APAC RESOURCES

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

(Warrant Code: 2478)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

The board of directors (the "**Board**") of APAC Resources Limited (the "**Company**" or "**APAC**") announces the unaudited interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 31 December 2024, which has been reviewed by the auditor of the Group and the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2024

		Six months ended 31 December	
	Notes	**2024** *HK$'000* **(Unaudited)**	2023 *HK$'000* (Unaudited)
Revenue			
Trading of goods		**142,900**	930,478
Interest income		**4,913**	10,956
Total revenue	2	**147,813**	941,434
Cost of sales		**(142,064)**	(864,379)
Gross profit		**5,749**	77,055
Other gains and losses	4	**(206,525)**	227,069
Other income		**32,524**	31,228
Impairment loss on interests in associates, net	9	**(105,097)**	(885)
Administrative expenses		**(28,997)**	(29,110)
Exploration expenses		**(4,690)**	(14,574)
Finance costs	5(a)	**(12,789)**	(3,966)
Share of results of associates		**(4,579)**	304,946
Share of results of a joint venture		**384**	145
(LOSS)/PROFIT BEFORE TAXATION	5	**(324,020)**	591,908
Income tax credit/(expense)	6	**11,048**	(19,496)
(LOSS)/PROFIT FOR THE PERIOD		**(312,972)**	572,412
Attributable to:			
Owners of the Company		**(309,884)**	593,272
Non-controlling interests		**(3,088)**	(20,860)
(LOSS)/PROFIT FOR THE PERIOD		**(312,972)**	572,412
(LOSS)/EARNINGS PER SHARE (EXPRESSED IN HK CENTS)			
– Basic	8(a)	**(22.8)**	45.5
– Diluted	8(b)	**(22.8)**	45.5

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(312,972)**	572,412
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of associates	**(110,718)**	59,063
Exchange differences on translation of a joint venture	**(1,054)**	1,765
Exchange differences on translation of other foreign operations	**3,523**	(663)
Share of other comprehensive income of associates, net of related income tax	**1,231**	(6,317)
	(107,018)	53,848
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate, net of related income tax	**558**	1,600
Other comprehensive income for the period, net of income tax	**(106,460)**	55,448
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(419,432)**	627,860
Attributable to:		
Owners of the Company	**(416,026)**	648,251
Non-controlling interests	**(3,406)**	(20,391)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(419,432)**	627,860

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	31 December 2024 HK$'000 (Unaudited)	30 June 2024 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**2,503**	5,096
Interests in associates	*9*	**1,297,726**	1,515,506
Interest in a joint venture	*10*	**88,728**	89,398
Goodwill		**–**	5,227
Exploration and evaluation expenditure		**–**	4,977
Prepayments, deposits and other receivables		**228**	–
Term deposit		**–**	12,878
		1,389,185	1,633,082
Current assets			
Inventories		**181,628**	62,355
Prepayments, deposits and other receivables		**25,692**	65,503
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,677,685**	1,793,152
Loan receivables		**80,133**	88,563
Bank balances and cash		**605,982**	574,680
		2,571,120	2,584,253
Assets held for sale		**–**	2,587
		2,571,120	2,586,840
TOTAL ASSETS		**3,960,305**	4,219,922

	Notes	31 December 2024 HK$'000 (Unaudited)	30 June 2024 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**1,356,637**	1,356,637
Other reserves		**89,680**	198,506
Accumulated profits		**1,841,083**	2,286,631
Total equity attributable to owners of the Company		**3,287,400**	3,841,774
Non-controlling interests		**–**	17,509
		3,287,400	3,859,283
Non-current liabilities			
Lease liabilities		**601**	146
Deferred tax liabilities		**1,707**	18,686
Provisions		**–**	7,927
		2,308	26,759
Current liabilities			
Trade and other payables	11	**83,774**	51,740
Bank and other loans		**578,774**	280,105
Derivative financial instruments		**695**	104
Tax payable		**5,965**	461
Lease liabilities		**1,389**	1,470
		670,597	333,880
TOTAL LIABILITIES		**672,905**	360,639
TOTAL EQUITY AND LIABILITIES		**3,960,305**	4,219,922
NET CURRENT ASSETS		**1,900,523**	2,252,960
TOTAL ASSETS LESS TOTAL LIABILITIES		**3,287,400**	3,859,283

NOTES

For the six months ended 31 December 2024

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim condensed consolidated financial information have been prepared in accordance with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 30 June 2024 except for the changes in accounting policy disclosures that are expected to be reflected in the Group's annual consolidated financial statements for the year ending 30 June 2025 which are set out below:

Application of Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current reporting period, the Group has applied, for the first time, the following revised HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 July 2024 for the preparation of the Group's interim condensed consolidated financial information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 July 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments.

Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. REVENUE

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

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of goods		
– Commodities (Iron ore)	**142,900**	930,478
Revenue from other sources		
Interest income under effective interest method		
– Loan receivables	**4,913**	10,956
Total revenue	**147,813**	941,434

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical markets are disclosed in Notes 3(a) and 3(b) respectively.

(b) All sales contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Company's executive directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Commodity business (trading of commodities);

(ii) Resource investment (trading of and investment in listed and unlisted securities of energy and natural resources companies); and

(iii) Principal investment and financial services (provision of loan financing and investments in financial assets and receiving interest income from these financial assets).

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is earnings and loss of each segment without allocation of share of results of associates and a joint venture, impairment on interests in associates, gain arising from changes in fair value of financial assets at FVTPL not held within the trading portfolios, unallocated other corporate income and gains, unallocated central administrative expenses and other corporate losses, and unallocated central finance costs.

Segment assets include all assets of operating and reportable segments other than interests in associates and a joint venture, certain property, plant and equipment and financial assets at FVTPL not held within the trading portfolios neither managed under principal investment and financial services segment nor managed under resource investment segment, certain other receivables and certain bank balances and cash not managed under segments and other unallocated corporate assets.

Segment liabilities include provisions, trade and other payables, deferred tax liability and lease liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

In addition to receiving segment information concerning segment profit/(loss), the Board is provided with segment information concerning revenue, interest income (included in other income), depreciation, dividend income from financial assets at FVTPL, gain/(loss) arising from changes in fair value of financial assets measured at FVTPL, net, (impairment loss)/reversal of impairment loss on loan receivables, net, (loss)/gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities, net, finance costs, net foreign exchange gain/(loss), income tax and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resource allocation and assessment of segment performance for the six months ended 31 December 2024 and 2023 is set out below.

	Six months ended 31 December 2024					
	Commodity business *HK$'000* **(Unaudited)**	**Resource investment** *HK$'000* **(Unaudited)**	**Principal investment and financial services** *HK$'000* **(Unaudited)**	**Total reportable segments** *HK$'000* **(Unaudited)**	**Others** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Segment revenue:						
Disaggregated by timing of revenue recognition						
– Point in time	**142,900**	**–**	**–**	**142,900**	**–**	**142,900**
– Revenue from other source: Interest income	**–**	**–**	**4,913**	**4,913**	**–**	**4,913**
Revenue from external customers	**142,900**	**–**	**4,913**	**147,813**	**–**	**147,813**
Segment results	**(6,468)**	**(183,612)**	**3,597**	**(186,483)**	**(5,473)**	**(191,956)**
Share of results of associates						**(4,579)**
Share of results of a joint venture						**384**
Impairment loss on interests in associates, net						**(105,097)**
Gain arising from acquisitions of interest in associates						**1,013**
Gain arising from deemed increase of shareholding in associates						**2,125**
Gain on deconsolidation of a subsidiary						**2,161**
Loss arising from deemed disposal of partial interest in associates						**(3,036)**
Unallocated other corporate income and gains						**351**
Unallocated central administrative expenses and other corporate losses						**(15,919)**
Unallocated central finance costs						**(9,467)**
Consolidated loss before taxation						**(324,020)**

	At 31 December 2024					
	Commodity business *HK$'000* (Unaudited)	Resource investment *HK$'000* (Unaudited)	Principal investment and financial services *HK$'000* (Unaudited)	Total reportable segments *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment assets	**643,900**	**1,762,396**	**80,677**	**2,486,973**	**–**	**2,486,973**
Interests in associates						**1,297,726**
Interest in a joint venture						**88,728**
Unallocated head office and corporate assets						
– Bank balances and cash						**85,088**
– Other corporate assets						**1,790**
Consolidated total assets						**3,960,305**
Segment liabilities	**175,644**	**91,632**	**535**	**267,811**	**–**	**267,811**
Unallocated head office and corporate liabilities						
– Other loans						**394,830**
– Dividend payable						**6,905**
– Other corporate liabilities						**3,359**
Consolidated total liabilities						**672,905**

	Six months ended 31 December 2023					
	Commodity business	Resource investment	Principal investment and financial services	Total reportable segments	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Disaggregated by timing of revenue recognition						
– Point in time	930,478	–	–	930,478	–	930,478
– Revenue from other source: Interest income	–	–	10,956	10,956	–	10,956
Revenue from external customers	930,478	–	10,956	941,434	–	941,434
Segment results	69,373	237,951	35,856	343,180	(41,422)	301,758
Share of results of associates						304,946
Share of results of a joint venture						145
Impairment losses on interests in associates, net						(885)
Loss arising from deemed disposal of partial interest in an associate						(492)
Unallocated other corporate income and gains						6,551
Unallocated central administrative expenses and other corporate losses						(17,008)
Unallocated central finance costs						(3,107)
Consolidated profit before taxation						591,908

	At 30 June 2024					
	Commodity business	Resource investment	Principal investment and financial services	Total reportable segments	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	517,706	1,941,356	89,115	2,548,177	41,425	2,589,602
Interests in associates						1,515,506
Interest in a joint venture						89,398
Unallocated head office and corporate assets						
– Bank balances and cash						16,028
– Other corporate assets						9,388
Consolidated total assets						4,219,922
Segment liabilities	61,862	134,610	5,470	201,942	12,438	214,380
Unallocated head office and corporate liabilities						
– Other loan						135,000
– Dividend payable						5,882
– Other corporate liabilities						5,377
Consolidated total liabilities						360,639

(b) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, interests in associates and a joint venture, goodwill and exploration and evaluation expenditure. The geographical location of customers is based on the location of goods delivered; the Group's interest income derived from loan receivables in respect of principal investment and financial services is analysed by the location where the loan financing is provided. In the case of non-current assets (excluding financial assets) which is presented based on geographical location of assets (where the property, plant and equipment and exploration and evaluation expenditures are located/incurred and where the associates, the joint venture and the subsidiary to which the goodwill relates are incorporated/listed).

	Revenue from external customers		**Non-current assets**	
	Six months ended 31 December		**At 31 December**	At 30 June
	2024	2023	**2024**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong (place of domicile)	**4,913**	3,024	**658**	1,505
The PRC	**142,900**	938,410	**133,050**	137,755
Australia	**–**	–	**1,247,538**	1,472,391
Philippines	**–**	–	**7,711**	8,553
	147,813	941,434	**1,388,957**	1,620,204

4. OTHER GAINS AND LOSSES

	Six months ended 31 December 2024 HK$'000 (Unaudited)	2023 HK$'000 (Unaudited)
(Loss)/gain arising from changes in fair value of financial assets mandatorily measured at FVTPL, net:		
– listed equity securities held-for-trading	**(199,084)**	214,274
– unlisted equity investments	**(1,138)**	3,491
– derivative financial instruments		
– warrants	**2,293**	2,924
– others	**(591)**	–
(Impairment loss)/reversal of impairment loss on loan receivables, net	**(588)**	24,110
Impairment loss on assets held for sale	**–**	(25,368)
Gain on deconsolidation of a subsidiary *(note)*	**2,161**	–
Gain arising from deemed increase of shareholding in associates	**2,125**	–
Loss arising from deemed disposal of partial interest in associates	**(3,036)**	(492)
Gain arising from acquisition of interests in associates	**1,013**	–
(Loss)/gain arising from changes in fair value of provisional pricing arrangements in relation to trading of commodities:		
– trade receivables designated at FVTPL	**–**	(3,520)
– trade payables designated at FVTPL	**(1,697)**	3,619
Net foreign exchange (loss)/gain	**(7,332)**	10,178
Others	**(651)**	(2,147)
	(206,525)	227,069

Note:

During the six months ended 31 December 2024, upon the completion of the right issue and share placement by a then subsidiary (the "**Investee**"), the Group's interests in the Investee decreased significantly and directors of the Company considered that the Group lost control over the Investee but retained significant influence on the Investee. Accordingly, the financial statements of the Investee were deconsolidated from the Group's consolidated financial statements and a gain on deconsolidation of HK$2,161,000 was recognised in profit or loss.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

		Six months ended 31 December	
		2024	2023
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(a)	**Finance costs:**		
	Interest on lease liabilities	**31**	105
	Interest on bank and other loans	**12,758**	3,861
	Total interest expenses on financial liabilities not at FVTPL	**12,789**	3,966
(b)	**Staff costs (including directors' emoluments)** ***(notes (i) and (iii))*****:**		
	Salaries and allowance	**13,730**	16,127
	Contributions to defined contribution retirement plans	**174**	582
		13,904	16,709
(c)	**Other items:**		
	Costs of goods recognised as expenses *(note (ii))*	**142,064**	885,195
	Depreciation charges *(notes (i) and (iii))*		
	– owned property, plant and equipment	**192**	505
	– right-of-use assets	**1,253**	1,265
	Exploration expenses *(note (iii))*	**4,690**	14,574
	Short-term lease expense	**35**	100

Notes:

(i) Included in staff costs there are HK$12,739,000 (2023: HK$13,449,000) being classified under administrative expenses in the condensed consolidated statement of profit or loss. Included in depreciation charges there are HK$1,445,000 (2023: HK$1,566,000) being classified under administrative expenses. Other major components of administrative expenses include brokerage and custodian fees for investments of HK$3,748,000 (2023: HK$2,637,000) and legal, professional and consultancy fees of HK$1,989,000 (2023: HK$2,731,000).

(ii) Cost of inventories includes write-down of inventories of HK$6,232,000 (2023: reversal of write-down of inventories of HK$38,212,000).

The reversal of write-down of inventories during the six months ended 31 December 2023 was due to an increase in the estimated net realisable value of iron ores as a result of increase in prevailing selling price.

(iii) Exploration expenses in the condensed consolidated statement of profit or loss includes staff costs of HK$1,165,000 (2023: HK$3,260,000) and depreciation of nil (2023: HK$204,000), which are also included in the respective total amounts disclosed separately above.

6. INCOME TAX CREDIT/(EXPENSE)

Amounts recognised in profit or loss:

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax for the period	**(37)**	(182)
– PRC Enterprise Income Tax for the period	**(5,582)**	(5,028)
Deferred tax:		
– Origination and reversal of temporary differences	**16,667**	(14,286)
Income tax credit/(expense)	**11,048**	(19,496)

7. DIVIDENDS

Dividends recognised as distribution to owners of the Company during the period:

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
2024 final dividend declared		
– HK10 cents (2023: 2023 Interim dividend declared HK10 cents)	**135,664**	130,249

During the six months ended 31 December 2024, a final dividend of HK10 cents (six months ended 31 December 2023: an interim dividend of HK10 cents) per ordinary share, in an aggregate amount of HK$135,664,000 (six months ended 31 December 2023: HK$130,249,000), was declared in respect of the year ended 30 June 2024 (six months ended 31 December 2023: in respect of year ended 30 June 2023), which is paid or payable in cash (six months ended 31 December 2023: paid or payable in cash with an option to receive the interim dividend (in lieu of a final dividend) wholly or partly in the form of new fully paid shares in lieu of cash).

No dividend has been proposed for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic loss/earnings per share is based on the loss attributable to the owners of the Company of HK$309,884,000 (2023: profit attributable to the owners of the Company of HK$593,272,000) and the weighted average number of 1,356,636,962 (2023: 1,302,485,521) ordinary shares in issue during the six months ended 31 December 2024.

(b) Diluted (loss)/earnings per share

On 16 December 2024, the Company issued warrants which entitle the holder to subscribe for up to 271,327,392 ordinary shares. During the six months ended 31 December 2024, no diluted loss per share was calculated as the potential dilutive ordinary shares arising from issued warrants have an anti-dilutive effect on the basic loss per share amount presented, and hence diluted loss per ordinary share is the same as the basic loss per ordinary share.

During the six months ended 31 December 2023, diluted earnings per share is equal to the basic earnings per share as there was no dilutive potential shares outstanding during the six months ended 31 December 2023.

9. INTERESTS IN ASSOCIATES

	At 31 December 2024	At 30 June 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interests in associates before impairment	**2,225,466**	2,338,149
Impairment losses recognised	**(927,740)**	(822,643)
	1,297,726	1,515,506
Fair value of listed investments	**1,225,243**	1,582,291

At the end of the reporting period, the management of the Group carried out impairment assessment on the carrying amounts of its interests in associates by comparing their recoverable amounts (higher of value in use and fair value less costs of disposal) with its respective carrying amounts when there is impairment or reversal of impairment indication. The (impairment loss)/reversal of impairment loss on respective associates determined based on their value in use or fair values less costs of disposal, where appropriate, net recognised in the consolidated statement of profit or loss for the six months ended 31 December 2024 are as follows:

	For the six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Mount Gibson Iron Limited ("**MGX**")	**(111,986)**	9,314
Tanami Gold NL ("**Tanami**")	**6,788**	(8,369)
Mabuhay Holdings Corporation ("**MHC**")	**101**	(1,830)
	(105,097)	(885)

10. INTEREST IN A JOINT VENTURE

	At 31 December 2024	At 30 June 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest in a joint venture with nil impairment	**88,728**	89,398

11. TRADE AND OTHER PAYABLES

	At 31 December 2024	At 30 June 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables designated at FVTPL *(note)*	**67,717**	3,688
Other payables measured at amortised cost	**16,057**	48,052
	83,774	51,740

Note:

Aging analysis

As of the end of the reporting period, the aging analysis of trade payables designated at FVTPL based on the invoice date is as follows:

	At 31 December 2024	At 30 June 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**67,717**	3,688

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

12. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
At 1 July 2024 (audited) and 31 December 2024 (unaudited), ordinary shares of HK$1.00 each	3,000,000,000	3,000,000
Issued and fully paid:		
Ordinary shares of HK$1.00 each		
At 1 July 2023 (audited)	1,302,485,521	1,302,486
Share issued under scrip dividend scheme	54,151,441	54,151
At 30 June 2024 (audited) and 31 December 2024 (unaudited)	1,356,636,962	1,356,637

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

APAC Resources Limited ("**APAC**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") reported a net loss attributable to shareholders of the Company of HK$309,884,000 for the six months ended 31 December 2024 ("**1H FY2025**"), compared with a net profit attributable to shareholders of the Company of HK$593,272,000 for the six months ended 31 December 2023 ("**1H FY2024**"). In 1H FY2025, the Group reported underlying segment loss of HK$191,956,000, driven by our Resource Investment and Commodity Business divisions, which generated segment loss of HK$183,612,000 as a result of the weakness in commodity markets and HK$6,468,000 respectively.

Primary Strategic Investments

Our Primary Strategic Investments are in Mount Gibson Iron Limited ("**Mount Gibson**") (ASX: MGX), Tanami Gold NL ("**Tanami Gold**") (ASX: TAM), Metals X Limited ("**Metals X**") (ASX: MLX) and Prodigy Gold NL ("**Prodigy Gold**") (ASX: PRX), which are operating in Australia and listed on the Australian Securities Exchange ("**ASX**").

The combined net attributable loss shared from Mount Gibson, Tanami Gold and Metals X which are accounted for as the Group's associates for 1H FY2025 was HK$22,687,000 (1H FY2024: Net attributable profit of HK$298,065,000).

During the period, APAC's shareholding in Prodigy Gold fell from 44.3% as at 30 June 2024 to 29.6% as at 31 December 2024 as APAC chose not to participate in Prodigy Gold's equity raising. After the equity raising, Prodigy Gold was reclassified as an associate of APAC. In 1H FY2025, the attributable loss shared from Prodigy Gold amounted to HK$3,057,000.

Mount Gibson

Mount Gibson is an Australian producer of direct shipping grade iron ore products. Mount Gibson owns the Koolan Island mine off the Kimberley coast in the remote north-west of Western Australia.

Ore sales at the Koolan Island Restart Project started in April 2019 and achieved commercial production in the June quarter of 2019. The restart project had 21 million tonnes of 65.5% Fe reserves. Mount Gibson has completed a planned waste mining phase, enabling increased production from 2023 onwards.

Mount Gibson reported a net loss after tax of A$71.7 million for 1H FY2025 from sales of 1.3 million tonnes of iron ore. Production and grades were constrained in September quarter while a necessary reconfiguration was undertaken and a new switchback was constructed in the centre of the pit, which pushed up operating costs. In addition, A$75.8 million impairment expense has been recorded in the period as a result of weak iron ore prices. Yet, operational improvement was seen in December quarter after the reconfiguration. Operating costs and production are on track with the company's year ending 30 June 2025 ("**FY2025**") guidance during the period.

Sales guidance for FY2025 is 2.7 million to 3.0 million tonnes. Mount Gibson's cash and investment reserves was A$437 million at the end of 1H FY2025.

The Platts IODEX 62% CFR China index traded in a relatively narrow range in 1H FY2025, with lows near US$90 per dry metric tonne ("**dmt**") in September and ending 2024 near US$100 per dmt. At time of writing in early February, the price is around US$105 per dmt with an improvement driven by recent stimulus measures. Iron ore prices are expected to fluctuate with sentiment related to China's economy.

Tanami Gold

APAC owns 46.3% of Tanami Gold at 31 December 2024. Tanami Gold's principal business activity is gold exploration. It holds 50% of the Central Tanami Project and has a cash balance of A$21 million. In May 2021, Tanami Gold entered into a binding agreement with Northern Star Resources Limited ("**Northern Star**") (ASX: NST) to establish a new 50-50 Joint Venture covering the Central Tanami Project.

Metals X

APAC has increased its shareholding in Metals X from 22.8% as at 30 June 2024 to 23.3% as at 31 December 2024. Metals X is focused on implementing its life of mine plan at Renison mine, including the development of the high-grade Area 5 deposit. During 1H FY2025, the Renison mine produced 3,114 tonnes of tin (net 50% basis), up 18% year-on-year.

Like essentially all base metals, tin prices weakened in 1H FY2025 after a peak in price in mid 2024, but overall tin remained one of the strongest base metals due to solid supply-demand fundamentals. At the time of writing, the tin price is circa US$30,000 per tonne. We remain comfortable with the outlook for tin due to the lack of significant supply growth and growing demand for tin from the electrification trend, and growth from semiconductors and energy storage industries.

Prodigy Gold

Prodigy Gold issued 763,765,902 new shares (the "**New Issuance of Shares**") on 30 October 2024 under its public shortfall offer as announced by Prodigy Gold on 1 October 2024. After completion of the New Issuance of Shares, APAC's shareholding in Prodigy Gold was diluted to approximately 30.3% and Prodigy Gold was deconsolidated from APAC on 30 October 2024. APAC owns approximately 29.6% of Prodigy Gold at 31 December 2024.

Prodigy Gold is a gold exploration company listed on the ASX. It holds a large footprint of exploration tenements in the Tanami region in the Northern Territory, Australia, and a JORC resource of 0.94 million ounces across its Hyperion, Tregony, Buccaneer and Old Pirate projects. Some of its tenements are held in joint venture with partners such as Newmont Corporation and IGO Limited. Prodigy Gold reported a net loss after tax of A$1.6 million for 1H FY2025. At the end of December 2024, Prodigy Gold has a cash balance of A$2.8 million. The focus of Prodigy Gold for 2025 will be exploration on the Northern Tanami project area and continue with its strategy to divest non-core assets.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss comprise mainly the Group's Resource Investment. As at 31 December 2024, APAC had significant investment representing 5% or more of the Group's total assets in Shougang Fushan Resources Group Limited ("**Shougang Fushan**") (HKEX: 639).

Significant Investment

Name of investee company	Number of shares held at 31 December 2024	% of shares held at 31 December 2024	Investment cost	For the period ended 31 December 2024				As at 31 December 2024	
				Dividend income	Realised gain	Unrealised loss	Fair value loss	Carrying value	% of carrying value to the Group's total assets
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Shougang Fushan	140,261,657	2.8%	247,197	12,151	141	(93,654)	(93,513)	352,056	8.9%

Our investment in Shougang Fushan generated a fair value loss of HK$93,513,000 during the period with carrying value as at 31 December 2024 of HK$352,056,000.

Shougang Fushan is a coking coal producer listed on The Stock Exchange of Hong Kong Limited. Its principal businesses are coking coal mining and the production and sales of coking coal products in China. It has three mines located in China with reserves of 59 million tonnes of raw coking coal at 31 December 2023 and during six months ended 30 June 2024 Shougang Fushan produced 2.3 million tonnes of raw coking coal and sold 1.3 million tonnes of clean coking coal.

Its results for the year ended 31 December 2024 are not yet available at the time of writing. The market capitalisation of Shougang Fushan at the end of January 2025 is around HK$12.1 billion. During the six months ended 30 June 2024, Shougang Fushan generated revenue of HK$2,498 million and attributable profit of HK$837 million and had cash and time deposits of HK$9.2 billion at 30 June 2024.

Resource Investment

The investments in this division comprise mostly minor and liquid holdings in various natural resource companies listed on major stock exchanges, including Australia, Canada, Hong Kong, the United Kingdom and the United States. Our investments focus on select commodities within several commodity segments: energy, bulk commodities, base metals and precious metals.

Resource Investment posted a fair value loss of HK$199,084,000 in 1H FY2025 (1H FY2024: Gain of HK$214,274,000), which, after accounting for segment-related dividends and other investment income and expenses, resulted in a segment loss of HK$183,612,000 (1H FY2024: Profit of HK$237,951,000).

Our Resource Investment division includes, among other investing strategies, the two resource portfolios announced in August 2016, with additional natural resource-focused strategies subsequently established and focused on large caps and specialist opportunities. The aim of the portfolios is to produce a positive return using the Company's funds as well as to create a track record to attract potential third-party investments in the future. These various portfolios are managed under the Resource Investment segment of the Company, which is separate from the Company's large strategic stakes. Our portfolios have a global long-only mandate (cannot short stocks) and strict parameters on market capitalisation, liquidity, development stage (exploration through to production) and jurisdiction to manage risk.

One of the mining portfolios focuses on investments in Small and Mid-Cap companies involved in battery metals, base metals, precious metals, uranium, bulks and other hard rock commodities. Since its inception on 1 October 2016, the Mining Portfolio has delivered a return on investment of 503.8% in the 8.25 years to 31 December 2024, which is an outperformance of 509.7% against its benchmark (currency adjusted equal weighting of the ASX 200 Smallcap Resources, FTSE AIM All Share Basic Resources and TSX Venture Composite) return of -6.0%.

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

From	To	Small and Midcap Mining Portfolio Performance	Period Benchmark	Alpha %	Small and Midcap Mining Portfolio Cumulative Performance	Cumulative Benchmark %	Cumulative Alpha %
01 Oct 2016	30 Sep 2017	8.7%	4.0%	**4.7%**	8.7%	4.0%	**4.7%**
01 Oct 2017	30 Sep 2018	9.6%	-4.3%	**13.9%**	19.1%	-0.4%	**19.5%**
01 Oct 2018	30 Sep 2019	18.8%	-15.4%	**34.2%**	41.4%	-15.7%	**57.1%**
01 Oct 2019	30 Sep 2020	59.8%	29.4%	**30.4%**	126.0%	9.0%	**117.0%**
01 Oct 2020	30 Jun 2021	87.0%	33.5%	**53.5%**	322.6%	45.5%	**277.1%**
01 Jul 2021	30 Jun 2022	14.2%	-27.6%	**41.8%**	382.7%	5.4%	**377.3%**
01 Jul 2022	30 Jun 2023	16.3%	-3.2%	**19.5%**	461.2%	2.0%	**459.2%**
01 Jul 2023	30 Jun 2024	17.4%	-2.9%	**20.3%**	558.6%	-1.0%	**557.6%**
01 Jul 2024	31 Dec 2024	-8.3%	-5.0%	**-3.3%**	503.8%	-6.0%	**509.7%**

For the period ended 31 December 2024, this strategy generated a return of -8.3% so slightly underperforming the benchmark return of -5.0%. It was a difficult period for resources investment with several converging negative macroeconomic, including China's sluggish economic recovery (with the property sector remaining weak plus subdued industrial output) and slowing growth in the US and Europe as post-pandemic tailwinds faded and monetary policy remained restrictive. These all led to dampened consumption and industrial activity globally, reducing demand for raw materials and pushing most commodity prices lower, especially coal, lithium and uranium. Being denominated in Hong Kong dollars, the portfolio had an additional headwind from currency depreciation with most share prices denominated in Australian and Canadian dollars. On the positive side, the main winner was gold, driven by ongoing central bank buying plus investment inflows.

For the period, the portfolio benefitted from a steady increase in its gold weighting from around 40% to 60%, as the Senior Portfolio Manager saw increasingly attractive value and near-term free cash flows in the gold miners at progressively higher gold prices. Portfolio alpha was generated by the very large overweight gold sector weighting, with Greatland Gold (LSE: GGP), Calibre Mining (TSX: CXB), Heliostar Metals (TSX: HSTR), Meeka Metals (ASX: MEK), Probe Gold (TSX: PRB) and Allied Gold (TSX: AAUC) all contributing positively to the portfolio.

However, holdings in other commodity sectors were a drag on performance. In particular, the uranium holdings were generally weak as the spot price fell from US$85 to US$74 per pound. Investments in Paladin Energy (ASX: PDN), Boss Resources (ASX: BOE) and Peninsula Energy (ASX: PEN) negatively impacted the portfolio, as well as Viridis Mining and Minerals (ASX: VMM) in the rare earths space and Coronado Global Resources (ASX: CRN) in the coking coal sector.

The Energy Portfolio is primarily focused on the oil, gas and renewables sectors. At the end of 2019, the mandate for this portfolio was expanded to include investments in renewables, and with a broader sector of investments, in the last five years from February 2020 (before the full impact of the Covid-19 Pandemic) to February 2025, the Energy Portfolio has generated a return on investment of 86%.

The investment choices in the Energy Portfolio are selected through a combination of fundamental bottom up valuation and analysis of the prospects for different sectors. For instance, during the early days of the COVID-19 pandemic, the investments were focused in companies in the green energy sector given that the low interest rate environment was supportive of stocks with significant growth potential. More recently investments have focused on energy companies given relatively steady oil prices supported by OPEC+ production cuts, plus expectations for ongoing weakness in the green energy sector due to relatively high interest rates. We remain cautious on the outlook for both sub-segments, the weaker economic outlook particularly in China is likely to put pressure on oil prices and there is a significant supply overhang from OPEC+ production cuts that can easily be brought back online. President Trump has been eager for the US' allies within OPEC+ to increase production. Although energy transition continues, the market's appetite for non-profitable companies remains weak, and given President Trump's second term, sentiment around proposed IRA funding in the US is also an overhang. The bright spot in the energy sector is demand for baseload power generation that is expected to feed into AI data centers.

Precious Metals

Precious Metals (majority gold exposure) generated a net fair value gain of HK$55,082,000 in 1H FY2025. As at 31 December 2024, the carrying value of the Precious Metals segment was HK$719,663,000 (As at 30 June 2024: HK$686,052,000). Our largest gold investment in the Resource Investment division is in Northern Star (ASX: NST) which generated a fair value gain of HK$10,081,000 with a carrying value as at 31 December 2024 of HK$89,392,000. We also own Greatland Gold (LSE: GGP) which generated a fair value gain of HK$16,774,000 with a carrying value as at 31 December 2024 of HK$66,617,000. Northern Star is the second-largest gold company in Australia and owns high-grade underground mines in Western Australia and Alaska. In 1H FY2025, its production was 784,000 ounces of gold, and it generated a net mine cash flow of A$389 million. In FY2025, its production target is 1,650,000 - 1,800,000 ounces.

Gold price had a strong rally in 1H FY2025 from approximately US$2,300 per ounce and reached a high of US$2,790 per ounce before closing 2024 at around US$2,600 per ounce. The strength in gold prices has been a surprise given the high interest rate in the US, and there is speculation that it has been driven by central bank purchases, safe haven demand amid worries on geopolitical tensions and more recently on expectations that ex-US global monetary policies would loosen.

Bulk

Bulk commodities segment generated a fair value loss of HK$128,771,000 in 1H FY2025. As at 31 December 2024, the carrying value was HK$479,352,000 (As at 30 June 2024: HK$584,717,000). Our largest investment in this segment during 1H FY2025 is in Shougang Fushan (HKEX: 639), which generated a fair value loss of HK$93,513,000 and had a carrying value as at 31 December 2024 of HK$352,056,000.

Base Metals

Base Metals segment (a mix of copper, nickel, zinc, aluminium, tin and cobalt companies) delivered a fair value loss of HK$21,592,000 in 1H FY2025. During the period, most base metal prices had declined, with copper prices down 9.8%, nickel prices down 11.6%, and zinc prices down 2.9%. The Base Metals segment includes our investment in Lundin Mining Corp (TSX: LUN) which had a carrying value as at 31 December 2024 of HK$23,426,000.

Energy

The Energy segment (mix of oil and gas, uranium and renewables) had a fair value loss of HK$61,989,000 in 1H FY2025 and a carrying value of HK$262,074,000 as at 31 December 2024 (As at 30 June 2024: HK$232,734,000). Our significant Energy investments include Paladin Energy (ASX: PDN), which generated a fair value loss of HK$20,405,000 and had a carrying value as at 31 December 2024 of HK$85,533,000.

Others

We also have a fair value loss of HK$42,952,000 from the remaining commodity (diamonds, manganese, rare earths, lithium and mineral sands among others) and other investments in 1H FY2025 and had a carrying value as at 31 December 2024 of HK$117,263,000 (As at 30 June 2024: HK$132,289,000).

Commodity Business

Our iron ore offtake at Koolan Island recommenced as the mine restarted operations, and we continue to look for new offtake opportunities across a range of commodities. For 1H FY2025, our Commodity Business generated a segment loss of HK$6,468,000 (1H FY2024: Profit of HK$69,373,000).

Principal Investment and Financial Services

The Principal Investment and Financial Services segment, which covers the income generated from loan receivables, loan notes and other financial assets. For 1H FY2025, this segment reported a profit of HK$3,597,000 (1H FY2024: Profit of HK$35,856,000).

Money Lending

Business Model and Customer Profile

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

The Group does not set a specific target for the industry, business or level of annual revenue to corporate borrowers. The customers of the Group's lending business were referred to the Group through its corporate or business networks. For 1H FY2025, customers of the Group's lending business include Hong Kong listed companies for secured and unsecured loans.

Outstanding loan receivables net of loss allowances as at 31 December 2024 amounted to approximately HK$80,133,000 (As at 30 June 2024: HK$88,563,000). During the period, the Group has provided for impairment losses on its loan receivables of approximately HK$588,000 (1H FY2024: Reversal of impairment loss of HK$24,110,000).

Risk Management Policies

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

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

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

Loan Impairment Policies

The Company adopts expected credit loss allowances ("**ECLs**") according to the requirements of Hong Kong Financial Reporting Standard 9 issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, it shall review the recoverable amount of each loan at the end of each reporting period to ensure that adequate impairment losses are made. The Group applies a general approach on loan receivables to assess for the ECLs.

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the borrower. In order to measure the ECLs of loan receivables, the Group will apply a credit rating for each of its borrowers by reference to each borrower's past default records, current past due exposure, an analysis of its current financial position, likelihood or risk of a default, an assessment on any significant increase in credit risk, and fair value of collaterals (if any), and adjust for forward-looking information that is available without undue cost or effort, such as the current and forecasted global economy and the general economic conditions of the industry in which the borrower operates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the loan amount becomes past due.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, our non-current assets amounted to HK$1,389,185,000 (As at 30 June 2024: HK$1,633,082,000) and net current assets amounted to HK$1,900,523,000 (As at 30 June 2024: HK$2,252,960,000) with a current ratio of 3.8 times (As at 30 June 2024: 7.7 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan receivables of HK$80,133,000 (As at 30 June 2024: HK$88,563,000).

As at 31 December 2024, we had borrowings of HK$578,774,000 (excluding lease liabilities) (As at 30 June 2024: HK$280,105,000) and had undrawn letter of credit, bank and other loan facilities amounting to HK$406,366,000. As at 31 December 2024, we had a gearing ratio of nil (As at 30 June 2024: Nil), calculated on the basis of net debt over equity attributable to owners of the Company. For this purpose, net debt is defined as borrowings (excluding lease liabilities) less cash and cash equivalents.

Foreign Exchange Exposure

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

Pledge of Assets

As at 31 December 2024, the Group's listed securities held-for-trading with fair value of HK$337,177,000 (As at 30 June 2024: HK$416,000,000) were pledged to a bank to secure banking facilities granted to the Group.

Employees and Emolument Policy

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

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

As at 31 December 2024, the Group, including its subsidiaries but excluding associates, had 16 (As at 30 June 2024: 25) employees. The decrease in headcount was mainly a result of deconsolidation of Prodigy Gold from the Group since October 2024. Total remuneration together with pension contributions incurred for 1H FY2025 amounted to HK$8,093,000 (1H FY2024: HK$13,234,000).

Principal Risks

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

Financial Risk

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

Operational Risk

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

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

Bonus Issue of Warrants

As disclosed in the announcement of the Company dated 4 October 2024 and the circular of the Company dated 1 November 2024, on 4 October 2024, the Board proposed to make a bonus issue of warrants to qualifying shareholders of the Company on the basis of one warrant for every five shares held on 28 November 2024. Each warrant entitles the holder to subscribe in cash for one new share of the Company at an initial subscription price of HK$1.00 (subject to adjustments) at any time during the period from the date of issue to 15 December 2027 (both days inclusive). The warrants are listed on The Stock Exchange of Hong Kong Limited (Warrant Code: 2478) and traded in board lots of 12,000 units each.

On 16 December 2024, a total of 271,327,392 units of warrants were issued by the Company to qualifying shareholders of the Company. As at 31 December 2024, no warrants were exercised and 271,327,392 units of warrants were outstanding.

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

Save as disclosed in this announcement, during the six months ended 31 December 2024, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in this announcement, as at 31 December 2024, the Group did not have any plans for material investments or capital assets.

Capital Commitments

As at 31 December 2024, the Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

Save as disclosed in this announcement, as at the date of this announcement and as at 31 December 2024, the Board is not aware of any material contingent liabilities.

Important Events Affecting the Group after the end of the Financial Period

There are no important events affecting the Group after the end of the financial period for the six months ended 31 December 2024 and up to the date of this announcement.

Dividend

A final dividend of HK10 cents per share for the year ended 30 June 2024 was declared during the six months ended 31 December 2024 and an aggregate amount of approximately HK$135,664,000 was paid in cash on 16 December 2024. No dividend has been proposed for the six months ended 31 December 2024 (Six months ended 31 December 2023: Nil).

Company Strategy

The Board believes that the performance of the equity investments will be dependent on market sentiment which is affected by factors such as commodity prices, interest rate movements, geo-political conditions and performance of the macro economy. In order to mitigate the associated risks, the Group will review its investment strategy regularly and take appropriate actions whenever necessary in response to changes in market situation. In addition, the Group will also seek potential investment opportunities with an aim to maximize value for the shareholders.

Forward Looking Observations

We have a cautious near-term outlook for the global economy and commodities given the potential demand destruction that would come from a trade war between the US and other countries, most importantly China. We remain uncertain on the outlook for the Chinese economy although we would not discount the potential for a stronger policy response from the Chinese government. In the past 12 months, we have been surprised by the resilience of the US economy, but highlight the risk that interest rates remain elevated due to sticky inflation and the market has reduced its expectation on the number of US rate cuts in 2025. We see opportunities in select commodities that are long-term beneficiaries of secular trends such as energy transition and increasing AI activity. We remain selective with our investments in the near term and continue to look for high-quality opportunities that will generate attractive returns over the long run. Our mining and energy investment portfolios are the platform for future mining and energy investments. Our largest investment is in Mount Gibson, which has successfully ramped up production at the Koolan Island mine after completing its large waste stripping program and is now in a position to generate free cash flow in the coming years.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2024, the Company has applied the principles of, and fully complied with, the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code under Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim results for the six months ended 31 December 2024. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants as well as obtaining reports from management. The Audit Committee has not undertaken independent audit checks.

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 six months ended 31 December 2024.

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

Hong Kong, 21 February 2025

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

Executive Director
Mr. Andrew Ferguson *(Chief Executive Officer)*

Non-Executive Directors
Mr. Arthur George Dew *(Chairman) (Mr. Wong Tai Chun, Mark as his alternate)*, Mr. Lee Seng Hui and Ms. Lam Lin Chu

Independent Non-Executive Directors
Dr. Wong Wing Kuen, Albert, Mr. Wang Hongqian and Mr. Kelvin Chau Kwok Wing

* *For identification purpose only*