

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**APAC RESOURCES**

**APAC RESOURCES LIMITED**  
**亞太資源有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1104)**

**(Warrant Code: 1074)**

**INSIDE INFORMATION  
AND  
PROFIT WARNING**

This announcement is made by APAC Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”).

Reference is made to the profit attributable to the shareholders of the Company (the “**Shareholders**”) for the year ended 30 June 2021 (the “**2021 Year**”) of approximately HK\$1,357 million which includes share of results of associates of approximately HK\$132 million and a reversal of impairment loss on interest in an associate of approximately HK\$580 million.

The board of directors of the Company (the “**Board**”) wishes to inform the Shareholders, warrant holders and potential investors of the Company that, the financial results of the Group for the year ended 30 June 2022 (the “**2022 Year**”) will be adversely affected when compared with the financial results of the Group for the 2021 Year due to the followings:

- (i) a reversal of impairment loss on interest in an associate of approximately HK\$580 million recorded in the 2021 Year relating to the Group’s principal associate listed on the Australian Securities Exchange, Mount Gibson Iron Limited (“**MGX**”) will not recur in the 2022 Year; and
- (ii) a decline in the share price of MGX since 30 June 2021 may lead to an impairment loss in respect of the Group’s investment in MGX.

Share price of MGX as at 30 June 2022 is A\$0.54 (the “**Closing Price**”). The market capitalisation of the Group’s investment in MGX as at the same date amounts to approximately HK\$1,323 million, which is substantially less than its carrying amount of approximately HK\$1,949 million (before sharing of the results of MGX for the second half of the 2022 Year and any impairment loss) as at the same date. In accordance with *Hong Kong Accounting Standard 36: Impairment of Assets* issued by the Hong Kong Institute of Certified Public Accountants (“**HKAS 36**”), it is an indication that the Group’s investments in MGX may be impaired.

The Board would like to remind the Shareholders that based on HKAS 36 and the Group’s accounting policies on Associates and Impairment of non-financial assets as disclosed in Note 2 to the Consolidated Financial Statements in the 2021 Annual Report of the Company, the Group will undertake an impairment assessment to determine the recoverable amount on its investments in MGX, being the higher of (i) its value in use (through an estimation of the present value of future cash flows expected to arise from the dividends of MGX and the proceeds on the ultimate disposal of MGX); and (ii) fair value less costs of disposal (determined by reference to the Closing Price), and compare it with its carrying amount. As at the date of this announcement, the Company has not yet determined the recoverable amount and impairment loss (if any) of its investment in MGX as at 30 June 2022. However, based on the Closing Price and depending on the results of MGX for the second half of the 2022 Year, the Group may record an impairment loss in the amount of as much as approximately HK\$626 million in its upcoming annual results, and accordingly, a substantial reduction in profit or even a net loss for the 2022 Year when compared with the 2021 Year. Nevertheless, this potential impairment loss is a non-cash item that has not materially affected the cash position and the liquidity of the Group for the 2022 Year.

The information contained in this announcement is only based on a preliminary review of the information currently available to the Board, and is not based on any figures or information which has been audited or reviewed by the independent auditor of the Company nor approved by the audit committee of the Company. Such information may also be subject to adjustment after further review and finalisation of the consolidated financial statements of the Group for the 2022 Year, and the Company will publish further announcement(s) to update its Shareholders, warrant holders and potential investors of the Company in compliance with the Listing Rules and the SFO as and when appropriate.

The annual results announcement of the Company for the 2022 Year will be published by the Company within the timeframe stipulated under the Listing Rules.

**Shareholders, warrant holders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 6 July 2022

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 Ms. Lam Lin Chu

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Wang Hongqian

*\* For identification purpose only*