APAC RESOURCES

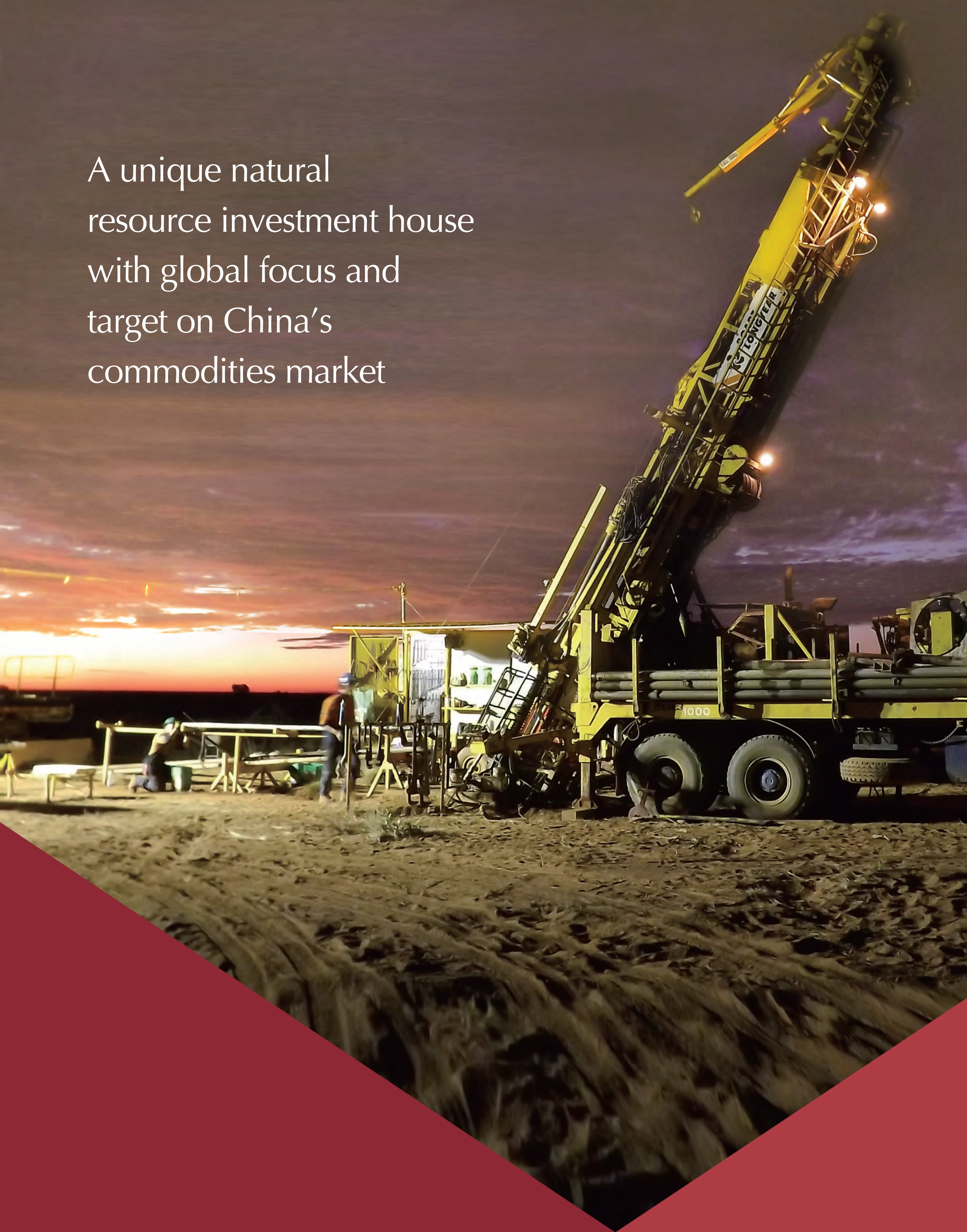
APAC Resources Limited
亞太資源有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 1104

Annual Report 2012

* For identification purpose only

A unique natural resource investment house with global focus and target on China's commodities market



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Chong Sok Un *(Chairman)*
Mr. Andrew Ferguson *(Chief Executive Officer)*
Mr. Yue Jialin
Mr. Kong Muk Yin

Non-Executive Directors

Mr. Lee Seng Hui
Mr. So Kwok Hoo
Mr. Peter Anthony Curry

Independent Non-Executive Directors

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

AUDIT COMMITTEE

Dr. Wong Wing Kuen, Albert *(Chairman)*
Mr. Chang Chu Fai, Johnson Francis
Mr. Robert Moyse Willcocks
Mr. Lee Seng Hui

REMUNERATION COMMITTEE

Dr. Wong Wing Kuen, Albert *(Chairman)*
Ms. Chong Sok Un
Mr. Lee Seng Hui
Mr. Chang Chu Fai, Johnson Francis
Mr. Robert Moyse Willcocks

NOMINATION COMMITTEE

Ms. Chong Sok Un *(Chairman)*
Mr. Lee Seng Hui
Dr. Wong Wing Kuen, Albert
Mr. Chang Chu Fai, Johnson Francis
Mr. Robert Moyse Willcocks

COMPANY SECRETARY

Ms. Chan Suk Mei

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Robertsons
Conyers Dill & Pearman
Steinepreis Paganin
Addisons

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

32/F, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong
Tel: +852 2541 0338
Fax: +852 2541 9133

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

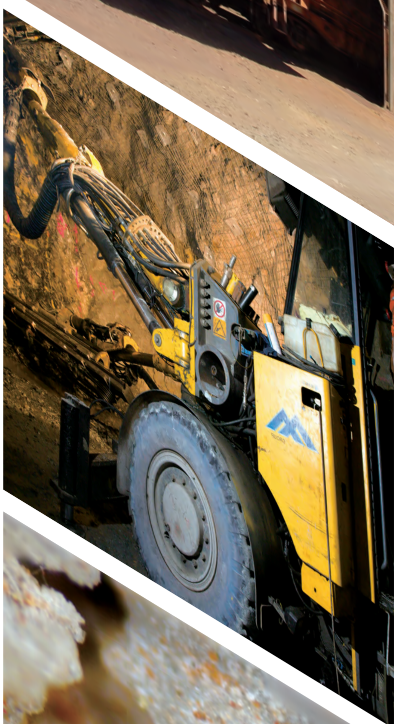
www.apacresources.com
apac.quamir.com

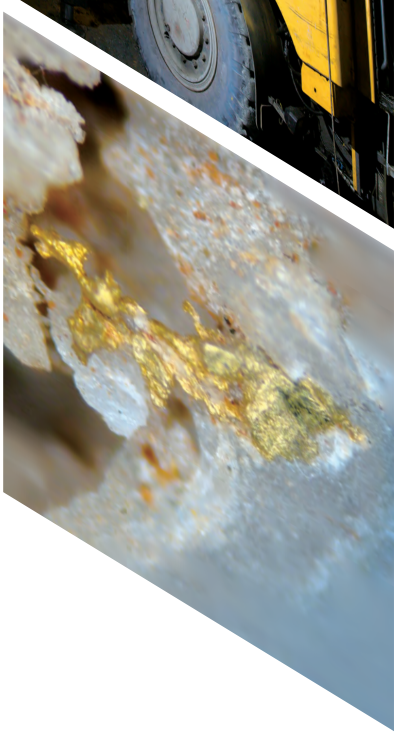
STOCK CODE

1104

Invest in resources companies at key stages along the value curve of the project cycle, to capture share price and value appreciation

We aim at building our Resource Investments to Primary Strategic Investments which will provide off-take to complement our Commodity Business in China





Mount Gibson

26.7%

Mount Gibson Iron Limited (ASX: MGX)
is the 5th largest iron ore producer in Australia mining high grade ores from the Koolan Island, Tallering Peak and Extension Hill mines.

Metals X

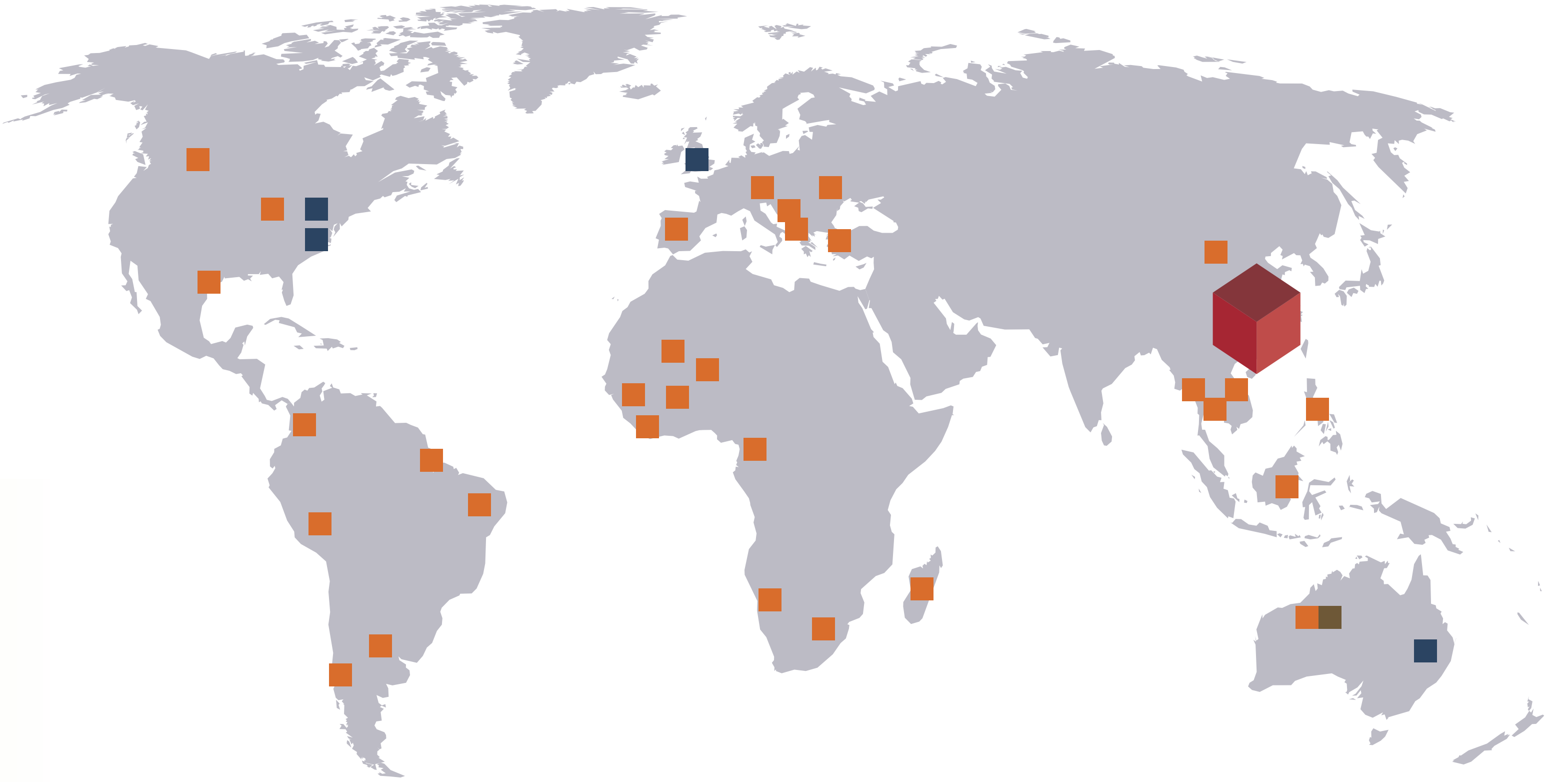
30.2%

Metals X Limited (ASX: MLX)
is a diversified group exploring and developing minerals and metals in Australia. It is Australia's largest tin producer and holds a pipeline of assets from exploration to development, including the Renison tin mine and the world scale Wingellina Nickel Project.

ABM

19.9%

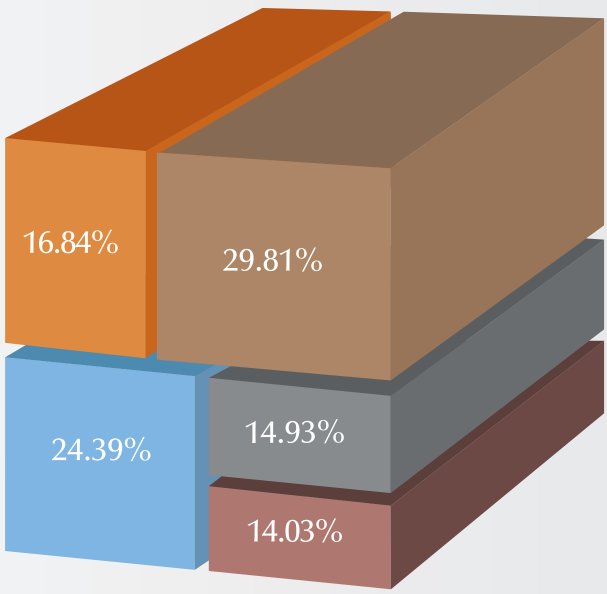
ABM Resources NL (ASX: ABU)
is an emerging gold exploration company with growing 3.3 Moz gold JORC resources and large tenements in Northern Territory, Australia. It has two highly prospective flagship projects — Old Pirate and Buccaneer.



■ Principal listing of investments
■ Operation of investments
■ Commodity off-takes to China
■ Headquartered in Hong Kong with office in Shanghai

Shareholder Structure

- COL Capital (HKSE Stock Code: 383)
- Shougang Fushan Resources Group (HKSE Stock Code: 639)
- Other Corporate Stakeholders
- Other Institutional Investors
- Retail Investors & Others



Source: Share Register Analysis Report by Orient Capital Pty Limited and public information

CEO's Message

Andrew Ferguson

Dear Investor,

Our results in this period have been driven by a very challenging operating environment as the global macro environment has weakened further since the interim report, and volatility has increased. The world has intensified its focus on a number of bearish factors, namely the sovereign debt issues in Europe and slowing growth in China.

China is still a major driver for commodities and the market has focused on the potential for a hard landing and the implications for demand across a range of commodities. While we have not seen an aggressive stimulus policy from the government, I see this as a positive for investors that have a medium to long term outlook. It is reassuring to see that China is not pursuing short term aggressive growth at the cost of a longer term sustained growth profile. I think we are unlikely to see sustained stimulus policy until the political changes in China are cemented in early 2013, but I think it is worth highlighting that 7% growth and 3% inflation with property prices under control is an economic environment that most countries in the world would be thrilled to find themselves in. I remain confident that the longer-term growth potential is intact.

Market speculation on the outcome of a potential default from the PIIGS countries has repeatedly pushed markets lower, and this has been further exacerbated by concerns over Greece potentially leaving the European Union. US economic data has gradually improved, albeit slowly.

It is within this fragile backdrop that I have to report to you a net loss of HK$527,519,000 for the year ended 30 June 2012.

No doubt the state of the iron ore market has been weighing on investors' minds given our strategic position in Mount Gibson. Iron ore is a cyclical business, and we have seen severe drops in iron ore prices before, followed by a sharp rebound. While recent price action has been more bearish than the market had anticipated, de-stocking has to end at some point. Despite the broader market, Mount Gibson delivered a record production quarter in June 2012, although this was not clearly reflected in its earnings and operating cash flows as a large portion of its production was held in stockpiles due to delays in rail infrastructure. With its strong balance sheet, no capital expenditure and renewed management team, I believe Mount Gibson is well positioned to weather the current turbulence and take advantage of value enhancing M&A opportunities that are increasing in number in this price environment.

Along with the broader commodity space, tin prices have fallen from roughly US$25,000 per tonne to US$19,000 per tonne by the end of the financial year. Since the end of the year, we have seen a recovery in the tin price, which rebounded to US$20,500 in mid-September. Metals X recently announced a Memorandum of Understanding with Samsung C&T for the Wingellina project.

The Commodity Business has delivered a lower net profit this year, down substantially from financial year 2011. This is very disappointing, but has been driven by a difficult commodities environment. The key challenge to the business has come from rapidly falling iron ore prices, as we are contracted for cargoes based on the preceding one month average and selling on a spot basis.

The Resource Investment business successfully sold into CGNPC's bid for Kalahari Minerals, realising a substantial overall profit. The proceeds of the sale have been selectively re-invested, and we have taken a 19.99% stake in ABM Resources.

Since our acquisition of ABM Resources, the company has managed to grow its resource base from roughly 1.7 million ounces to 3.3 million ounces announced in April 2012. There is still considerable upside potential as ABM Resources has discovered a region of high grade gold at surface — a rarity in Australia these days. Our investment in ABM Resources increases our leverage to the gold price which we are comfortable with, and remains a hedge against global inflation and governments printing money. We continue to build and develop our asset management business through the establishment of an asset management arm in the UK.

While we expect commodity markets to remain volatile, the recent bearish sentiment has finally resulted in attractive asset valuations that your company is well positioned to take advantage of. I remain confident that on a fundamental basis, demand will be underpinned by urbanisation of emerging economies and recovery of developed economies, and supply will generally become more challenging as the number of deposits that are both "easy to find" and "easy to deliver" is falling. Although it is difficult to predict the exact end to the general global economic weakness, I think it is fair to say that the majority of concerns have already been factored into asset prices.

Given the uncertain times that we are faced with, we have not declared a final dividend. The balance between delivering shorter-term returns to shareholders through dividends versus longer-term investments with the intention to generate higher returns to shareholders is a difficult decision. However, the attractive asset valuations provide ample opportunity for return-generating investments, and as such, we have decided to preserve our flexibility for investments with the intention to deliver superior medium to long term returns to shareholders. We will reassess a potential interim dividend payment for financial year 2013 based on our expectations that the business environment will stabilise.

As ever, I would like to thank you all for your continued faith and belief in APAC Resources.

Andrew Ferguson
Chief Executive Officer

Management Discussion and Analysis

FINANCIAL RESULTS

The current set of financial statements of APAC Resources Limited (the "**Company**" or "**APAC**") and its subsidiaries (collectively, the "**Group**") have been prepared for the 12 months ended 30 June 2012 ("**FY 2012**") while that of the prior period covered an 18-month period to 30 June 2011 ("**2010/2011 Period**"). Therefore, the figures will not be directly comparable with the previous 18 months. For reference, there is a brief comparison of the 2010/2011 Period followed by a more in-depth comparison of the results for the 12 months ended 30 June 2011 ("**FY 2011**").

FY 2012 VS 2010/2011 PERIOD

Against a continued difficult economic environment, APAC reported a net loss attributable to owners of HK$527,519,000 for the FY 2012 (2010/2011 Period: Net profit of HK$1,462,069,000). Our Primary Strategic Investments reported an overall profit of HK$240,020,000 (2010/2011 Period: HK$866,247,000) and our Resource Investment portfolio reported a loss of HK$296,401,000 (2010/2011 Period: Profit of HK$150,399,000). Our Commodity Business achieved a profit of HK$5,571,000 (2010/2011 Period: HK$138,011,000).

FY 2012 VS FY 2011

PRIMARY STRATEGIC INVESTMENT

Our two Primary Strategic Investments are Mount Gibson Iron Limited ("**Mount Gibson**") and Metals X Limited ("**Metals X**"), both located in Australia. The net attributable profits from our Primary Strategic Investments for the FY 2012 were HK$240,020,000 (FY 2011: HK$693,840,000), representing a 65% drop.

Mount Gibson

Mount Gibson is an Australian listed iron ore mining company. Production capacity is now 10 million tonnes per year, up from 7 million tonnes per year in FY 2011, with sales from the Extension Hill mine starting in the December 2011 quarter. Mount Gibson has three projects in total (Koolan Island, Tallering Peak and Extension Hill) located in Western Australia and all three are Direct Ship Operations, which have a large cost advantage over mines that need to concentrate ores prior to selling.

Mount Gibson reported record production in the fourth quarter of 2012, and Extension Hill is expected to ramp-up to full capacity in the financial year of 2013 ("**FY 2013**") as the port upgrade at Geraldton is now complete. Sales were impacted by availability of rail facilities during the port upgrade, which should be resolved in the current half. Production of 6.9 million tonnes was up 28% year-on-year, and sales of 5.2 million tonnes were flat as a result of the capacity constraints mentioned before. Audited net profit after tax, however, decreased from A$239.5 million to A$172.5 million as a result of weaker realised iron ore price. Mount Gibson is well positioned for the current financial year with roughly A$292.7 million in cash on hand, no major capital expenditure and significant stockpiles ready to export. In FY 2012, Mount Gibson announced/paid a total dividend of A$0.04/share, equivalent to a 5% yield, based on the closing share price of A$0.86 on 29 June 2012.

Mount Gibson has made significant changes to management and, in May 2012, formally appointed Jim Beyer as Chief Executive Officer. Mount Gibson also announced that Peter Kerr will join as the new Chief Financial Officer and Andrew Thomson will join as the new Chief Operating Officer in September 2012. Peter Kerr will join Mount Gibson from his role as Chief Financial Officer at Bannerman Resources and Andrew Thomson will join Mount Gibson from his role as Managing Director of Cape Preston Port Company. In addition, Foreign Investment Review Board decreed in July 2012 that it is satisfied that the structure of Mount Gibson's board met its independence requirement and is consistent with ASX Corporate Governance Principles.

Headline iron ore prices have struggled in the recent past. However, this must be viewed in the context of the resources complex, as a whole, coming under pressure from the negative sentiment surrounding global economic growth. Additionally, recent weakness has been largely driven by iron ore de-stocking by steelmills. It is worth noting that Chinese steel production hit a new monthly record of 61.7 million tonnes in July, up 4% year-on-year. So even if steel production slows in the near term, it comes off a high base and the July data indicates that the annual steel production run rate is still above the magical 700 million tonnes figure.

Metals X

Metals X is an Australian-based emerging diversified resource group with a primary focus on tin via its 50% interest in the producing Renison mine in Tasmania and nickel via its world scale Wingellina nickel development. Metals X also has indirect exposure to copper, gold, nickel, zinc and bauxite through its portfolio of strategic investments, namely Independence Group NL, Westgold Resources Limited ("**Westgold**"), Mongolian Resource Corporation, and Aziana Limited.

During FY 2012, Renison produced 5,000 tonnes of tin in concentrate (all 100% basis), down 7.4% from FY 2011 due to delayed access to the northern parts of the mine, which contain higher grade material. By the end of the period, Metals X had established a second mining area in the north at Renison, which should drive improved mine productivity, grades and costs from FY 2013. Mine EBITDA decreased to A$31 million and was impacted by a 19% fall in tin price over the reporting period, coupled with lower production as discussed.

Progress continued at Wingellina, where Metals X is advancing environmental approvals and is working towards submission of the Public Environmental Review in the December quarter of 2012. Other items of note include Metals X intention to merge with Westgold by offering 1.1 Metals X shares for each Westgold share, and the acquisition of a 4.9% stake in Reed Resources. Metals X remains in strong financial shape with A$43 million cash, A$50 million of tradable securities and minimal debt.

Tin prices have fallen from roughly US$25,000 per tonne at the start of the year, and ended the period around US$19,000 per tonne. Metals X received an average realised tin price of A$21,561 per tonne in FY 2012. Tin prices have been impacted by the general global economic weakness, but we believe it will remain supported by the tight market fundamentals. Demand continues to improve, while limited additional global production capacity is forecast in the near term, with some Chinese and Indonesian operations struggling to generate cash at current prices. Industry experts ITRI and JP Morgan both predict a supply deficit of at least 10,000 tonnes in calendar year 2012.

RESOURCE INVESTMENT

Resource Investment posted a loss in FY 2012 of HK$296,401,000 (FY 2011: Profit of HK$256,733,000). The investments in this division comprise mostly minor holdings in various emerging natural resource companies listed on major global stock exchanges. Many of our positions are in exploration or development stage companies, and this section of the market has been particularly negatively impacted by increased risk aversion, particularly in the June quarter of 2012. Investors are still focused on the sovereign debt crisis in the Eurozone region and concerns over Chinese growth. During the period, a number of indices have performed poorly, including the ASX 200 down 9%, the Euro Stoxx 50 decreasing 24% and the Hang Seng Index dropping 13%. The commodities sector was particularly weak, as evidenced by the HSBC Global Mining Index which was down 32%, with smaller companies reporting much larger share price falls. The loss is an unfortunate, however we remain confident that the weakness is related to overall negative sentiment, and while this has impacted share prices, it does not impact the quality of the underlying asset investments.

Partially offsetting the loss made in FY 2012 is the profit made from the sale of Kalahari Minerals plc ("**Kalahari**") to CGNPC who made a general offer in December 2011 and APAC received proceeds of circa HK$1,073 million from its stake in Kalahari and realised a substantial profit of HK$268 million on the investment overall.

In February 2012, we acquired a 19.99% interest in ABM Resources NL ("**ABM**"), which currently represents around one third of the Resource Investment portfolio.

ABM

ABM is a gold exploration company listed on the Australian Stock Exchange ("**ASX**") with assets located in Northern Territory. It has a large acreage footprint in the Tanami-Arunta region, but is currently focused on the Old Pirate and Buccaneer projects, both of which sit inside the Twin Bonanza Gold Camp.

ABM is aggressively drilling at Old Pirate, which is a high grade project with gold distributed through a series of outcropping quartz veins. A maiden resource of 565,000 ounces of gold at 10.5g/t was announced in the June quarter of 2012 and an initial scoping study by Entech Mining Consultants concluded with a positive cash flow of A$257 million over two years of operation. ABM continues to drill regional prospects to expand the resource and continues to find new high grade veins located near Old Pirate. The most recent longitudinal trenching results are from the East Side Vein, which runs 185m at 31.0g/t, and the Golden Hind prospect, where a high grade section delivered 60m strike at 103.2g/t.

The Buccaneer porphyry gold discovery is located adjacent to Old Pirate and now contains 2.67 million ounces of gold resource at 0.65g/t after a 60% upgrade to in April 2012. There is also potential for high grade zones within the Buccaneer project, as evidenced in the recent drilling of the Caribbean and Cypress zones.

There are an additional 30 targets identified by ABM in the Twin Bonanza region. In the Tanami area, there is the Hyperion Gold project (resource announced in April 2012 of 202,200 ounces of gold at 2.11g/t), located 18km from the Groundrush gold development owned by Tanami Gold.

Gold prices have been volatile in the last 12 months, with gold prices reaching record high prices of US$1,921/oz in the third quarter of 2011, before retracing over the last nine months. Gold prices still ended the year at US$1,597/oz and the average gold price for the year was US$1,673/oz. In the near-term, the recently announced quantitative easing (QE3), the European sovereign debt issues, and general wealth preservation demand are expected to support gold prices, with the majority of market forecasts calling for new highs in the gold price.

COMMODITY BUSINESS

For the period, Commodity Business profit fell to HK$5,571,000 (FY 2011: HK$62,174,000), driven by weaker demand for iron ore shipments from our customers and margins being squeezed by competitors discounting cargos to retain market share into China. This is clearly disappointing and the business environment remains difficult.

The Commodity Business is dominated by two offtake agreements with Mount Gibson and the shipments are sold on the spot market to steelmills and traders in China. Our purchase agreements are based on the Platts IODEX 62% CFR China index, which has suffered from falling prices, particularly in October 2011 where prices fell from US$171 per tonne to US$118 per tonne and again in late April and early May 2012, when prices fell from US$151 per tonne to US$132 per tonne. Given the lag effect of paying for cargoes based on the preceding one month average and selling on the spot market, we are susceptible to losses in a falling iron ore price environment.

The weak iron ore price has also caused Chinese steelmills to defer spot purchases, which has resulted in a need to warehouse one iron ore shipment, where the product specifications were significantly different to what we normally sell and, hence, more difficult to sell.

Since the end of the reporting period, we have seen iron ore prices fall even further. This fall captures the seasonal weakness from Chinese de-stocking that typically lasts until October. In the near term we are comfortable that iron ore prices are recovering from recent lows, driven by firstly the end of inventory de-stocking and secondly a supply side response as the spot iron ore price is now below cost support for many of the Chinese iron ore producers. Furthermore, in absence of a major collapse in iron ore demand, the commodity business is more heavily impacted by the speed and magnitude of a fall in iron ore prices than the absolute level of iron ore prices. Given the recent sharp correction in prices, we feel comfortable that a slowdown in steel production growth is being priced in, and expect a base to be forming in iron ore prices.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, our non-current assets amounted to HK$3,761,071,000 (As at 30 June 2011: HK$3,889,336,000) and net current assets amounted to HK$990,292,000 (As at 30 June 2011: HK$1,509,264,000) with a current ratio of 9.4 times (As at 30 June 2011: 3.1 times) calculated on the basis of its current assets over current liabilities.

As at 30 June 2012, we had no borrowings (As at 30 June 2011: HK$689,530,000) and had undrawn banking and loan facilities amounting to HK$578,115,000 secured against certain of our interests in listed associates and available-for-sale investments, term deposits and corporate guarantee of the Company. Subsequent to 30 June 2012, we had obtained additional banking facilities in the form of a revolving loan of HK$242,500,000 secured against certain term deposits of the Group. As at 30 June 2012, as we had no borrowings, our gearing ratio was zero (As at 30 June 2011: 0.13), 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 Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Group from adverse movements in foreign exchange. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollars denominated assets.

PLEDGE OF ASSETS

As at 30 June 2012, certain of the Group's interests in listed associates and available-for-sale investments of HK$2,492,254,000 (As at 30 June 2011: HK$2,744,285,000) were pledged to a stock-broking firm to secure against securities margin loan facilities made available to the Group. The Group's bank deposits of HK$79,748,000 (As at 30 June 2011: HK$339,158,000) 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, share option scheme and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the People's Republic of China (the "**PRC**") for its employees in the PRC).

As at 30 June 2012, the Group, including its subsidiaries but excluding associates, had 22 (As at 30 June 2011: 21) employees. Total remuneration together with pension contributions incurred for the year ended 30 June 2012 amounted to HK$16,605,000 (FY 2011: HK$25,478,000).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, during the year ended 30 June 2012, 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 report, as at 30 June 2012, the Group does not have plan for any other material investments or acquisition of material capital assets.

CAPITAL COMMITMENTS

As at 30 June 2012 and 30 June 2011, the Group had no material capital commitments contracted but not provided for.

CONTINGENT LIABILITIES

As at the date of this report and as at 30 June 2012, the board of directors of the Company (the "**Board**") is not aware of any material contingent liabilities.

SUBSEQUENT EVENT

Share options granted to certain directors, employees and consultant of the Company which remained outstanding as at 30 June 2012 were cancelled on 11 July 2012, following approval by the Board and agreement from all option holders to cancel. Further details of the cancellation are set out in the announcement of the Company dated 11 July 2012.

COMPANY STRATEGY

APAC leverages in-house resource expertise to drive growth in the business. This expertise is used to develop and manage both the Primary Strategic Investments and a portfolio of global resource investments that is geared towards the earlier stages of a project life cycle — exploration and development. In the medium to long term, APAC generates value by selecting and holding investments that have the potential for higher asset valuations though exposure to improving commodity environments, or individual assets maturing. Value is then realised through selling the investments at a profit, or by taking direct ownership of the projects which generates direct cash flow for APAC. The Primary Strategic Investments also support the Commodity Business by providing a channel to secure off-take agreements, generating direct cash flow for APAC. The long-term plan is to progress select Resource Investments to Primary Strategic Investments, which then support our Commodity Business, and creates an opportunity for direct ownership in individual resource projects.

FORWARD LOOKING OBSERVATIONS

The global macro environment has remained weak over the past 12 months, with the global focus switching between a number of bearish factors, namely the sovereign debt issues in Europe, concerns over a recovery in the US (although this has taken a backseat of late) and a slow-down in the Chinese economy. Nonetheless, we feel that global markets have priced in the majority of the issues, particularly the Eurozone problems, where concerns about Greece and Spain have repeatedly pushed markets lower.

Going forward, we look to the US where the recently announced QE3 underlines the government's commitment to support the economy. In China, the leadership changeover in November 2012 is expected to result in some form of additional economic stimulus. This is intended to drive the Chinese economy to a mild recovery from first half 2013, which should at the very least be moderately positive for commodities.

In the face of the macro concerns, equity prices have sold down heavily over the reporting period, particularly from May 2012. Valuations are attractive at current levels, and set the Resource Investment division up for a strong medium term outlook. We have been selectively re-investing the Kalahari proceeds, but remain liquid enough to take advantage of the asset valuations that are now attractive.

Our Primary Strategic Investments, Mount Gibson and Metals X, both have strong cash balances, and both are forecast to deliver strong production growth in FY 2013. Mount Gibson will benefit from the full ramp-up at Geraldton Port, which will enable increased sales from the Extension Hill mine. Metals X has now reached the higher grade northern zone at Renison, which is expected to drive production growth and a reduction in unit cash costs. It has also signed a Memorandum of Understanding with Samsung C&T to complete a Detailed Feasibility Study for the development of the Wingellina Project, which is a step forward in moving the world scale project into production.

While the iron ore market has been weak, we believe the recent price corrections have captured the concerns over the Chinese steel sector and more broadly the Chinese economy. We do not expect to see another period of severe prices corrections given that spot prices are now very low and steelmills have actively de-stocked their inventory stockpiles.

Biographical Details of Directors and Management

EXECUTIVE DIRECTORS

Ms. Chong Sok Un (莊舜而), MH, aged 57, was appointed as an Executive Director of the Company on 6 July 2007 and has been re-designated as the Chairman of the Company since 20 October 2009. Ms. Chong holds various directorships in subsidiaries of the Company. Ms. Chong is currently an executive director and the chairman of COL Capital Limited (Stock Code: 383), a substantial shareholder of the Company and a company listed on the Main Board of the Hong Kong Stock Exchange. She has been the chairman of Long Island Golf & Country Club, Dongguan, the PRC since September 1998. Ms. Chong was awarded the Medal of Honour (MH) by the Government of the Hong Kong Special Administrative Region on 1 July 2011. She is a member of Dongguan Committee of the Chinese People's Political Consultative Conference, the Honorary Director of the Chinese Red Cross Foundation, Permanent Honorary Chairman of the Hong Kong Federation of Fujian Associations and Vice Chairman of the Hong Kong Federation of Fujian Associations Ladies Committee. She is now the namer and director of YOT Chong Sok Un Medical Fund (cancer aid) and a member of Yan Oi Tong Advisory Board. Ms. Chong was the chairman of the 31st Term of the Board of Directors of Yan Oi Tong 2010-2011. From 25 June 2007 to 23 April 2009, she was a non-executive director of ChinaVision Media Group Limited (Stock Code : 1060), a company listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Andrew Ferguson, aged 39, was appointed as an Executive Director and the Chief Executive Officer of the Company on 12 January 2010. Mr. Ferguson holds various directorships in subsidiaries of the Company. Mr. Ferguson holds a Bachelor of Science Degree in Natural Resource Development and worked as a mining engineer in Western Australia in the mid 90's. In 2003, Mr. Ferguson co-founded New City Investment Managers in the United Kingdom. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded "Best UK Investment Trust" in 2006. In addition, he managed New City High Yield Trust Ltd. and Geiger Counter Ltd. He worked as Chief Investment Officer for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He has 14 years of experience in the finance industry specialising in global natural resources. Being a fund manager for assets in London and Hong Kong, he was responsible for day to day management of portfolios, risk management, business development, relationship management and working with independent boards, custodians and auditors to ensure that all shareholders' funds were managed properly. He is currently a non-executive director of Metals X Limited (Stock Code: MLX) and ABM Resources NL (Stock Code: ABU), both of which are listed on the Australian Stock Exchange. He is also a non-executive director of Praetorian Resources Limited (Stock Code: PRAE), a company listed in the AIM market of the London Stock Exchange.

Mr. Yue Jialin (岳家霖), aged 44, was appointed as Chairman and Executive Director of the Company on 26 April 2004 and has been re-designated as an Executive Director of the Company since 3 May 2007. Mr. Yue has established in-depth knowledge of the PRC economic development and policies through his previous role as a judge in the Economic Court of People's Court in Luohu District, Shenzhen, the PRC between 1989 and 1992. Mr. Yue also sits on the school of business administration of Changchun Industrial University as visiting professor. Mr. Yue has engaged in legal consultation in respect of the acquisition of state owned assets and foreign investments in the PRC.

Mr. Kong Muk Yin (江木賢), aged 46, was appointed as an Executive Director of the Company on 4 November 2009. Mr. Kong holds various directorships in subsidiaries of the Company. Mr. Kong graduated from City University of Hong Kong with a Bachelor's Degree in Business Studies. He is a fellow member of The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. Mr. Kong is currently an executive director of COL Capital Limited (Stock Code: 383), a substantial shareholder of the Company and a non-executive director of ChinaVision Media Group Limited (Stock Code: 1060) after his re-designation from executive director to non-executive director on 30 December 2010, both of which are companies listed on the Main Board of the Hong Kong Stock Exchange. He is also a director of Mabuhay Holdings Corporation and Interport Resources Corporation, companies listed on the Philippine Stock Exchange, Inc.. From 13 October 2009 to 21 January 2010, he was an executive director of Greenfield Chemical Holdings Limited (Stock Code: 582) which is listed on the Main Board of the Hong Kong Stock Exchange.

NON-EXECUTIVE DIRECTORS

Mr. Lee Seng Hui (李成輝), aged 43, was appointed as a Non-Executive Director of the Company on 2 October 2009. Mr. Lee graduated with Honours from the Law School of the University of Sydney. Previously, he worked with Baker & McKenzie and N M Rothschild & Sons (Hong Kong) Limited. Mr. Lee is the chief executive and an executive director of Allied Group Limited (Stock Code: 373) and Allied Properties (H.K.) Limited (Stock Code: 56). He is also the chairman and a non-executive director of Tian An China Investments Company Limited (Stock Code: 28). These three companies are listed on the Main Board of the Hong Kong Stock Exchange. He is a non-executive director of Tanami Gold NL (Stock Code: TAM) and Mount Gibson Iron Limited (Stock Code: MGX), both of which are listed on the Australian Stock Exchange.

Mr. So Kwok Hoo (蘇國豪), aged 58, was appointed as a Non-Executive Director of the Company on 20 October 2009. Mr. So has over 22 years of experience in marketing of electrochemical and industrial products sales in Asia Pacific Region together with property investment experience in Hong Kong. Mr. So holds Bachelor degrees in Applied Science with major in Chemical Engineering and Business Administration obtained in Canada. He is currently an executive director and deputy managing director of Shougang Fushan Resources Group Limited (Stock Code: 639), a substantial shareholder of the Company.

Mr. Peter Anthony Curry, aged 60, was appointed as an Executive Director and the Chief Financial Officer of the Company on 1 March 2010 and has been re-designated as a Non-Executive Director of the Company since 24 November 2010. Mr. Curry is currently an executive director and the group chief financial officer of Sun Hung Kai & Co. Limited (Stock Code: 86), which is listed on the Main Board of the Hong Kong Stock Exchange. Mr. Curry graduated from the University of New South Wales with a Bachelor's Degree of Commerce in 1974 and a Bachelor's Degree of Laws in 1976. He became a chartered accountant and a barrister (non-practising) in Australia in 1978. He was elected as a fellow of The Institute of Directors in Australia in 1989. In 2002, he completed the PS 146 Compliance Program organised by Securities Institute in Australia. Mr. Curry has over 36 years of business experience. He joined Peat Marwick Mitchell (now known as KPMG) in Australia in 1974 upon graduation and worked as Tax Partner in 1983. Since that time he has worked in different listed and unlisted companies in Australia as executive director or managing director specialising in natural resources, corporate finance, financial services investments and mergers and acquisitions. Since 1995, Mr. Curry has been a director and shareholder in a corporate advisory firm which holds an Australian Financial Services licence. He has been involved in a range of public and private capital raisings, initial public offering related services and providing corporate and financial advisory services in relation to a range of business transactions including a wide range of mining projects. Mr. Curry is currently a non-executive director of Ormil Energy Limited (Stock Code: OMX) and an alternate director to Mr. Lee Seng Hui of Mount Gibson Iron Limited (Stock Code: MGX). These two companies are listed on the Australian Stock Exchange. He was appointed a non-executive director of East West Resources plc (Stock Code: EWR), a company listed on the AIM market of the London Stock Exchange, in July 2012. He was previously a non-executive director of Forest Enterprises Australia Limited, which was removed from official listing on Australian Stock Exchange in August 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Wing Kuen, **Albert (王永權)**, aged 61, has been appointed as an Independent Non-Executive Director of the Company since 6 July 2004. Dr. Wong holds a Doctor of Philosophy in Business Administration degree from the Bulacan State University, Republic of the Philippines. He is a fellow member of The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries, The Taxation Institute of Hong Kong, Association of International Accountants and Society of Registered Financial Planners. He is a member of Hong Kong Securities Institute, The Chartered Institute of Arbitrators and The Chartered Institute of Bankers in Scotland and a full member of Macau Society of Certified Practising Accountants. Currently, Dr. Wong is the managing director of Charise Financial Planning Limited, a private professional consulting firm in Hong Kong. He is also an independent non-executive director of Solargiga Energy Holdings Limited (Stock Code: 757) and Tonic Industries Holdings Limited (Stock Code: 978), both of which are companies listed on the Main Board of the Hong Kong Stock Exchange and a non-executive director of Rare Earths Global Limited (Stock Code: REG), a company listed on the London Stock Exchange AIM Market.

Mr. Chang Chu Fai, **Johnson Francis (鄭鑄輝)**, aged 58, was appointed as an Independent Non-Executive Director of the Company on 6 July 2007. Mr. Chang obtained a Bachelor's Degree in Commerce from Concordia University in Montreal, Canada in 1976 and a Master's Degree in Business Administration from York University in Toronto, Canada in 1977. He has over 34 years of experience in banking, corporate finance, investment and management and has held various executive positions at financial institutions and directorships of listed companies. Mr. Chang is currently the Managing Director of Ceres Consultancy Limited and a registered person under the Securities and Futures Ordinance. He is also the deputy chairman and an independent non-executive director of Allied Overseas Limited (Stock Code: 593) and an independent non-executive director of Tian An China Investments Company Limited (Stock Code: 28). He was redesignated from independent non-executive director to executive director and appointed the vice chairman of Royale Furniture Holdings Limited (Stock Code: 1198) in August 2012. These three companies are listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Robert Moyse Willcocks, aged 63, was appointed an Independent Non-Executive Director of the Company on 27 July 2007. Mr. Willcocks holds a Bachelor's Degree in Arts and a Bachelor's Degree in Laws from the Australian National University in Australia and a Master's Degree in Laws from the University of Sydney in Australia. He has been an advisor to companies in the mining and resources industry for more than 30 years. He is a former partner with the law firm now called King & Wood Mallesons. He is a former director of Ban-Pu Australia Pty Ltd, Oakbridge Pty Ltd and Bond University Limited and was a member of the Australian Government's International Legal Advisory Committee for the term of its programme. He has held directorships in a number of companies listed on the Australian Stock Exchange, including Emperor Mines Limited, RIMCapital Limited (Chairman), eStar Online Trading Limited, Energy World Corporation Limited, CBH Resources Limited, Orion Petroleum Limited (Chairman) and Mount Gibson Iron Limited (Alternate Director). He is currently an independent non-executive director of Living Cell Technologies Limited (Stock Code: LCT) and ARC Exploration Limited (Stock Code: ARX), both of which are listed on the Australian Stock Exchange. He is non-executive chairman of Trilogy Funds Management Limited, a Responsible Entity under Australian Law.

Biographical Details of Directors and Management

SENIOR MANAGEMENT

Hong Kong

Mr. Andrew Ferguson
Chief Executive Officer

Biographical details of Mr. Andrew Ferguson are set out on page 14 of this Annual Report.

Mr. Wong Wai Keung, Frederick (黃煒強)
Chief Financial Officer

Mr. Wong joined the Company in January 2011 as Chief Financial Officer of the Company. He is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and holds a master's degree in electronic commerce. Mr. Wong has over 30 years of accounting, finance, audit, tax and corporate finance experience with international CPA firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand. Prior to joining APAC, Mr. Wong was the chief financial officer and company secretary of CIG Yangtze Ports PLC (Stock Code: 8233), shares of which are listed on the GEM board of the Hong Kong Stock Exchange and executive director of Hwa Kay Thai Holdings Limited (now known as China Solar Energy Holdings Limited) (Stock Code: 155), shares of which are listed on the Main Board of the Hong Kong Stock Exchange.

OTHER MANAGEMENT

Hong Kong

Mr. John Ellis
Investment Manager

Mr. Ellis joined the Company in July 2010 as Investment Manager. Prior to joining APAC, he was Portfolio Manager — Global Resources with Colonial First State in Sydney, and Director — Mining Research Sales with the Royal Bank of Canada in Sydney and London. Mr. Ellis has over 12 years of experience in resources investments and holds a Bachelor of Arts degree as well as a number of industry accreditations including the Canadian Securities Course, the ASX/ACH Responsible Executive, and the Finsia Graduate Certificate of Applied Finance and Investment.

Ms. Jenny Wong (黃靜琳)
Vice President, Corporate and Investment

Ms. Wong joined the Company in February 2012 as Vice President of Corporate and Investment. Prior to joining APAC, she was an Oil & Gas Research Analyst at Renaissance Capital Hong Kong, and prior to that, was at Credit Suisse Melbourne for over 4 years also as an Oil & Gas Analyst. Jenny is a CFA and completed a Bachelor of Commerce and Bachelor of Information Systems degrees at the University of Melbourne.

Mr. To Yung Kan, Kenneth (杜容根)
Financial Controller

Mr. To joined the Company as Financial Controller and Company Secretary in January 2007. He resigned in July 2008 and joined COL Capital Limited (Stock Code: 383), a substantial shareholder of the Company. Mr. To then re-joined the Company in January 2011 as Financial Controller. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. To has extensive experience in corporate finance, financial management, accounting and auditing.

Ms. Chan Suk Mei (陳淑眉)
Company Secretary

Ms. Chan joined the Company in September 2011 and was appointed as Company Secretary in December 2011. Ms. Chan is a solicitor admitted in the Supreme Court of New South Wales, Australia. She is also an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Ms. Annabelle Wong (王麗珊)
Assistant Manager, Corporate Development

Ms. Wong joined the Company in August 2011 as Assistant Manager of Corporate Development responsible for investor relations of the Company. Prior to APAC, Ms. Wong held a number of roles in initial public offering, corporate finance and investment projects in various companies listed on the Main Board of the Hong Kong Stock Exchange. She has over 8 years experience in China business development and management experience. She holds a Bachelor of Science degree and a Master degree in Finance.

Shanghai, the PRC

Mr. Zhou Luyong (周魯勇)
General Manager, Shanghai Commodity Business

Mr. Zhou joined the Company in July 2007 and is currently the General Manager, Shanghai Commodity Business. Mr. Zhou has more than 20 years experience within the natural resource sector, including commodity trading and bulk carrier chartering. Prior to APAC, Mr. Zhou was the Manager of Baosteel's overseas subsidiaries (in both Hong Kong and Europe), and worked as the General Manager of Coal & Coke Department at Shanghai Baosteel International Economic and Trading Co., Ltd. from 2002, responsible for coal & coke purchase and sales for Baosteel Group. He also established Shanghai Baoding Energy Co., Ltd., a subsidiary of Baosteel Group.

Directors' Report

The directors of the Company (the "**Directors**") present their report and the audited financial statements of the Company and of the Group for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the financial statements.

RESULTS

The results of the Group for the year ended 30 June 2012 are set out in the consolidated income statement on page 40.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 June 2012 (2011: nil).

CLOSURE OF REGISTER

The annual general meeting of the Company will be held on Wednesday, 5 December 2012.

To ascertain shareholders' eligibility to attend and vote at the annual general meeting to be held on 5 December 2012, the register of members of the Company will be closed from Monday, 3 December 2012 to Wednesday, 5 December 2012, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the annual general meeting, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 30 November 2012.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by business activities for the year ended 30 June 2012 is set out in note 6 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 30 June 2012 are set out in note 25 to the financial statements.

RESERVES

Details of movements in reserves of the Company and of the Group during the year ended 30 June 2012 are set out in note 26 to the financial statements and in the consolidated statement of changes in equity on page 43 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 30 June 2012 are set out in note 15 to the financial statements.

DIRECTORS

The Directors during the year ended 30 June 2012 and up to the date of this report were:

Executive Directors

Ms. Chong Sok Un *(Chairman)*
Mr. Andrew Ferguson *(Chief Executive Officer)*
Mr. Yue Jialin
Mr. Kong Muk Yin

Non-Executive Directors

Mr. Lee Seng Hui
Mr. So Kwok Hoo
Mr. Liu Yongshun *(Resigned on 1 March 2012)*
Mr. Peter Anthony Curry

Independent Non-Executive Directors

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

In accordance with Bye-law 87 of the Bye-laws of the Company (the "**Bye-laws**"), Ms. Chong Sok Un, Mr. Kong Muk Yin, Mr. Yue Jialin and Mr. Lee Seng Hui will retire at the forthcoming annual general meeting and, other than Mr. Yue Jialin, the other retiring Directors being eligible, offer themselves for re-election. Mr. Yue Jialin has informed the Company that he has elected not to offer himself for re-election at the annual general meeting as he wishes to devote more time to his other business commitments. Mr. Yue has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in relation to his retirement.

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "**SFO**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held: Interests in shares	Number of shares/underlying shares held: Interests under equity derivatives *(Note 2)*	Number of shares/underlying shares held: Total interests	Approximate percentage of shareholding *(Note 1)*
Ms. Chong Sok Un	Beneficial owner and interest of controlled corporations	1,900,939,562 *(Note 3)*	97,500,000	1,998,439,562	29.33%
Mr. Andrew Ferguson	Beneficial owner	25,000,000	162,500,000	187,500,000	2.75%
Mr. Kong Muk Yin	Beneficial owner	—	10,000,000	10,000,000	0.15%
Mr. Yue Jialin	Beneficial owner	—	2,000,000	2,000,000	0.03%
Mr. So Kwok Hoo	Beneficial owner	—	2,000,000	2,000,000	0.03%
Mr. Peter Anthony Curry	Beneficial owner	—	39,000,000	39,000,000	0.57%
Dr. Wong Wing Kuen, Albert	Beneficial owner	—	2,000,000	2,000,000	0.03%
Mr. Chang Chu Fai, Johnson Francis	Beneficial owner	—	2,000,000	2,000,000	0.03%
Mr. Robert Moyse Willcocks	Beneficial owner	—	2,000,000	2,000,000	0.03%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 6,813,047,990 shares as at 30 June 2012.

2. The relevant interests are share options granted pursuant to the Company's share option scheme adopted on 22 September 2004 (the "**Scheme**"). Upon exercise of the share options in accordance with the Scheme, ordinary shares of HK$0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors and the holders thereof are entitled to subscribe for shares of the Company. Further details of the share options are set out in the section headed SHARE OPTION SCHEME.

3. These shares are held by (i) Rise Cheer Investments Limited ("**Rise Cheer**") as to 1,124,640,000 shares and (ii) Taskwell Limited ("**Taskwell**") as to 776,299,562 shares, both are wholly-owned subsidiaries of Besford International Limited ("**Besford**"). Besford is a wholly-owned subsidiary of COL Capital Limited ("**COL**"). Accordingly, COL is deemed to have interests in the shares in which Rise Cheer and Taskwell are interested. As at 30 June 2012, COL was 71.56% owned by Vigor Online Offshore Limited which in turn is a wholly-owned subsidiary of China Spirit Limited ("**China Spirit**") in which Ms. Chong Sok Un maintains 100% beneficial interest. Therefore, Ms. Chong Sok Un is deemed to have interests in the shares in which COL is interested through her 100% interests in China Spirit.

Save as disclosed above, as at 30 June 2012, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in note 27 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES and note 27 to the financial statements, at no time during the year ended 30 June 2012 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 30 June 2012.

CHANGES IN INFORMATION OF DIRECTORS

At the meeting of the Board held on 21 May 2012, the Board resolved to appoint Ms. Chong Sok Un, Mr. Kong Muk Yin, Mr. Yue Jialin and all Non-Executive Directors and Independent Non-Executive Directors for a term of three years commencing from 1 June 2012. The said Directors entered into letters of appointment with the Company. At the same meeting, the Board resolved to revise the remuneration of the following Directors with effect from 1 March 2012:

The annual remuneration (inclusive of salary and housing allowance) of Mr. Andrew Ferguson is revised to HK$3,384,000.

Each of Mr. So Kwok Hoo and Mr. Peter Anthony Curry is entitled to receive HK$120,000 per annum as a director fee.

Each member of the nomination committee is entitled to receive HK$20,000 per annum as a director fee for performing his or her duties and responsibilities as a member of the nomination committee.

Save as disclosed above and in the Biographical Details of Directors and Management of this Annual Report, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules subsequent to the date of the 2011 Interim Report of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the following persons, other than a Director or chief executive of the Company, were interested or had short positions in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares and underlying shares of the Company

Name of Shareholder	Capacity in which interests are held	Number of shares/underlying shares held: Interests in shares	Interests under equity derivatives	Total interests	Approximate percentage of shareholding *(Note 1)*
Benefit Rich Limited	Beneficial owner *(Note 2)*	956,000,000	—	956,000,000	14.03%
Shougang Fushan Resources Group Limited	Interest of a controlled corporation *(Note 2)*	956,000,000	—	956,000,000	14.03%
Rise Cheer Investments Limited	Beneficial owner *(Note 3)*	1,124,640,000	—	1,124,640,000	16.51%
Taskwell Limited	Beneficial owner *(Note 3)*	776,299,562	—	776,299,562	11.39%
COL Capital Limited	Interest of controlled corporations *(Note 3)*	1,900,939,562	—	1,900,939,562	27.90%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 6,813,047,990 shares as at 30 June 2012.

2. These shares are held by Benefit Rich Limited ("**Benefit Rich**"), a wholly-owned subsidiary of Shougang Fushan Resources Group Limited (formerly known as Fushan International Energy Group Limited) ("**Shougang Fushan**"). Accordingly, Shougang Fushan is deemd to have the same long position as Benefit Rich under the SFO.

3. These shares are held by (i) Rise Cheer Investments Limited ("**Rise Cheer**") as to 1,124,640,000 shares and (ii) Taskwell Limited ("**Taskwell**") as to 776,299,562 shares, both are wholly-owned subsidiaries of Besford International Limited ("**Besford**"). Besford is a wholly-owned subsidiary of COL Capital Limited ("**COL**"). Accordingly, COL is deemed to have interests in the shares in which Rise Cheer and Taskwell are interested. As at 30 June 2012, COL was 71.56% owned by Vigor Online Offshore Limited which in turn is a wholly-owned subsidiary of China Spirit Limited ("**China Spirit**") in which Ms. Chong Sok Un maintains 100% beneficial interest. Therefore, Ms. Chong Sok Un is deemed to have interests in the shares in which COL is interested through her 100% interests in China Spirit.

Save as disclosed above, as at 30 June 2012, the Company was not notified of any persons, other than the Directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are of the opinion that during the year ended 30 June 2012, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

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

During the year ended 30 June 2012, the Company purchased 48,360,000 shares of HK$0.10 each in the capital of the Company at prices ranging from HK$0.265 to HK$0.365 per share on the Stock Exchange. Particulars of the purchase of shares are as follows:

Month	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid (excluding expenses) HK$
November 2011	11,240,000	0.330	0.295	3,465,684
March 2012	12,860,000	0.365	0.340	4,559,300
April 2012	21,180,000	0.350	0.340	7,392,500
May 2012	1,960,000	0.300	0.265	546,700
June 2012	1,120,000	0.290	0.285	321,700
Total	48,360,000			16,285,884

During the year ended 30 June 2012, 50,240,000 repurchased shares were cancelled and accordingly, the Company's issued share capital was diminished by the nominal value thereof. The premium payable on repurchases was charged against the Company's share premium account.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2012.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2012, the Group's five largest customers in aggregate accounted for 100% of the turnover of the Group and the largest customer accounted for approximately 42% of the total turnover of the Group.

The aggregate purchases attributable to the Group's three largest suppliers during the year ended 30 June 2012 accounted for the entire purchases of the Group and the largest supplier accounted for approximately 64% of the total purchases of the Group.

At no time during the year ended 30 June 2012 did a Director, an associate of a Director or a shareholder of the Company, which to the knowledge of the Directors owns more than 5% of the Company's issued share capital, have an interest in any of the five largest customers and any of the three largest suppliers of the Group.

EMOLUMENT POLICY

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence.

The Company adopted the model set out in Code Provision B.1.2(c)(ii) of Appendix 14 to the Listing Rules as its remuneration model for determining the emoluments of the Directors. This model stipulates that the remuneration committee shall make recommendations to the board on the remuneration packages of individual executive directors and senior management. The remuneration committee of the Company would take into consideration, among other things, the duties and responsibilities of the Directors and senior management and prevailing market conditions when determining their remuneration.

The Company has adopted a share option scheme to provide incentives to eligible persons, including directors, employees, consultants, suppliers and customers of the Group. Details of the scheme are set out in note 27 to the financial statements.

RELATED PARTY TRANSACTIONS

During the year ended 30 June 2012, the Group entered into transactions with related parties, details of which are set out in note 29 to the financial statements. None of these related party transactions constitutes a connected transaction or a continuing connected transaction of the Group as defined in and required to be disclosed under Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws, or the company laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PUBLIC FLOAT

As at the date of this report, the Company has maintained a sufficient public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of its Directors.

AUDITOR

On 27 June 2011, Messrs. Graham H. Y. Chan & Co., resigned as auditor of the Group. Messrs. Deloitte Touche Tohmatsu was appointed as the auditor of the Group to fill the casual vacancy.

The financial statements of the Group for the year ended 30 June 2012 were audited by Messrs. Deloitte Touche Tohmatsu. Messrs. Deloitte Touche Tohmatsu will retire and a resolution for reappointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Group's final results for the year ended 30 June 2012 have been reviewed by the audit committee of the Company.

On behalf of the Board

Chong Sok Un
Chairman

Hong Kong, 20 September 2012

Corporate Governance Report

The Company strives to attain and maintain a high standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders. Accordingly, the Board attributes a high priority to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls.

CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices (the "**CG Code**") as contained in Appendix 14 to the Listing Rules sets out the principles of good corporate governance. The CG Code was revised and renamed Corporate Governance Code (the "**Revised CG Code**") with effect from 1 April 2012. The Company applied the principles of the CG Code and the Revised CG Code.

During the year ended 30 June 2012, the Company has fully complied with the code provisions of the CG Code and the Revised CG Code, other than the deviations in respect of the appointment of Non-Executive Directors for a specific term during the period between 1 July 2011 and 31 May 2012 in accordance with Code Provision A.4.1 of the CG Code and the Revised CG Code; the entering into of formal letters of appointment with the Directors (other than Mr. Andrew Ferguson) during the period between 1 April 2012 and 31 May 2012 in accordance with Code Provision D.1.4 of the Revised CG Code; and the attendance of the Chairman of the Board at the annual general meeting of the Company held on 28 September 2011 (the "**2011 AGM**") in accordance with Code Provision E.1.2 of the CG Code.

The reasons for the above deviations are detailed in the sections headed NON-EXECUTIVE DIRECTORS AND LETTERS OF APPOINTMENT and INVESTOR RELATIONS below. Since 1 June 2012, these deviations have all been addressed and the Company has since been in full compliance with the Revised CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code during the year ended 30 June 2012.

BOARD OF DIRECTORS

The Board is charged with the responsibility of the leadership and control of the Group. The Board promotes the success of the Group and makes decisions objectively in the best interests of the Group. The Board's role is mainly to direct and supervise the affairs of the Group, establishing its strategic direction and setting objectives and business development plans. In addition, the Board has also delegated various responsibilities to the Board committees.

The Board currently comprises ten Directors, with four Executive Directors, three Non-Executive Directors and three Independent Non-Executive Directors. During the year ended 30 June 2012, the attendance of each Director at the Board, committee and general meetings is set out below:

	Board *(Note 1)*	Committee Audit	Committee Remuneration	Committee Nomination *(Note 2)*	General Meeting *(Note 3)*
Executive Directors					
Ms. Chong Sok Un	2/5	—	2/3	0/0	0/1
Mr. Andrew Ferguson	5/5	—	—	—	1/1
Mr. Yue Jialin	4/5	—	—	—	0/1
Mr. Kong Muk Yin	5/5	—	—	—	1/1
Non-Executive Directors					
Mr. Lee Seng Hui	3/5	1/2	3/3	0/0	0/1
Mr. So Kwok Hoo	5/5	—	—	—	0/1
Mr. Liu Yongshun (Resigned on 1 March 2012) *(Note 4)*	2/4	—	—	—	0/1
Mr. Peter Anthony Curry	3/5	—	—	—	0/1
Independent Non-Executive Directors					
Dr. Wong Wing Kuen, Albert	5/5	2/2	3/3	0/0	1/1
Mr. Chang Chu Fai, Johnson Francis	3/5	2/2	2/3	0/0	1/1
Mr. Robert Moyse Willcocks	5/5	2/2	3/3	0/0	1/1

Notes:

1. During the year ended 30 June 2012, the Board held four regular meetings and one additional meeting.

2. The nomination committee was established on 1 March 2012. During the period between 1 April 2012 and 30 June 2012, no meetings of nomination committee were held. The first meeting of the nomination committee shall be held during the year ending 30 June 2013.

3. The annual general meeting of the Company was held on 28 September 2011.

4. Mr. Liu Yongshun resigned as a Non-Executive Director on 1 March 2012. During the period between 1 July 2011 and the date of his resignation, he attended two out of four Board meetings held.

Every Director is entitled to have access to Board papers and related materials, and the advice and services of the company secretary of the Company (the "**Company Secretary**"), and has the liberty to seek independent professional advice at the Company's expense if so reasonably required. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The biographical details of the Directors are set out on pages 14 to 16 of this Annual Report, which demonstrates a diversity of skills, experience and qualifications. Save as disclosed therein, the Board members have no financial, business, family or other material/relevant relationships with each other. The Company appointed three Independent Non-Executive Directors. At least one of them has appropriate professional qualifications, or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Board has received annual confirmation of independence from the Independent Non-Executive Directors and considers all of them to be independent pursuant to Rule 3.13 the Listing Rules.

The Company encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. During the period between 1 April 2012 and 30 June 2012, all Directors have attended relevant training programmes. The training programmes attended include participation in conferences, seminars or courses of formal education, participation in in-house seminars, attending training relevant to the Company's business conducted by lawyers and private study of material relevant to the director's duties and responsibilities. The training received by each Director is set out below:

	Training Received	Time Spent
Ms. Chong Sok Un	C	2 hours
Mr. Andrew Ferguson	C	2 hours
Mr. Yue Jialin	C	2 hours
Mr. Kong Muk Yin	L	1 hour
Mr. Lee Seng Hui	H	0.5 hour
Mr. So Kwok Hoo	P	24 hours
Mr. Peter Anthony Curry	H	2 hours
Dr. Wong Wing Kuen, Albert	C	25 hours
Mr. Chang Chu Fai, Johnson Francis	H	1 hour
Mr. Robert Moyse Willcocks	C	4.5 hours

Codes:

C Participation in conferences, seminars or courses of formal education

H Participation in in-house seminars

L Attending training relevant to the Company's business conducted by lawyers

P Private study of material relevant to director's duties and responsibilities

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer of the Company are Ms. Chong Sok Un and Mr. Andrew Ferguson respectively. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all respects effectively.

NON-EXECUTIVE DIRECTORS AND LETTERS OF APPOINTMENT

During the period between 1 July 2011 and 31 May 2012, all Non-Executive Directors and Independent Non-Executive Directors were not appointed for a specific term since they are subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in CG Code and the Revised CG Code.

During the period between 1 April 2012 and 31 May 2012, other than the service contract made between the Company and Mr. Andrew Ferguson, the Company did not have formal letters of appointment for other Directors since the appointments of other Directors are not for a specific term.

In compliance with the Revised CG Code, at the meeting of the Board held on 21 May 2012, the Board resolved to appoint Ms. Chong Sok Un, Mr. Kong Muk Yin, Mr. Yue Jialin and all Non-Executive Directors and Independent Non-Executive Directors for a term of three years commencing from 1 June 2012. The said Directors entered into letters of appointment with the Company.

BOARD COMMITTEES

The Company's Board has established four committees, namely remuneration committee (the "**Remuneration Committee**"), audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and executive committee (the "**Executive Committee**"). All committees are provided with sufficient resources to perform their duties and have access to independent professional advice at the Company's expense if so reasonably required.

Remuneration Committee

In compliance with Rule 3.25 of the Listing Rules which came into effect on 1 April 2012, Dr. Wong Wing Kuen, Albert, an Independent Non-Executive Director has been appointed chairman of the Remuneration Committee in place of Ms. Chong Sok Un with effect from 1 March 2012. Ms. Chong Sok Un has remained as a member of the Remuneration Committee.

The Remuneration Committee comprises Dr. Wong Wing Kuen, Albert (Chairman), Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks, all Independent Non-Executive Directors, Ms. Chong Sok Un, an Executive Director and the Chairman of the Board and Mr. Lee Seng Hui, a Non-Executive Director.

The Remuneration Committee shall meet at least once a year. During the year ended 30 June 2012, three meetings of the Remuneration Committee were held and the attendance of the members was set out in the section headed BOARD OF DIRECTORS.

Details of the Directors' emoluments and remuneration payable to members of senior management by band are set out in notes 12 and 29 to the financial statements.

The terms of reference of the Remuneration Committee were revised with effect from 1 March 2012 to include the code provisions set out in the Revised CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company. The Company adopted the model set out in Code Provision B.1.2(c)(ii) of the Revised CG Code as its remuneration model, under which the Remuneration Committee shall make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

The primary duties of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration of Non-Executive Directors;

4. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

5. to review and approve compensation payable to Executive Directors and senior management for any loss of termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

6. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

7. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year ended 30 June 2012, the Remuneration Committee has reviewed the remuneration proposals of the Directors and senior management and made recommendations to the Board on the revised remuneration. The Remuneration Committee also reviewed letters of appointment for the Directors and made recommendations to the Board.

Audit Committee

The Audit Committee comprises Dr. Wong Wing Kuen, Albert (Chairman), Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks, all Independent Non-Executive Directors and Mr. Lee Seng Hui, a Non-Executive Director. The Audit Committee is chaired by an Independent Non-Executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

The Audit Committee shall meet at least twice a year. During the year ended 30 June 2012, two meetings of the Audit Committee were held and attended by the external auditor of the Company. The attendance of the members was set out in the section headed BOARD OF DIRECTORS.

The terms of reference of the Audit Committee were revised with effect from 1 March 2012 to include the code provisions set out in the Revised CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are:

1. to recommend to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

2. to review and monitor the external auditor's independence, objectivity and effectiveness and discuss with it the nature and scope of the audit;

3. to monitor the integrity of the financial statements of the Company, including the interim and annual accounts, interim reports and annual reports before submission to the Board and to discuss any problems and reservations arising therefrom;

4. to review the Group's financial controls, internal control and risk management systems;

5. to consider major investigation findings on internal control matters as delegated by the Board and management's response to these findings; and

6. to review the external auditor's management letters and management's response.

During the year ended 30 June 2012, the Audit Committee has reviewed and discussed the financial reporting matters, including the review of the interim and annual financial statements. The Audit Committee established a procedure by which the employees of the Company may raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of the reporting matters and for appropriate follow-up action.

Nomination Committee

In compliance with Code Provision A.5.1 of the Revised CG Code which came into effect on 1 April 2012, the Company has established a Nomination Committee on 1 March 2012 comprising Ms. Chong Sok Un, an Executive Director and the Chairman of the Board, Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks, all Independent Non-Executive Directors and Mr. Lee Seng Hui, a Non-Executive Director. Ms. Chong Sok Un was appointed the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year. The first meeting of Nomination Committee shall be held during the year ending 30 June 2013.

The terms of reference of the Nomination Committee were adopted with effect from 1 March 2012, which include the code provisions set out in the Revised CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company.

The primary duties of the Nomination Committee are:

1. to review the structure, size and composition (including the skills, knowledge, experience and time for performing director's duties) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of Independent Non-Executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

Executive Committee

The Executive Committee was established by the Board with specific terms of reference. It comprises Ms. Chong Sok Un (Chairman), Mr. Andrew Ferguson and Mr. Kong Muk Yin, all being Executive Directors. The Executive Committee is responsible for reviewing and approving, inter alia, any matters arising from the day-to-day activities of the Group and any matters to be delegated by the Board from time to time.

Corporate Governance Function

The Board delegated the corporate governance duties to the Executive Committee with effect from 1 March 2012. The primary corporate governance duties performed by the Executive Committee are:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the year ended 30 June 2012, the Board and the Executive Committee has developed and reviewed the Company's corporate governance practices, including the revised terms of reference for the Remuneration Committee, the Audit Committee and the Executive Committee and the newly established terms of reference for the Nomination Committee.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 30 June 2012. The Directors aim to present a clear and understandable assessment of the Group's position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the financial statements of the Group. The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules, and reports to the regulators.

The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor's Report of this Annual Report.

DISCLOSURE OF LONG TERM BASIS FOR GENERATING OR PRESERVING BUSINESS VALUE

A discussion and analysis of the Group's corporate strategy and long term business model is set out in the Management Discussion and Analysis of this Annual Report.

INTERNAL CONTROLS

The Board is responsible for overseeing the Group's internal control system and reviewing its effectiveness. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure, to achieve the business objectives of the Group. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board, through the Audit Committee, conducted an annual review of the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is of the view that the internal control system in place for the year ended 30 June 2012 is sufficient to safeguard the interests of the shareholders and the Group's assets.

AUDITORS' REMUNERATION

During the year ended 30 June 2012, the remuneration paid or payable to the Company's auditor, Deloitte Touche Tohmatsu is set out below:

Services rendered	**Fee paid or payable** HK$'000
Audit services	750
Non-audit services	
—review of interim report	100
	850

COMPANY SECRETARY

During the period between 1 July 2011 and 5 December 2011, Mr. Wong Wai Keung, Frederick was the Company Secretary. Since 6 December 2011, Ms. Chan Suk Mei has been the Company Secretary. Both Mr. Wong and Ms. Chan are full-time employees of the Company.

SHAREHOLDERS' RIGHTS

How Shareholders Can Convene a Special General Meeting

Pursuant to Bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "**Act**").

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. Such written requisition can be addressed to the Company Secretary in writing by mail to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at 32/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

If the requisition is in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholder(s) concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

Pursuant to Section 74(3) of the Act, if the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures by which Enquiries may be Put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at 32/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

Procedures for Putting Forward Proposals at Shareholders' Meetings

For putting forward a proposal at shareholders' meeting, shareholders are requested to follow the requirements and procedures as set out in the Bye-laws and the Act.

According to Sections 79(1) and 79(2) of the Act, shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at 32/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong, for the attention of the Company Secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the annual general meeting; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to Bye-law 88 of the Bye-laws, if a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment or election of director(s), wishes to propose a person (other than a retiring Director and the shareholder himself/herself) for election as a Director at that general meeting, such shareholder can deposit a notice in writing of the intention to propose that person for election as a Director and a notice in writing by that person of his willingness to be elected at the registered office of the Company in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda or at the principal office in Hong Kong of the Company at 32/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong at least seven days before the date of the general meeting. The period for lodging such notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and no later than seven days prior to the date of such meeting.

If a shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the Company Secretary, namely (i) notice of intention to propose a resolution to elect a person as a Director (the "**Nominated Candidate**") at the general meeting; (ii) notice in writing executed by the Nominated Candidate of his/her willingness to be elected and (iii) the information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information as required by the Listing Rules, the Bye-laws and the Act from time to time.

INVESTOR RELATIONS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars.

The Company's general meetings are valuable forum for the Board to communicate directly with the shareholders. Shareholders are encouraged to attend the general meetings of the Company.

During the year ended 30 June 2012, the 2011 AGM was held on 28 September 2011. All the resolutions proposed at the 2011 AGM were duly passed by the shareholders by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company.

Mr. Andrew Ferguson, an Executive Director and the Chief Executive Officer of the Company, chaired the 2011 AGM as the Chairman of the Board and remuneration committee could not attend due to unavoidable prior engagements. Other members of the remuneration committee, namely Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks attended the 2011 AGM and were available to answer questions thereat.

The external auditor of the Company, Deloitte Touche Tohmatsu attended the 2011 AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The forthcoming annual general meeting of the Company will be held on 5 December 2012 (the "**2012 AGM**"). The notice convening the 2012 AGM will be published on the websites of the Stock Exchange and the Company and despatched to shareholders of the Company before 31 October 2012.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

At the 2011 AGM, a special resolution is passed to amend the Bye-laws. The purpose of the amendments is to bring the Bye-laws in line with certain changes to the Listing Rules. The effects of the amendments are as follows:

(i) Inspection by the public of the register of members shall be without charge at the registered office of the Company or such other place at which the register of members is kept in accordance with the Act; and

(ii) The Board shall have the power to appoint new auditor to fill any casual vacancy in the office of auditor of the Company without the need to obtain shareholders' approval.

Details of the amendments are set out in the circular of the Company dated 29 August 2011.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF APAC RESOURCES LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of APAC Resources Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 40 to 107, which comprise the consolidated statement of financial position as at 30 June 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 September 2012

Consolidated Income Statement

For the year ended 30 June 2012

	Notes	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Revenue from sales of goods	5	**1,050,205**	1,147,494
Cost of sales		**(1,046,751)**	(1,005,459)
		3,454	142,035
Other gains and losses	7	**(685,322)**	571,118
Other income	8	**12,037**	10,492
Administrative expenses			
— General administrative expenses		**(46,257)**	(54,572)
— Equity-settled share option expenses		**(28,612)**	(61,530)
Finance costs	9	**(23,095)**	(12,373)
Share of results of associates		**242,166**	870,007
(Loss) profit before taxation	10	**(525,629)**	1,465,177
Income tax expense	11	**(1,890)**	(3,108)
(Loss) profit for the year/period attributable to owners of the Company		**(527,519)**	1,462,069
(Loss) earnings per share (expressed in HK cents) — basic and diluted	13	**(7.70)**	21.89

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit for the year/period	(527,519)	1,462,069
Other comprehensive (expense) income, net of income tax		
Exchange difference arising from translation of associates	(146,231)	456,388
Exchange difference arising from translation of other foreign operations	4,487	15,115
Fair value change of available-for-sale investments	(21,731)	(48,858)
Impairment losses on available-for-sale investments	22,320	17,738
Reclassification adjustment upon disposal of partial interest in an associate	(311)	(24,675)
Share of investment revaluation reserve of associates	10,363	(50,673)
	(131,103)	365,035
Total comprehensive (expense) income for the year/period attributable to owners of the Company	(658,622)	1,827,104

Consolidated Statement of Financial Position

At 30 June 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,589**	1,370
Interests in associates	16	**3,569,070**	3,835,439
Available-for-sale investments	17	**71,465**	52,527
Financial assets at fair value through profit or loss	18	**118,947**	—
		3,761,071	3,889,336
Current assets			
Inventories	19	**61,932**	—
Trade and other receivables and loan receivable	20	**183,237**	54,641
Investments held for trading	21	**410,611**	1,440,946
Pledged bank deposits	22	**79,748**	339,158
Bank balances and cash	22	**372,642**	384,090
		1,108,170	2,218,835
Total assets		**4,869,241**	6,108,171
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	**681,305**	686,329
Reserves		**3,411,457**	3,554,350
Accumulated profits		**658,601**	1,157,921
		4,751,363	5,398,600
Current liabilities			
Trade and other payables	23	**115,572**	6,773
Borrowings	24	**—**	689,530
Tax payable		**2,306**	13,268
		117,878	709,571
Total equity and liabilities		**4,869,241**	6,108,171
Net current assets		**990,292**	1,509,264
Total assets less current liabilities		**4,751,363**	5,398,600

The financial statements on pages 40 to 107 were approved and authorised for issue by the Board of Directors on 20 September 2012 and are signed on its behalf by:

Chong Sok Un
DIRECTOR

Andrew Ferguson
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note 26(a))*	Investment revaluation reserve HK$'000 *(Note 26(b))*	Exchange reserve HK$'000 *(Note 26(c))*	Share option reserve HK$'000	Capital redemption reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000
At 1 January 2010	569,034	2,351,486	(14,980)	122,108	232,630	193,918	—	(492,182)	2,962,014
Profit for the period	—	—	—	—	—	—	—	1,462,069	1,462,069
Other comprehensive (expense) income for the period	—	—	—	(95,380)	460,415	—	—	—	365,035
Total comprehensive (expense) income for the period	—	—	—	(95,380)	460,415	—	—	1,462,069	1,827,104
Issue of shares upon exercise of warrants	13,179	26,359	—	—	—	—	—	—	39,538
Issue of shares upon placement	110,000	440,000	—	—	—	—	—	—	550,000
Transaction cost attributable to placement	—	(13,851)	—	—	—	—	—	—	(13,851)
Shares repurchased and cancelled	(5,884)	(21,851)	—	—	—	—	5,884	(5,884)	(27,735)
Equity-settled share option expenses	—	—	—	—	—	61,530	—	—	61,530
Lapse of equity-settled share options	—	—	—	—	—	(193,918)	—	193,918	—
At 30 June 2011	686,329	2,782,143	(14,980)	26,728	693,045	61,530	5,884	1,157,921	5,398,600
At 1 July 2011	686,329	2,782,143	(14,980)	26,728	693,045	61,530	5,884	1,157,921	5,398,600
Loss for the year	—	—	—	—	—	—	—	(527,519)	(527,519)
Other comprehensive income (expense) for the year	—	—	—	10,972	(142,075)	—	—	—	(131,103)
Total comprehensive income (expense) for the year	—	—	—	10,972	(142,075)	—	—	(527,519)	(658,622)
Shares repurchased and cancelled	(5,024)	(12,203)	—	—	—	—	5,024	(5,024)	(17,227)
Equity-settled share option expenses	—	—	—	—	—	28,612	—	—	28,612
Lapse/forfeit of equity-settled share options	—	—	—	—	—	(33,223)	—	33,223	—
At 30 June 2012	681,305	2,769,940	(14,980)	37,700	550,970	56,919	10,908	658,601	4,751,363

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(525,629)**	1,465,177
Adjustments for:		
Allowance for inventories	**27,812**	—
Depreciation of property, plant and equipment	**687**	1,003
Loss on deemed disposal of partial interest in an associate	**—**	1,727
Equity-settled share option expenses	**28,612**	61,530
Fair value change of investments held for trading	**229,160**	(123,636)
Fair value change of financial assets at fair value through profit or loss	**1,173**	—
Gain on disposal of partial interest in an associate	**(812)**	(118,284)
Interest income	**(10,599)**	(7,637)
Interest expenses	**23,095**	12,373
Impairment losses on available-for-sale investments	**22,320**	17,738
Impairment loss on loan receivable	**7,294**	—
Reversal of impairment loss on interest in an associate	**—**	(304,024)
Share of results of associates	**(242,166)**	(870,007)
Impairment losses on interests in associates	**381,229**	—
Operating cash flows before movements in working capital	**(57,824)**	135,960
(Increase) decrease in trade and other receivables	**(135,890)**	47,070
Increase (decrease) in trade and other payables	**108,799**	(3,247)
Decrease (increase) in investments held for trading	**801,175**	(1,245,411)
Increase in inventories	**(95,511)**	—
Cash generated from (used in) operations	**620,749**	(1,065,628)
Income tax paid	**(12,852)**	(11,598)
Net cash from (used in) operating activities	**607,897**	(1,077,226)

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**(41,691)**	(5,106)
Purchase of property, plant and equipment	**(902)**	(1,350)
Investment in associates	**(142,630)**	(18,249)
Investment in financial assets at fair value through profit or loss	**(120,120)**	—
Loan to an investee company	**—**	(42,296)
Placement of pledged bank deposits	**(956,284)**	(1,689,665)
Withdraw of pledged bank deposits	**1,215,694**	1,439,831
Proceeds from disposal of partial interest in an associate	**3,082**	212,020
Repayment of loan from an associate	**—**	136,110
Loan to an associate	**—**	(136,110)
Dividend received from an associate	**137,429**	—
Interest received	**10,599**	7,637
Net cash from (used in) investing activities	**105,177**	(97,178)
FINANCING ACTIVITIES		
Proceeds from placing shares, net of expenses	**—**	536,149
Proceeds from issue of shares upon exercise of warrants	**—**	39,538
Payments on repurchase of shares	**(17,227)**	(27,735)
Interest paid	**(23,095)**	(12,373)
New borrowings raised	**—**	831,898
Repayments of borrowings	**(689,530)**	(142,368)
Net cash (used in) from financing activities	**(729,852)**	1,225,109
Net (decrease) increase in cash and cash equivalents	**(16,778)**	50,705
Effect of foreign exchange rate change	**5,330**	15,182
Cash and cash equivalents at beginning of the year/period	**384,090**	318,203
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	**372,642**	384,090

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

1. GENERAL

The Company is incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34.

In prior financial period, the reporting period end date of the Group was changed from 31 December to 30 June as a result of the decision of the directors of the Company to bring the annual reporting period end date of the Group in line with that of the Company's principal overseas listed associates which are the Group's substantial investments. Accordingly, the consolidated financial statements for the prior period cover eighteen months from 1 January 2010 to 30 June 2011. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover eighteen months from 1 January 2010 to 30 June 2011 and therefore may not be comparable with amounts shown for the current year which cover twelve months from 1 July 2011 to 30 June 2012.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 7	Disclosures — Transfers of financial assets
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) - INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current year and prior periods and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvement to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets[3]
HKAS 19 (Revised 2011)	Employee benefits[1]
HKAS 27 (Revised 2011)	Separate financial statements[1]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[5]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 January 2012.
4 Effective for annual periods beginning on or after 1 July 2012.
5 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial instruments *(Continued)*

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 for the annual period beginning 1 July 2015 will affect the classification and measurement in respect of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2013 and that the application of the new standard may affect the amounts reported in the Group's consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group's annual period beginning on 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition of additional interests in associates

Goodwill is recognised at each acquisition date, being the excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

Disposal of partial interests in associates

For disposal of partial interests in an associate that does not result in the Group losing significant influence over the associate, the difference between the carrying amount of the associate attributable to the interests disposed and its fair value is included in the determination of the gain or loss on the disposal of partial interests. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, the proportion of the gain or loss that had previously been recognised in other comprehensive income (i.e. exchange reserve and investment revaluation reserve) relating to that reduction in ownership interest is reclassified to profit or loss as if the associate has disposed the related assets or liabilities proportionately.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. disposals of partial interests in associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and local municipal government retirement scheme in the Peoples' Republic of China (the "**PRC**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions for employees and others providing similar service

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

The Group's share options contain both a market condition (a specified increase in share price) and a non-market service condition (continuing employment). Market condition is taken into account when estimating the fair value of the share options granted. The fair value of options is recognised as share option expenses over the expected vesting period on a straight-line basis for employees who satisfy the non-market service condition, irrespective of whether the market condition is satisfied. The expected vesting period is consistent with the assumptions used in estimating the fair value of the options granted and is not revised subsequently.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to accumulated profits. When the share options are forfeited after the expected vesting period or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("**FVTPL**"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form any integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL at initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

In addition, if the Group is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire hybrid contract is designated as at fair value through profit or loss.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on these financial assets.

For FVTPL financial asset that does not have a quoted market price in an active market and contains embedded derivative that is linked to and will be settled by delivery of unquoted equity instruments in which the fair value cannot be reliably measured, the entire instrument is measured at cost plus accrued contractual interest less any identified impairment losses if the derivative component of such FVTPL financial asset is sufficiently significant to preclude it from obtaining a reliable estimate of the entire financial asset (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in the fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

For unquoted available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and loan receivable, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than at FVTPL measured at fair value, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial asset, the estimated future cash flows of the investment have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost or at cost plus accrued contractual interest, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by an entity are classified as either financial liability or as equity in accordance with the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest payment over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

***Financial liabilities and equity instruments** (Continued)*

Financial liabilities

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss upon repurchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition

The Group derecognised a financial asset only when the contractual rights to the cash flows from the assets expire or, when it transferred the financial asset and substantially all the risks and rewards of ownership of the assets to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The directors of the Company consider share capital and accumulated profits are the capital of the Group. The Group's overall strategy remains unchanged from prior periods.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

5. REVENUE

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Revenue from trading of commodities	**1,050,205**	1,147,494

6. SEGMENTAL INFORMATION

Segment information is presented based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the Executive Directors of the Company, for the purpose of allocating resources to segments and assessing their performance. The Group's reportable segments under HKFRS 8 are therefore as follows:

(i) Commodity business (trading of commodities); and

(ii) Resource investment (trading of and investment in listed and unlisted securities).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit (loss) by each segment without allocation of central administration costs, directors' salaries, share of results of associates, impairment losses on interests in associates, reversal of impairment loss on interest in an associate, loss on deemed disposal of partial interest in an associate, gain on disposal of partial interest in an associate and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Information regarding the Group's reportable segments is presented below.

6. SEGMENTAL INFORMATION *(Continued)*

Segment revenue and result

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

For year ended 30 June 2012

	Commodity business HK$'000	Resource investment HK$'000	Total HK$'000
Revenue	1,050,205	—	1,050,205
Gross sales proceeds from resource investment	—	1,342,203	1,342,203
Segment profit (loss)	5,571	(296,401)	(290,830)
Share of results of associates			242,166
Impairment losses on interests in associates			(381,229)
Gain on disposal of partial interest in an associate			812
Unallocated corporate income			123
Unallocated corporate expenses			(73,576)
Finance costs			(23,095)
Loss before taxation			(525,629)
Income tax expense			(1,890)
Loss for the year			(527,519)

6. SEGMENTAL INFORMATION *(Continued)*

Segment revenue and result *(Continued)*

For period ended 30 June 2011

	Commodity business HK$'000	Resource investment HK$'000	Total HK$'000
Revenue	1,147,494	—	1,147,494
Gross sales proceeds from resource investment	—	252,069	252,069
Segment profit	138,011	150,399	288,410
Share of results of associates			870,007
Reversal of impairment loss on interest in an associate			304,024
Loss on deemed disposal of partial interest in an associate			(1,727)
Gain on disposal of partial interest in an associate			118,284
Unallocated corporate income			4,280
Unallocated corporate expenses			(105,728)
Finance costs			(12,373)
Profit before taxation			1,465,177
Income tax expense			(3,108)
Profit for the period			1,462,069

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the current year and prior period.

6. SEGMENTAL INFORMATION *(Continued)*

Other segment information

Other segment information included in the consolidated income statement for the year ended 30 June 2012 are as follows:

Amounts 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
Interest income	10,009	553	37	10,599
Fair value change of investments held for trading	—	(272,334)	—	(272,334)
Fair value change of financial assets at fair value through profit or loss	—	(1,173)	—	(1,173)
Impairment losses on available-for-sale investments	—	(22,320)	—	(22,320)
Allowance for inventories	(27,812)	—	—	(27,812)

Amounts regularly provided to the chief operating decision maker 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	—	—	3,569,070	3,569,070
Share of results of associates	—	—	242,166	242,166
Impairment losses on interests in associates	—	—	(381,229)	(381,229)

6. SEGMENTAL INFORMATION *(Continued)*

Other segment information *(Continued)*

Other segment information included in the consolidated income statement for the period ended 30 June 2011 are as follows:

Amounts 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
Interest income	4,995	1,196	1,446	7,637
Fair value change of investments held for trading	—	165,462	—	165,462
Impairment losses on available-for-sale investments	—	(17,738)	—	(17,738)

Amounts regularly provided to the chief operating decision maker 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	—	—	3,835,439	3,835,439
Share of results of associates	—	—	870,007	870,007
Reversal of impairment loss on interest in an associate	—	—	304,024	304,024

6. SEGMENTAL INFORMATION *(Continued)*

Segment assets and liabilities

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

	2012 HK$'000	2011 HK$'000
Commodity business	593,939	656,271
Resource investment	651,198	1,553,930
Total segment assets	1,245,137	2,210,201
Interests in associates	3,569,070	3,835,439
Unallocated	55,034	62,531
Consolidated assets	4,869,241	6,108,171
Commodity business	113,397	246,873
Resource investment	88	447,275
Total segment liabilities	113,485	694,148
Unallocated	4,393	15,423
Consolidated liabilities	117,878	709,571

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, other receivables and certain bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and tax payable.
- borrowings are allocated while the finance costs are not allocated to respective reportable segments.

6. SEGMENTAL INFORMATION *(Continued)*

Geographical information

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 located and where the associates incorporated/listed) respectively are detailed below.

	Revenue from external customers		Non-current assets	
	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong	**389,885**	279,301	**1,449**	1,048
The PRC	**660,320**	810,352	**33,687**	31,251
Australia	**—**	—	**3,535,523**	3,804,510
Singapore	**—**	57,841	**—**	—
	1,050,205	1,147,494	**3,570,659**	3,836,809

Information about major customers

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

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Customer A	**441,128**	414,038
Customer B	**317,187**	N/A[1]
Customer C	**163,715**	227,113
Customer D	**N/A[1]**	152,326

1 The transactions with the customer did not contribute over 10% of the total sales of the Group during the current year or prior period.

7. OTHER GAINS AND LOSSES

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Fair value change of investments held for trading *(note)*	(272,334)	165,462
Fair value change of financial assets at fair value through profit or loss	(1,173)	—
Impairment losses on available-for-sale investments	(22,320)	(17,738)
Impairment losses on interests in associates	(381,229)	—
Impairment loss on loan receivable	(7,294)	—
Loss on deemed disposal of partial interest in an associate	—	(1,727)
Gain on disposal of partial interest in an associate	812	118,284
Reversal of impairment loss on interest in an associate	—	304,024
Net foreign exchange (loss) gain	(1,784)	2,813
	(685,322)	571,118

Note: Net realised loss of approximately HK$43,174,000 (period ended 30 June 2011: Net realised gain of HK$41,826,000) on disposal of investments held for trading are included in fair value change of investments held for trading.

8. OTHER INCOME

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Dividend income from investments held for trading	268	1,136
Interest income from bank deposits	10,599	7,637
Others	1,170	1,719
	12,037	10,492

9. FINANCE COSTS

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings	10,089	2,317
Securities margin financing	13,006	10,056
	23,095	12,373

10. (LOSS) PROFIT BEFORE TAXATION

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Staff costs, including directors' emoluments		
— salaries and allowances	**16,840**	21,506
— equity-settled share option expenses (included in administrative expenses)	**28,612**	61,530
— staff quarters	**822**	1,678
— retirement benefits schemes contributions	**251**	316
Total staff costs	**46,525**	85,030
Auditor's remuneration	**750**	723
Cost of goods recognised as an expense included allowance for inventories of HK$27,812,000 (period ended 30 June 2011: nil)	**944,851**	849,974
Depreciation of property, plant and equipment	**687**	1,003

11. INCOME TAX EXPENSE

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Current tax		
Hong Kong Profits Tax	**144**	18,346
PRC Enterprise Income Tax	**2,490**	426
	2,634	18,772
Overprovision in prior periods	**(744)**	(15,664)
Total income tax expense	**1,890**	3,108

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for current year and prior period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for current year and prior period.

11. INCOME TAX EXPENSE *(Continued)*

The tax charge for the year/period can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
(Loss) profit before taxation	**(525,629)**	1,465,177
Tax at Hong Kong profits tax rate of 16.5%	**(86,729)**	241,754
Tax effect of expenses not deductible for tax purpose	**123,043**	14,170
Tax effect of income not taxable for tax purpose	**(2,106)**	(99,108)
Tax effect of tax losses not recognised	**7,276**	4,850
Tax effect of share of results of associates	**(39,957)**	(143,551)
Overprovision in prior periods	**(744)**	(15,664)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**1,107**	657
Tax charge for the year/period in respect of Hong Kong and the PRC	**1,890**	3,108

At 30 June 2012, the Group had unused tax losses of approximately HK$80,030,000 (2011: HK$35,928,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

An analysis of remuneration paid and payable to directors of the Company for the year ended 30 June 2012 and period ended 30 June 2011 is set out as follows:

Year ended 30 June 2012

	Fee HK$'000	Salaries and other benefits in kind HK$'000	Share option benefits HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Chong Sok Un	27	1,200	6,663	—	7,890
Mr. Andrew Ferguson	—	3,262	11,105	12	14,379
Mr. Kong Muk Yin	240	—	1,078	—	1,318
Mr. Yue Jialin	—	—	186	—	186
Non-Executive Directors					
Mr. Lee Seng Hui	177	—	—	—	177
Mr. So Kwok Hoo	40	—	186	—	226
Mr. Liu Yongshun	400	—	125	—	525
Mr. Peter Anthony Curry	40	—	4,188	—	4,228
Independent Non-Executive Directors					
Dr. Wong Wing Kuen, Albert	177	—	186	—	363
Mr. Chang Chu Fai, Johnson Francis	177	—	186	—	363
Mr. Robert Moyse Willcocks	177	—	186	—	363
	1,455	4,462	24,089	12	30,018

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Period ended 30 June 2011

	Fee HK$'000	Salaries and other benefits in kind HK$'000	Share option benefits HK$'000	Retirement benefits schemes contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Chong Sok Un	40	1,800	12,859	—	14,699
Mr. Andrew Ferguson *(note a)*	—	4,760	21,431	18	26,209
Mr. Kong Muk Yin	360	—	3,579	—	3,939
Mr. Yue Jialin	—	—	215	—	215
Non-Executive Directors					
Mr. Lee Seng Hui	211	—	—	—	211
Mr. So Kwok Hoo	—	—	215	—	215
Mr. Liu Yongshun *(note c)*	633	365	215	6	1,219
Mr. Peter Anthony Curry *(note b)*	—	1,627	9,733	—	11,360
Independent Non-Executive Directors					
Dr. Wong Wing Kuen, Albert	280	—	215	—	495
Mr. Chang Chu Fai, Johnson Francis	280	—	215	—	495
Mr. Robert Moyse Willcocks	280	—	215	—	495
	2,084	8,552	48,892	24	59,552

Notes:

(a) Mr. Andrew Ferguson was appointed as an executive director on 12 January 2010.

(b) Mr. Peter Anthony Curry was appointed as an executive director on 1 March 2010, re-designated as a non-executive director on 24 November 2010.

(c) Mr. Liu Yongshun was appointed as a non-executive director on 29 May 2007, re-designated as an executive director on 27 July 2007, re-designated as a non-executive director on 23 April 2010 and resigned on 1 March 2012.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

During the year ended 30 June 2012, Mr. Yue Jialin waived his emoluments to the amount of HK$120,000 (period ended 30 June 2011: HK$180,000). The waived emoluments were excluded from the above disclosure.

Apart from the above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 30 June 2012 or period ended 30 June 2011.

Certain directors were granted share options, based on their performance and service rendered to the Group, under the share option scheme of the Company, further details of which are set out in note 27. The fair value of such options, which has been amortised to profit or loss, was determined as at the date of the grant and included in the above directors' remuneration disclosures.

No emoluments were paid by the Group to any of the directors or the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2012 or period ended 30 June 2011.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (period ended 30 June 2011: four) were directors of the Company whose emoluments are included in the disclosures set out above. The emoluments of the remaining two (period ended 30 June 2011: one) individuals were as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Salaries and allowances	**4,710**	2,850
Share option benefits	**953**	1,622
Retirement benefits schemes contributions	**23**	18
	5,686	4,490

Their emoluments were within the following bands:

	1.7.2011 to 30.6.2012 No. of employees	1.1.2010 to 30.6.2011 No. of employees
HK$2,000,001 to HK$3,000,000	**1**	—
HK$3,000,001 to HK$4,000,000	**1**	—
HK$4,000,001 to HK$5,000,000	**—**	1

13. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings per share

The calculation of basic and diluted (loss) earnings per share is based on the loss for the year ended 30 June 2012 attributable to owners of the Company of HK$527,519,000 (period ended 30 June 2011: profit of HK$1,462,069,000) and weighted average number of 6,849,283,278 (period ended 30 June 2011: 6,679,962,107) ordinary shares in issue during the year/period.

Number of shares

	1.7.2011 to 30.6.2012	1.1.2010 to 30.6.2011
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss) earnings per share	**6,849,283,278**	6,679,962,107

For the year ended 30 June 2012, the calculation of the diluted loss per share did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

For the period ended 30 June 2011, the calculation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of the Company's shares for the period.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2012, nor has any dividend been proposed since the end of the reporting period (period ended 30 June 2011: nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement, furniture and fixtures HK$'000	Office equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2010	1,286	87	591	590	2,554
Additions	24	10	178	1,138	1,350
Exchange adjustments	—	12	14	34	60
At 30 June 2011	1,310	109	783	1,762	3,964
Additions	11	28	863	—	902
Disposals	—	—	(100)	—	(100)
Exchange adjustments	—	1	6	11	18
At 30 June 2012	**1,321**	**138**	**1,552**	**1,773**	**4,784**
DEPRECIATION					
At 1 January 2010	1,034	35	269	224	1,562
Charge for the period	218	33	236	516	1,003
Exchange adjustments	—	3	10	16	29
At 30 June 2011	1,252	71	515	756	2,594
Charge for the year	45	24	270	348	687
Disposals	—	—	(100)	—	(100)
Exchange adjustments	—	2	5	7	14
At 30 June 2012	**1,297**	**97**	**690**	**1,111**	**3,195**
CARRYING AMOUNTS					
At 30 June 2012	**24**	**41**	**862**	**662**	**1,589**
At 30 June 2011	58	38	268	1,006	1,370

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement, furniture and fixtures	Over the lease terms — 5 years
Office equipment	5 years
Computers	5 years
Motor vehicles	5 years

16. INTERESTS IN ASSOCIATES

	2012 HK$'000	2011 HK$'000
Cost of investments in associates		
Listed in Australia	**2,223,339**	2,082,850
Unlisted	**22,716**	22,716
Share of post-acquisition profits and other comprehensive income, net of dividends received	**1,704,244**	1,729,873
Impairment losses recognised	**(381,229)**	—
	3,569,070	3,835,439
Fair value of listed investments	**2,439,826**	5,102,095

Details of the Group's associates at 30 June 2012 and 2011 are as follows:

Name of entity	Place of incorporation and operation	Class of shares held	Proportion of ownership interest and voting power held 2012	2011	Principal activities
平港（上海）貿易有限公司	The PRC	N/A	**40%**	40%	Wholesales, import and export, agency service and relevant service for coal, coke, material for metallurgy, mineral products, chemical engineering products, mechanical and electrical equipment and spare parts, steel and steel products, construction material and related products and technology.
Mount Gibson Iron Limited ("**MGX**") *(note 1)*	Australia	Ordinary	**26.74%**	25.46%	Mining of hematite deposits at Tallering Peak and Koolan Island; development of hematite mining operations at Extension Hill; and exploration of hematite deposits in Western Australia.
Metals X Limited ("**MLX**") *(note 2)*	Australia	Ordinary	**30.20%**	29.08%	Exploration for and the mining, treatment and marketing of tin concentrate and nickel in Australia; exploration for phosphate in Australia; the development and construction of tin mine projects and exploration for precious and base metals through significant shareholding in other companies.

16. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

(1) During the year, the Group's shareholdings in MGX have increased from 25.46% to 26.74% due to the following changes:

(a) The Group disposed of a total number of 250,000 shares of MGX at an aggregate consideration of A$384,860 (equivalent to approximately HK$3,082,000) with a decrease in equity interest in MGX by 0.02% and resulted in a gain on disposal of partial interest of approximately HK$812,000 in profit or loss.

(b) The Group acquired 14,801,000 shares of MGX at an aggregate consideration of A$18,208,000 (equivalent to approximately HK$141,797,000) with an increase in equity interest in MGX by 1.37%.

(c) The Group's interest in MGX was decreased by 0.07% due to additional 2,945,959 shares issued by MGX to the public.

(2) During the year, the Group's shareholdings in MLX have increased from 29.08% to 30.20% due to the following changes:

(a) The Group acquired 500,000 shares of MLX at an aggregate consideration of A$104,000 (equivalent to approximately HK$833,000) with an increase in equity interest in MLX by 0.03%.

(b) Due to MLX's share buyback during the year, the Group's interest in MLX was increased by 1.09%.

At 30 June 2012, the carrying amounts of the Group's interests in listed associates were higher than their respective market values determined based on the closing prices as at 30 June 2012. The management of the Group carried out impairment review on the carrying amounts of its interests in listed associates individually as a single asset by comparing their recoverable amounts (higher of value in use and fair value less costs to sell) with their respective carrying amounts. In determining the value in use of the investments, the Group estimated the present value of the estimated future cash flows expected to arise from the operations of the investments and from the ultimate disposal, by using discount rates ranging from 11% to 12.5% to discount the cash flow projections to net present values. Based on the assessments, the recoverable amounts of the Group's interests in listed associates are less than their carrying amounts. Hence, impairment losses of HK$307,926,000 and HK$73,303,000 are recognised in profit or loss for MGX and MLX respectively.

During the period ended 30 June 2011, the recoverable amount of MLX which represented the fair value less cost to sell was higher than its carrying amount. An impairment loss of HK$304,024,000 recognised in prior year was reversed in profit or loss during the period ended 30 June 2011. The fair value of MLX was determined based on its market closing price at 30 June 2011.

During the period ended 30 June 2011, the Group disposed of total number of 13,615,000 shares of MGX at an aggregate consideration of A$28,220,000 (equivalent to approximately HK$212,020,000) with a decrease in equity interest in MGX by 1.28% and resulted in a gain on disposal of partial interest of approximately HK$118,284,000 in profit or loss.

16. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of associates is set out below:

	2012 HK$'000	2011 HK$'000
Total assets	**16,165,132**	15,390,069
Total liabilities	**(4,247,141)**	(3,355,879)
Net assets	**11,917,991**	12,034,190
Group's share of net assets of associates	**3,256,464**	3,154,622

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Revenue	**7,063,988**	12,056,928
Profit of the year/period	**1,039,157**	3,165,318
Group's share of results of associates	**242,166**	870,007
Other comprehensive income (expense)	**28,105**	(167,382)
Group's share of other comprehensive income (expense) of associates	**10,363**	(50,673)

17. AVAILABLE-FOR-SALE INVESTMENTS

	2012 HK$'000	2011 HK$'000
Listed investments:		
— Equity securities listed in Hong Kong	**5,625**	14,309
— Equity securities listed in Australia	**19,043**	33,112
	24,668	47,421
Unlisted investments:		
— Unlisted equity securities	**46,797**	5,106
	71,465	52,527

17. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The above unlisted equity investments represent investments in unlisted equity securities issued by five (2011: two) private entities incorporated in British Virgin Islands, United Kingdom, United States, Bailiwick of Guernsey and Australia respectively (2011: British Virgin Islands and United Kingdom). They are measured at cost less impairment at the end of the reporting period because of the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably. The Group held less than 5% of the issued share capital of each investment as at 30 June 2012 and 2011.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK$'000	2011 HK$'000
Investment in convertible bonds designated at fair value through profit or loss	**118,947**	—
Listed investments:		
— Convertible bonds listed in Singapore ("**Bond A**")	**2,779**	—
— Convertible bonds listed in United Kingdom ("**Bond B**")	**6,968**	—
	9,747	—
Unlisted investments:		
— Convertible bonds	**109,200**	—
	118,947	—

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The listed investments are measured at their quoted market prices at 30 June 2012. Major terms of the listed investments are as follows:

	Bond A	Bond B
Date of maturity *(note 1)*	30 April 2017	6 April 2017
Coupon rate per annum (payable semi-annually)	6%	8%
Conversion period	10 June 2012 to 20 April 2017	5 August 2012 to 6 April 2017
Conversion price	US$2.190	US$0.665
Face value	US$400,000	US$1,000,000

Note 1: To the extent not previously repurchased and cancelled, repaid or converted by the date of maturity, each bond shall be redeemed at its principal amount in cash.

The unlisted investments represent investments in unlisted convertible bonds issued by two private entities incorporated in Bailiwick of Guernsey ("**Bond C**") and British Virgin Islands ("**Bond D**") respectively. For these convertible bonds, which contain embedded derivatives that are linked to and will be settled by delivery of unquoted equity instruments in which the fair value cannot be reliably measured, and the directors of the Company are of the opinion that the conversion option component of these hybrid instruments may be sufficiently significant to preclude them from obtaining a reliable estimate of the entire instrument, so they are measured at cost plus accrued contractual interest less impairment at the end of the reporting period.

The followings are the major terms of the unlisted investments:

	Bond C	Bond D
Date of maturity	7 April 2014 *(note 2)*	4 June 2015 *(note 3)*
Coupon rate per annum	nil	6% *(note 3)*
Conversion price	(i) 25% of the issue price of the ordinary share of the issuer upon its listing in stock exchange; or (ii) in the case of no conversion or redemption by 7 January 2014, 25% of the lower of last issued or sold price and volume-weighted average issued or sold price per ordinary share of the issuer since the issuance date of the bond	10% to 20% discount to the exchange price upon the occurrence of qualifying event *(note 4)*
Face value	US$5,000,000	US$9,000,000

Note 2: Unless previously converted or purchased or redeemed, the issuer of Bond C will redeem Bond C on the maturity date at the redemption amount which is the principal amount of the Bond C outstanding.

Note 3: Bond D would be automatically converted into the shares of the issuer of Bond D upon the occurrence of qualifying event before the maturity date. Unless previously converted or purchased or redeemed, the issuer of Bond D will redeem Bond D on the maturity date at the redemption amount which is the principal amount of the Bond D outstanding together with outstanding interest.

Note 4: Qualifying event includes the submission of listing documents to the Stock Exchange; the listing in a stock exchange other than the Stock Exchange; and upon merger, acquisition or other amalgamation, whereby the assets of the issuer of Bond D are injected into a listed company or the shares of the combined entity being listed on any stock exchange.

19. INVENTORIES

	2012 HK$'000	2011 HK$'000
Iron ores at net realisable value	**61,932**	—

20. TRADE AND OTHER RECEIVABLES AND LOAN RECEIVABLE

	2012 HK$'000	2011 HK$'000
Trade receivables	**130,502**	1,828
Loan receivable	**35,002**	42,296
Other deposits and prepayment	**17,733**	10,517
	183,237	54,641

The Group allows an average credit period of 90 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	2012 HK$'000	2011 HK$'000
0 to 90 days	**125,649**	1,828
91 days to 180 days	**—**	—
Over 180 days	**4,853**	—
	130,502	1,828

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$4,853,000 (2011: nil) which are past due as at the end of the reporting period for which the Group considered that no provision for impairment loss was required. The average age of these receivables is 180 days.

The loan receivable from an investee is non-interest bearing. As at 30 June 2011, the loan receivable was expected to be repaid within one year from the end of the reporting period. As at 30 June 2012, although the loan receivable was past due, it is still expected to be recovered within one year. Taking into consideration of the financial information of the borrower, impairment loss of HK$7,294,000 is recognised in profit or loss during the year ended 30 June 2012.

21. INVESTMENTS HELD FOR TRADING

	2012 HK$'000	2011 HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	**871**	—
— Equity securities listed in United Kingdom	**19,269**	1,082,368
— Equity securities listed in United States of America	**2,882**	4,967
— Equity securities listed in Australia	**321,504**	260,167
— Equity securities listed in Canada	**66,085**	93,444
	410,611	1,440,946

As at the end of the reporting period, particulars of the Group's investments included in investments held for trading which is significant or exceed 10% of the assets of the Group disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of company	**Place of incorporation**	**Class of shares**	**Number of shares held by the Group**	**Percentage of issued share capital held by the Group**
As at 30 June 2012				
ABM Resources NL ("**ABM**")	Australia	Ordinary	647,911,009	19.99%

The Group has less than one-fifth of the voting power of ABM and has the intention to hold for trading. ABM is not regarded as an associate of the Group because the Group does not have any right to appoint directors of ABM either at the acquisition date or at the end of the reporting period. Subsequent to the end of the reporting period, ABM has invited and appointed Mr. Andrew Ferguson (Chief Executive Officer and Executive Director of the Group) to the board of directors of ABM as a non-executive director. As the Group has had no right to appoint directors of ABM and the appointment of Mr. Andrew Ferguson is solely at the discretion of the nomination committee of ABM due to his industry experience, ABM is not regarded as an associate of the Group subsequent to the appointment.

Name of company	**Place of incorporation**	**Class of shares**	**Number of shares held by the Group**	**Percentage of issued share capital held by the Group**
As at 30 June 2011				
Kalahari Minerals plc ("**Kalahari**")	United Kingdom	Ordinary	36,296,059	14.79%

21. INVESTMENTS HELD FOR TRADING *(Continued)*

On 10 January 2012, APAC Resources Capital Limited ("**APAC Resources Capital**"), a wholly owned subsidiary of the Company had fully accepted the conditional cash offer for the entire issued share capital of Kalahari by China Guangdong Nuclear Power Holding Corporation ("**CGNPC**") through CGNPC Uranium Resources Co., Limited (the "**Offer**"), an independent third party, in respect of all the shares in Kalahari owned by APAC Resources Capital. The Offer was subsequently declared unconditional and the consideration of GBP81,505,145 (equivalent to approximately HK$990,288,000) was received by APAC Resources Capital on 16 February 2012.

22. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates, range from 0.01% to 4.62% (2011: 0.05% to 4.92%) per annum. Short term deposits during the year are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at respective short term time deposit rates.

Pledged bank deposits represent deposits pledged to banks to secure the Group's trade and banking facilities, carried interest rate with a range from 0.14% to 3.25% (2011: 0.11% to 3.25%) per annum.

23. TRADE AND OTHER PAYABLES

	2012 **HK$'000**	2011 HK$'000
Trade payables	**112,485**	4,144
Other payables	**3,087**	2,629
	115,572	6,773

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

	2012 **HK$'000**	2011 HK$'000
0 to 90 days	**112,485**	4,144

24. BORROWINGS

The following table provides an analysis of the borrowings:

	2012 **HK$'000**	2011 HK$'000
Secured bank loan *(note a)*	–	242,500
Secured margin loans *(note b)*	–	447,030
	–	689,530
Carrying amount repayable:		
On demand or within one year	–	689,530

Notes:

(a) Secured bank loan

The term loan was denominated in HK$, interest bearing and was repaid in full during the year ended 30 June 2012.

(b) Securities margin loans

This represented securities margin financing received from a stock broking, futures and options broking house and were secured by certain collateral of the Group as disclosed in note 30. Additional funds or collateral were required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. The collateral could be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group if the borrowings were in default by the Group or no additional funds or collateral could be provided by the Group when the balance of the borrowings exceeded the eligible margin value of securities pledged to the broking house. The loans were repayable on demand and interest bearing. During the year ended 30 June 2012, the loans were repaid in full.

25. SHARE CAPITAL

Authorised and issued share capital

	2012 Number of shares	**2012** Amount HK$'000	2011 Number of shares	2011 Amount HK$'000
Ordinary shares of HK$0.10 each				
Authorised	**20,000,000,000**	**2,000,000**	20,000,000,000	2,000,000
Issued and fully paid:				
At beginning of the year/period	**6,863,287,990**	**686,329**	5,690,343,455	569,034
Issue of shares upon placement *(note a)*	**–**	**–**	1,100,000,000	110,000
Issue of shares upon exercise of warrants *(note b)*	**–**	**–**	131,784,535	13,179
Shares repurchased and cancelled *(note c)*	**(50,240,000)**	**(5,024)**	(58,840,000)	(5,884)
At end of the reporting period	**6,813,047,990**	**681,305**	6,863,287,990	686,329

Notes:

(a) For reduction of borrowings and for general working capital of the Group, on 12 March 2010, the Company and the placing agent entered into a placing arrangement to place a total of 1,100,000,000 shares to independent investors at a price of HK$0.5 per placing share. The new shares rank pari passu with the existing shares in all respects.

(b) On 5 February 2007, the Company issued a total of 251,800,000 bonus warrants (the "**Warrants**"), as a result of the completion of rights issue on 1 February 2007, with an aggregate subscription amount of HK$75,540,000. Each of the Warrants entitled the warrant-holder to subscribe for one ordinary share of the Company of HK$0.10 each at the initial subscription price of HK$0.30.

During the period ended 30 June 2011, 131,784,535 Warrants were exercised for 131,784,535 ordinary shares at a price of HK$0.30 each. The rights attaching to the outstanding 309,515 Warrants expired on 4 February 2010.

25. SHARE CAPITAL *(Continued)*

Authorised and issued share capital *(Continued)*

Notes: (Continued)

(c) Repurchase of shares

During the year/period, the Company repurchased its own shares through the Stock Exchange for cancellation as follows:

Month of cancellation	Number of ordinary shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate amount paid
		HK$	HK$	HK$'000
Year ended 30 June 2012				
July 2011	**3,000,000**	**0.400**	**0.400**	**1,204**
November 2011	**8,540,000**	**0.315**	**0.295**	**2,596**
December 2011	**2,700,000**	**0.330**	**0.320**	**883**
April 2012	**12,260,000**	**0.365**	**0.340**	**4,373**
May 2012	**21,780,000**	**0.350**	**0.340**	**7,622**
June 2012	**1,960,000**	**0.300**	**0.265**	**549**
	50,240,000			**17,227**
Period ended 30 June 2011				
November 2010	9,840,000	0.530	0.480	5,023
December 2010	1,720,000	0.495	0.490	854
April 2011	30,500,000	0.490	0.465	14,645
May 2011	9,280,000	0.450	0.435	4,128
June 2011	7,500,000	0.415	0.390	3,085
	58,840,000			27,735

The repurchased shares were cancelled during the year/period and the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase of the shares of HK$12,203,000 (period ended 30 June 2011: HK$21,851,000) has been charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled has been transferred from the accumulated profits to the capital redemption reserve.

The repurchase of the Company's shares during the year/period were effected by the directors of the Company, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

26. RESERVES

(a) Special reserve

The special reserve represents the difference between the nominal value of aggregate share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition at the time of a group reorganisation in 1998.

(b) Investment revaluation reserve

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
At beginning of year/period	**26,728**	122,108
Share of other comprehensive income (expense) of associates	**10,363**	(50,673)
Reclassification adjustment upon disposal of partial interest in an associate	**20**	(13,587)
Fair value change of available-for-sale investments	**(21,731)**	(48,858)
Impairment losses on available-for-sale investments	**22,320**	17,738
At ending of year/period	**37,700**	26,728

(c) Exchange reserve

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
At beginning of year/period	**693,045**	232,630
Exchange difference arising from translation of associates	**(146,231)**	456,388
Exchange difference arising from translation of other foreign operations	**4,487**	15,115
Reclassification adjustment upon disposal of partial interest in an associate	**(331)**	(11,088)
At ending of year/period	**550,970**	693,045

27. SHARE OPTION SCHEME

The Company has a share option scheme (the "**Scheme**") adopted on 22 September 2004 (the "**Adoption Date**") where the board of directors of the Company may grant options to eligible persons, including directors, employees and consultants of the Company and its subsidiaries, as incentives to these eligible persons to subscribe for shares in the Company. The Scheme will expire on 21 September 2014.

Share options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per grant. Share options may be exercised in accordance with the terms of the Scheme at any time during the option period and not more than ten years after the Adoption Date. The option period will be determined by the board of directors and communicated to each grantee. The exercise price is determined by the board of directors, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the nominal value of the Company's shares and the average closing price of the shares for the five business days immediately preceding the date of grant.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% of the shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in any 12-month period up to the date of grant is not permitted to exceed 1% of the shares in issue at the date of grant without approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved by the Company's shareholders in general meeting taken on a poll.

The total number of shares available for issue under the Scheme is 692,212,799, representing approximately 10.16% of the issued share capital of the Company as at the date of this annual report, being 6,811,927,990 shares.

27. SHARE OPTION SCHEME *(Continued)*

No share option was exercised, granted or cancelled under the Scheme during the year ended 30 June 2012. Details of the share options outstanding as at 30 June 2012 under the Scheme are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 July 2011	Number of share options lapsed/ forfeited during the year	Number of share options granted during the year	Outstanding as at 30 June 2012	Closing price immediate before date of grant HK$	*Note*
Directors									
Ms. Chong Sok Un	29 June 2010	7 July 2010 to 6 July 2013	1.00	52,500,000	(52,500,000)	–	–	0.55	(a)(i)(1), (b)(iv)
	29 June 2010	7 July 2011 to 6 July 2013	1.00	52,500,000	–	–	52,500,000	0.55	(a)(i)(2)
	29 June 2010	7 July 2012 to 6 July 2013	1.00	45,000,000	–	–	45,000,000	0.55	(a)(i)(3)
Mr. Andrew Ferguson	29 June 2010	7 July 2010 to 6 July 2013	1.00	87,500,000	(87,500,000)	–	–	0.55	(a)(i)(1), (b)(iv)
	29 June 2010	7 July 2011 to 6 July 2013	1.00	87,500,000	–	–	87,500,000	0.55	(a)(i)(2)
	29 June 2010	7 July 2012 to 6 July 2013	1.00	75,000,000	–	–	75,000,000	0.55	(a)(i)(3)
Mr. Kong Muk Yin	4 May 2010	7 July 2010 to 6 July 2013	1.00	10,000,000	(10,000,000)	–	–	0.71	(a)(i)(1), (b)(iv)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	5,000,000	–	–	5,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	5,000,000	–	–	5,000,000	0.71	(a)(i)(3)
Mr. Yue Jialin	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	–	–	2,000,000	0.71	(a)(ii)
Mr. So Kwok Hoo	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	–	–	2,000,000	0.71	(a)(ii)
Mr. Liu Yongshun	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	(2,000,000)	–	–	0.71	(b)(v)
Mr. Peter Anthony Curry	4 May 2010	7 July 2010 to 6 July 2013	1.00	21,000,000	(21,000,000)	–	–	0.71	(a)(i)(1), (b)(iv)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	21,000,000	–	–	21,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	18,000,000	–	–	18,000,000	0.71	(a)(i)(3)
Dr. Wong Wing Kuen, Albert	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	–	–	2,000,000	0.71	(a)(ii)
Mr. Chang Chu Fai, Johnson Francis	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	–	–	2,000,000	0.71	(a)(ii)
Mr. Robert Moyse Willcocks	4 May 2010	7 July 2010 to 6 July 2013	1.00	2,000,000	–	–	2,000,000	0.71	(a)(ii)

27. SHARE OPTION SCHEME *(Continued)*

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 July 2011	Number of share options lapsed/ forfeited during the year	Number of share options granted during the year	Outstanding as at 30 June 2012	Closing price immediate before date of grant HK$	*Note*
Others									
Employees	4 May 2010	7 July 2010 to 6 July 2013	1.00	9,000,000	(9,000,000)	–	–	0.71	(a)(i)(1), (b)(iv)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	9,000,000	(5,500,000)	–	3,500,000	0.71	(a)(i)(2), (b)(vi)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	7,000,000	(4,000,000)	–	3,000,000	0.71	(a)(i)(3), (b)(vi)
Employees	28 February 2011	28 February 2011 to 6 July 2013	1.00	8,500,000	(8,500,000)	–	–	0.50	(a)(i)(4), (b)(iv)
	28 February 2011	7 July 2011 to 6 July 2013	1.00	8,500,000	–	–	8,500,000	0.50	(a)(i)(2)
	28 February 2011	7 July 2012 to 6 July 2013	1.00	8,000,000	–	–	8,000,000	0.50	(a)(i)(3)
Consultant	4 May 2010	7 July 2010 to 6 July 2013	1.00	20,000,000	(20,000,000)	–	–	0.71	(a)(i)(1), (b)(iv)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	20,000,000	–	–	20,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	10,000,000	–	–	10,000,000	0.71	(a)(i)(3)
				592,000,000	(220,000,000)	–	372,000,000		
Weighted average exercise price				HK$1.00	HK$1.00	–	HK$1.00		

27. SHARE OPTION SCHEME *(Continued)*

No share option was exercised or cancelled under the Scheme during the period ended 30 June 2011. Details of the share options outstanding as at 30 June 2011 under the Scheme are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 January 2010	Number of share options lapsed during the period	Number of share options granted during the period	Outstanding as at 30 June 2011	Closing price immediate before date of grant HK$	*Note*
Directors									
Ms. Chong Sok Un	15 August 2007	15 August 2007 to 5 July 2010	1.50	110,000,000	(110,000,000)	–	–	–	(b)(iii)
	29 June 2010	7 July 2010 to 6 July 2013	1.00	–	–	52,500,000	52,500,000	0.55	(a)(i)(1)
	29 June 2010	7 July 2011 to 6 July 2013	1.00	–	–	52,500,000	52,500,000	0.55	(a)(i)(2)
	29 June 2010	7 July 2012 to 6 July 2013	1.00	–	–	45,000,000	45,000,000	0.55	(a)(i)(3)
Mr. Andrew Ferguson	29 June 2010	7 July 2010 to 6 July 2013	1.00	–	–	87,500,000	87,500,000	0.55	(a)(i)(1)
	29 June 2010	7 July 2011 to 6 July 2013	1.00	–	–	87,500,000	87,500,000	0.55	(a)(i)(2)
	29 June 2010	7 July 2012 to 6 July 2013	1.00	–	–	75,000,000	75,000,000	0.55	(a)(i)(3)
Mr. Kong Muk Yin	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	10,000,000	10,000,000	0.71	(a)(i)(1)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	–	–	5,000,000	5,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	–	–	5,000,000	5,000,000	0.71	(a)(i)(3)
Mr. Yue Jialin	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)
Mr. So Kwok Hoo	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)
Mr. Liu Yongshun	27 July 2007	27 July 2007 to 28 May 2010	1.20	150,000,000	(150,000,000)	–	–	–	(b)(ii)
	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)
Mr. Peter Anthony Curry	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	21,000,000	21,000,000	0.71	(a)(i)(1)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	–	–	21,000,000	21,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	–	–	18,000,000	18,000,000	0.71	(a)(i)(3)
Dr. Wong Wing Kuen, Albert	6 July 2007	6 July 2007 to 5 July 2010	1.50	3,000,000	(3,000,000)	–	–	–	(b)(i)
	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)
Mr. Chang Chu Fai, Johnson Francis	6 July 2007	6 July 2007 to 5 July 2010	1.50	2,000,000	(2,000,000)	–	–	–	(b)(i)
	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)
Mr. Robert Moyse Willcocks	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	2,000,000	2,000,000	0.71	(a)(ii)

27. SHARE OPTION SCHEME *(Continued)*

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 January 2010	Number of share options lapsed during the period	Number of share options granted during the period	Outstanding as at 30 June 2011	Closing price immediate before date of grant HK$	*Note*
Others									
Employees	6 July 2007	6 July 2007 to 5 July 2010	1.50	1,000,000	(1,000,000)	–	–	–	(b)(i)
Employees	29 May 2007	29 May 2007 to 28 May 2010	1.20	33,000,000	(33,000,000)	–	–	–	(b)(i)
	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	9,000,000	9,000,000	0.71	(a)(i)(1)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	–	–	9,000,000	9,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	–	–	7,000,000	7,000,000	0.71	(a)(i)(3)
Employees	28 February 2011	28 February 2011 to 6 July 2013	1.00	–	–	8,500,000	8,500,000	0.500	(a)(i)(4)
	28 February 2011	7 July 2011 to 6 July 2013	1.00	–	–	8,500,000	8,500,000	0.500	(a)(i)(2)
	28 February 2011	7 July 2012 to 6 July 2013	1.00	–	–	8,000,000	8,000,000	0.500	(a)(i)(3)
Consultant	6 July 2007	6 July 2007 to 5 July 2010	1.50	10,000,000	(10,000,000)	–	–	–	(b)(i)
Consultant	3 October 2007	3 October 2007 to 2 October 2010	1.40	25,000,000	(25,000,000)	–	–	–	(b)(i)
Consultant	4 May 2010	7 July 2010 to 6 July 2013	1.00	–	–	20,000,000	20,000,000	0.71	(a)(i)(1)
	4 May 2010	7 July 2011 to 6 July 2013	1.00	–	–	20,000,000	20,000,000	0.71	(a)(i)(2)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	–	–	10,000,000	10,000,000	0.71	(a)(i)(3)
				334,000,000	(334,000,000)	592,000,000	592,000,000		
Weighted average exercise price				HK$1.33	HK$1.33	HK$1.00	HK$1.00		

27. SHARE OPTION SCHEME *(Continued)*

Notes:

(a) The relevant options are exercisable subject to the grantees remain as employees of the Group and the following market conditions:

(i) The share options granted to these grantees:

(1) Exercisable only if the closing price of the shares has reached HK$1.20 or above per share at any time between 7 July 2010 and 6 July 2011 (both dates inclusive) and will lapse if the share price does not hit HK$1.20 or above during such period. As the market price of the Company's share did not reach the required level during the exercisable period, these share options lapsed on 6 July 2011. For the purpose of calculating the fair value of the share options at the date of grant, the options are initially estimated to be vested at 31 December 2010.

(2) Exercisable only if the closing price of the shares has reached HK$1.60 or above per share at any time between 7 July 2011 and 6 July 2012 (both dates inclusive) and will lapse if the share price does not hit HK$1.60 or above during such period, or not exercise by 6 July 2013. For the purpose of calculating the fair value of the share options at the date of grant, the options are initially estimated to be vested at 31 December 2011.

(3) Exercisable only if the closing price of the shares has reached HK$2.00 or above per share at any time between 7 July 2012 and 6 July 2013 (both dates inclusive) and will lapse if the share price does not hit HK$2.00 or above during such period, or not exercise by 6 July 2013. For the purpose of calculating the fair value of the share options at the date of grant, the options are initially estimated to be vested at 31 December 2012.

(4) Exercisable only if the closing price of the shares has reached HK$1.20 or above per share at any time between 28 February 2011 and 6 July 2011 (both dates inclusive) and will lapse if the share price does not hit HK$1.20 or above during such period. As the market price of the Company's share did not reach the required level during the exercisable period, these share options lapsed on 6 July 2011. For the purpose of calculating the fair value of the share options at the date of grant, the options are initially estimated to be vested at 30 June 2011.

(ii) The share options granted to these grantees were exercisable only if the closing price of the shares has reached HK$1.20 or above per share at any time between 7 July 2010 and 6 July 2013 (both dates inclusive) and will lapse if the share price does not hit HK$1.20 or above during such period, or not exercise by 6 July 2013. For the purpose of calculating the fair value of the share options at the date of grant, the options are initially estimated to be vested at 31 December 2011. During the year ended 30 June 2012, market conditions are not satisfied. As a result, the share options are not exercisable and remain outstanding at the end of the reporting period.

27. SHARE OPTION SCHEME *(Continued)*

Notes: (Continued)

(b) (i) These share options lapsed in 2010.

(ii) The share options lapsed on 28 May 2010.

(iii) The share options lapsed on 5 July 2010.

(iv) The share options lapsed on 6 July 2011.

(v) With the resignation of the director, the share options granted to Mr. Liu Yongshun were forfeited on 1 March 2012.

(vi) With the resignation of two employees, the respective share options granted were forfeited on 21 July 2011 and 7 October 2011.

(c) The share options granted during the period ended 30 June 2011 were measured using Trinominal Pricing Model. The inputs into the model were summarised as follows:

Date of grant	**4 May 2010**	**29 June 2010**	**28 February 2011**
Expected volatility	78.87%	77.28%	66.60%
Risk-free interest rate	1.34%	1.14%	0.85%
Expected annual dividend yield	Nil	Nil	Nil
Barrier/Knock price (HK$)	1.2, 1.6 or 2.0	1.2, 1.6 or 2.0	1.2, 1.6 or 2.0
Fair value per option (HK$)	0.24 to 0.29	0.12 to 0.18	0.01 to 0.09

(d) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three years.

(e) The risk free rate is being yield of 3-year Exchange Fund Note at the date of grant.

(f) The Group recognised total expenses of approximately HK$28,612,000 for the year ended 30 June 2012 (period ended 30 June 2011: HK$61,530,000) in relation to share options granted. Besides, the Group transferred the previously recognised expenses from share option reserve of approximately HK$33,223,000 (period ended 30 June 2011: HK$193,918,000) to accumulated profits for the 220,000,000 share options being lapsed/forfeited during the year ended 30 June 2012 (period ended 30 June 2011: 334,000,000 share options being lapsed).

No share options were exercisable at the end of the reporting period. Subsequent to the end of the reporting period, all outstanding share options granted under the Scheme were cancelled on 11 July 2012 pursuant to the Company's board resolution and agreement from all share option holders. The amount of share option expenses measured at grant date but not yet recognised was recognised immediately in profit or loss at the date of cancellation, which was approximately HK$14,020,000.

28. COMMITMENTS

Operating lease — The Group as lessee

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Minimum lease payments under operating leases in respect of rented premises during the year/period	**2,761**	3,980

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**3,766**	1,434
After one year but within five years	**2,276**	12
	6,042	1,446

Operating lease payments represent rental payable by the Group for its office premises, car parking space, director's quarters and a photocopying machine. Leases are negotiated for the terms of between six months to five years.

29. RELATED PARTY TRANSACTIONS

(a) During the year/period, the Group entered into the following material related party transactions.

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Subsidiaries of an associate, MGX		
Purchase of commodities	**956,404**	829,865

	2012 HK$'000	2011 HK$'000
Trade payables	**112,485**	4,144

29. RELATED PARTY TRANSACTIONS *(Continued)*

(b) In November 2008, the Group entered into certain commodity forward contracts with MGX to purchase iron ores from MGX representing approximately 20% of total production of the remaining mines lives of the two relevant mines in Australia for which the forward price was determined with reference to the Hamersley Benchmark Iron Ore Prices. In November 2010, the commodity forward contracts were revised as the Hamersley Benchmark Iron Ore Prices which were no longer available to the market and the iron ore forward price has then been revised to be determined with reference to the Platts Iron Ore Price, less operating adjustments and marketing commission.

(c) Compensation of key management personnel

The remuneration of key management who are directors and members of the senior management of the Group during the year/period is as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Short-term employee benefits	**7,477**	11,222
Post-employment benefits	**24**	30
Share option benefits	**24,089**	48,892
	31,590	60,144

The remuneration of key management is determined by the remuneration committee having regard to the position, experience, qualification and performance of the individuals and market trends.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of senior management personnel

Included in the key management personnel of the Group, there are two (period ended 30 June 2011: three) senior management personnel. An analysis of remuneration paid and payable to the senior management personnel of the Group during the year/period is set out as follows:

	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
Short-term employee benefits	**4,822**	6,973
Post-employment benefits	**24**	24
Share option benefits	**11,105**	31,164
	15,951	38,161

Their emoluments were within the following bands:

	1.7.2011 to 30.6.2012 No. of employees	1.1.2010 to 30.6.2011 No. of employees
Less than HK$1,000,000	**—**	1
HK$1,000,001 to HK$2,000,000	**1**	—
HK$11,000,001 to HK$12,000,000	**—**	1
HK$14,000,001 to HK$15,000,000	**1**	—
HK$26,000,001 to HK$27,000,000	**—**	1

30. PLEDGE OF ASSETS

At the end of reporting period, the following assets of the Group were pledged to banks and a securities broker to secure credit facilities.

	2012 HK$'000	2011 HK$'000
Interests in associates	**2,473,211**	2,711,173
Available-for-sale investments	**19,043**	33,112
Pledged bank deposits	**79,748**	339,158
	2,572,002	3,083,443

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund scheme for all qualifying employees of its Hong Kong incorporated subsidiaries. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributed 5% of the relevant payroll costs to the scheme. The Group's contributions to each employee are subject to a cap of monthly relevant payroll cost of HK$20,000 while it increased to HK$25,000 starting from 1 June 2012 (period ended 30 June 2011: HK$20,000).

The total cost charged to profit or loss of HK$251,000 (period ended 30 June 2011: HK$316,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

In addition, the Group's contribution to local municipal government retirement scheme in the PRC are expensed as fall due at the rates specified in the rules of the schemes while the local municipal government in the PRC undertakes to assume the retirement benefit obligations of all existing and future retirees of the qualified staff in the PRC.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**118,947**	—
Investments held for trading	**410,611**	1,440,946
Available-for-sale investments	**71,465**	52,527
Loans and receivables (including cash and cash equivalents)	**625,163**	767,371
	1,226,186	2,260,844
Financial liabilities		
Amortised cost	**115,262**	695,470

Financial risk management objectives

The Group's major financial instruments include financial assets at fair value through profit or loss, investments held for trading, available-for-sale investments, trade and other receivables and loan receivable, pledged bank deposits, bank balances and cash, trade and other payables, borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

32. FINANCIAL INSTRUMENTS *(Continued)*

Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group has trading activities denominated in United States dollars ("**USD**") and with pledged bank deposits of USD10 million at 30 June 2012 and 2011 to secure trade finance facilities. As HK$ is pegged to USD, the Group does not expect any significant movements in the HK$/USD exchange rate.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period mainly included bank balances, trade receivables, trade and other payables are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**210,185**	121,777	**113,172**	4,260

No foreign currency sensitivity is disclosed as in the opinion of the directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates and insignificant exposure of other foreign currencies as at the end of the reporting period.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank deposits at 30 June 2012 (2011: variable-rate borrowings and bank deposits) (see note 22 for details of bank balances and note 24 for details of borrowings). The Group currently does not have any interest rate hedging policy. The directors of the Company monitor the interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

No interest rate sensitivity is disclosed as in the opinion of the directors of the Company, the interest rate sensitivity does not give additional value in view of insignificant exposure of interest bearing bank balances and borrowings as at the end of the reporting period.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Price risk

The Group is exposed to price risk through its investments, including available-for-sale investments, financial assets at fair value through profit or loss and investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

32. FINANCIAL INSTRUMENTS *(Continued)*

Price risk *(Continued)*

Sensitivity analysis

The sensitivity analyses below have been determined based on the listed investments' exposure to price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is increased to 30% in the current period as a result of the volatile financial market.

If equity price had been 30% higher/lower (2011: 30% higher/lower):

- post-tax loss for the year ended 30 June 2012 would increase/decrease by HK$105,300,000 (period ended 30 June 2011: would decrease/increase by HK$360,957,000). This is mainly due to the changes in fair value of listed financial instruments (exclude listed available-for-sale investments); and

- investment revaluation reserve would increase by/impairment loss would charge to profit or loss amounting to HK$6,179,000 (period ended 30 June 2011: investment revaluation reserve would increase by/impairment loss would charge to profit or loss amounting to HK$11,879,000) as a result of the changes in fair value of listed available-for-sale investments.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management reviews that recoverable amount of each individual debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The creditworthiness of these debtors is considered by reviewing their financial strength prior to finalisation of any contract and transaction. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has a certain level of concentrations of credit risk as 56% (2011: 100%) and 100% (2011: 100%) of the total trade receivables was due from a customer and three (2011: one) customers respectively, and bank balance of HK$272,351,000 (2011: HK$259,632,000) is deposited in one of the PRC banks.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

32. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2012, the Group has available unutilised trade finance facilities and margin facilities of approximately HK$25,115,000 (2011: HK$461,512,000) and HK$553,000,000 (2011: HK$105,970,000) respectively.

Liquidity tables

The following tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Such non-derivative financial liabilities outstanding at the end of the reporting period are considered as if outstanding for whole period. The table includes both interest and principal cash flows.

As at 30 June 2012

	Weighted average interest rate %	Within one year or on demand HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and other payables	—	115,262	115,262	115,262

As at 30 June 2011

	Weighted average interest rate %	Within one year or on demand HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Borrowings — variable rate	7.04	738,053	738,053	689,530
Trade and other payables	—	5,940	5,940	5,940
		743,993	743,993	695,470

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

32. FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial instruments

The fair value of financial assets is determined as follows:

- the fair value of financial assets with standards terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of listed convertible bonds measured at fair value through profit or loss is determined in accordance with reference to quoted market bid prices.

The directors of the Company consider that the carrying amounts of the Group's other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value hierarchy of financial instruments

HKFRS 7 requires disclosure of financial instruments that are measured at fair value by level of the following fair value measurement hierarchy.

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial instruments that are measured at fair value as at the end of the reporting period.

As at 30 June 2012

	Level 1 HK$'000
Investments held for trading	410,611
Available-for-sale investments	24,668
Financial assets at fair value through profit or loss	9,747
	445,026

32. FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy of financial instruments *(Continued)*

As at 30 June 2011

	Level 1 HK$'000
Investments held for trading	1,440,946
Available-for-sale investments	47,421
	1,488,367

33. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment

The following is the critical judgment, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Commodity forward contracts

The Group has entered into certain commodity forward contracts with MGX to purchase iron ores for which the forward price was based on the respective lump and fines Platts Iron Ore Prices in which the Group is required to take physical delivery and has no history for similar contracts of settling net in cash or of taking delivery of the iron ores and selling them within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. The directors of the Company considered that the commodity forward contracts were entered into and continue to be held for with the purpose of the receipt of the iron ores in accordance with the Group's expected purchase. Accordingly, the commodity forward contracts are considered as executory contracts and are not within the scope of HKAS 39 “Financial instruments: recognition and measurement”. Details of these contracts are set out in note 29.

33. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY *(Continued)*

Key source of estimation uncertainty

The following is the key assumption concerning the key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of interests in associates within the next financial year.

Impairment of interests in associates

Determining whether interests in associates are impaired requires an estimation of the recoverable amount of the respective associates which is higher of value in use and fair value less cost to sell. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associates, suitable discount rates and the proceeds on ultimate disposal of the associates. Where the actual future cash flows are less than or more than expected or upon the management's revision of estimated cash flows due to change in conditions, facts and circumstances, such as the estimated future prices, production volume, a material impairment loss or reversal of impairment loss may arise. As at 30 June 2012, the carrying amount of interests in associates is HK$3,569,070,000, net of impairment losses of HK$381,229,000 recognised in profit or loss during the current year (2011: carrying amount of HK$3,835,439,000 with no impairment loss recognised). Details of the value in use calculation are disclosed in note 16.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	As at 30 June 2012 Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	As at 30 June 2011 Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Accardo Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	—	100%	Investment holding
APAC Resources Capital Limited (formerly known as Net Success Investments Limited)	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
APAC Resources Management Limited (formerly known as Sky Joy Management Limited)	Hong Kong	HK$1 ordinary share	100%	100%	—	100%	100%	—	Provision of management services
APAC Resources Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
APAC Resources Strategic Holdings Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
Asia Cheer Trading Limited	Hong Kong	HK$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
First Landmark Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
Fortune Desire Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
Mount Sun Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
Sino Chance Trading Limited	Hong Kong	HK$1 ordinary share	100%	100%	—	100%	100%	—	Trading in commodities
Super Grand Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	—	100%	100%	—	Investment holding
亞太資源(青島)有限公司 *(note 1)*	The PRC	US$29,800,000	100%	—	100%	100%	—	100%	Trading in commodities
瑞域(上海)投資諮詢有限公司 *(note 1)*	The PRC	US$3,600,000	100%	100%	—	100%	100%	—	Provision of consultancy service in corporate management, metallurgy technology, investment and development in mineral resources

Notes:

(1) 亞太資源(青島)有限公司 and 瑞域(上海)投資諮詢有限公司are wholly-owned foreign investment enterprises registered in the PRC.

(2) The above list contains only the particular of subsidiaries which principally affected the results, assets or liabilities of the Group.

35. STATEMENT OF FINANCIAL POSITION

	Note	THE COMPANY 2012 HK$'000	2011 HK$'000
ASSETS			
Investment in an associate		**22,716**	25,598
Investments in subsidiaries		**10,801**	10,801
Amounts due from subsidiaries		**2,739,066**	3,032,105
Other receivables and prepayments		**629**	1,737
Tax recoverable		**1,829**	1,829
Bank balances		**7,720**	7,489
Total assets		**2,782,761**	3,079,559
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**681,305**	686,329
Other reserves		**2,897,908**	2,909,831
Accumulated losses	a	**(798,237)**	(518,473)
		2,780,976	3,077,687
Liabilities			
Other payables		**1,785**	1,872
Total equity and liabilities		**2,782,761**	3,079,559

35. STATEMENT OF FINANCIAL POSITION *(Continued)*

Note:

a. Accumulated losses

	THE COMPANY	
	1.7.2011 to 30.6.2012 HK$'000	1.1.2010 to 30.6.2011 HK$'000
At beginning of the year/period	**(518,473)**	(773,665)
(Loss) profit for the year/period	**(307,963)**	67,158
Share repurchased and cancelled	**(5,024)**	(5,884)
Lapse/forfeit of equity-settled share options	**33,223**	193,918
At the end of the year/period	**(798,237)**	(518,473)

36. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, all outstanding share options granted under the Scheme were cancelled on 11 July 2012 pursuant to the Company's board resolution and agreement from all share option holders. Details of the cancellation are disclosed in note 27.

Financial Summary

The results and the assets and liabilities of the Group for the past five financial years, as extracted from the Group's published consolidated financial statements are set out below:

RESULTS

	Year ended 30 June 2012 HK$'000	Period ended 30 June 2011 HK$'000	Year ended 31 December 2009 HK$'000	2008 HK$'000	2007 HK$'000
Revenue	**1,050,205**	1,147,494	301,420	298,613	24,751
(Loss) profit before taxation	**(525,629)**	1,465,177	394,379	(1,251,713)	345,313
Income tax expense	**(1,890)**	(3,108)	(21,776)	(616)	—
(Loss) profit for the year/period attributable to the owners of the Company	**(527,519)**	1,462,069	372,603	(1,252,329)	345,313

ASSETS AND LIABILITIES

	As at 30 June 2012 HK$'000	2011 HK$'000	As at 31 December 2009 HK$'000	2008 HK$'000	2007 HK$'000
Total assets	**4,869,241**	6,108,171	2,993,792	1,483,698	4,749,348
Total liabilities	**(117,878)**	(709,571)	(31,778)	(212,437)	(11,052)
Equity attributable to the owners of the Company	**4,751,363**	5,398,600	2,962,014	1,271,261	4,738,296