived from the disposal of taxable Australian property ("TAP"). Shares in an Australian company will be TAP where more than 50% of the market value of that company is attributable to taxable Australian real property ("TARP"). Determination of the percentage of TARP is based on a number of facts and accounting information of that Australian company at the date of disposal of shares held by a non-resident company. For illustrative purpose of this unaudited pro forma financial information, it is assumed that the gain from disposal of shares in Metals X by the Group is subject to Australian capital gain tax.

The gain from the disposal is calculated by deducting the cost of shares, which is in the non-resident company's functional currency, from the sale proceeds, which is in Australian dollars and translated to the non-resident company's functional currency.

The number of shares held by the Group in Metals X as at 30 June 2016 was 99,407,571, of which 64,657,571 was held by APAC Resources Capital Limited ("APAC Resources Capital"), a wholly-owned subsidiary of the Company, with average historical cost of approximately HK$5.79 per share of Metals X and 34,750,000 was held by APAC Resources Strategic Holdings Limited ("APAC Resources Strategic"), a wholly-owned subsidiary of the Company, with average historical cost of approximately HK$8.09 per share of Metals X. Assuming the Future Disposal had been taken place on 30 June 2016, the disposal price was A$1.40 (equivalent to approximately HK$8.06) per share of Metals X and 77,907,571 shares would be disposed of. Subject to the Subsequent Disposal as stated in note (xiv), out of 77,907,571 shares, 43,157,571 and 34,750,000 shares of Metals X held by APAC Resources Capital and APAC Resources Strategic respectively would be disposed of. The Australian capital gain tax would have been charged to APAC Resources Capital was HK$29,444,000 given the capital gain is calculated in terms of HK$ which is the functional currency of this company. No Australian capital gain tax would have been charged to APAC Resources Strategic as the cost of investments was higher than the closing market price as at 30 June 2016 given the calculation is performed in terms of HK$ which is the functional currency of this company.

(iii) The adjustment represents recognition of deferred tax liabilities in relation to difference between fair value of 21,500,000 shares of Metals X of approximately HK$173,376,000 and its initial investment costs of approximately HK$124,482,000 due to revaluation upon reclassification of the Group's interests in Metals X as an associate of the Group, which represents 21,500,000 shares held by APAC Resources Capital, in Metals X as available-for-sale investment as stated in note (ii), assuming the Future Disposal had been taken place on 30 June 2016.

(iv) The adjustment represents payment for the transaction costs in relation to the Future Disposal, assuming it had been taken place on 30 June 2016. The transaction cost is based on 0.2%, which approximates the actual charges, on the pro forma cash consideration of approximately HK$628,247,000 as stated in note (ii).

(v) The adjustment represents recycling of the investment revaluation reserve of approximately HK$28,695,000 and exchange deficit of approximately HK$94,210,000, which are arisen from the share of other comprehensive income or expense of Metals X in previous years, to profit or loss, assuming the Future Disposal had been taken place on 30 June 2016.

(vi) The adjustment represents reversal of the Group's share of loss of Metals X as an associate of approximately HK$28,431,000 for the year ended 30 June 2016, assuming the Future Disposal had been taken place on 1 July 2015.

(vii) The adjustment represents the pro forma gain on the Future Disposal of approximately HK$90,252,000. The calculation of the gain on the Future Disposal are stated as follows:

	HK$'000
Calculation of pro forma gain on the Future Disposal:	
Carrying amount of the interests in Metals X as at 1 July 2015 *(note 1)*	652,131
Less: consideration received *(note 2)*	(640,774)
Less: remaining interests in Metals X recognised as available-for-sale investment *(note 3)*	(176,833)
Add: recycling of the investment revaluation reserve and exchange reserve *(note 4)*	73,942
Add: transaction costs *(note 5)*	1,282
Pro forma gain on the Future Disposal	(90,252)

Notes:

(1) The amount is extracted the consolidated financial statements of the Group for the year ended 30 June 2015 issued on 22 September 2015.

(2) The consideration is based on the market price of A$1.38 per share of Metals X and number of shares of 77,907,571 held by the Group in Metals X and would have been disposed of as at 1 July 2015.

(3) The remaining interests in Metals X is determined by the remaining 21,500,000 shares of Metals X and closing price of A$1.38 per share of Metals X as at 1 July 2015.

(4) The investment revaluation reserve of approximately HK$19,996,000 and exchange deficit of approximately HK$93,938,000, which are arisen from the share of other comprehensive income or expense of Metals X in previous years, are recycled to profit or loss, assuming the Future Disposal had been taken place on 1 July 2015.

(5) The transaction cost is based on 0.2%, which approximates the actual charges, on the pro forma cash consideration of approximately HK$640,774,000.

(viii) The adjustment represents the Australian capital gain tax as stated in note (ii).

The number of shares held by the Group in Metals X as at 1 July 2015 was 99,407,571, of which 64,657,571 was held by APAC Resources Capital with average historical cost of approximately HK$5.79 per share of Metals X and 34,750,000 was held by APAC Resources Strategic with average historical cost of approximately HK$8.09 per share of Metals X. Assuming the Future Disposal had been taken place on 1 July 2015, the disposal price was A$1.38 (equivalent to approximately HK$8.22) per share of Metals X and 77,907,571 shares would be disposed of. Subject to the Subsequent Disposal as stated in note (xiv), out of 77,907,571 shares, 43,157,571 and 34,750,000 shares of Metals X held by APAC Resources Capital and APAC Resources Strategic respectively would be disposed of. The

Australian capital gain tax would have been charged to APAC Resources Capital and APAC Resources Strategic were approximately HK$31,526,000 and HK$1,426,000 respectively given the capital gains are calculated in terms of HK$ which is the functional currency of these two companies.

(ix) The adjustment represents recognition of deferred tax liabilities in relation to difference between fair value of 21,500,000 shares of Metals X of approximately HK$176,833,000 and its initial investment costs of approximately HK$124,482,000 due to revaluation upon reclassification of the Group's interests in Metals X as an associate of the Group, which represents 21,500,000 shares held by APAC Resources Capital, in Metals X as available-for-sale investment as stated in note (vii)(3), assuming the Future Disposal had been taken place on 1 July 2015.

(x) The adjustment represents receipt of dividends from Metals X, as an available-for-sale investment of the Group, for the year ended 30 June 2016, which is determined by the remaining 21,500,000 shares of Metals X and dividend paid by Metals X per share of Metals X of A2.853 cents. Assuming the Future Disposal had been taken place on 1 July 2015, the Group's interests in Metals X will decrease from 23.89% to 5.20% and the Group is considered to have ceased significant influence over Metals X. The Group's remaining interests in Metals X are recognised as available-for-sale investments.

(xi) The adjustment represents reversal of the Group's receipt of dividends from Metals X, as an associate of the Group, for the year ended 30 June 2016, which is extracted from the consolidated financial statements of the Group for the year ended 30 June 2016 issued on 22 September 2016, had the Future Disposal been completed on 1 July 2015.

(xii) The adjustment represents the pro forma cash consideration of the Future Disposal as stated in note (vii)(2).

(xiii) For the purpose to prepare the unaudited pro forma financial information, the exchange rates and market prices of a share of Metals X adopted are as follows:

As at 1 July 2015	A$1 = HK$5.96
During year ended 30 June 2016	A$1 = HK$5.64
As at 30 June 2016	A$1 = HK$5.76
As at 1 July 2015	A$1.38 per share
As at 30 June 2016	A$1.40 per share

No representation is made that Australian dollars have been, could have been or could be converted to Hong Kong dollars, or vice versa, at those rates or at other rates or at all.

No representation is made that Metals X shares have been, could have been or could be sold at those prices or at all. The prices and gain of the Future Disposal and related Australian capital gain tax are subject to change based on the price and related tax rules on the date of actual completion.

(xiv) Subsequent to 30 June 2016 and disclosed in the Company's announcement on 15 July 2016, the Group disposed of 21,500,000 shares of Metals X held by APAC Resources Capital at A$1.48 (equivalent to approximately HK$8.77 based on the spot rate on the disposal date) per share of Metals X on 15 July 2016 and received an aggregate consideration of approximately A$31,820,000 (equivalent to approximately HK$188,569,000) (the "Subsequent Disposal"). The gain on disposal is subjected to Australian capital gain tax of approximately HK$19,226,000.

(xv) Subsequent to 30 June 2016 and disclosed in the letter from the Board of this Circular, Westgold Resources Limited ("Westgold"), a wholly-owned subsidiary of Metals X, demerged from Metals X on 30 November 2016 and the Group held 77,907,571 shares in Metals X after demerger and 38,953,786 shares in Westgold immediately afterwards. The impact of the Demerger is not included in the unaudited pro forma financial information.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this circular, in respect of the unaudited pro forma financial information of the Remaining Group.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of APAC Resources Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of APAC Resources Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 June 2016, the unaudited pro forma statement of profit or loss for the year ended 30 June 2016, the unaudited pro forma statement of cash flows for the year ended 30 June 2016 and related notes as set out on pages 31 to 38 of the circular issued by the Company dated 15 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 36 to 38 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the possible very substantial disposal of Metals X Shares (as defined in the Circular) on the Group's financial position as at 30 June 2016 and the Group's financial performance and cash flows for the year ended 30 June 2016 as if the transaction had taken place at 30 June 2016 and 1 July 2015 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 30 June 2016, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 and 1 July 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 December 2016

FINANCIAL INFORMATION

Financial information of the Group for the three years ended 30 June 2014, 30 June 2015 and 30 June 2016 are disclosed in the following documents and the quick links to which are set out below:

- annual report of the Company for the year ended 30 June 2014 published on 31 October 2014 (page 39 to page 112);

  http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1031/LTN20141031005.pdf

- annual report of the Company for the year ended 30 June 2015 published on 27 October 2015 (page 39 to page 104);

  http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1027/LTN20151027019.pdf

- annual report of the Company for the year ended 30 June 2016 published on 25 October 2016 (page 43 to page 107);

  http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1025/LTN20161025168.pdf

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION OF THE REMAINING GROUP

The management discussion and analysis of financial position of the Remaining Group is prepared based on the assumption that the Group had disposed its entire interest in Metals X in the three years under review.

For the Year Ended 30 June 2016

Financial Results

The Remaining Group reported a net profit attributable to shareholders of the Company of HK$3,130,000 for the year ended 30 June 2016 ("**FY 2016**"), compared with a net loss attributable to shareholders of the Company of HK$909,755,000 reported for the year ended 30 June 2015 ("**FY 2015**"). The loss was driven by an adjustment to carrying amount of loans receivable of HK$119,583,000, which is now in default. However we remain in regular dialogue with the borrower who is in the process of selling one of the underlying securities of the loan. The results also include the share of net profit of associates of HK$135,741,000 (FY 2015: Net loss of HK$1,553,328,000), which is partially offset by impairment loss of HK$30,836,000 (FY 2015: Reversal of impairment loss of HK$735,326,000) against the carrying value of a principal listed associate which was marked to its share price as of 30 June 2016.

Primary Strategic Investment

The Primary Strategic Investment of the Remaining Group is Mount Gibson Iron Limited ("**Mount Gibson**"), listed and operating in Australia. The net attributable profit from our Primary Strategic Investment for FY 2016 was HK$134,129,000 (FY 2015: Net loss of HK$1,553,463,000). Mount Gibson reported a modest underlying net profit which was boosted by gains from the insurance settlement relating to Koolan Island.

Mount Gibson

Mount Gibson is an Australian listed iron ore producer. Annual production capacity is around 3 million tonnes of Direct Shipping Ore (DSO) from its Extension Hill mine, which provides it with a substantial cost advantage over mines that require beneficiation prior to sale. Mount Gibson is in the process of obtaining permits for the development of the Iron Hill mine, which will replace the Extension Hill mine where mining is projected to end within 6 months.

Koolan Island is currently under care and maintenance, and management is evaluating the potential restart of the Koolan Island mine. Mount Gibson has been awarded A$86 million against the flooding of the Main Pit of Koolan Island mine for the property damage component of its insurance claim, however discussions about the business interruption claim is ongoing. Mount Gibson sales guidance for the financial year ending 30 June 2017 is 2.8 million tonnes to 3.1 million tonnes.

Mount Gibson reported a net profit after tax of A$86 million which includes a net impairment of A$15 million related to a non-cash write down driven by the weak iron ore price and A$86 million insurance settlement income. We expect there will only be minimal impairments going forward as Mount Gibson has already significantly reduced the carrying value of its iron ore assets.

Mount Gibson cut costs to counter the weak iron ore environment, and reduced all in cash cost from A$62 per tonne in FY 2015 to A$46 per tonne in FY 2016. Corporate costs also fell significantly, down 43% year-on-year ("**YoY**") in FY 2016. Importantly, Mount Gibson still boasts an impressive cash balance, ending FY 2016 with A$400 million or an equivalent of A$0.366 per share, which is still above its current share price, with A$34 million from remaining insurance proceeds received after year end.

The Iron Hill deposit at Extension Hill South remains a meaningful development opportunity for Mount Gibson. Iron Hill's mineral resource of 8.8 million tonnes at 58.3% Fe was released in August 2015, and the company is now working through the approvals process. Mount Gibson aims to commence mining at Iron Hill in 2017, when mining at Extension Hill ends, subject to iron ore prices and permitting.

The Platts IODEX 62% CFR China index has surprised most commentators with its strength in 2016, rallying off its lows of US$38/dry metric tonne ("**dmt**") and trading up to a high of US$70/dmt, before moderating and ending FY 2016 around US$55/dmt. The increase in iron ore prices in

2nd half of FY 2016 was driven by generally stronger steel demand, but we expect iron ore prices to remain capped in the short term given weak non-China steel demand and continuing supply growth in Brazil and Australia.

Resource Investment

The investments in this division comprise mostly minor holdings in various natural resource companies listed on major stock exchanges including Australia, Canada, Hong Kong, and the United Kingdom.

After the year end of FY 2016, we announced that APAC has created two new investment portfolios focusing on energy and mining respectively. The new portfolios will complement existing investments in the Resource Investment segment and adhere to strict investment criteria with a focus on companies that are in post-feasibility study stage or later, with parameters on market capitalization, liquidity and jurisdiction/country risk. The new investments portfolios will form a new platform for the Group's future investment in the Resource Investment segment.

Resource Investment posted a fair value loss of HK$44,726,000 in FY 2016 (FY 2015: Loss of HK$61,956,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment loss of HK$33,675,000 (FY 2015: Loss of HK$133,286,000).

The majority of metal and energy prices rebounded in the second half of FY 2016, leading to an overall improvement in sentiment. This was reflected in the performance of resources indices, including ASX Small Resources Index which was up 19% and the TSX Venture Composite Index up 9%. This is the first time since the financial year ended 30 June 2014 that these indices have posted a YoY improvement during the period. In a number of commodities, demand growth has now caught up with excess supply, alongside significant sector cost cutting, which is setting up the industry for a healthy rebound.

While a loss is always a disappointing result, all of the fair value loss came from one investment, ABM Resources NL, which accounted for HK$56,788,000 of the loss in Resource Investment, which would have been profitable otherwise.

Precious Metals

ABM Resources NL ("**ABM**") is an Australian listed gold company with assets located in the Northern Territory. It has a large acreage footprint in the Tanami-Arunta region, and is now focused on exploration as it has completed mining the Old Pirate project. The performance of the Old Pirate mine was disappointing and mined grades were well below the original resource. During the year, ABM proposed a rights issue which we viewed as unreasonable. As a significant shareholder in ABM, APAC took decisive action which included calling for an extraordinary general meeting, and the Takeovers Panel declared the rights issue to be unacceptable. ABM has now refreshed its board and management team, and avoided the capital raising which may have shifted control to the sub-underwriter. At the end of FY 2016, ABM had A$10 million available cash and no debt.

Carrying value of ABM was HK$19,042,000 as at 30 June 2016 (As at 30 June 2015: HK$75,830,000).

Excluding the fair value loss of ABM, the gold segment generated a net fair value gain of HK$18,052,000 in FY 2016 as the gold price was up 12% YoY and we were able to effectively leverage our fundamental analysis to focus on mispriced opportunities. As at 30 June 2016, the carrying value of the Precious Metals segment (excluding ABM) was HK$30,690,000 (As at 30 June 2015: HK$21,617,000). Aside from ABM our significant gold investments include Regis Resources (ASX: RRL) which generated a fair value gain of HK$19,274,000 in FY 2016 with carrying value as at 30 June 2016 of HK$Nil after we realized our gain by selling the investment (As at 30 June 2015: HK$Nil) and Independence Group (ASX: IGO) which generated a fair value gain of HK$1,067,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$12,466,000 (As at 30 June 2015: HK$Nil), both companies are listed in Australia.

Bulk

Bulk commodities (predominantly coal exposure) generated a fair value gain of HK$3,172,000 in FY 2016 while coking coal prices were largely flat during FY 2016. Within this segment, our significant investments include Shougang Fushan Resources Group Limited (Stock code: 639) listed in Hong Kong, which generated a fair value gain of HK$7,971,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$93,784,000 (As at 30 June 2015: HK$27,553,000) and China Shenhua Energy Company Limited (Stock Code: 1088) also listed in Hong Kong, which generated a fair value loss of HK$4,799,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$45,290,000 (As at 30 June 2015: HK$23,017,000).

Base Metal

Base Metals segment (a mix of copper, nickel and aluminium companies) delivered a fair value loss of HK$12,234,000 in FY 2016 as the copper, aluminium and nickel prices fell by roughly 16%, less than 1% and 19% respectively. The Base Metal segment includes our investment in China Hongqiao Group Limited (Stock code: 1378) listed in Hong Kong, which generated a fair value loss of HK$8,202,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$25,641,000 (As at 30 June 2015: HK$7,811,000).

Energy

The Energy segment (mainly oil exposure) had a fair value gain of HK$3,398,000 in FY 2016 despite an oil price drop of 18%. Our significant Energy investments are China Petroleum & Chemical Corporation (Stock code: 386) listed in Hong Kong, which generated a fair value loss of HK$1,591,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$25,088,000 (As at

30 June 2015: HK$2,007,000) and Santos (ASX: STO) listed in Australia, which generated a fair value gain of HK$4,237,000 in FY 2016 and had a carrying value as at 30 June 2016 of HK$32,063,000 (As at 30 June 2015: HK$Nil).

Others

We also have a minor fair value loss of HK$327,000 from our non-commodity related investments in FY 2016 and had a carrying value as at 30 June 2016 of HK$7,098,000 (As at 30 June 2015: HK$7,424,000). This segment includes our investment in Brainchip Holdings (ASX: BRN) listed in Australia, which generated a fair value gain of HK$9,000 and had a carrying value as at 30 June 2016 of HK$5,795,000 (As at 30 June 2015: HK$5,786,000).

Commodity Business

Our iron ore offtakes at Koolan Island and Tallering Peak have ceased to deliver shipments with both mines now closed, so we are now looking for new offtake opportunities across a range of commodities. For FY 2016, our Commodity Business generated a robust profit of HK$26,889,000 (FY 2015: Profit of HK$7,176,000), amid a volatile iron ore price and lower shipments as a result of the failure of the seawall of the Main Pit at the Koolan Island mine.

Loans Receivable

The loan receivable of HK$218,320,000 (the "**Loan**") granting to a borrower (the "**Borrower**"), a property developer in the People's Republic of China (the "**PRC**"), bears fixed-rate interests of 24% per annum and matured on 28 January 2016 pursuant to the second supplemental loan agreement dated 30 April 2015. The loan is guaranteed by the sole shareholder of the Borrower and is secured by a floating charge on the assets of the Borrower, mortgage of shares of the Borrower and one of the Borrower's subsidiaries incorporated in the PRC ("**PRC CoA**"), mortgage of a parcel of land and properties held by the PRC CoA, assignment of loan due by a company incorporated in the PRC ("**PRC CoB**"), in which the PRC CoA has a non-controlling interest in PRC CoB, to the PRC CoA and the pre-sale agreement in relation to certain properties signed between the Group and the PRC CoB which will be cancelled upon repayment of the loan and which was entered into at the time of granting of the loan as part of the overall arrangements for securing the loan repayment.

The interest receivable from 28 May 2015 to 28 January 2016 amounting to HK$33,162,000 has been overdue (the interest receivable together with the Loan are referred to as the "**Outstanding Loan Amount**"). The Borrower did not settle the Outstanding Loan Amount on 28 January 2016 and notified the Group that the Outstanding Loan Amount would be repaid on or before 28 April 2016 (the "**Proposed Settlement Date**"). However the Borrower did not settle the Outstanding Loan Amount or to pay outstanding interest by the Proposed Settlement Date and notified the Group that the Outstanding Loan Amount would be settled on or before 28 November 2016.

Management of the Group noted that the oversupply of commercial properties and the difficulties of property developers in obtaining bank financing in the PRC experienced in 2015 in general have continued to affect 2016, which caused PRC CoB to suspend the development works and the pre-sale activities of one of the major underlying charged assets against the Loan. In view of this, Management revised the estimated future settlement date of the Loan. As a result, for the year ended 30 June 2016, there is an adjustment of HK$119,583,000 to reduce the Outstanding Loan Amount to its estimate recoverable amount. This amount represents the difference between the outstanding balance of the Loan and the present value of the estimated future cash flow at an original effective interest rate of 24% per annum after the Group revises the estimate of the time for the Loan to be repaid.

The Group has been in discussions with the Borrower on the settlement of the Outstanding Loan Amount. The Borrower has represented that it is in the process of executing certain plans for asset realisation and loan recovery (the "**Settlement Plans**") to repay the Outstanding Loan Amount. The Group remains hopeful that the Borrower can repay the Outstanding Loan Amount in part or in full if the Settlement Plan(s) can be successfully implemented.

In the meantime, the Group will continue to maintain a regular dialogue with the Borrower and will consider taking further actions which may include, but not limited to, the demand for additional security(ies), the periodical re-assessment of the value of the securities, monitoring of the process of the Settlement Plans on a regular basis or alternatively recovery proceedings, inter-alia, legal actions against the Borrower and the guarantor of the Loan.

Money Lending

We have not engaged in any money lending activities since our money lenders license was granted under the Money Lenders Ordinance of Hong Kong in August 2015.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2016, non-current assets of the Remaining Group amounted to HK$602,208,000 (2015: HK$741,531,000) and net current assets amounted to HK$981,578,000 (2015: 534,051,000) with a current ratio of 48.6 times (2015: 7.8 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan notes of HK$345,465,000 (2015: HK$313,976,000) and loans receivable of HK$131,899,000 (2015: HK$223,062,000) respectively which form part of the on-going treasury management arrangements of the Group.

As at 30 June 2016, we had borrowings of HK$Nil (2015: HK$56,688,000) and had undrawn banking facilities amounting to HK$149,332,000 secured against certain term deposits and corporate guarantee of the Company. As at 30 June 2016, we had a gearing ratio of Nil (2015: 0.04), calculated on the basis of total borrowings over equity attributable to owners of the Company.

Foreign Exchange Exposure

For the year under review, the Remaining Group's assets were mainly denominated in Australian Dollars while the liabilities were mainly denominated in Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Remaining Group from adverse movements in foreign exchange. In light of this, the Remaining Group did not actively hedge for the risk arising from the Australian Dollars denominated assets.

Pledge of Assets

As at 30 June 2016, the Remaining Group's bank deposits of HK$79,955,000 (2015: HK$79,659,000) were pledged to a bank to secure various trade and banking facilities granted to the Remaining Group.

Employees and Remuneration Policy

The Remaining Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis. All employees are entitled to participate in the Company's benefit plans including medical insurance and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the PRC for its employees in the PRC).

As at 30 June 2016, the Remaining Group, including its subsidiaries but excluding associates, had 19 (2015: 19) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2016 amounted to HK$10,822,000 (2015: HK$10,496,000).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save as disclosed in the annual report of the Company for the year ended 30 June 2016, during the year ended 30 June 2016, the Remaining Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies. Save as disclosed in the annual report of the Company for the year ended 30 June 2016, as at 30 June 2016, the Remaining Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2016 and 30 June 2015, the Remaining Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at 30 June 2016, the Board is not aware of any material contingent liabilities.

Company Strategy

APAC leverages its in-house natural resources expertise to identify and manage the Primary Strategic Investment and Resource Investments which drives growth in the business. We aim to focus on high quality companies with strong free cash flow yield, high quality growth and yield companies and see good risk-reward in companies trading at a discount to cash. Value and cash flow can be generated through capital appreciation, dividends, direct project ownership and securing offtake agreements.

Subsequent Event

On 15 July 2016, the Group disposed of in aggregate 21,500,000 shares in Metals X for a consideration of A$31,820,000 (approximately HK$188,569,000), details of which are set out in the announcement of the Company dated 15 July 2016.

On 5 September 2016, the Group subscribed for US$20,000,000 6% 3 year loan notes as part of its treasury management arrangements, details of which are set out in the announcement of the Company dated 6 September 2016.

Forward Looking Observations

The markets remain focused on short term economic data and policy decisions from major central banks. The US Federal Reserve has not raised rates since December 2015, however at the time of writing, the market is once again speculating about the potential for a second rate rise as inflation and employment numbers have generally improved. While this should indicate a stronger US economy, a rate rise is likely to depress sentiment.

Outside of the US, major economies are looking at an ongoing easing bias. The market expects the Bank of Japan to deepen negative interest rates and it is difficult to see how the ECB can stop quantitative easing. China has maintained its fiscal easing, with fiscal expenditure up 10% YoY in August. This is positive for commodities in the short term, however we are not convinced that similar stimulus packages will help solve the underlying concerns around the Chinese economy.

Mount Gibson still boasts an impressive cash balance, ending FY 2016 with A$400 million or A$0.366 per share in cash, with a further A$34 million received after the end of FY 2016. We announced our plan to put our investment in Metals X under strategic review, and intend to seek shareholder approval for the possible disposal. Our new investment portfolios will be used as the platform for future mining and energy investments. We remain defensive and selective with our investments in the near term, and continue to look for high quality opportunities which will generate attractive returns over the long run.

For the Year Ended 30 June 2015

Financial Results

Against a challenging economic environment, for the year ended 30 June 2015 ("**FY 2015**"), the Remaining Group reported a net loss attributable to owners of HK$909,755,000 for FY 2015 compared with a net profit of HK$457,538,000 reported for the year ended 30 June 2014 ("**FY2014**"). The loss includes principally the share of net loss of associates of HK$1,553,328,000 (FY 2014: Profit of HK$180,747,000), which is partially offset by the reversal of impairment loss of HK$735,326,000 (FY 2014: HK$287,495,000) against the carrying value of the Remaining Group's principal listed associate which is marked to its share price as of 30 June 2015.

FY 2015 VS FY 2014

Primary Strategic Investment

The Primary Strategic Investment of the Remaining Group is Mount Gibson, located in Australia. The net attributable loss from our Primary Strategic Investment for the FY 2015 was HK$1,553,463,000 (FY 2014: Net profit of HK$181,214,000).

Mount Gibson

Mount Gibson is an Australian listed iron ore producer. Annual production capacity is 3.5 million tonnes to 4.0 million tonnes of Direct Shipping Ore (DSO) from its Extension Hill mine, which provides it with a substantial cost advantage over mines that require beneficiation prior to sale. Mount Gibson has undergone significant changes in the last six months following the unfortunate incident at the Koolan Island mine.

In November 2014, the Main Pit at Koolan Island was flooded after a failure of the seawall. As a result, all mining operations have been suspended at the Main Pit, while Mount Gibson completes a detailed evaluation of restart options. As part of the evaluation, Mount Gibson is in discussions with its insurers about its existing property damage and business interruption policies. After adjusting guidance to account for the Koolan Island pit wall failure, Mount Gibson delivered total ore sales of 5.8 million tonnes in FY 2015, comfortably exceeding company guidance of between 4.8 million tonnes and 5.2 million tonnes.

Mount Gibson sales guidance for the year ending 30 June 2016 ("**FY 2016**") is 4.0 million tonnes to 4.5 million tonnes, at an average all-in cash cost of A$50 to A$54/wet metric tonne ("**wmt**") Free On Board ("**FOB**").

The iron ore price remains under pressure, and has trended downward over the last 12 months. At time of writing, the Platts 62% Fe price is trading around US$58/dry metric tonne ("**dmt**") Cost and Freight ("**CFR**") and has recently reached lows of US$45/dmt CFR. The low price has been driven by ongoing supply growth and a weaker outlook for steel demand in China. We remain cautious on the outlook for iron ore in FY 2016.

Mount Gibson continues to focus on cost reduction both at the operating and head office level. Corporate costs fell by more than 50% in FY 2015 and further cost savings are expected in FY2016. The company's average cash operating expenditure fell from A$68/wmt FOB in FY 2014 to A$62/wmt FOB in FY 2015.

Mount Gibson delivered a FY 2015 net loss after tax of A$911 million which includes a pre-tax impairment of A$916 million related to the Koolan Island seawall failure and the fall in the iron ore price. The impairment is a non-cash item and Mount Gibson retains a strong cash balance of A$334 million or A$0.306 per share at the end of FY 2015, compared to its share price at the date of the 2015 annual report of the Company of A$0.175 per share.

Mount Gibson is working to secure the necessary regulatory government approvals for the Extension Hill South project, which the company aims to bring online at the end of calendar year 2016 to extend the Extension Hill mine life.

Resource Investment

The investments in this division comprise mostly minor holdings in various natural resource companies listed on major stock exchanges including Australia, Canada, Hong Kong, and the United Kingdom. A portion of our positions are exploration or development stage companies and this section of the market is particularly sensitive to risk aversion, lower commodity prices, and the difficult financing markets.

Commodity prices remained weak throughout FY 2015 with the ASX Small Resources Index down 26%; the FTSE AIM Basic Resources Index dropping 18%, and the TSX Venture Composite Index falling 35%.

Resource Investment posted a loss of HK$133,286,000 in FY 2015 (FY 2014: Loss of HK$7,596,000). While a loss is always a disappointing result, we feel that our defensive strategy with a focus on producing companies with strong balance sheets and cash flows, and generally avoiding earlier stage explorers has minimised the quantum of the loss in an otherwise difficult market. We remain confident that our high quality core positions, many of which are well capitalised, will weather the challenging market conditions and deliver superior returns in the long run.

ABM

ABM Resources NL ("**ABM**") is an Australian listed gold company with assets located in the Northern Territory. It has a large acreage footprint in the Tanami-Arunta region, and is currently focused on the Old Pirate project. Old Pirate is Australia's highest grade open-pittable mine development, with a resource of 640,000 ounces of gold at 11.7g/t.

ABM has commenced ore mining at the Old Pirate Gold Mine after upgrading infrastructure, recommissioning the Coyote Plant, and processing 10,000 tonnes of commissioning ore. The company has started to access high grade gold in three of its four pits and expects the fourth to be ready to be mined during the September quarter of 2015.

In July 2014, Pacific Road Capital Management Pty Limited became a strategic investor after subscribing to A$20 million of new equity. ABM launched a rights issue and share placement to raise a total of A$15 million in February 2015. The proceeds will be used to cover working capital requirements until the mine reaches steady state. At the end of 30 June 2015, ABM had A$14 million cash and no debt.

Commodity Business

The Commodity Business mainly comprises two off take agreements with Mount Gibson, and the shipments are sold on the spot market to steel mills and traders in China. We continue to look for new offtake opportunities across a range of commodities. For FY 2015, Commodity Business generated a modest profit of HK$7,176,000 (FY 2014: HK$51,353,000), amid a steadily declining iron ore price and lower shipments as a result of the failure of the seawall at the Koolan Island mine.

Money Lending

As part of our on-going treasury management arrangements, we have recently subscribed to loan notes and engaged in the provision of loans. This has provided us with a substantial interest income, and the Group has now developed this into a new business segment of financial services — money lending. This business segment alongside our existing businesses will provide good opportunities for us to diversify and enhance our existing revenue stream. In August 2015, we have been granted a money lenders license issued under the Money Lenders Ordinance of Hong Kong.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2015, non-current assets of the Remaining Group amounted to HK$741,531,000 (2014: HK$1,789,657,000) and net current assets amounted to HK$534,051,000 (2014: HK$598,178,000) with a current ratio of 7.8 times (2014: 3.9 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan notes of HK$313,976,000 (2014: HK$235,934,000) and loans receivable of HK$223,062,000 (2014: HK$218,320,000) respectively which form part of the on-going treasury management arrangements of the Group.

As at 30 June 2015, the Remaining Group had borrowings of HK$56,688,000 (2014: HK$126,217,000) and had undrawn banking and loan facilities amounting to HK$306,714,000 secured against certain of our interests in a listed associate and term deposits and corporate guarantee of the Company. As at 30 June 2015, the Remaining Group had a gearing ratio of 0.04 (2014: 0.05), calculated on the basis of total borrowings over equity attributable to owners of the Company.

Through the successful completion of the open offer to issue not more than 3,063,883,995 shares of the Company to existing shareholders of the Company on the basis of one (1) offer share for every two (2) shares of the Company held, the issued share capital of the Company increased from 6,127,767,990 shares to 9,191,651,985 shares on 13 July 2015. Further details of the open offer are set out in the section headed "Subsequent Event" below.

Foreign Exchange Exposure

For the year under review, the Remaining Group's assets were mainly denominated in Australian Dollars while the liabilities were mainly denominated in Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Remaining Group from adverse movements in foreign exchange. In light of this, the Remaining Group did not actively hedge for the risk arising from the Australian Dollars denominated assets.

Pledge of Assets

As at 30 June 2015, certain of the Remaining Group's interests in a listed associate of HK$182,761,000 (2014: HK$772,335,000) comprised the Remaining Group's interests in a listed associate were pledged to a stock-broking firm to secure against securities margin loan facilities made available to the Remaining Group. The Remaining Group's bank deposits of HK$79,659,000 (2014: HK$80,010,000) were pledged to a bank to secure various trade and banking facilities granted to the Remaining Group.

Employees and Remuneration Policy

The Remaining Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis. All employees are entitled to participate in the Company's benefit plans including medical insurance and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the People's Republic of China (the "**PRC**") for its employees in the PRC). As at 30

June 2015, the Remaining Group, including its subsidiaries but excluding associates, had 19 (2014: 18) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2015 amounted to HK$10,496,000 (2014: HK$17,100,000).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save as disclosed in the annual report of the Company for the year ended 30 June 2015, during the year ended 30 June 2015, the Remaining Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies. As at 30 June 2015, the Remaining Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2015, the Remaining Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at 30 June 2015, the Board is not aware of any material contingent liabilities.

Company Strategy

APAC leverages its in-house natural resources expertise to identify and manage both Primary Strategic Investments and Resource Investments which drives growth in the business. We aim to profit from the value curve of resources projects from exploration to production, though currently see good risk-reward in select mid-tier producers. Value and cash flow can be generated through capital appreciation, direct project ownership and securing offtake agreements.

Subsequent Event

At its meeting held on 15 May 2015, the Board approved an open offer (the "**Open Offer**") to raise approximately HK$306.4 million (before expenses) through the issuance of not more than 3,063,883,995 shares of the Company (the "**Offer Shares**") to existing shareholders of the Company on the basis of one (1) Offer Share for every two (2) shares of the Company held at a subscription price of HK$0.10 per Offer Share. The Open Offer, which was over-subscribed by 65,837,695,192 Offer Shares, representing approximately 21.49 times of the total number of Offer Shares on offer, became unconditional on 6 July 2015. Trading of the Offer Shares commenced on 14 July 2015. The Open Offer allowed the Remaining Group to raise net cash proceeds of approximately HK$300 million. Such proceeds are intended to be applied as to HK$270 million for the Group's investment business with a focus on the natural resources sector to be invested as and when such investing opportunities arise, with the remaining balance of HK$30 million as working capital of the Remaining Group. Details of the Open Offer are principally set out in the Company's announcements dated 27 May 2015 and 10 July 2015 and prospectus dated 18 June 2015.

Forward Looking Observations

Concerns over the Chinese economy have come to the forefront in recent months. Economic data such as slower fixed asset investment, factory output, and housing starts suggests that Chinese GDP growth will be relatively weak this year. Further, China's share market fell sharply from June 2015 which impacted consumer confidence and is likely to result in lower consumption. China's share market remains volatile despite Beijing's attempt to prop up the market and the People's Bank of China recently devalued the Chinese Yuan by 2% which has been interpreted as an attempt to bolster exports. Europe is not out of the woods, even if a deal with Greece has allayed fears of a Greek exit. Growth slowed in June quarter 2015 and Eurozone unemployment remains high at 11%. US economic data is the rare bright spot in the global economy which underpins market expectations that there will be an interest rate rise later in 2015.

The commodity complex continues to be weak, partly because of the increase in the US dollar, and more recently, over concerns that a lower Chinese Yuan and weak Chinese economy would result in lower demand for commodities. We still see an opportunity for margin expansion for select companies given lower commodity currencies, a halving in oil prices and general industry cost deflation. Our Primary Strategic Investments remain focused on sensible low risk acquisitions and cost cutting, leaving them well positioned for strong margin expansion when prices turn. Mount Gibson is focused on reducing costs, extending Extension Hill beyond the current mine life, and putting its A$334 million cash balance to good use via careful acquisition. Metals X is currently investing in gold mine near-term restarts at South Kalgoorlie and the Central Murchison Gold projects, while ABM is progressing to a full production scenario at Old Pirate and will start mining ore during the September quarter of 2015.

As usual, our investments and commodity trading operation are subject to risk and uncertainty in regards to commodity price volatility, particularly in gold and iron ore. However, we remain defensive and selective with our investments in the near term, and continue to look for deep value opportunities which will generate attractive returns over the long run.

For the Year Ended 30 June 2014

Financial Results

For the year ended 30 June 2014 ("**FY 2014**"), against a challenging economic environment, the Remaining Group reported a net profit attributable to owners of HK$457,538,000 for FY 2014 compared with a net loss of HK$1,790,677,000 reported for the year ended 30 June 2013 ("**FY 2013**"). The significant profit has been driven by a reversal of impairment provision of HK$287,495,000 against the carrying value of the Remaining Group's principal listed associate. Before taking into account the reversal of impairment provision, the Group had generated an operating profit of HK$170,043,000, a significant improvement in profitability when compared with the profit before impairment provision of HK$7,833,000 for FY 2013.

FY 2014 VS FY 2013

Primary Strategic Investment

The Primary Strategic Investment of the Remaining Group is Mount Gibson, located in Australia. The net attributable profit from our Primary Strategic Investment for the FY 2014 was HK$181,214,000 (FY 2013: HK$327,866,000).

Mount Gibson

Mount Gibson is an Australian listed iron ore producer. Mount Gibson's annual production capacity is now 7 million tonnes from its Koolan Island and Extension Hill mines. The projects are located in Western Australia and are Direct Shipping Ore ("**DSO**") operations, which have a substantial cost advantage over mines that require beneficiation prior to sale.

For FY 2014, Mount Gibson increased total ore sales by 11% to a record 9.7 million tonnes, above its full year sales guidance of 9.0 million tonnes to 9.5 million tonnes. The record performance was predominantly from the Mid West region as rail bottlenecks eased, plus taking advantage of market conditions to sell higher quantities of low grade ore. Operations at Tallering Peak have now concluded, and Mount Gibson is guiding to sales of 6.6 million tonnes to 7.0 million tonnes for the year ending 30 June 2015 ("**FY 2015**").

Mount Gibson continues to focus on cost reduction, and has reduced Koolan Island unit cash mining costs guidance from A$8–A$10 per tonne in FY 2014 to A$7–A$9 per tonne for FY 2015. The company delivered a strong operational performance, however, FY 2014 net profit after tax decreased from A$157 million to A$96 million as a result of a weaker average realised iron ore price of US$95/dry metric tonne ("**dmt**") in FY 2014, down from US$105/dmt in FY 2013, and a non-cash Mineral Resources Rent Tax (MRRT) expense of A$21 million against a A$64 million benefit in FY 2013. That being said, Mount Gibson was still able to build its cash position by A$144 million in FY 2014 and ended the FY 2014 year with a A$520 million cash balance and minimal debt.

Iron ore prices fell precipitously in the second half of FY 2014 as significant new mine supply came to market at a time of slowing Chinese demand. New supply is weighted towards lower grade ores, resulting in larger discounts for iron ore with less than 58% Fe content, however, Mount Gibson will produce an average blended ore grade of 61% in FY 2015, which should act as a buffer.

Mount Gibson is reviewing its development for the Shine DSO project after recently completing its drilling program and in light of the weak iron ore price, and a second round of exploration drilling at Extension Hill South is planned for the September quarter of 2014, and remains a high priority for near-mine exploration.

Resource Investment

The investments in this division comprise mostly minor holdings in various natural resource companies listed on major stock exchanges including Australia, Canada, Hong Kong, and the United Kingdom. Some of our positions are exploration or development stage companies and this section of the market is particularly sensitive to risk aversion, lower commodity prices, and the difficult financing markets.

Commodity prices and the resource sector as a whole has started to show signs of recovery, reflected in the mixed performances of benchmarks such as the ASX Small Resources Index up 11%, the FTSE AIM Basic Resources Index down 14%, and the TSX Venture Composite Index increasing 16%. US economic data is improving, and while the outlook for China and Europe is still subject to uncertainty, we think that governments in both regions have sufficient policy levers to support growth should the outlook deteriorate.

Resource Investment posted a loss of HK$7,596,000 in FY 2014 (FY 2013: loss of HK$268,911,000). While a loss is always a disappointing result, we feel that our defensive strategy with focus on producing companies with strong balance sheets and cash flows, and generally avoiding earlier stage explorers has minimised the quantum of the loss in an otherwise difficult market. We remain confident that our high quality core positions, many of which are well capitalised, will weather the challenging market conditions and deliver superior returns in the long run.

ABM

ABM is an Australian listed gold company with assets located in the Northern Territory. It has a large acreage footprint in the Tanami-Arunta region, and is currently focused on the Old Pirate and Buccaneer projects, both of which sit inside the Twin Bonanza Gold Camp. Old Pirate is one of Australia's highest grade open-pittable projects, with a resource of 611,000 ounces of gold at 10.1g/t.

ABM was extremely active in FY 2014. The company completed a successful trial mine, producing 3,454 ounces of gold from 8,100 tonnes processed for 86% recoveries from a 15.4gpt head grade. The company also signed an agreement with Tanami Exploration in July 2014 to lease and potentially purchase the Coyote Gold Processing Plant to treat Old Pirate ore. This agreement reduces ABM's capital expenditure requirements and also allows for higher recoveries and staged development.

ABM has secured the Mineral Lease, and the Environmental Impact Statement has been approved. During FY 2014, the company also completed more than 10,000 metres of infill drilling to enable final pit design. ABM enhanced its balance sheet by bringing on Pacific Road Capital as a strategic investor, raising A$19.6 million of equity in July 2014. The forward plan is to commission the plant, and production is expected to start in coming months.

The gold price has remained largely range bound, trading between US$1,200 per ounce and US$1,400 per ounce during FY 2014. We expect the fluctuations will continue to be driven by two factors, firstly, expectations of US interest rates and the US dollar and, secondly, its appeal as a safe haven asset if there is further geopolitical uncertainty, particularly Ukraine and the Middle East.

ABM should be well insulated against a fall in the gold price given the high grade nature of the project which is expected to generate robust margins even in a lower gold price environment.

Commodity Business

The Commodity Business mainly comprises two offtake agreements with Mount Gibson and the shipments are sold on the spot market to steel mills and traders in China.

For FY 2014, the Commodity Business generated a profit of HK$51,353,000 (FY 2013: HK$16,556,000), a pleasing result given the ongoing uncertainty in the iron ore market. The Platts IODEX 62% CFR China index started FY 2014 at US$115 per tonne, and traded in a range of US$135 to US$140 per tonne for most of the first half of FY 2014 before falling in the second half of FY 2014. Since the end of FY 2014, iron ore price has drifted lower and is now below US$80 per tonne. The recent weakness in the iron ore price is driven by weak steel demand in China and an influx of supply from significant mine expansions. Given ongoing low cost supply additions, we remain cautious on the outlook for iron ore going into FY 2015.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2014, non-current assets of the Remaining Group amounted to HK$1,789,657,000 (2013: HK$1,151,509,000) and net current assets amounted to HK$598,178,000 (2013: HK$829,878,000) with a current ratio of 3.9 times (2013: 4.1 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan notes of HK$235,934,000 (2013: HK$ Nil) and loans receivable of HK$218,320,000 (2013: HK$ Nil) respectively which form part of the on-going treasury management arrangements of the Group.

As at 30 June 2014, we had borrowings of HK$126,217,000 (2013: HK$242,500,000) and had undrawn banking and loan facilities amounting to HK$323,447,000 secured against certain of our interests in a listed associate and term deposits; and corporate guarantee of the Company. As at 30 June 2014, the Remaining Group had a gearing ratio of 0.05 (2013: 0.12), calculated on the basis of total borrowings over equity attributable to owners of the Company.

During the year ended 30 June 2014, through a conditional cash offer, the Company repurchased a total of 680,000,000 shares of the Company at HK$0.18 per share for an aggregate consideration of HK$122,400,000 in April 2014. Following the share repurchase and cancellation of the repurchased shares, shares of the Company in issue reduced from 6,811,927,990 to 6,131,927,990.

Foreign Exchange Exposure

For the year under review, the Remaining Group's assets were mainly denominated in Australian Dollars while the liabilities were mainly denominated in Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Remaining Group from adverse movements in foreign exchange. In light of this, the Remaining Group did not actively hedge for the risk arising from the Australian Dollars denominated assets.

Pledge of Assets

As at 30 June 2014, certain of the Remaining Group's interests in a listed associate of HK$772,335,000 (2013: HK$682,297,000 comprised the Group's interests in a listed associate and available-for-sale investments) were pledged to a stock-broking firm to secure against securities margin loan facilities made available to the Remaining Group. The Remaining Group's bank deposit of HK$80,010,000 (2013: HK$345,502,000) were pledged to a bank to secure various trade and banking facilities granted to the Group.

Employees and Remuneration Policy

The Remaining Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis. All employees are entitled to participate in the Company's benefit plans including medical insurance, share option scheme and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the PRC for its employees in the PRC).

As at 30 June 2014, the Remaining Group, including its subsidiaries but excluding associates, had 18 (2013: 25) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2014 amounted to HK$17,100,000 (2013: HK$15,073,000).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save as disclosed in the annual report of the Company for the year ended 30 June 2014, during the year ended 30 June 2014, the Remaining Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies. As at 30 June 2014, the Remaining Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2014, the Remaining Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at 30 June 2014, the Board is not aware of any material contingent liabilities.

Company Strategy

APAC leverages its in-house natural resources expertise to identify and manage both Primary Strategic Investments and Resource Investments which drives growth in the business. We aim to profit from the value curve of resources projects from exploration to production, though currently see good risk-reward in select mid-tier producers. Value and cash flow can be generated through capital appreciation, direct project ownership and securing offtake agreements.

Forward Looking Observations

Recent economic data seems to confirm an uptick in US economic activity, setting the Federal Reserve on a path to rate normalisation around mid-2015. While the US improves, the outlook for China and Europe remains uncertain. Earlier optimism that Europe would grow GDP by 1% in FY 2014 has faded and recent European inflation forecasts have fallen to 2009 lows, sparking concerns that they Europe will face deflation. Markets were initially hopeful that China's Purchasing Managers' Index (PMI) data showing a recovery from January 2014 to June 2014 meant that the government's "mini stimulus" measures were successful. However, this view remains less than certain as a set of weaker data released in the recent weeks has lowered market optimism.

The commodity complex has been mixed in FY 2014 which is an improvement on the downward trend of the last few years. As a result, we have seen an improvement in the sentiment towards resource equities, particularly as valuations remain cheap. Although the outlook for China is mixed, we do not expect to see further synchronised falls in the commodity complex as many prices are now well into the cost curve. Additionally, the supply and demand fundamentals for certain commodities like zinc, nickel and bauxite is starting to look constructive.

Our Primary Strategic Investments remain focused on sensible low risk acquisitions and reducing costs, leaving them well positioned for strong margin expansion when prices turn. Mount Gibson maintains a very strong cash balance of A$520 million, and although the closure of Tallering Peak reduces overall sales volumes, it also lifts the grade profile during a period where there is plenty of discounted lower grade supply. Metals X is generating significant free cash flow from its bulked up gold division, where it reported a total gross margin of A$426 per ounce since the acquisition. ABM is progressing to a full production scenario, and has done so while minimizing capital expenditure through a prudent infrastructure leasing agreement with Tanami Exploration.

We remain defensive and selective with our investments in the near term, and continue to look for deep which will generate attractive returns over the long run.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Commodity prices continued to fall at the beginning of calendar year 2016 driven by a weak outlook for global economic growth, particularly in Chinese where Purchases Managers Index (PMI) data fell to 49.4 in January 2016. As a result, China stepped in to stimulate the economy with easing measures for the property sector and increased liquidity by cutting the Reserve Requirement Ratio (RRR) by a further 50 basis points.

The stimulus lifted commodity prices off its lows and the Chinese economy appears robust, and most recently reported its third quarter of 6.7% GDP growth, which is within the government's target range of 6.5%–7.0%. The outlook for China remains uncertain, recent GDP numbers have been supported by higher levels of debt and the market is again concerned about a property bubble in China. Sentiment around China's economy will dictate the short term outlook for commodities. In the medium term, we are not convinced that stimulus packages from early 2016 will help solve the underlying concerns around the Chinese economy.

US economic data has been generally improving but market expectations for another increase in interest rates fluctuate on month to month economic data points. Precious metals have benefitted from the uncertainty. We expect the gold price to remain linked to sentiment around the US economy and inflation expectations, and as a result the potential for further interest rate hikes.

The iron ore price has surprised most commentators with its strength in 2016, rallying off its lows of US$38/tonne in December 2015 and trading up to a high of US$70/tonne in April 2016, before moderating to the current price of US$55/tonne. The increase in iron ore prices was driven by generally stronger steel demand, but we expect iron ore prices to remain capped in the short term given weak non-China steel demand and continuing supply growth in Brazil and Australia.

The Group's Primary Strategic Investment in Mount Gibson released for the year ending 30 June 2017 sales guidance of 2.8 million tonnes to 3.1 million tonnes. Sales from the Extension Hill mine are expected to end in the next twelve months, and Mount Gibson plans to start production from the Iron Hill mine, extension of the Extension Hill mine, shortly afterwards. Mount Gibson has been awarded A$86 million against the flooding of the Main Pit of Koolan Island mine for the property damage component of its insurance claim, however discussions about the business interruption claim is ongoing. Importantly, Mount Gibson still boasts an impressive cash balance and ended the September 2016 quarter with A$437 million or an equivalent of A$0.398 per share, which is still above its current share price.

Our iron ore offtakes at Koolan Island and Tallering Peak of Mount Gibson have ceased with both mines now closed, so we are now looking for new offtake opportunities across a range of commodities.

We recently announced the creation of two new investment portfolios focused on energy and mining respectively and the subscription of the US$20 million 6% 3 year loan notes. The new investment portfolios will complement existing investments and form a new platform for the

Group's future investments in the Resource Investment segment. The resource sector's ongoing focus on keeping costs low and generating value has driven a re-rating across high quality names in the resources sector. We remain diligent in our search for investment opportunities that benefit from these influences.

The Group's strategy is to realize profits from its investment in Metals X and to capture return at opportune times, subject to favorable prevailing share prices and market sentiment. The Directors consider that the Future Disposal represents a good opportunity to monetize the Group's investment in Metals X and thereby enhances the financial resources available to the Group for reinvestment. The Board is also of the view that the Disposal Mandate will give flexibility to the Directors to dispose of the Metals X Shares at the appropriate times and prices in order to maximize the return to the Group.

INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no borrowings. Bank deposits of approximately HK$80,080,000 were pledged to secure banking facilities of the Group, out of such facilities HK$Nil had been drawn down as at the close of business on 31 October 2016.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital or bank overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 31 October 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing bank balances and cash, other internal resources and the available facilities as well as the estimated net sales proceeds from the Future Disposal, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 30 June 2016, being the date to which the latest published audited financial statements of the Group have been made up.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register pursuant to Section 352 of the SFO; or

(c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares

		Number of shares/ underlying shares held		
Name of Director	**Capacity in which interests are held**	**Interests in shares**	**Total interests**	**Approximate percentage of shareholding** *(Note 1)*
Mr. Andrew Ferguson	Beneficial owner	37,500,000	37,500,000	0.41%
Mr. Lee Seng Hui	Other interests *(Note 2)*	2,614,109,431	2,614,109,431	28.44%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 9,191,651,985 Shares as at the Latest Practicable Date.

2. The interest includes 2,614,109,431 Shares held by Allied Properties Investments (1) Company Limited ("**API(1)**"), a wholly-owned subsidiary of Allied Properties Overseas Limited ("**APOL**") which is a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("**APL**"), which in turn is a non wholly-owned subsidiary of Allied Group Limited ("**AGL**"). AGL was therefore deemed to have an interest in the Shares in which API(1) was interested. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 74.49% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and were therefore deemed to have an interest in the Shares in which AGL was interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, the following Directors were directors of companies which had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Messrs. Lee Seng Hui and Arthur George Dew are directors of APL and Mr. Wong Tai Chun, Mark, alternate director to Mr. Arthur George Dew, is a director of APL. APL, through its subsidiary, is deemed to be interested in, for the purpose of the SFO, 2,614,109,431 Shares, representing approximately 28.44% of the total number of issued shares of the Company.

(b) Messrs. Lee Seng Hui and Arthur George Dew are directors of AGL. APL is a non wholly-owned subsidiary of AGL. Accordingly, AGL is also deemed to be interested in, for the purpose of the SFO, 2,614,109,431 Shares, representing approximately 28.44% of the total number of issued shares of the Company.

(c) Mr. So Kwok Hoo is a director of Shougang Fushan Resources Group Limited which, through its wholly-owned subsidiary, is deemed to be interested in, for the purpose of the SFO, 1,434,000,000 Shares, representing approximately 15.60% of the total number of issued shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) was a director or employee of a company which had any interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

Long positions in the Shares and underlying Shares

Name of Shareholder	Capacity in which interests are held	Number of shares/ underlying shares held: Interests in shares	Total interests	Approximate percentage of shareholding *(Note 1)*
Shougang Fushan Resources Group Limited	Interest of a controlled corporation *(Note 2)*	1,434,000,000	1,434,000,000	15.60%
APL	Interest of controlled corporations *(Note 3)*	2,614,109,431	2,614,109,431	28.44%
AGL	Interest of controlled corporations *(Note 4)*	2,614,109,431	2,614,109,431	28.44%
Lee and Lee Trust	Interest of controlled corporations *(Note 5)*	2,614,109,431	2,614,109,431	28.44%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 9,191,651,985 Shares as at the Latest Practicable Date.

2. These shares are held by Benefit Rich Limited ("**Benefit Rich**"), a wholly-owned subsidiary of Shougang Fushan Resources Group Limited ("**Shougang Fushan**"). Accordingly, Shougang Fushan is deemed to have an interest in the Shares in which Benefit Rich was interested.

3. The interests include 2,614,109,431 Shares held by API(1), a wholly-owned subsidiary of APOL which in turn is a wholly-owned subsidiary of APL. APL was therefore deemed to have an interest in the Shares in which API(1) was interested.

4. APL is a non wholly-owned subsidiary of AGL. AGL was therefore deemed to have an interest in the Shares in which APL was interested.

5. Mr. Lee Seng Hui, Director, together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 74.49% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and were therefore deemed to have an interest in the Shares in which AGL was interested.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or any persons (other than the Directors and chief executive of the Company), who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, the following Directors (not being independent non-executive Directors) were considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules as set out below:

(i) Mr. Arthur George Dew is a director of each of AGL and APL and Mr. Wong Tai Chun, Mark, alternate director to Mr. Arthur George Dew, is a director of APL. AGL and APL, through their subsidiaries, are partly engaged in the business of money lending and through certain of their subsidiaries and close associates, are partly involved in the investment and trading in securities in the resources and related industries and financial instruments;

(ii) Mr. Lee Seng Hui is a director of each of AGL, APL and Tian An China Investments Company Limited ("**Tian An**"), and also one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, APL, Sun Hung Kai & Co. Limited ("**SHK**"), SHK Hong Kong Industries Limited ("**SHK HK IND**") and Tian An which, through their subsidiaries and close associates, are partly engaged in the businesses as follows:

- AGL and APL, through their subsidiaries, are partly engaged in the business of money lending and through certain of their subsidiaries and close associates, are partly involved in the investment and trading in securities in the resources and related industries and financial instruments;
- SHK, through certain of its subsidiaries, is partly engaged in the business of money lending;
- SHK HK IND, through certain of its subsidiaries, is partly engaged in the trading in listed securities and investment in bonds; and
- Tian An, through certain of its subsidiaries, is partly engaged in the business of money lending;

(iii) Mr. Lee Seng Hui is a director of Mount Gibson Iron Limited ("**Mount Gibson**") and Mr. Andrew Ferguson is an alternate director to Mr. Lee Seng Hui in Mount Gibson which, through certain of its subsidiaries, is partly involved in the investment and trading in listed securities in the resources and related industries;

(iv) Mr. Arthur George Dew and Mr. Wong Tai Chun, Mark are both directors of SHK HK IND which, through certain of its subsidiaries, is partly engaged in the trading in listed securities and investment in bonds; and

(v) Mr. Arthur George Dew is a non-executive director of each of Tanami Gold NL ("**Tanami Gold**") and Dragon Mining Limited ("**Dragon Mining**"). Mr. Wong Tai Chun, Mark is an alternate director to Mr. Arthur George Dew in each of Tanami Gold and Dragon Mining. Mr. Brett Robert Smith is a director of Dragon Mining. Tanami Gold and Dragon Mining, through certain of their subsidiaries, are partly involved in the investment and trading in listed securities in the resources and related industries.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 30 June 2016 (being the date to which the latest published audited financial statements of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group:

As disclosed in the announcement of the Company dated 24 May 2016, on 24 May 2016 APAC Resources Treasury Management Limited, a wholly-owned subsidiary of the Company subscribed for US$4.0 million of the five-year guaranteed 4.75% note due 31 May 2021 (the "**SHK Loan Note**") issued by Sun Hung Kai & Co. (BVI) Limited (the "**Issuer**") and guaranteed by SHK. The Issuer is a wholly-owned subsidiary of SHK. Mr. Lee Seng Hui, a Non-Executive Director, is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interests, indirectly owns approximately 74.49% interests in the total number of issued shares of AGL, which in turn owns approximately 74.99% of the total number of issued shares of APL, and which in turn indirectly owns approximately 28.44% of the total number of issued shares of the Company as at the Latest Practicable Date. Since APL indirectly owns approximately 56.19% interests in the total number of issued shares of SHK as at the Latest Practicable Date, Mr. Lee is deemed to be interested in the subscription of the SHK Loan Note.

Mr. Chang Chu Fai, Johnson Francis, an Independent Non-Executive Director, has also subscribed for certain notes in the SHK Loan Note programme in his own personal capacity and was therefore interested in the subscription of the SHK Loan Note.

EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion which is contained in this circular.

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, Deloitte Touche Tohmatsu:

(1) did not have any shareholding, direct or indirect, in any member of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(2) did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group since 30 June 2016, being the date up to which the latest published audited financial statements of the Group were made; and

(3) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and reference to its name in the form and context in which they are included.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group may become a party.

MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the second supplemental agreement dated 30 April 2015 to the loan agreement entered into between, among others, Fortune Arm Limited (the "**Lender**") and Rising Peak Investment Guangzhou Company Limited (the "**Borrower**") in relation to the term loan of amount of HK$218,320,000 (or such other equivalent currency as agreed by the parties) on 26 January 2014;

(b) the second supplemental agreement dated 30 April 2015 to the agreement of assignment of shareholder's loan dated 26 January 2014 relating to the assignment of a shareholder's loan and entered into between Tian An (Guangzhou) Investments Co., Ltd. ("**PRC Company A**") as assignor and 亞太資源(青島)有限公司 (the "**WFOE**") as assignee;

(c) the second supplemental agreement dated 30 April 2015 to the debenture dated 26 January 2014 created by the Borrower as chargor in favour of the Lender as chargee over all the undertakings, property and/or assets of the Borrower;

(d) the second supplemental agreement dated 30 April 2015 to the pledge dated 26 January 2014 created by the Borrower in favour of the WFOE as mortgagee over all the Borrower's equity interests in PRC Company A;

(e) the second supplemental agreement dated 30 April 2015 to the charge over the land use right of a parcel of land situated in the Guangdong Province, PRC, created by PRC Company A in favour of the WFOE dated 26 January 2014;

(f) the second supplemental agreement dated 30 April 2015 to the property mortgages dated 26 January 2014 and created by PRC Company A in favour of the WFOE;

(g) the second supplemental agreement dated 30 April 2015 to the share mortgage dated 26 January 2014 and created by the mortgagor in favour of the Lender as mortgagee over the share of the Borrower;

(h) the underwriting agreement dated 18 May 2015 entered into between the Company and Vigor Online Offshore Limited as underwriter in relation to the underwriting arrangement in respect of the maximum of 2,304,003,571 shares offered under the open offer;

(i) the deed of settlement (the "**Deed of Settlement**") and sale and purchase agreement (the "**Sale and Purchase Agreement**"), both dated 19 June 2015 entered into between APAC Resources Capital Limited ("**APAC Resource Capital**"), a wholly owned subsidiary of the Company, Charter Bonus Limited ("**Charter Bonus**") and Perfect Ease International Limited ("**PEIL**") in respect of the settlement of the US$10.62 million exchangeable notes owed to APAC Resources Capital by Charter Bonus under the Deed of Settlement in consideration for the transfer of a 7% interest in the share capital of a property company owned by PEIL to APAC Resources Capital under the Sale and Purchase Agreement. Further details are set out in the inside information and discloseable transaction announcement of the Company dated 19 June 2015;

(j) On 24 May 2016, APAC Resources Treasury Management Limited ("**APAC Resources BVI**", a direct wholly-owned subsidiary of the Company) and Sun Hung Kai & Co. (BVI) Limited ("**SHK BVI**") entered into an agreement, pursuant to which APAC Resources BVI agreed to subscribe for a guaranteed medium term loan note in the principal amount of US$4 million issued by SHK BVI; and

(k) On 5 September 2016, APAC Resources BVI, Mulpha SPV Limited ("**Mulpha SPV**") and Mulpha International Bhd. ("**Mulpha**") entered into an agreement ("**Mulpha Loan Note**"), pursuant to which APAC Resources BVI agreed to subscribe for the loan note of nominal amount of US$20 million issued by Mulpha SPV and Mulpha agreed to act as the guarantor to the Mulpha Loan Note issued by Mulpha SPV.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company at Room 2304, 23rd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on working days other than Saturdays and public holidays up to and including the date of SGM:

— the memorandum of association and bye-laws of the Company;

— the material contracts referred to in the section headed "Material Contracts" in this appendix;

— the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information on the Remaining Group, the text of which is set out in Appendix III;

— the letter of consent from Deloitte Touche Tohmatsu referred to in the section headed "Expert and Consent" of this appendix;

— the letter from the Board, the text of which is set out in this circular;

— the annual reports of the Company for each of the years ended 30 June 2014, 2015 and 2016;

— this circular.

MISCELLANEOUS

— The Company Secretary of the Company is Ms. Lau Tung Ni. Ms. Lau is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

— The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and the principal place of business of the Company in Hong Kong is at Room 2304, 23rd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

— The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

— The English text of this circular prevails over the Chinese text in case of inconsistency.

APAC RESOURCES

APAC RESOURCES LIMITED

亞 太 資 源 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

NOTICE IS HEREBY GIVEN that the special general meeting of APAC Resources Limited (the "**Company**") will be held at Plaza 1–2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 5 January 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(A) the proposed disposal (the "**Future Disposal**") by the Company and/or its subsidiaries (collectively, the "**Group**") of up to 77,907,571 ordinary shares ("**Demerged Metals X Shares**") in the share capital of Metals X Limited ("**Demerged Metals X**") and up to 38,953,786 ordinary shares ("**Westgold Shares**") in Westgold Resources Limited ("**Westgold**"), whereas both Demerged Metals X and Westgold are incorporated in Australia with limited liability and whose shares are listed on the Australian Securities Exchange, during the period of 12 months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) (the "**Mandate Period**") on the terms set out in the circular of the Company dated 15 December 2016 relating to the Future Disposal (the "**Circular**"), in particular, amongst others, the following, be and is hereby approved:

(i) the Future Disposal may take place by way of sale in the open market or through block trade(s). If Demerged Metals X Shares and/or Westgold Shares are to be disposed through placing agent, broker or otherwise, the Company may appoint reputable placing agent(s) and/or broker(s) to identify purchaser(s) for Demerged Metals X Shares and/or Westgold Shares and the terms and conditions of the placing or brokerage agreement shall be negotiated on an arm's length basis; and

(ii) if the Future Disposal is made in the open market, it shall be sold at the market price. Regardless of the manner of disposal, the minimum disposal price of Demerged Metals X Shares after such demerger and the minimum disposal price of Westgold Shares shall be based on the formula as set out in the Circular; and

* *For identification purpose only*

(iii) if and when there shall be, during the period between the day after the date of this general meeting and the end date of the Mandate Period (both days inclusive):

(a) any alteration to the nominal value of Demerged Metals X Shares and/or Westgold Shares as a result of consolidation, subdivision or reclassification, or issue of new shares of Demerged Metals X and/or Westgold to the Company by way of capitalization of profits or reserves or by way of a scrip dividend, the minimum disposal price of Demerged Metals X Shares and/or Westgold Shares and/or the number of Demerged Metals X Shares and/or Westgold Shares approved under the Disposal Mandate (as defined in the Circular) shall be adjusted accordingly; or

(b) an issue of new shares of Demerged Metals X and/or Westgold to the Company by way of a rights issue or open offer, the minimum disposal price of Demerged Metals X Shares and/or Westgold Shares and/or the number of Demerged Metals X Shares and/or Westgold Shares approved under the Disposal Mandate shall be adjusted accordingly;

(B) the directors of the Company (the "**Directors**") be and are hereby authorised for and on behalf of the Company to exercise all the powers of the Company to procure or effect the Future Disposal from time to time during the Mandate Period and to do all such acts and things, including but not limited to execution of all documents, which the Directors deem necessary, appropriate or desirable to implement and give effect to the Future Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal Mandate."

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

Hong Kong, 15 December 2016

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or, if such member is a holder of two or more shares, proxies to attend and vote in his stead. A proxy need not be a member of the Company but must attend the meeting in person to represent the appointing member.

2. To be valid, the form of proxy must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

3. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

4. To ascertain shareholders' eligibility to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 4 January 2017 to Thursday, 5 January 2017, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the meeting, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 3 January 2017.

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

Executive Directors:
Mr. Brett Robert Smith *(Deputy Chairman)*
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
Mr. So Kwok Hoo

Independent Non-Executive Directors:
Dr. Wong Wing Kuen, Albert
Mr. Chang Chu Fai, Johnson Francis
Mr. Robert Moyse Willcocks