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APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2017**

The board of directors (the “**Board**”) of APAC Resources Limited (the “**Company**” or “**APAC**”) announces the audited consolidated final results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2017 together with comparative figures for the year ended 30 June 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2017

| | <i>Notes</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-----------------------------|
| Revenue | 2 | 100,476 | 123,103 |
| Cost of sales | | <u>(94,944)</u> | <u>(96,846)</u> |
| | | 5,532 | 26,257 |
| Other gains and losses | 4 | 551,109 | (181,981) |
| Other income | | 47,594 | 68,966 |
| Administrative expenses | | (33,725) | (36,122) |
| Finance costs | 5 | — | (135) |
| Share of results of associates | | <u>46,863</u> | <u>107,310</u> |
| Profit (loss) before taxation | 6 | 617,373 | (15,705) |
| Income tax expense | 7 | <u>(68,778)</u> | <u>(1,140)</u> |
| Profit (loss) for the year attributable to owners of the Company | | <u>548,595</u> | <u>(16,845)</u> |
| Earnings (loss) per share (expressed in HK cents) — basic | 9 | <u>59.68</u> | (Restated) <u>(1.85)</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit (loss) for the year | <u>548,595</u> | <u>(16,845)</u> |
| Other comprehensive income (expense), net of tax | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| Exchange difference arising from translation of associates | 29,966 | (32,171) |
| Exchange difference arising from translation of other foreign operations | (3,533) | (5,139) |
| Reclassification adjustment upon deemed disposal of partial interests in associates | (144) | 15,071 |
| Reclassification adjustment upon derecognition of interests in associates | 65,515 | — |
| Reclassification adjustment upon disposal of available-for-sale investments | (82,921) | — |
| Reclassification adjustment upon disposal of available-for-sale investments through disposal of a subsidiary | (7,067) | — |
| Fair value change on available-for-sale investments, net of tax | 128,314 | 7,067 |
| Share of investment revaluation reserve of associates | <u>1,259</u> | <u>12,034</u> |
| | <u>131,389</u> | <u>(3,138)</u> |
| Total comprehensive income (expense) for the year attributable to owners of the Company | <u><u>679,984</u></u> | <u><u>(19,983)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

| | <i>Notes</i> | 2017 HK\$'000 | 2016 <i>HK\$'000</i> |
|--------------------------------|--------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 1,103 | 486 |
| Interests in associates | <i>10</i> | 678,479 | 1,145,649 |
| Available-for-sale investments | | 551,813 | 49,492 |
| Convertible notes | | 9,320 | — |
| Loan notes | <i>11</i> | 190,362 | 31,161 |
| | | 1,431,077 | 1,226,788 |
| Current assets | | | |
| Inventories | | — | 24,823 |
| Loan notes | <i>11</i> | — | 314,304 |
| Trade and other receivables | <i>12</i> | 26,854 | 15,078 |
| Investments held for trading | <i>13</i> | 275,727 | 286,881 |
| Loans receivable | <i>14</i> | 232,138 | 131,899 |
| Pledged bank deposits | | 145,167 | 79,955 |
| Bank balances and cash | | 805,687 | 149,251 |
| | | 1,485,573 | 1,002,191 |
| Total assets | | 2,916,650 | 2,228,979 |

| | <i>Notes</i> | 2017 HK\$'000 | 2016 HK\$'000 |
|-------------------------------------|--------------|--------------------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | <i>16</i> | 919,165 | 919,165 |
| Reserves | | 423,264 | 291,875 |
| Accumulated profits | | <u>1,545,921</u> | <u>997,326</u> |
| | | <u>2,888,350</u> | <u>2,208,366</u> |
| Non-current liability | | | |
| Deferred tax liability | | <u>5,487</u> | <u>—</u> |
| Current liabilities | | | |
| Trade and other payables | <i>15</i> | 21,415 | 19,215 |
| Tax payable | | <u>1,398</u> | <u>1,398</u> |
| | | <u>22,813</u> | <u>20,613</u> |
| Total liabilities | | <u>28,300</u> | <u>20,613</u> |
| Total equity and liabilities | | <u>2,916,650</u> | <u>2,228,979</u> |
| Net current assets | | <u>1,462,760</u> | <u>981,578</u> |
| Total assets less total liabilities | | <u>2,888,350</u> | <u>2,208,366</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

| | |
|--|--|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012–2014 cycle |
| Amendments to HKAS 1 | Disclosure initiative |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations |

Amendments to Hong Kong Accounting Standard (“HKAS”) 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 “Disclosure initiative” for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity’s financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The Group has applied these amendments retrospectively. The grouping and ordering of certain notes to the consolidated financial statements have been revised to give prominence to the areas of the Group’s activities that management of the Company considers to be most relevant to an understanding of the Group’s financial performance and financial position. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

Except for the above, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs and interpretations issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

| | |
|------------------------------------|--|
| HKFRS 9 | Financial instruments ² |
| HKFRS 15 | Revenue from contracts with customers and related amendments ² |
| HKFRS 16 | Leases ³ |
| HK(IFRIC)–Int 22 | Foreign currency transactions and advance consideration ² |
| HK(IFRIC)–Int 23 | Uncertainty over income tax treatments ³ |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2014–2016 cycle except for amendments to HKFRS 12 ⁴ |
| Amendments to HKFRS 2 | Classification and measurement of share-based payment transactions ² |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture ⁴ |
| Amendments to HKAS 7 | Disclosure initiative ¹ |
| Amendments to HKAS 12 | Recognition of deferred tax assets for unrealised losses ¹ |
| Amendments to HKAS 40 | Transfers of investment property ² |

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Based on the Group's financial instruments and risk management policies as at 30 June 2017, for entities with available-for-sale investments and financial assets at amortised cost, the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect until the Group performed a detailed review.

HKFRS 15 Revenue from contracts with customers and related amendments

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The directors of the Company anticipate that the application of HKFRS 15 in future may result in more disclosures, however, the directors of the Company do not anticipate the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of approximately HK\$2,657,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The directors of the Company do not expect the application of HKFRS 16 as compared with the current accounting policy of the Group would result in significant impact on the Group’s result.

Except for above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements.

2. REVENUE

| | 2017 <i>HK\$’000</i> | 2016 <i>HK\$’000</i> |
|---------------------------------------|--------------------------------|-------------------------|
| Revenue from trading of commodities | 97,112 | 123,103 |
| Interest income from loans receivable | 3,364 | — |
| | <u>100,476</u> | <u>123,103</u> |

3. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the “**CODM**”), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group’s businesses and operations. The Group’s reportable and operating segments are therefore as follows:

- (i) Commodity business (trading of commodities);
- (ii) Resource investment (trading of and investment in listed and unlisted securities); and
- (iii) Principal investment and financial services (investment in loan financing).

On 1 March 2017, the Company announced to establish a new segment of principal investment and financial services and, since then, the CODM reviews the financial performance of principal investment and financial services operation. Accordingly, results from principal investment and financial services are presented as an operating and reportable segment.

Segment results represent the profit (loss) by each segment without allocation of central administration costs, directors’ salaries, share of results of associates, reversal of impairment loss on interest in an associate, impairment loss on interest in an associate, gains arising from derecognition of interests in associates, gain arising from disposal of a subsidiary, adjustment to carrying amount of loans receivable, loss on deemed disposal of partial interests in an associate, net gain on deemed disposal of partial interests in an associate, unallocated corporate income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Information regarding the Group's reportable and operating segments is presented below:

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For year ended 30 June 2017

| | Commodity business HK\$'000 | Resource investment HK\$'000 | Principal investment and financial services HK\$'000 | Total HK\$'000 |
|---|--|---|---|---------------------------|
| Revenue | <u>97,112</u> | <u>—</u> | <u>3,364</u> | <u>100,476</u> |
| Gross sales proceeds from resource investment | <u>—</u> | <u>481,501</u> | <u>—</u> | <u>481,501</u> |
| Segment profit | 2,838 | 67,400 | 9,824 | 80,062 |
| Share of results of associates | | | | 46,863 |
| Gains arising from derecognition of interests in associates | | | | 189,599 |
| Gain arising from disposal of a subsidiary | | | | 22,753 |
| Gain arising from disposal of available-for-sale investments | | | | 82,921 |
| Reversal of impairment loss on interest in an associate | | | | 82,630 |
| Adjustment to carrying amount of loans receivable | | | | 107,720 |
| Loss on deemed disposal of partial interests in an associate | | | | (3,164) |
| Unallocated corporate income | | | | 35,936 |
| Unallocated corporate expenses | | | | <u>(27,947)</u> |
| Profit before taxation | | | | <u>617,373</u> |

For year ended 30 June 2016

| | Commodity business <i>HK\$'000</i> | Resource investment <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|---|--------------------------|
| Revenue | <u>123,103</u> | <u>—</u> | <u>123,103</u> |
| Gross sales proceeds from resource investment | <u>—</u> | <u>71,888</u> | <u>71,888</u> |
| Segment profit (loss) | 26,889 | (33,675) | (6,786) |
| Share of results of associates | | | 107,310 |
| Impairment loss on interest in an associate | | | (30,836) |
| Adjustment to carrying amount of loans receivable | | | (119,583) |
| Net gain on deemed disposal of partial interests in an associate | | | 8,456 |
| Unallocated corporate income | | | 56,078 |
| Unallocated corporate expenses | | | (30,209) |
| Finance costs | | | <u>(135)</u> |
| Loss before taxation | | | <u>(15,705)</u> |

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Other segment information

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2017 are as follows:

Amounts included in the measure of segment profit or loss:

| | Commodity business <i>HK\$'000</i> | Resource investment <i>HK\$'000</i> | Principal investment and financial services <i>HK\$'000</i> | Unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|---|---|--------------------------------|--------------------------|
| Interest income (included in other income) | 2,795 | 1,713 | — | 29,292 | 33,800 |
| Fair value change of investments held for trading | — | 55,402 | — | — | 55,402 |
| Net foreign exchange gain (loss) | <u>2,418</u> | <u>(2,108)</u> | <u>6,547</u> | <u>6,391</u> | <u>13,248</u> |

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

| | Commodity business HK\$'000 | Resource investment HK\$'000 | Principal investment and financial services HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|--|---|---|---------------------------------|---------------------------|
| Interests in associates | — | — | — | 678,479 | 678,479 |
| Loan notes | — | — | — | 190,362 | 190,362 |
| Available-for-sale investments | — | — | — | 533,381 | 533,381 |
| Convertible notes | — | — | — | 9,320 | 9,320 |
| Adjustment to carrying amount of loans receivable | — | — | — | 107,720 | 107,720 |
| Share of results of associates | — | — | — | 46,863 | 46,863 |
| Reversal of impairment loss on interest in an associate | — | — | — | 82,630 | 82,630 |
| | <u>—</u> | <u>—</u> | <u>—</u> | <u>82,630</u> | <u>82,630</u> |

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2016 are as follows:

Amounts included in the measure of segment profit or loss:

| | Commodity business HK\$'000 | Resource investment HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|--|---|---------------------------------|---------------------------|
| Interest income (included in other income) | 1,044 | 350 | 55,024 | 56,418 |
| Fair value change of investments held for trading | — | (44,726) | — | (44,726) |
| | <u>—</u> | <u>(44,726)</u> | <u>—</u> | <u>(44,726)</u> |

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

| | Commodity business HK\$'000 | Resource investment HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|--|---|---------------------------------|---------------------------|
| Interests in associates | — | — | 1,145,649 | 1,145,649 |
| Loan notes | — | — | 345,465 | 345,465 |
| Loans receivable | — | — | 131,899 | 131,899 |
| Adjustment to carrying amount of loans receivable | — | — | (119,583) | (119,583) |
| Share of results of associates | — | — | 107,310 | 107,310 |
| Impairment loss on interest in an associate | — | — | (30,836) | (30,836) |
| | <u>—</u> | <u>—</u> | <u>(30,836)</u> | <u>(30,836)</u> |

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable and operating segment is set out below:

| | 2017 | 2016 |
|---|------------------|-----------|
| | HK\$'000 | HK\$'000 |
| Commodity business | 286,310 | 203,880 |
| Resource investment | 488,524 | 372,127 |
| Principal investment and financial services | 238,812 | — |
| | <hr/> | <hr/> |
| Total segment assets | 1,013,646 | 576,007 |
| Interests in associates | 678,479 | 1,145,649 |
| Available-for-sale investments | 533,381 | — |
| Loan notes | 190,362 | 345,465 |
| Loans receivable | — | 131,899 |
| Unallocated | 500,782 | 29,959 |
| | <hr/> | <hr/> |
| Consolidated assets | 2,916,650 | 2,228,979 |
| | <hr/> | <hr/> |
| Commodity business | 16,899 | 17,975 |
| Resource investment | 8,845 | 47 |
| | <hr/> | <hr/> |
| Total segment liabilities | 25,744 | 18,022 |
| Unallocated | 2,556 | 2,591 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 28,300 | 20,613 |
| | <hr/> | <hr/> |

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, property, plant and equipment, loan notes, convertible notes, certain available-for-sale investments, certain other receivables and certain bank balances and cash (2016: interest in associates, property, plant and equipment, loan notes, loans receivable, other receivables and certain bank balances and cash).
- all liabilities are allocated to reportable segments other than certain other payables and tax payable.

Geographical information

The Group's resources investment and principal investment and financial services are mainly carried out in Hong Kong.

The Group's revenue from external customers and information about non-current assets (excluding financial instruments) by geographical location of the customers and assets (where the property, plant and equipment are located and where the associates are incorporated/listed) respectively are detailed below.

| | Revenue from external customers | | Non-current assets | |
|-----------|------------------------------------|-------------------------|-------------------------|-------------------------|
| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
| Australia | — | — | 641,113 | 1,109,348 |
| Hong Kong | 59,628 | 86,781 | 1,073 | 456 |
| The PRC | 40,848 | 36,322 | 37,396 | 36,331 |
| | 100,476 | 123,103 | 679,582 | 1,146,135 |

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are under segment of commodity business and as follows:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 56,264 | 62,976 |
| Customer B | N/A ¹ | 23,805 |
| Customer C | N/A ¹ | 21,104 |
| Customer D | 20,385 | N/A ¹ |
| Customer E | 14,815 | N/A ¹ |

¹ The transactions with the customer did not contribute over 10% of the total sales of the Group during the relevant year.

4. OTHER GAINS AND LOSSES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Fair value change of investments held for trading (<i>note</i>) | 55,402 | (44,726) |
| Fair value change of derivative financial instruments | — | 3,627 |
| Reversal of impairment loss on interest in an associate | 82,630 | — |
| Impairment losses on interests in associates | — | (30,836) |
| Adjustment to carrying amount of loans receivable | 107,720 | (119,583) |
| Gain arising from disposal of a subsidiary | 22,753 | — |
| Gains arising from derecognition of interests in associates | 189,599 | — |
| Gains arising from disposal of available-for-sale investments | 82,921 | — |
| Net gain on deemed disposal of partial interests in an associate | — | 8,456 |
| Loss on deemed disposal of partial interests in an associate | (3,164) | — |
| Net foreign exchange gain | <u>13,248</u> | <u>1,081</u> |
| | <u><u>551,109</u></u> | <u><u>(181,981)</u></u> |

Note: Net realised gain of HK\$62,029,000 (2016: HK\$14,714,000) on disposal of investments held for trading are included in fair value change of investments held for trading.

5. FINANCE COSTS

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Securities margin financing | <u>—</u> | <u>135</u> |

6. PROFIT (LOSS) BEFORE TAXATION

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit (loss) before taxation has been arrived at after charging: | | |
| Staff costs, including directors' emoluments | | |
| — salaries and allowances | 17,566 | 15,823 |
| — staff quarters | 1,080 | 1,104 |
| — retirement benefits schemes contributions | <u>414</u> | <u>244</u> |
| Total staff costs | 19,060 | 17,171 |
| Auditor's remuneration | 800 | 1,000 |
| Cost of goods recognised as an expense | 94,944 | 96,846 |
| Loss on written-off of property, plant and equipment (included in administrative expense) | 3 | — |
| Depreciation of property, plant and equipment | <u>431</u> | <u>421</u> |

7. INCOME TAX EXPENSE

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Current tax | | |
| Hong Kong Profits Tax | — | 1,398 |
| PRC Enterprise Income Tax | — | — |
| Australian capital gains tax | <u>61,893</u> | <u>—</u> |
| | 61,893 | 1,398 |
| Overprovision in prior years | <u>(65)</u> | <u>(258)</u> |
| | 61,828 | 1,140 |
| Deferred tax | <u>6,950</u> | <u>—</u> |
| | <u>68,778</u> | <u>1,140</u> |

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit. No provision for Hong Kong Profits Tax was made for the year ended 30 June 2017 as the companies of the Group operated in Hong Kong incurred tax losses for the prior year.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Under the Australian tax rule, provision for Australian capital gains tax was made at 30% on the capital gains derived from the sale of certain shares in Australian companies, which may probably constitute taxable Australian property, by a non-resident company in Australia.

8. DIVIDENDS

Subsequent to the end of the reporting period, the directors of the Company proposed an interim dividend of HK1.5 cents per share (in lieu of a final dividend) for the year ended 30 June 2017 (2016: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Earnings (loss) | | |
| Earnings (loss) for the purposes of calculating basic earnings (loss) per share: | | |
| Profit (loss) for the year attributable to owners of the Company | <u>548,595</u> | <u>(16,845)</u> |

Number of shares

| | 2017 | 2016 (Restated) |
|---|--------------------|--------------------|
| Weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share | <u>919,165,198</u> | <u>909,119,677</u> |

For the years ended 30 June 2017 and 2016, no separate diluted earnings (loss) per share information has been presented as there was no potential ordinary shares outstanding.

The number of ordinary shares in issue for the purpose of basic loss per share for the year ended 30 June 2016 has been adjusted retrospectively to reflect the impact of share consolidation.

10. INTERESTS IN ASSOCIATES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Cost of investments in associates | | |
| — Listed in Australia | 1,614,320 | 2,269,736 |
| — Unlisted | 22,716 | 54,708 |
| Share of post-acquisition results and other comprehensive income, net of dividends received | (465,957) | (573,327) |
| Impairment losses recognised | <u>(492,600)</u> | <u>(605,468)</u> |
| | <u>678,479</u> | <u>1,145,649</u> |
| Fair value of listed investments | <u>641,113</u> | <u>1,283,319</u> |

11. LOAN NOTES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| The carrying amount of the loan notes is presented as: | | |
| — Current assets | — | 314,304 |
| — Non-current assets | <u>190,362</u> | <u>31,161</u> |
| | <u><u>190,362</u></u> | <u><u>345,465</u></u> |

The movement of loan notes during the year is set out as follows:

| | <i>HK\$'000</i> |
|--------------------------|------------------------------|
| At 1 July 2015 | 313,976 |
| Investment in loan notes | 31,076 |
| Interest income | 26,114 |
| Interest received | (25,991) |
| Exchange difference | <u>290</u> |
| At 30 June 2016 | 345,465 |
| Investment in loan notes | 156,094 |
| Redemption of loan notes | (310,232) |
| Interest income | 10,935 |
| Interest received | (11,255) |
| Exchange difference | <u>(645)</u> |
| At 30 June 2017 | <u><u>190,362</u></u> |

12. TRADE AND OTHER RECEIVABLES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Trade receivables | 16,069 | — |
| Other deposits and prepayments | 4,208 | 5,030 |
| Receivable from brokers | <u>6,577</u> | <u>10,048</u> |
| | <u><u>26,854</u></u> | <u><u>15,078</u></u> |

The following is an ageing analysis of trade receivables presented based on the invoice date which approximates the revenue recognition date at the end of the reporting period:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 to 30 days | <u><u>16,069</u></u> | <u><u>—</u></u> |

13. INVESTMENTS HELD FOR TRADING

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Listed securities: | | |
| — Equity securities listed in Hong Kong | 18,139 | 189,802 |
| — Equity securities listed in the United Kingdom | 9,331 | 6,194 |
| — Equity securities listed in Australia | 103,203 | 82,700 |
| — Equity securities listed in Canada | 122,553 | 8,185 |
| — Equity securities listed in the United States of America | <u>22,501</u> | <u>—</u> |
| | <u><u>275,727</u></u> | <u><u>286,881</u></u> |

14. LOANS RECEIVABLE

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------|-------------------------|-------------------------|
| Loans made in year 2014 | — | 131,899 |
| Loans made in year 2017 | <u>232,138</u> | <u>—</u> |
| | <u><u>232,138</u></u> | <u><u>131,899</u></u> |

15. TRADE AND OTHER PAYABLES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Trade payables | 15,379 | 16,425 |
| Other payables | <u>6,036</u> | <u>2,790</u> |
| | <u><u>21,415</u></u> | <u><u>19,215</u></u> |

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 to 90 days | <u><u>15,379</u></u> | <u><u>16,425</u></u> |

16. SHARE CAPITAL

Authorised and issued share capital

| | Number of shares | Amount <i>HK\$'000</i> |
|--|-----------------------------|---------------------------|
| Ordinary shares: | | |
| Authorised: | | |
| At 1 July 2015 and 30 June 2016 of HK\$0.10 each | 20,000,000,000 | 2,000,000 |
| Shares consolidation | <u>(18,000,000,000)</u> | <u>—</u> |
| At 30 June 2017 of HK\$1.00 each | <u><u>2,000,000,000</u></u> | <u><u>2,000,000</u></u> |
| Issued and fully paid: | | |
| At 1 July 2015 | 6,127,767,990 | 612,777 |
| Issue of shares | <u>3,063,883,995</u> | <u>306,388</u> |
| At 30 June 2016 | 9,191,651,985 | 919,165 |
| Shares consolidation | <u>(8,272,486,787)</u> | <u>—</u> |
| At 30 June 2017 | <u><u>919,165,198</u></u> | <u><u>919,165</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

APAC Resources Limited (“**APAC**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) reported a net profit attributable to shareholders of the Company of HK\$548,595,000 for the year ended 30 June 2017 (“**FY 2017**”), compared with a net loss attributable to shareholders of the Company of HK\$16,845,000 reported for the year ended 30 June 2016 (“**FY 2016**”). This included a profit of HK\$80,062,000 across all three of APAC’s business segments plus gains from the derecognition of our investment in associates of HK\$189,599,000, share of net profit of associates of HK\$46,863,000 (FY 2016: Net profit of HK\$107,310,000), reversal of impairment loss on the carrying value of the Group’s investment in Mount Gibson Iron Limited (“**Mount Gibson**”) of HK\$82,630,000 and upward adjustment to carrying amount of loans receivable of HK\$107,720,000 (FY 2016: downward adjustment to carrying amount of HK\$119,583,000) as the loan was fully repaid.

Primary Strategic Investment

Our Primary Strategic Investment is in Mount Gibson, which is listed and operating in Australia. Metals X Limited (“**Metals X**”) is no longer classified as a Strategic Investment after we sold 21.5 million shares in Metals X in July 2016 and 22 million shares in February 2017. The net attributable profit from our Primary Strategic Investment for FY 2017 was HK\$46,863,000 (FY 2016: Net profit of HK\$107,310,000). Mount Gibson reported a FY 2017 net profit after tax of A\$26 million.

Mount Gibson

Mount Gibson is an Australian listed iron ore producer. Mining of Direct Shipping Ore from its Extension Hill mine has ended, and the Iron Hill mine has started production. Mount Gibson approved the Koolan Island Restart Project in April 2017.

Mining at Iron Hill commenced in March 2017 and first ore sales were achieved in July 2017. Life of mine sales is expected to total 5.5 to 6.0 million tonnes, with production to end in late 2018.

The Koolan Island Restart Project will reconstruct the seawall and dewater the Koolan Island pit for an estimated capex spend of A\$97 million, and will allow Mount Gibson to access 12.8 million tonnes of 66% Fe reserves, which gives it a 3.5 year mine life. Site works started in June 2017. A potential pit extension is under evaluation, and could convert an additional 7 million tonnes of resources.

Mount Gibson was awarded a further A\$64 million from the business interruption component of its insurance claim, in addition to the A\$86 million received for the property damage component. The payment was received in July 2017. Negotiations continue with the last outstanding insurer who represents the remaining 7.5% of the business interruption coverage.

Mount Gibson sales guidance for the financial year ending 30 June 2018 is 3.5 million tonnes to 3.8 million tonnes.

Mount Gibson reported a net profit after tax of A\$26 million despite lower production of only 3.2 million tonnes in FY 2017 driven by a stronger realized iron ore price. For the first time since August 2014, the company declared a A\$0.02 per share dividend.

Despite the lower production, Mount Gibson continued to control costs, and all in cash cost was A\$52 per tonne in FY 2017 compared to A\$48 per tonne in FY 2016. Importantly, Mount Gibson still boasts an impressive cash balance, ending FY 2017 with A\$447 million or an equivalent of A\$0.408 per share, and received a further A\$64 million or A\$0.058 per share after year end.

The Platts IODEX 62% CFR China index has been very volatile, it rallied from US\$55/dry metric tonne (“**dmt**”) early in FY 2017 to a peak of nearly US\$95/dmt in February 2017 before falling back to US\$55/dmt in June 2017, after which it rallied again and is currently trading around US\$75-US\$80/dmt. The recent rally is driven by a positive view on steel demand and concerns that steel capacity will be cut later in the year, therefore driving strong steel margins and restocking of raw materials. However, the discount for low-grade ore has widened noticeably since late 2016 as steel mills prefer medium and high grade ore during this period of high mill profitability. As a result, despite high headline Platts prices, the realized price for low grade producers has not rallied as aggressively. We continue to expect average iron ore prices to remain capped in the short term given weak non-China steel demand and continuing supply growth in Brazil and Australia.

Metals X and Westgold Resources

In December 2016, Metals X spun out its gold assets into Westgold Resources Limited (“**Westgold Resources**”), which now holds the Higginsville, South Kalgoorlie and Central Murchison projects. The remaining base metals assets including tin via its 50% interest in the producing Renison mine in Tasmania, copper through the recently acquired Nifty mine of Aditya Birla Minerals Limited (“**ABY**”) and nickel through its world scale Wingellina nickel development project remain in Metals X. Both companies remain listed in Australia.

In July 2016, APAC disposed of 21.5 million shares in Metals X through an on-market transaction. The disposal ties in with APAC’s decision to place Metals X under strategic review. In January 2017, APAC received shareholder approval to dispose of the remaining shares in Metals X and Westgold Resources for a period of 12 months. In February 2017 we sold a further 22 million shares in Metals X and 11 million shares in Westgold Resources for an aggregate consideration of A\$46,200,000.

Westgold Resources produced 266,906 ounces in FY 2017 up 53% year-on-year (“**YoY**”) driven by a solid production from both the Central Murchison Gold Project (CMGP) and the Cannon Mine which is part of the South Kalgoorlie Project (SKO), offsetting weaker production at Higginsville (HGO). The company commenced production from the Fortnum Project in the June quarter 2017.

The gold price fell after the US election in early November 2016 as the market anticipated more fiscal easing which was seen as positive for the US economy and the US Federal Reserve raised interest rates in December 2016 by 25 basis points. The gold price has since rebounded, and is now trading above US\$1,300 per ounce as enthusiasm for Trump’s policies have waned, market forecasts for the pace of

Fed interest rate rises has been dialed back, and increased geopolitical issues, particularly in relation to North Korea. We expect the gold price to remain linked to sentiment around the US economy and expected rate hikes and retain its safe haven status.

At Metals X, Renison produced 3,486 tonnes of tin (net 50% basis), and benefited from a strong average realised tin price of A\$26,581 per tonne, up 25% YoY. Metals X is currently expanding Renison by introducing an ore sorter, which is expected to increase production by 15-20% by removing waste feed before it enters the processing circuit.

After acquiring the Nifty mine in August 2016, Metals X has increased production at Nifty. However, at time of writing, it has temporarily suspended operations to complete remedial repairs, which is will result in a weak September 2017 quarter. Metals X is still aiming to deliver a copper production rate of 40,000 tonnes per annum by mid 2018.

Tin prices have been supported by lower production particularly from Myanmar, and inventories continue to trend downwards. At the same time, demand seems to have rebounded as evidenced by ongoing growth in semiconductor shipments. We remain bullish on the medium term outlook for tin due to the lack of significant supply growth. Copper prices jumped sharply in the December quarter 2016 and continued its upward trajectory in the last few months. Prices have been driven by supply side issues at several key mines and stronger Chinese demand from the appliances, construction and grid sectors.

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. Our investments focus on select commodities within several commodity segments, namely energy, bulk commodities, base metals, and precious metals. 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.

Resource Investment posted a fair value gain of HK\$55,402,000 in FY 2017 (FY 2016: Loss of HK\$44,726,000), which after accounting for segment related dividend and other investment income and expenses, resulted in a segment profit of HK\$67,400,000 (FY 2016: Loss of HK\$33,675,000).

Our Resource Investment division includes the results of the two new resource portfolios which were announced in August 2016. The resources sector as a whole was fairly anaemic despite a rally in select commodities. From October 2016 to 30 June 2017 the average performance from a number of small cap resources indices has averaged -10% (includes the ASX Small Resources Index and the TSX Venture Composite Index among others). After a brief rally in December 2016, both oil and gas prices have struggled, and the average performance of several small cap oil and gas indices has averaged -23% since October 2016 (includes the S&P TSX Small Cap Energy Index and S&P US Oil and Gas ETF among others).

Precious

The precious metals (majority gold exposure) generated a net fair value loss of HK\$14,070,000 in FY 2017 while the gold price fell 7%. As at 30 June 2017, the carrying value of the Precious segment was HK\$66,744,000 (as at 30 June 2016: HK\$49,732,000). Our largest gold investment is in ABM Resources (ASX: ABU) which generated a fair value gain of HK\$9,957,000 with carrying value as at 30 June 2017 of HK\$28,999,000. This was offset by losses in a number of smaller positions including Troy Resources (ASX: TRY), which we have since exited.

Bulk

Bulk commodities (predominantly coal exposure) generated a fair value gain of HK\$25,986,000 and coking coal prices increased 62% during FY 2017 with brief further spikes during the year. Within this segment, our significant investments include Shougang Fushan Resources Group (Stock Code: 639) listed in Hong Kong, which generated a fair value gain of HK\$18,069,000 in FY 2017 and had a carrying value as at 30 June 2017 of HK\$2,900,000 after we realized gains through selling a majority of our investment (as at 30 June 2016: HK\$93,784,000).

Base Metals

Base Metals segment (a mix of copper, nickel, aluminium and cobalt companies) delivered a fair value gain of HK\$44,286,000 in FY 2017 as the copper, aluminium and cobalt prices increased by 23%, 16% and 152%. The Base Metals segment includes our investment in Katanga Mining (TSX: KAT) listed in Canada, which generated a fair value gain of HK\$14,569,000 in FY 2017 and had a carrying value as at 30 June 2017 of HK\$14,426,000 (as at 30 June 2016: Nil).

Energy

The Energy segment (mainly oil exposure) had a fair value loss of HK\$11,277,000 in FY 2017 driven by an oil price drop of 6%. Our significant Energy investments include Sinopec Corp (Stock Code: 386), which generated a fair value gain of HK\$2,542,000 and had a carrying value as at 30 June 2017 of HK\$9,135,000 (as at 30 June 2016: HK\$25,088,000). Gains in smaller positions including Cooper Energy (ASX: COE) and Karoon Gas (ASX: KAR) were offset by losses in a number of stocks including Seven Generations (TSX: VII)

Others

We also have a fair value gain of HK\$10,477,000 from the remaining commodity (diamonds and mineral sands) and non-commodity investments in FY 2017 and had a carrying value as at 30 June 2017 of HK\$36,743,000 (as at 30 June 2016: HK\$7,098,000). This segment includes our investment in Mineral Deposits (ASX: MDL) listed in Australia, which generated a fair value gain of HK\$7,760,000 and had a carrying value as at 30 June 2017 of HK\$19,731,000 (as at 30 June 2016: Nil).

Commodity Business

Our iron ore offtakes at Koolan Island and Talling Peak have ceased to deliver shipments with both mines closed, so we are now looking for new offtake opportunities across a range of commodities. For FY 2017, our Commodity Business generated a minor profit of HK\$2,838,000 (FY 2016: Profit of HK\$26,889,000).

Principal Investment and Financial Services

The Company has established a new business segment, namely the Principal Investment and Financial Services, which covers the income generated from loans receivable, loan notes and other financial assets. For FY 2017, the Principal Investment and Financial Services segment generated a profit of HK\$9,824,000 (FY 2016: Nil).

Loans Receivable

During the year ended 30 June 2016, we reduced the Group's loans receivable by HK\$119,583,000 reflecting conservative estimates for the recoverable amount of a loan (the "Loan") granted to an investment holding company of a property developer in the People's Republic of China (the "PRC") which was due in January 2016 and remained outstanding as at 30 June 2016.

In December 2016, the Group received a repayment of RMB10,000,000 (equivalent to approximately HK\$11,122,000) of the Loan. In January 2017, the Group received a further amount of RMB216,170,000 (equivalent to approximately HK\$245,305,000) as settlement of the outstanding amount of the Loan in full.

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 2017, our non-current assets amounted to HK\$1,431,077,000 (as at 30 June 2016: HK\$1,226,788,000) and net current assets amounted to HK\$1,462,760,000 (as at 30 June 2016: HK\$981,578,000) with a current ratio of 65.1 times (as at 30 June 2016: 48.6 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\$190,362,000 (as at 30 June 2016: HK\$345,465,000) and loans receivable of HK\$232,138,000 (as at 30 June 2016: HK\$131,899,000) respectively.

As at 30 June 2017, we had no borrowings (as at 30 June 2016: Nil) and had undrawn banking facilities amounting to HK\$102,000,000 secured against certain term deposits of the Group. As at 30 June 2017, we had a gearing ratio of nil (as at 30 June 2016: Nil), calculated on the basis of total borrowings over equity attributable to owners of the Company.

Foreign Exchange Exposure

For the year under review, the Group's assets were mainly denominated in Australian Dollars while the liabilities were mainly denominated in United States Dollars. There would be no material immediate effect on the cash flows of the Group from adverse movements in foreign exchange for long term investments. In additions, the Group is required to maintain foreign currency exposure to cater for its present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollars denominated assets. However, the Group will closely monitor this risk exposure as required.

Pledge of Assets

As at 30 June 2017, the Group's bank deposits of HK\$145,167,000 (as at 30 June 2016: HK\$79,955,000) were pledged to banks to secure various trade and banking facilities granted to the Group.

Employees and Remuneration Policy

The 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 pension fund schemes including the Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the PRC for its employees in the PRC).

As at 30 June 2017, the Group, including its subsidiaries but excluding associates, had 18 (as at 30 June 2016: 19) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2017 amounted to HK\$10,543,000 (FY 2016: HK\$10,822,000).

Principal Risks

The Group adopts a comprehensive risk management framework. Policies and procedures are developed, regularly reviewed and updated to enhance risk management and react to changes in market conditions and the Group's business strategy. The audit committee of the Company reviews the Group's policies and scrutinises that management has performed its duty to have effective risk management and internal control systems necessary for monitoring and controlling major risks arising from the Group's business activities, changing external risks and the regulatory environment, and reports to the Board on the above.

Financial Risk

Financial risk includes market risk, credit risk and liquidity risk. Market risk concerns that the value of an investment will change due to movements in market factors and which can be further divided into foreign currency risk, interest rate risk and other price risk. Credit risk is the risk of losses arising from clients or counterparties failing to make payments as contracted. Liquidity risk concerns that a given security or asset cannot be traded readily in the market to prevent a loss or make the required profit.

Operational Risk

The Group faces various operational risks which are concerned with possible losses caused by human factors, inadequate or failed internal processes, systems or external events. Operational risk is mitigated and controlled through establishing robust internal controls, proper segregation of duties and effective internal reporting.

The business and operating line management are responsible for managing the operational risks of their business units on a day-to-day basis. Each department head has to identify risks, evaluate the effectiveness of key controls in place and assess whether the risks are effectively managed. Independent monitoring and reviews are conducted by the internal audit team which reports regularly to the respective senior management and the Audit Committee.

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

Save as disclosed in this announcement, during the year ended 30 June 2017, the Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies. Save as disclosed in this announcement, as at 30 June 2017, the Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2017 and 30 June 2016, the Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at the date of this announcement and as at 30 June 2017, the board of directors of the Company 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 Investment and Resource Investment 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 Events

On 1 September 2017, the Group subscribed for US\$2,500,000 4.65% 5 year loan notes issued by Sun Hung Kai & Co. (BVI) Limited as part of its principal investment and financial services business, details of which are set out in the announcement of the Company dated 1 September 2017.

Forward Looking Observations

Recent GDP and PMI numbers show that global economic growth has been steady in the regions of China, US, Japan and Europe. However we remain cautious, particularly in regards to commodities and risk-on assets in general. The Chinese government will need to find a balance between lowering the too high debt levels and maintaining growth. Both Texas and Florida have been battered by Hurricanes Harvey and Irma respectively, which at least initially, will be a drain on the US economy. Concerns over a clash between North Korea and the US are an overhang for global markets. Mount Gibson is underpinned by a large cash balance, and is focused on its Koolan Island Restart Project, with the seawall under construction and production expected in early 2019. In the meantime, the company benefits from the high iron ore price which in the past two months has rallied up to nearly US\$80 per tonne, supporting strong cash flow generation in the short term. We have received shareholder approval for a possible disposal for the remainder interests of our Metals X and Westgold Resources. Our new investment portfolios are 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.

DIVIDEND

The Board has declared an interim dividend of HK1.5 cents per share (in lieu of a final dividend) for the year ended 30 June 2017 (2016: Nil) payable on or around Friday, 1 December 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 16 November 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2017, the Company has applied the principles of, and fully complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Group's final results for the year ended 30 June 2017 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY 2017 as set out in this announcement have been agreed by the

Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the FY 2017. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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

Hong Kong, 25 September 2017

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

Executive Directors

Mr. Brett Robert Smith (*Deputy Chairman*) and Mr. Andrew Ferguson (*Chief Executive Officer*)

Non-Executive Directors

Mr. Arthur George Dew (*Chairman*) (*Mr. Wong Tai Chun, Mark as his alternate*), Mr. Lee Seng Hui and Mr. So Kwok Hoo

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks

* *For identification purpose only*