APAC RESOURCES

APAC Resources Limited
亞太資源有限公司*

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

APAC RESOURCES

Annual Report 2014

* For identification purpose only


Contents

Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Directors

Mr. Lee Seng Hui *(Mr. Peter Anthony Curry as his alternate)*
Mr. So Kwok Hoo

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

Mr. Wong Wai Keung Frederick

Auditor

Deloitte Touche Tohmatsu

Stock Code

1104

Legal Advisers

Addisons
Conyers Dill & Pearman
P. C. Woo & Co.
Robertsons
Steinepreis Paganin

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited

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

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Website

www.apacresources.com
apac.quamir.com

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

26.6%

Mount Gibson

Mount Gibson Iron Limited (ASX: MGX)

is a leading iron ore producer in Australia mining high grade ores from the Koolan Island and Extension Hill mines.

24.0%

Metals X

Metals X Limited (ASX: MLX)

is Australia's largest tin producer which holds a pipeline of assets from exploration to producing, including the Renison tin mine, the world scale Wingellina Nickel Project; and the South Kalgoorlie and Central Murchison gold projects.

15.8%

ABM

ABM Resources NL (ASX: ABU)

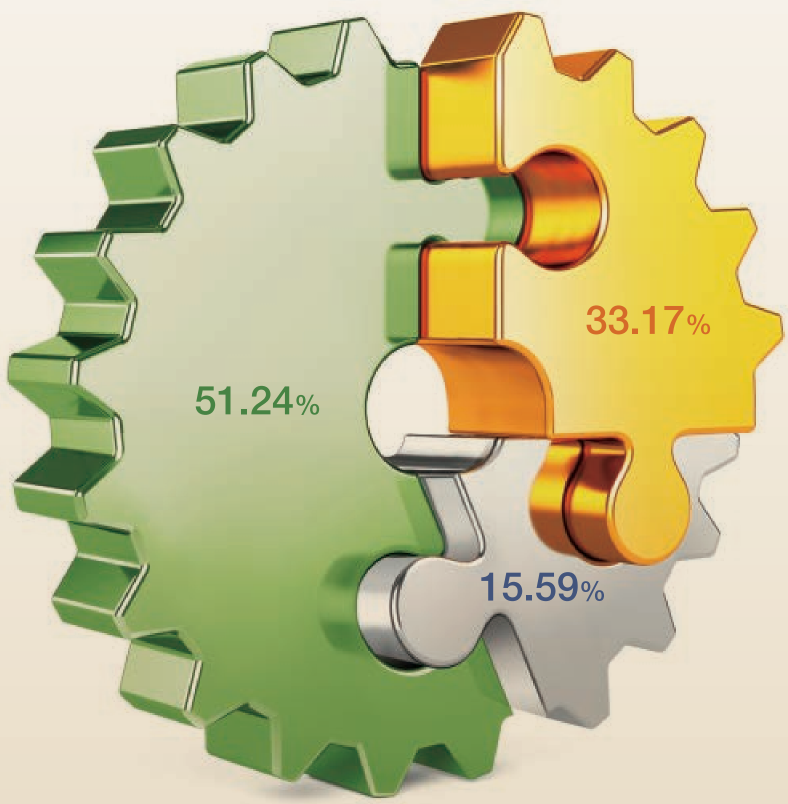
is an emerging gold exploration company with growing 3.4 Moz gold JORC resources and large tenements in Northern Territory, Australia. It has two highly prospective flagship projects — Old Pirate and Buccaneer.

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

Shareholder Structure

- COL Capital (HKSE Stock Code: 383)
- Shougang Fushan Resources Group (HKSE Stock Code: 639)
- Others

Source: Publicly available information



A specialist in natural resource investment targetting on China's commodities market

2 Pin-point Potential Companies

- Detailed research
- Apply pre-defined investment criteria
- Review fundamental analysis

1 Identify China Commodity Supply/ Demand Imbalance

- Generated stock ideas
- Analysis of trend
- Initial screening

Primary Strategic Investment

- >20% Stake in producers
- Cashflow, productivity assets & offtake opportunity

3 Investment Stage (Equity/Pre IPO/Debt)

- Maximize shareholders' return
- Active monitoring
- Position adjustment

Commodity Trading

Off-takes for shipments to the Chinese market

Resource Investment

Early positions incubating

Dear Investor,

I would like to thank you, the shareholders, for your ongoing support during another challenging year for your company and many natural resources companies alike.

For the first time in several years, we are seeing a divergence in commodity prices based on underlying fundamentals, rather than synchronised moves lower — and this has started to drive more interest in the sector, and some higher share prices. Global PMIs have turned higher, fears about Chinese credit and property have abated, the US economy looks more likely to achieve "escape velocity", and the "Draghi put" appears alive and well for now.

Despite the ongoing volatility in the global economy, I am pleased to be able to report to you a marked improvement in the full year result, with a net profit of HK$907,260,000 for the year ended 30 June 2014. We continue to value our interest in associates using current market valuations, which has resulted in a reversal of impairment losses in our Primary Strategic Investments. After stripping out this reversal, our underlying net profit is HK$233,613,000 which is a significant improvement when compared to our net profit of HK$31,672,000 for the year ended 30 June 2013.

Our Resource Investment division remains conservatively positioned with a net cash position. However, we are becoming more constructive on the space given potential margin expansion driven by higher metal prices, lower commodity prices and easy wins on cost cutting. The resource sector is one of the few sectors that sits near record low valuations in an increasingly expensive equity market, so we are increasingly looking for opportunities to deploy cash.

We have delivered a substantial net profit in our Commodity Business despite a significant fall in the iron ore price since December 2013, as our hedging and risk minimisation strategy worked well.

We have not declared a dividend, but in FY 2014 we completed a 10% off-market share buyback at a price of HK$0.18 per share, plus additional on-market purchases. These buybacks provided existing shareholders with an opportunity to sell at a premium to market, while continuing shareholders benefit from an increased Net Asset Value per share. We continue to believe that our shares are grossly undervalued at close to a 60% discount to Net Asset Value. We will continue to reassess our dividend policy based on our expectations for the economic outlook.

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

For the year ended 30 June 2014 ("**FY 2014**"), against a challenging economic environment, APAC Resources Limited (the "**Company**" or "**APAC**") and its subsidiaries (collectively, the "**Group**") reported a net profit attributable to owners of HK$907,260,000 for FY 2014 compared with a net loss of HK$2,079,687,000 reported for the year ended 30 June 2013 ("**FY 2013**"). The significant profit has been driven by a reversal of impairment provision of HK$673,647,000 against the carrying value of the Group's two principal listed associates. Before taking into account the reversal of impairment provision, the Group had generated an operating profit of HK$233,613,000, a significant improvement in profitability when compared with the profit before impairment provision of HK$31,672,000 for FY 2013.

FY 2014 VS FY 2013

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 profit from our Primary Strategic Investments for the FY 2014 was HK$244,622,000 (FY 2013: HK$347,152,000).

Mount Gibson

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

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

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

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

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

Metals X

Metals X is an Australian based and listed emerging diversified resource group with exposure to gold with the Higginsville, South Kalgoorlie and Central Murchison projects, tin via its 50% interest in the producing Renison mine in Tasmania, and nickel through its world scale Wingellina nickel development project.

During FY 2014, Renison produced 6,215 tonnes of tin in concentrate (100% basis), down marginally (2%) from FY 2013. While processed tonnes increased by 5% year-on-year, this was offset by lower than expected grade.

The highlight for Metals X was the acquisition of the Higginsville and South Kalgoorlie Operations from Alacer Gold for A$44 million in September 2013. The mines produced 138,000, ounces from handover in October 2013, generating EBITDA of A$85 million compared and a payback period of 5 months. Metals X recently provided production guidance for Higginsville and South Kalgoorlie, and forecasts gold production to increase from 147,000 ounces in FY 2015 up to 200,000 ounces by year ending 30 June 2018. This guidance relies on a certain level of exploration success as Metals X looks to produce from new open pit resources and extend existing underground operations.

The acquisition of the gold operations has transformed Metals X, which can be seen from the significant increase in net profit after tax of A$37.5 million for FY 2014 compared to a net profit of A$8.1 million for FY 2013.

Metals X received an average realised tin price of A$24,471 per tonne in FY 2014, up 19% compared to FY 2013 (A$20,525 per tonne). The tin price was steady throughout second half of FY 2014, but has weakened since the end of the period. The market is currently well supplied as Myanmar's exports to China continue to increase, resulting in a build in tin inventories. However, we remain bullish on the medium to long-term outlook for tin due to the limited supply growth as most development projects require a minimum tin price of US$30,000 to US$40,000 per tonne to be economically viable.

At the date of this Annual Report, closing share prices of Mount Gibson and Metals X were A$0.56 and A$0.24 respectively.

Resource Investment

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

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

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

ABM

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

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

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

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

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

Commodity Business

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

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

Liquidity, Financial Resources and Capital Structure

As at 30 June 2014, our non-current assets amounted to HK$2,531,023,000 (2013: HK$1,428,755,000) and net current assets amounted to HK$598,178,000 (2013: HK$829,878,000) with a current ratio of 3.9 times (2013: 4.1 times) calculated on the basis of its current assets over current liabilities. Included in non-current assets and current assets are loan notes of HK$235,934,000 (2013: HK$Nil) and loans receivable of HK$218,320,000 (2013: HK$Nil) respectively which form part of the on-going treasury management arrangements of the Group.

As at 30 June 2014, we had borrowings of HK$126,217,000 (2013: HK$242,500,000) and had undrawn banking and loan facilities amounting to HK$501,183,000 secured against certain of our interests in listed associates and term deposits; and corporate guarantee of the Company. As at 30 June 2014, we had a gearing ratio of 0.04 (2013: 0.11), calculated on the basis of total borrowings over equity attributable to owners of the Company.

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

Foreign Exchange Exposure

For the year under review, the 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 2014, certain of the Group's interests in listed associates of HK$1,253,610,000 (2013: HK$862,277,000 comprised the Group's interests in listed associates and available-for-sale investments) were pledged to a stock-broking firm to secure against securities margin loan facilities made available to the Group. The Group's bank deposit of HK$80,010,000 (2013: HK$345,502,000) were pledged to a bank to secure various trade and banking facilities granted to the Group.

Employees and Remuneration Policy

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

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

Save as disclosed in this Annual Report, during the year ended 30 June 2014, 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 Annual Report, as at 30 June 2014, the Group does not have plan for any other material investments or acquisition of material capital assets.

Capital Commitments

As at 30 June 2014 and 30 June 2013, the Group had no material capital commitments contracted but not provided for.

Contingent Liabilities

As at the date of this Annual Report and as at 30 June 2014, the board of directors of the Company (the "**Board**") is not aware of any material contingent liabilities.

Company Strategy

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

Forward Looking Observations

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

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

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

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

Biographical Details of Directors and Management

Executive Directors

Ms. Chong Sok Un (莊舜而), MH, aged 59, 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. 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. She was also the chairman of Long Island Golf & Country Club, Dongguan, the PRC from 1998 to 2014. From 25 June 2007 to 23 April 2009, she was a non-executive director of Alibaba Pictures Group Limited (formerly know as ChinaVision Media Group Limited) (Stock Code: 1060), a company listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Andrew Ferguson, aged 41, 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 for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He has 19 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); and an alternate director to Mr. Lee Seng Hui of Mount Gibson Iron Limited (Stock Code: MGX), all of which are listed on the Australian Stock Exchange. From 4 July 2012 to 28 June 2013, he was a non-executive director of Praetorian Resources Limited (Stock Code: PRAE), a company listed on the AIM market of the London Stock Exchange.

Mr. Kong Muk Yin (江木賢), aged 48, 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 company listed on the Main Board of the Hong Kong Stock Exchange. He is also a director of Mabuhay Holdings Corporation and IRC Properties, Inc., companies listed on the Philippine Stock Exchange, Inc.. From 4 July 2007 to 24 June 2014, he was an executive director and non-executive director of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited) (Stock Code: 1060). He was also an executive director of Landing International Development Limited (formerly known as Greenfield Chemical Holdings Limited) (Stock Code: 582) from 13 October 2009 to 21 January 2010. These two companies are listed on the Main Board of the Hong Kong Stock Exchange.

Biographical Details of Directors and Management

Non-Executive Directors

Mr. Lee Seng Hui (李成輝), aged 45, 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 currently the chairman and a non-executive director of Mount Gibson Iron Limited (Stock Code: MGX), a company listed on the Australian Stock Exchange. Prior to being re-designated as the chairman of MGX on 19 February 2014, Mr. Lee was the deputy chairman of MGX since 14 December 2012. From 5 March 2008 to 7 November 2013, he was the non-executive director of Tanami Gold NL (Stock Code: TAM), a company which is listed on the Australian Stock Exchange.

Mr. So Kwok Hoo (蘇國豪), aged 60, was appointed as a Non-Executive Director of the Company on 20 October 2009. Mr. So has over 24 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 and a company listed on the Main Board of the Hong Kong Stock Exchange.

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert (王永權), aged 63, 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 principal consultant of KND & Co. CPA Limited, a private professional accounting firm in Hong Kong. He is also an independent non-executive director of Solargiga Energy Holdings Limited (Stock Code: 757), China Merchants Land Limited (Stock Code: 978) and China VAST Industrial Urban Development Company Limited (Stock Code: 6166). These three companies are listed on the Main Board of the Hong Kong Stock Exchange. He is a non-executive director of Rare Earths Global Limited, which was delisted on the London Stock Exchange AIM Market on 2 May 2014.

Mr. Chang Chu Fai, Johnson Francis (鄭鑄輝), aged 60, 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 36 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 an independent non-executive director of Tian An China Investments Company Limited (Stock Code: 28) and the vice chairman and executive director of Royale Furniture Holdings Limited (Stock Code: 1198). He was the deputy chairman and an independent non-executive director of SkyOcean International Holdings Limited (formerly known as Allied Overseas Limited) (Stock Code: 593) from 28 October 2004 to 27 January 2014. These three companies are listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Robert Moyse Willcocks, aged 65, 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 31 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 director of Living Cell Technologies Limited (Stock Code: LCT) and a non-executive director of 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.

Alternate Director to Mr. Lee Seng Hui

Mr. Peter Anthony Curry, aged 61, was appointed as an Executive Director and the Chief Financial Officer of the Company on 1 March 2010, re-designated as a Non-Executive Director of the Company on 24 November 2010, and resigned as a Non-Executive Director of the Company and appointed as an Alternate Director to Mr. Lee Seng Hui on 1 June 2014. 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 39 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 was an alternate director to Mr. Lee Seng Hui of Mount Gibson Iron Limited (Stock Code: MGX) from 11 February 2011 to 24 September 2012 and an executive director/non-executive director of Magnum Gas & Power Limited (formerly Ormil Energy Limited (Stock Code: OMX)) from August 2004 to 27 September 2012. These two companies are listed on the Australian Stock Exchange. He was also a non-executive director of East West Resources plc (Stock Code: EWR), a company listed on the AIM market of the London Stock Exchange from 18 July 2012 to 14 December 2012.

Senior Management

Hong Kong

Mr. Andrew Ferguson
Chief Executive Officer

Biographical details of Mr. Andrew Ferguson are set out on page 13 of this Annual Report.

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

Mr. Wong joined the Company in January 2011 as Chief Financial Officer of the Company and also acted as the Company Secretary of the Company between 21 April 2011 and 6 December 2011 before he was reappointed on 6 February 2013. Mr. Wong holds various directorships in subsidiaries of the Company. He is a fellow member of each of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors, 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. Mr. Wong currently serves as an independent non-executive director and member of each of the audit committee, remuneration committee and nomination committee of CIG Yangtze Ports PLC (Stock Code: 8233) ("**CIG**"), shares of which are listed on the GEM board of the Hong Kong Stock Exchange. Prior to joining the Company, Mr. Wong was the chief financial officer and company secretary of CIG 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 13 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. Ms. Wong 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.

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 consolidated financial statements of the Group for the year ended 30 June 2014.

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

Results

The results of the Group for the year ended 30 June 2014 are set out in the consolidated statement of profit or loss on page 39.

Dividend

Given the Company has negative distributable reserve, the Board does not recommend the payment of a dividend for the year ended 30 June 2014 (2013: Nil).

Closure of Register

The annual general meeting of the Company will be held on Wednesday, 3 December 2014.

To ascertain shareholders' eligibility to attend and vote at the annual general meeting to be held on 3 December 2014, the register of members of the Company will be closed from Monday, 1 December 2014 to Wednesday, 3 December 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 28 November 2014.

Segment Information

An analysis of the Group's turnover and contribution to results by business activities for the year ended 30 June 2014 is set out in note 6 to the consolidated financial statements.

Share Capital

Details of movements in share capital of the Company during the year ended 30 June 2014 are set out in note 28 to the consolidated financial statements.

Reserves

Details of movements in reserves of the Company and of the Group during the year ended 30 June 2014 are set out in note 29 to the consolidated 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 2014 are set out in note 15 to the consolidated financial statements.

Directors

The Directors during the year ended 30 June 2014 and up to the date of this Annual report were:

Executive Directors

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

Non-Executive Directors

Mr. Lee Seng Hui *(Mr. Peter Anthony Curry as his alternate since 1 June 2014)*
Mr. So Kwok Hoo
Mr. Peter Anthony Curry *(Resigned on 1 June 2014)*

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**"), Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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 2014, 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

		Number of shares/underlying shares held		
Name of Director	**Capacity in which interests are held**	**Interests in shares**	**Total interests**	**Approximate percentage of shareholding** *(Note 1)*
Ms. Chong Sok Un	Beneficial owner and interest of controlled corporations	2,032,579,562 *(Note 2)*	2,032,579,562	33.15%
Mr. Andrew Ferguson	Beneficial owner	25,000,000	25,000,000	0.41%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 6,131,927,990 shares as at 30 June 2014.

2. 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 907,939,562 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 2014, COL was 73.65% 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 2014, 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.

Arrangements to Purchase Shares or Debentures

Save as disclosed under the section headed DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES and notes 12 and 30 to the consolidated financial statements, at no time during the year ended 30 June 2014 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 2014.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Listing Rules, save for the annual remuneration (inclusive of salary, retirement benefits scheme contribution and housing allowance) of Mr. Andrew Ferguson being revised to HK$4,250,400 effective from 1 January 2014, the director fee of Mr. Kong Muk Yin being revised to HK$360,000 per annum effective from 1 January 2014 and changes in the Biographical Details of Directors and Management of this Annual Report, there was no other 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 Interim Report 2013 of the Company.

Substantial Shareholders

As at 30 June 2014, the following persons, other than the Directors 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 by the Company under Section 336 of the SFO:

Long positions in shares and underlying shares of the Company

		Number of shares/underlying shares held		
Name of Shareholder	**Capacity in which interests are held**	**Interests in shares**	**Total interests**	**Approximate percentage of shareholding** *(Note 1)*
Benefit Rich Limited	Beneficial owner *(Note 2)*	956,000,000	956,000,000	15.59%
Shougang Fushan Resources Group Limited	Interest of a controlled corporation *(Note 2)*	956,000,000	956,000,000	15.59%
Rise Cheer Investments Limited	Beneficial owner *(Note 3)*	1,124,640,000	1,124,640,000	18.34%
Taskwell Limited	Beneficial owner *(Note 3)*	907,939,562	907,939,562	14.81%
COL Capital Limited	Interest of controlled corporations *(Note 3)*	2,032,579,562	2,032,579,562	33.15%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 6,131,927,990 shares as at 30 June 2014.

2. These shares are held by Benefit Rich Limited ("**Benefit Rich**"), a wholly-owned subsidiary of Shougang Fushan Resources Group Limited ("**Shougang Fushan**"). Accordingly, Shougang Fushan is deemed to have 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 907,939,562 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 2014, COL was 73.65% 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 and in the section headed DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES, as at 30 June 2014, the Company was not notified of any other person 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 under section 336 of the SFO.

Directors’ Interests in Competing Businesses

The Directors are of the opinion that during the year ended 30 June 2014, 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 2014, through a conditional cash offer, the Company repurchased a total of 680,000,000 shares of the Company at HK$0.18 per share for an aggregate consideration of HK$122,400,000 in April 2014.

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 2014.

Major Customers and Suppliers

During the year ended 30 June 2014, the Group’s five largest customers in aggregate accounted for 100% of the turnover of the Group and the largest customer accounted for approximately 36% of the total turnover of the Group.

The aggregate purchases attributable to the Group’s two largest suppliers during the year ended 30 June 2014 accounted for the entire purchases of the Group and the largest supplier accounted for approximately 50% of the total purchases of the Group.

At no time during the year ended 30 June 2014 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 two 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 30 to the consolidated financial statements.

Related Party Transactions

During the year ended 30 June 2014, the Group entered into transactions with related parties, details of which are set out in note 32 to the consolidated 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 Annual 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

The consolidated financial statements of the Group for the year ended 30 June 2014 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 2014 have been reviewed by the audit committee of the Company.

On behalf of the Board

Chong Sok Un
Chairman

Hong Kong, 26 September 2014

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 Company has adopted the Code on Corporate Governance Practices (the "**CG Code**") as contained in Appendix 14 to the Listing Rules which sets out the principles of good corporate governance. During the year ended 30 June 2014, the Company has fully complied with the code provisions of the CG Code.

Directors' Securities Transactions

The Company has adopted 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 2014.

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 eight Directors, with three Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. During the year ended 30 June 2014, the attendance of each Director at the Board, committee and general meeting is set out below:

		Committee			
	Board *(Note 1)*	**Audit**	**Remuneration**	**Nomination**	**General Meeting** *(Note 2)*
Executive Directors					
Ms. Chong Sok Un	5/6	—	1/1	1/1	1/2
Mr. Andrew Ferguson	6/6	—	—	—	2/2
Mr. Kong Muk Yin	6/6	—	—	—	2/2
Non-Executive Directors					
Mr. Lee Seng Hui	5/6	2/2	1/1	1/1	0/2
Mr. So Kwok Hoo	4/6	—	—	—	0/2
Mr. Peter Anthony Curry *(Note 3)*	5/6	—	—	—	2/2
Independent Non-Executive Directors					
Dr. Wong Wing Kuen, Albert	6/6	2/2	1/1	1/1	2/2
Mr. Chang Chu Fai, Johnson Francis	6/6	2/2	1/1	1/1	1/2
Mr. Robert Moyse Willcocks	6/6	2/2	1/1	1/1	1/2

Notes:

1. During the year ended 30 June 2014, the Board held four regular meetings and two additional meetings.

2. The annual general meeting of the Company was held on 5 December 2013 (the "**2013 AGM**") and a special general meeting of the Company was held on 4 April 2014 (the "**SGM**").

3. Mr. Peter Anthony Curry resigned as a Non-executive Director on 1 June 2014.

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 13 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 of 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 year ended 30 June 2014, 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, private study of material relevant to the director's duties and responsibilities and giving talks at conferences or seminars. The training received by each Director is set out below:

Training Received	**C**	**H**	**L**	**P**	**T**
Ms. Chong Sok Un	—	✓	—	—	—
Mr. Andrew Ferguson	✓	—	—	✓	—
Mr. Kong Muk Yin	—	✓	—	—	—
Mr. Lee Seng Hui	—	✓	—	—	—
Mr. So Kwok Hoo	✓	—	✓	✓	—
Mr. Peter Anthony Curry *(From 1 July 2013 to 1 June 2014, date of resignation)*	✓	✓	—	—	—
Dr. Wong Wing Kuen, Albert	✓	✓	—	—	✓
Mr. Chang Chu Fai, Johnson Francis	✓	—	—	—	—
Mr. Robert Moyse Willcocks	—	—	✓	✓	—

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

T Giving talks at conferences or seminars

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

In compliance with the CG Code, all Non-Executive Directors and Independent Non-Executive Directors have entered into letters of appointment with the Company for a term of three years commencing from 1 June 2012.

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

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 2014, one meeting of the Remuneration Committee was held and the attendance of the members is set out in the section headed BOARD OF DIRECTORS.

The terms of reference of the Remuneration Committee 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 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 or 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 2014, the Remuneration Committee has reviewed the remuneration proposals of the Directors and senior management and made recommendations to the Board on the revised remuneration.

Details of the Directors' emoluments and remuneration payable to members of senior management by band are set out in notes 12 and 32 to the consolidated financial statements.

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 2014, two meetings of the Audit Committee were held and attended by the external auditor of the Company. The attendance of the members is set out in the section headed BOARD OF DIRECTORS.

The terms of reference of the Audit Committee, which have been modelled off the CG Code, 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 2014, 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

The Nomination Committee comprises Ms. Chong Sok Un (Chairman), 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.

The Nomination Committee shall meet at least once a year. During the year ended 30 June 2014, one meeting of Nomination Committee was held and the attendance of the members is set out in the section headed BOARD OF DIRECTORS.

The terms of reference of the Nomination Committee, which include the code provisions set out in the CG Code and adopted with effect from 1 March 2012 and revised on 1 September 2013, 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 diversity, and composition (including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience, time for performing director's duties and/or length of service) 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 has been 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 has delegated the corporate governance duties to the Executive Committee. 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 2014, the Board and the Executive Committee has continued to develop and review the Company’s corporate governance practices.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 30 June 2014. 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 consolidated 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, inside information 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 2014 is sufficient to safeguard the interests of the shareholders and the Group's assets.

Auditors' Remuneration

During the year ended 30 June 2014, 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	850
Non-audit services	
— review of interim report and preliminary annual results announcement	180
— as reporting accountant in respect of the conditional cash offer for the repurchase of shares	135
	1,165

Company Secretary

Mr. Wong Wai Keung, Frederick, the Chief Financial Officer of the Company, has also assumed the role of the Company Secretary.

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 Board or 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 preferably with a copy to 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 or 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 preferably with a copy deposited at 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 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 2014, there were two general meetings of the Company held, namely the 2013 AGM and the SGM.

The 2013 AGM was held on 5 December 2013. All the resolutions proposed at the 2013 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. Ms. Chong Sok Un, Chairman of the Board and member of the Remuneration Committee chaired the 2013 AGM. Ms. Chong together with other members of the Remuneration Committee, namely Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks who also attended the 2013 AGM were available to answer questions thereat. The external auditor of the Company, Messrs. Deloitte Touche Tohmatsu attended the 2013 AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The SGM was held on 4 April 2014. All the resolutions proposed (the "**Resolutions**") at the SGM 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. Dr. Wong Wing Kuen, Albert, a member of the independent board committee (the "**Independent Board Committee**") set up to advise independent shareholders of the Company on the Resolutions, chaired the SGM as the Chairman of the Board, who had a material interest in the subject matter of the Resolutions, was deemed not suitable to chair the SGM. Dr. Wong together with other members of the Independent Board Committee, namely, Mr. Chang Chu Fai, Johnson Francis and Mr. Peter Anthony Curry, and other advisers appointed to advise on various aspects of the Resolutions who also attended the SGM were available to answer questions thereat.

The forthcoming annual general meeting of the Company will be held on 3 December 2014 (the "**2014 AGM**"). Notice convening the 2014 AGM will be published on the websites of the Stock Exchange and the Company and despatched to shareholders of the Company before 31 October 2014.

Significant Changes in Constitutional Documents

During the year ended 30 June 2014, there were no changes made to the constitutional documents of the Company.

Share Interests of Senior Management

Senior management of the Company comprises Mr. Andrew Ferguson and Mr. Wong Wai Keung, Frederick. As at 30 June 2014, Mr. Ferguson was interested in 25,000,000 shares of the Company as set out in the section headed DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES of the Directors' Report while Mr. Wong held no interest in shares of the Company.

Corporate and Social Responsibility

Environment

The Group is committed to promoting an environmentally conscious work place and places significant emphasis on paper saving and recycling initiatives. We aim to minimize our environmental impact and to create a more sustainable future for future generations.

People

We believe that our employees are our most valuable asset. We encourage, support and fully fund opportunities for further job and personal development through attendance of external training courses and seminars; and further education.

Employee loyalty is a key element to the Group's success. We aim to foster a friendly and safe environment of respect, trust and communication with emphasis placed on staff satisfaction and team work.

Community

The Group believes in making a positive contribution to society through participation in charitable activities. In the year ended 30 June 2013, the Group contributed to the Yan Oi Tong charity via an annual sponsorship and this year, the Group sponsored the Gala Dinner for the "Bring Me a Book Hong Kong" Campaign which promotes family literacy by improving access to children's books. We continue to support the Youth Diabetes Action with ongoing donations.

Deloitte.
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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 39 to 112, which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 (Cap. 622) (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 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.

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 2014, and of the Group's profit 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
26 September 2014

Consolidated Statement of Profit or Loss

For the year ended 30 June 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue from sales of goods	5	**774,512**	1,104,617
Cost of sales		**(721,416)**	(1,092,065)
		53,096	12,552
Other gains and losses	7	**629,752**	(2,387,295)
Other income	8	**48,222**	15,545
Administrative expenses			
— General administrative expenses		**(55,647)**	(44,770)
— Equity-settled share option expenses		**—**	(14,021)
Finance costs	9	**(7,392)**	(6,195)
Share of results of associates		**244,622**	347,152
Profit (loss) before taxation	10	**912,653**	(2,077,032)
Income tax expense	11	**(5,393)**	(2,655)
Profit (loss) for the year attributable to owners of the Company		**907,260**	(2,079,687)
Earnings (loss) per share (expressed in HK cents)			
— basic	13	**13.53**	(30.53)
— diluted	13	**N/A**	(30.53)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	2014 **HK$'000**	2013 HK$'000
Profit (loss) for the year	**907,260**	(2,079,687)
Other comprehensive income (expense), net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of associates	**78,923**	(302,890)
Exchange difference arising from translation of other foreign operations	**(3,418)**	10,092
Fair value change of available-for-sale investments	**584**	(557)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	**(617)**	—
Reclassification adjustment upon deemed disposal of partial interests in associates	**(23)**	(7,359)
Share of investment revaluation reserve of associates	**10,259**	(16,479)
	85,708	(317,193)
Total comprehensive income (expense) for the year attributable to owners of the Company	**992,968**	(2,396,880)

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**2,395**	2,011
Interests in associates	16	**2,241,023**	1,301,491
Available-for-sale investments	17	**26,794**	18,686
Financial assets designated at fair value through profit or loss	18	**3,522**	77,953
Loans receivable	21	**20,434**	28,614
Loan notes	22	**235,934**	—
Deposits	20	**921**	—
		2,531,023	1,428,755
Current assets			
Inventories	19	**39,798**	—
Trade receivables, other receivables and deposits	20	**77,017**	27,178
Financial assets designated at fair value through profit or loss	18	**70,200**	—
Investments held for trading	23	**225,199**	233,091
Loans receivable	21	**218,320**	—
Tax recoverable		**693**	—
Pledged bank deposits	24	**80,010**	345,502
Bank balances and cash	24	**94,776**	492,785
		806,013	1,098,556
Total assets		**3,337,036**	2,527,311

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	**613,193**	681,193
Reserves		**3,153,495**	3,054,187
Accumulated losses		**(637,487)**	(1,476,747)
		3,129,201	2,258,633
Current liabilities			
Trade and other payables	25	**74,984**	25,381
Derivative financial instruments	27	**873**	—
Borrowings	26	**126,217**	242,500
Tax payable		**5,761**	797
		207,835	268,678
Total equity and liabilities		**3,337,036**	2,527,311
Net current assets		**598,178**	829,878
Total assets less current liabilities		**3,129,201**	2,258,633

The consolidated financial statements on pages 39 to 112 were approved and authorised for issue by the Board of Directors on 26 September 2014 and are signed on its behalf by:

Chong Sok Un
DIRECTOR

Andrew Ferguson
DIRECTOR

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Special reserve** HK$'000 *(note 29(a))*	**Investment revaluation reserve** HK$'000 *(note 29(b))*	**Exchange reserve** HK$'000 *(note 29(c))*	**Share option reserve** HK$'000	**Capital redemption reserve** HK$'000	**Accumulated profits (losses)** HK$'000	**Total** HK$'000
At 1 July 2012	681,305	2,769,940	(14,980)	37,700	567,911	56,919	10,908	532,112	4,641,815
Loss for the year	–	–	–	–	–	–	–	(2,079,687)	(2,079,687)
Other comprehensive expense for the year	–	–	–	(18,197)	(298,996)	–	–	–	(317,193)
Total comprehensive expense for the year	–	–	–	(18,197)	(298,996)	–	–	(2,079,687)	(2,396,880)
Shares repurchased and cancelled	(112)	(211)	–	–	–	–	112	(112)	(323)
Equity-settled share option expenses	–	–	–	–	–	14,021	–	–	14,021
Lapse/cancellation of equity-settled share options	–	–	–	–	–	(70,940)	–	70,940	–
At 30 June 2013	681,193	2,769,729	(14,980)	19,503	268,915	–	11,020	(1,476,747)	2,258,633
Profit for the year	–	–	–	–	–	–	–	907,260	907,260
Other comprehensive income for the year	–	–	–	10,218	75,490	–	–	–	85,708
Total comprehensive income for the year	–	–	–	10,218	75,490	–	–	907,260	992,968
Shares repurchased and cancelled	(68,000)	(54,400)	–	–	–	–	68,000	(68,000)	(122,400)
At 30 June 2014	613,193	2,715,329	(14,980)	29,721	344,405	–	79,020	(637,487)	3,129,201

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**912,653**	(2,077,032)
Adjustments for:		
Reversal of allowance for inventories	**—**	(5,867)
Reversal of allowance for trade receivable	**—**	(3,317)
Depreciation of property, plant and equipment	**949**	701
Net loss (gain) on deemed disposal of partial interests in associates	**305**	(3,359)
Equity-settled share option expenses	**—**	14,021
Fair value change of investments held for trading	**12,268**	193,849
Fair value change of financial assets designated at fair value through profit or loss	**2,046**	13,022
Impairment losses on financial assets designated at fair value through profit or loss	**9,032**	—
Gain on disposal of an available-for-sale investment	**(617)**	(285)
Loss on deemed disposal of an available-for-sale investment	**—**	38,971
Fair value change in derivative financial instruments	**873**	—
Interest income	**(45,044)**	(8,609)
Interest expenses	**7,392**	6,195
Impairment losses on available-for-sale investments	**11,214**	—
Impairment loss on loan receivable	**9,129**	6,388
Share of results of associates	**(244,622)**	(347,152)
Reversal of impairment losses on interests in associates	**(673,647)**	—
Impairment losses on interests in associates	**26,190**	2,111,359
Operating cash flows before movements in working capital	**28,121**	(61,115)
(Increase) decrease in trade and other receivables	**(46,579)**	126,764
Increase (decrease) in trade and other payables	**49,603**	(90,325)
(Increase) decrease in investments held for trading	**(4,377)**	2,999
(Increase) decrease in inventories	**(40,309)**	73,566
Cash (used in) generated from operations	**(13,541)**	51,889
Income tax paid	**(1,131)**	(4,164)
Net cash (used in) from operating activities	**(14,672)**	47,725

	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**(24,000)**	(6,183)
Purchase of property, plant and equipment	**(1,268)**	(1,117)
Investment in loan notes	**(232,599)**	—
Increase in loans receivable	**(219,270)**	—
Investment in financial assets designated at fair value through profit or loss	**(9,032)**	—
Disposal of financial assets designated at fair value through profit or loss	**2,273**	—
Placement of pledged bank deposits	**(595,626)**	(1,376,916)
Withdrawal of pledged bank deposits	**861,118**	1,111,162
Proceeds from disposal of available-for-sale investments	**5,263**	391
Dividend received from an associate	**41,912**	92,655
Interest received	**38,841**	6,219
Net cash used in investing activities	**(132,388)**	(173,789)
FINANCING ACTIVITIES		
Payments on repurchase of shares	**(122,400)**	(323)
Interest paid	**(7,392)**	(6,061)
New borrowings raised	**399,463**	467,152
Repayments of borrowings	**(515,746)**	(224,652)
Net cash (used in) from financing activities	**(246,075)**	236,116
Net (decrease) increase in cash and cash equivalents	**(393,135)**	110,052
Effect of foreign exchange rate change	**(4,874)**	10,091
Cash and cash equivalents at beginning of the year	**492,785**	372,642
Cash and cash equivalents at end of the year, represented by bank balances and cash	**94,776**	492,785

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability 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 38.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

Except as described below, the application of the other new and revised amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current year and prior years 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)

Amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 "Disclosures — Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation"; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements. Detailed disclosures are set out in note 36.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. Disclosures on the associates are made in note 16.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, subject to a few exceptions. HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period and disclosures for the current year are set out in note 35. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 13 Fair value measurement (Continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations[4]
HKFRS 9	Financial instruments[6]
HKFRS 15	Revenue from contracts with customers[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plant[4]
Amendments to HKAS 19	Defined benefit plans: Employees contributions[2]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvement to HKFRSs 2010–2012 cycle[3]
Amendments to HKFRSs	Annual improvement to HKFRSs 2011–2013 cycle[2]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for accounting periods beginning on or after 1 January 2014.
2 Effective for accounting periods beginning on or after 1 July 2014.
3 Effective for accounting periods beginning on or after 1 July 2014, with limited exceptions.
4 Effective for accounting periods beginning on or after 1 January 2016.
5 Effective for accounting periods beginning on or after 1 January 2017.
6 Effective for accounting periods beginning on or after 1 January 2018.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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.

- 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 application of HKFRS 9 in the future 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.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 remove the requirement to disclose recoverable amounts when there has been no impairment or reversal of impairment but require the following disclosures (in addition to the others already required by HKAS 36) when an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal:

— the level of the HKFRS 13 "fair value hierarchy" within which the fair value measurement of the asset or cash-generating unit has been determined.

— for fair value measurements at level 2 or level 3 of the fair value hierarchy: a description of the valuation techniques used and any changes in that valuation technique; key assumptions used in the measurement of fair value, including the discount rate(s) used in the current measurement and previous measure if fair value less costs of disposal is measured using a present value technique.

The directors of the Company anticipate that the amendments to HKAS 36 may result in more extensive disclosures in the consolidated financial statements retrospectively.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Hong Kong Companies Ordinance (Cap. 622). The Group is in the process of making and assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the Hong Kong Companies Ordinance (Cap. 622). The directors of the Company anticipate that the application of the Hong Kong Companies Ordinance (Cap. 622) is not significant and will only affect the presentation and disclosure of information 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 which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Account and Audit", which are set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622).

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. Significant Accounting Policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- has exposed, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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.

Investments in associates

An associate is an entity over which the Group 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. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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 exceeds the Group's 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.

3. Significant Accounting Policies (Continued)

Investments in associates (Continued)

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.

Associate acquired in stages

When an associate is acquired in stages, any previously held equity interest, being an available-for-sale investment measured at cost, is remeasured to fair value at the date on which the Group obtains significant influence over the investee and is treated as a disposal of the previously held equity interest for fair value with a gain or loss on such disposal being recognised in profit or loss. The fair value of the previously held equity interest and convertible bonds issued by the investee upon conversion, at the date on which the Group obtains significant influence over the investee is the deemed cost of the investment in the associate.

Acquisition of additional interests in associates

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

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 of 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 of the related assets or liabilities proportionately.

3. Significant Accounting Policies (Continued)

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 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).

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.

3. Significant Accounting Policies (Continued)

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$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. 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. partial disposal of 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.

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/loss before taxation" as reported in the consolidated statement of profit or loss 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.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with 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 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 each 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 are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

3. Significant Accounting Policies (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

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

If a grant of share options is cancelled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and shall therefore recognise immediately to profit or loss the amount that otherwise would have been recognised over the remainder of the vesting period.

Property, plant and equipment

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

3. Significant Accounting Policies (Continued)

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. When 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 (or a cash-generating unit) 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 of inventories are 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.

Financial instruments

Financial assets and financial liabilities are recognised in 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 value 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

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 debt instrument 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 and points 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 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 term; or
- it is a part of a portfolio of identified 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 the 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.

Equity securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on available-for-sale equity investments are recognised in profit or loss. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, 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).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

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 are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, loan receivable, loan notes, pledged bank deposits and 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 those at FVTPL, are assessed for indicators of impairment at the end of each 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.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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, 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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 asset 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. 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

Debt and equity instruments issued by a group entity are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements 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 expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points 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 bank borrowings are subsequently measured at amortised cost, using the effective interest 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 recognised 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 on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires.

On derecognition of a financial asset, 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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. 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/losses are the capital of the Group. The Group's overall strategy remains unchanged from prior year.

The directors of the Company review the capital structure by taking into account the cost and risk associated with the 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

	2014	2013
	HK$'000	HK$'000
Revenue from trading of commodities	**774,512**	1,104,617

6. Segment Information

Information 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 focuses on nature of the Group's businesses and operations. The Group's reportable and operating 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 and operating 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, reversal of impairment losses on interests in associates, impairment losses on interests in associates, net gain/loss on deemed disposal of partial interests in associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

6. Segment Information (Continued)

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

Segment revenue and result

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

For year ended 30 June 2014

	Commodity business HK$'000	Resource investment HK$'000	Total HK$'000
Revenue	774,512	—	774,512
Gross sales proceeds from resource investment	—	106,749	106,749
Segment profit (loss)	51,353	(7,596)	43,757
Share of results of associates			244,622
Reversal of impairment losses on interests in associates			673,647
Impairment loss on interest in an associate			(26,190)
Loss on deemed disposal of partial interests in an associate			(305)
Unallocated corporate income			42,324
Unallocated corporate expenses			(57,810)
Finance costs			(7,392)
Profit before taxation			912,653
Income tax expense			(5,393)
Profit for the year			907,260

6. Segment Information (Continued)

Segment revenue and result (Continued)

For year ended 30 June 2013

	Commodity business HK$'000	Resource investment HK$'000	Total HK$'000
Revenue	1,104,617	—	1,104,617
Gross sales proceeds from resource investment	—	206,137	206,137
Segment profit (loss)	16,556	(268,911)	(252,355)
Share of results of associates			347,152
Impairment losses on interests in associates			(2,111,359)
Net gain on deemed disposal of partial interests in associates			3,359
Unallocated corporate income			203
Unallocated corporate expenses			(57,837)
Finance costs			(6,195)
Loss before taxation			(2,077,032)
Income tax expense			(2,655)
Loss for the year			(2,079,687)

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

6. Segment Information (Continued)

Other segment information

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2014 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	5,647	6,088	33,309	45,044
Fair value change of investments held for trading	–	13,363	–	13,363
Fair value change of financial assets designated at fair value through profit or loss	–	(2,046)	–	(2,046)
Impairment loss on an available-for-sale investment	–	(11,214)	–	(11,214)
Impairment loss on financial assets designated at fair value through profit or loss	–	(9,032)	–	(9,032)

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	–	–	2,241,023	2,241,023
Loan notes	–	–	235,934	235,934
Loans receivable	–	–	238,754	238,754
Share of results of associates	–	–	244,622	244,622
Reversal of impairment losses on interests in associates	–	–	673,647	673,647
Impairment loss on interest in an associate	–	–	(26,190)	(26,190)
Interest income from loan notes	–	–	11,879	11,879
Interest income from loans receivable	–	–	21,357	21,357

6. Segment Information (Continued)

Other segment information (Continued)

Other segment information included in the consolidated statement of profit or loss for the year ended 30 June 2013 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	8,041	522	46	8,609
Fair value change of investments held for trading	—	(212,840)	—	(212,840)
Fair value change of financial assets designated at fair value through profit or loss	—	(13,022)	—	(13,022)
Reversal of allowance for inventories	5,867	—	—	5,867
Reversal of allowance for trade receivable	3,317	—	—	3,317

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	—	—	1,301,491	1,301,491
Loans receivable	—	—	28,614	28,614
Share of results of associates	—	—	347,152	347,152
Impairment losses on interests in associates	—	—	(2,111,359)	(2,111,359)

6. Segment Information (Continued)

Segment assets and liabilities

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

	2014 HK$'000	2013 HK$'000
Commodity business	**262,064**	772,078
Resource investment	**342,687**	400,686
Total segment assets	**604,751**	1,172,764
Interests in associates	**2,241,023**	1,301,491
Loan notes	**235,934**	—
Loans receivable	**238,754**	28,614
Unallocated	**16,574**	24,442
Consolidated assets	**3,337,036**	2,527,311
Commodity business	**128,425**	265,529
Resource investment	**73,764**	117
Total segment liabilities	**202,189**	265,646
Unallocated	**5,646**	3,032
Consolidated liabilities	**207,835**	268,678

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

- all assets are allocated to reportable segments other than interests in associates, property, plant and equipment, loan notes, loans receivable, other receivables and certain bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and tax payable.
- bank borrowing is allocated while the finance costs are not allocated to respective reportable segments.

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

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Australia	**—**	67,639	**2,204,046**	1,237,391
Bailiwick of Guernsey	**—**	—	**—**	27,971
Hong Kong	**701,725**	1,036,518	**2,000**	1,586
The PRC	**72,787**	460	**37,369**	36,155
United Kingdom	**—**	—	**924**	399
	774,512	1,104,617	**2,244,339**	1,303,502

Information about major customers

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

	2014	2013
	HK$'000	HK$'000
Customer A	**N/A[1]**	778,361
Customer B	**241,965**	162,154
Customer C	**278,736**	N/A[1]
Customer D	**90,801**	N/A[1]
Customer E	**90,223**	N/A[1]

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

7. Other Gains and Losses

	2014	2013
	HK$'000	HK$'000
Fair value change of investments held for trading *(Note)*	**13,363**	(212,840)
Fair value change of derivative financial instruments	**(873)**	—
Fair value change of financial assets designated at fair value through profit or loss	**(2,046)**	(13,022)
Impairment loss on an available-for-sale investment	**(11,214)**	—
Reversal of impairment losses on interests in associates	**673,647**	—
Impairment losses on interests in associates	**(26,190)**	(2,111,359)
Impairment loss on loan receivable	**(9,129)**	(6,388)
Impairment loss on financial assets designated at fair value through profit or loss	**(9,032)**	—
Net (loss) gain on deemed disposal of partial interests in associates	**(305)**	3,359
Net foreign exchange gain (loss)	**914**	(8,359)
Gain on disposal of an available-for-sale investment	**617**	285
Loss on deemed disposal of an available-for-sale investment	**—**	(38,971)
	629,752	(2,387,295)

Note: Net realised gain of HK$25,631,000 (2013: net realised loss of HK$18,991,000) on disposal of investments held for trading are included in fair value change of investments held for trading.

8. Other Income

	2014	2013
	HK$'000	HK$'000
Dividend income from investments held for trading	**375**	616
Interest income from bank deposits	**6,728**	8,609
Interest income from loan notes	**11,879**	—
Interest income from financial assets designated at fair value through profit or loss	**5,080**	—
Interest income from loans receivable	**21,357**	—
Others	**2,803**	6,320
	48,222	15,545

9. Finance Costs

	2014	2013
	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**4,571**	6,195
Securities margin financing	**1,628**	—
Other borrowing	**1,193**	—
	7,392	6,195

10. Profit (Loss) Before Taxation

	2014	2013
	HK$'000	HK$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments		
— salaries and allowances	**21,985**	17,262
— equity-settled share option expenses (included in administrative expenses)	**—**	13,071
— staff quarters	**882**	869
— retirement benefits schemes contributions	**891**	407
Total staff costs	**23,758**	31,609
Auditor's remuneration	**850**	830
Cost of goods recognised as an expense *(Note a)*	**599,381**	979,551
Depreciation of property, plant and equipment	**949**	701
Reversal of allowance for trade receivable *(Note b)*	**—**	(3,317)

Notes:

(a) The amount included a reversal of allowance for inventories of HK$5,867,000 resulting from the sale of the relevant inventories during the year ended 30 June 2013.

(b) Allowance recognised on trade receivable was reversed when the relevant amounts were settled during the year ended 30 June 2013.

11. Income Tax Expense

	2014 **HK$'000**	2013 HK$'000
Current tax		
Hong Kong Profits Tax	**5,213**	(106)
PRC Enterprise Income Tax	**—**	1,508
	5,213	1,402
Underprovision in prior periods	**180**	1,253
Total income tax expense	**5,393**	2,655

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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

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

	2014 **HK$'000**	2013 HK$'000
Profit (loss) before taxation	**912,653**	(2,077,032)
Tax at Hong Kong profits tax rate of 16.5%	**150,588**	(342,710)
Tax effect of expenses not deductible for tax purpose	**15,972**	398,142
Tax effect of income not taxable for tax purpose	**(123,785)**	(2,977)
Tax effect of tax losses not recognised	**4,570**	6,160
Tax effect of utilisation of tax losses previously not recognised	**(1,807)**	—
Tax effect of share of results of associates	**(40,363)**	(57,280)
Underprovision in prior periods	**180**	1,253
Effect of different tax rate of subsidiaries operating in other jurisdictions	**76**	361
Others	**(38)**	(294)
Tax charge for the year in respect of Hong Kong and the PRC	**5,393**	2,655

At 30 June 2014, the Group had unused tax losses of HK$134,108,000 (2013: HK$117,363,000) 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 emoluments paid and payable to directors of the Company for the years ended 30 June 2014 and 2013 is set out as follows:

Year ended 30 June 2014

	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	1,200	—	—	1,240
Mr. Andrew Ferguson *(Note a)*	—	4,113	—	15	4,128
Mr. Kong Muk Yin	300	—	—	—	300
Non-executive directors					
Mr. Lee Seng Hui	190	—	—	—	190
Mr. So Kwok Hoo	120	—	—	—	120
Mr. Peter Anthony Curry *(Note c)*	110	—	—	—	110
Independent non-executive directors					
Dr. Wong Wing Kuen, Albert	190	—	—	—	190
Mr. Chang Chu Fai, Johnson Francis	190	—	—	—	190
Mr. Robert Moyse Willcocks	190	—	—	—	190
	1,330	5,313	—	15	6,658

12. Directors' and Employees' Emoluments (Continued)

Year ended 30 June 2013

	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	1,200	2,732	—	3,972
Mr. Andrew Ferguson *(Note a)*	—	3,665	4,553	15	8,233
Mr. Kong Muk Yin	240	—	465	—	705
Mr. Yue Jialin *(Note b)*	—	—	189	—	189
Non-executive directors					
Mr. Lee Seng Hui	190	—	—	—	190
Mr. So Kwok Hoo	120	—	189	—	309
Mr. Peter Anthony Curry *(Note c)*	120	—	1,681	—	1,801
Independent non-executive directors					
Dr. Wong Wing Kuen, Albert	190	—	189	—	379
Mr. Chang Chu Fai, Johnson Francis	190	—	189	—	379
Mr. Robert Moyse Willcocks	190	—	189	—	379
	1,280	4,865	10,376	15	16,536

Notes:

(a) Mr. Andrew Ferguson is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

(b) Mr. Yue Jialin retired and did not seek for re-election in the annual general meeting held on 5 December 2012.

(c) Mr. Peter Anthony Curry resigned as non-executive director on 1 June 2014. On the same date, Mr. Peter Anthony Curry was appointed as an alternate director of Mr. Lee Seng Hui.

During the year ended 30 June 2013, Mr. Yue Jialin waived his emoluments to the amount of HK$50,000. 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 years ended 30 June 2014 and 2013.

12. Directors' and Employees' Emoluments (Continued)

Certain directors were granted share options, during the period ended 30 June 2010 under the share option scheme of the Company, further details of which are set out in note 30. During the year ended 30 June 2013, all outstanding share options were cancelled during the vesting period, the cancellation was accounted for as an acceleration of vesting and recognised immediately to profit or loss during the year ended 30 June 2013 and included in the above directors' emoluments 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 years ended 30 June 2014 and 2013.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2013: three) was director of the Company whose emoluments are included in the disclosures set out above. The emoluments of the remaining four (2013: two) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and allowances	**6,616**	3,682
Share option benefits	**—**	280
Retirement benefits schemes contributions	**61**	30
	6,677	3,992

Their emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$1,000,001 to HK$2,000,000	**4**	1
HK$2,000,001 to HK$3,000,000	**—**	1

13. Earnings (Loss) Per Share

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

Earnings (loss) per share

The calculation of basic and diluted earnings (loss) per share is based on the profit for the year ended 30 June 2014 attributable to owners of the Company of HK$907,260,000 (2013: loss for the year of HK$2,079,687,000) and weighted average number of 6,705,736,209 (2013: 6,811,995,682) ordinary shares in issue during the year.

Number of shares

	2014	2013
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings (loss) per share	**6,705,736,209**	6,811,995,682

For the year ended 30 June 2014, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

For the year ended 30 June 2013, 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.

14. Dividends

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

15. Property, Plant and Equipment

	Leasehold improvements, furniture and fixtures HK$'000	Office equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 July 2012	1,321	138	1,552	1,773	4,784
Additions	696	49	372	—	1,117
Write off	—	(70)	(304)	—	(374)
Exchange adjustments	—	2	11	24	37
At 30 June 2013	2,017	119	1,631	1,797	5,564
Additions	1,179	70	19	—	1,268
Exchange adjustments	37	4	41	(8)	74
At 30 June 2014	3,233	193	1,691	1,789	6,906
DEPRECIATION					
At 1 July 2012	1,297	97	690	1,111	3,195
Charge for the year	83	21	276	321	701
Write off	—	(70)	(304)	—	(374)
Exchange adjustments	—	2	10	19	31
At 30 June 2013	1,380	50	672	1,451	3,553
Charge for the year	362	64	326	197	949
Exchange adjustments	7	2	8	(8)	9
At 30 June 2014	1,749	116	1,006	1,640	4,511
CARRYING AMOUNTS					
At 30 June 2014	1,484	77	685	149	2,395
At 30 June 2013	637	69	959	346	2,011

15. Property, Plant And Equipment (Continued)

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

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

16. Interests in Associates

	2014 **HK$'000**	2013 HK$'000
Cost of investments in associates		
Listed in Australia	**2,223,339**	2,223,339
Unlisted	**50,687**	50,687
Share of post-acquisition profits and other comprehensive income, net of dividends received	**1,504,202**	1,212,127
Impairment losses recognised	**(1,537,205)**	(2,184,662)
	2,241,023	1,301,491
Fair value of listed investments	**2,217,823**	1,237,392

16. Interests in Associates (Continued)

Details of the Group's associates at 30 June 2014 and 2013 are as follows:

Name of entity	Listed/ unlisted	Country of incorporation/ establishment and operation	Class of shares held	Proportion of ownership interest and voting power held 2014	2013	Principal activities
Mount Gibson Iron Limited ("**MGX**") *(Note a)*	Listed	Australia	Ordinary	**26.61%**	26.61%	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 b)*	Listed	Australia	Ordinary	**24.02%**	24.07%	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.
Alufer Mining Limited ("**Alufer**") *(Note c)*	Unlisted	Bailiwick of Guernsey	Ordinary	**26.17%**	26.17%	Mineral exploration and development of bauxite in the Republic of Guinea.
平港 (上海) 貿易有限公司	Unlisted	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.

Notes:

(a) During the year ended 30 June 2013, the Group's shareholdings in MGX decreased from 26.74% to 26.61% as MGX issued total number of 4,855,802 new shares under the dividend reinvestment plan. The Group's equity interest in MGX decreased by 0.13% and a loss on deemed disposal of partial interest of HK$2,570,000 was recognised in profit or loss.

(b) During the year ended 30 June 2014 the Group's shareholdings in MLX decreased from 24.07% to 24.02% as MLX issued 3,620,000 new shares and a loss on deemed disposal of partial interest of HK$305,000 was recognised in profit or loss.

During the year ended 30 June 2013, the Group's shareholdings in MLX decreased from 30.20% to 24.07% as MLX issued total number of 335,102,853 new shares in exchange for the shares of Westgold Resources Limited upon its acquisition of Westgold Resources Limited. The Group's equity interest in MLX decreased by 6.13% accordingly and a gain on deemed disposal of partial interest of HK$5,929,000 was recognised in profit or loss.

(c) Prior to 26 June 2013, the Group had 4.92% equity interest in Alufer which was classified as an available-for-sale investment and convertible bonds issued by Alufer which was classified as financial assets designated at fair value through profit or loss. On 26 June 2013, following the conversion of all convertible bonds held by the Group in issue by Alufer, the Group's aggregate equity interest in Alufer increased from 4.92% to 26.17%. Upon completion of the conversion of convertible bonds, the Group has significant influence by participating in financial and operating policy-making processes through a representation (Chief Executive Officer of the Company) on the board of directors of Alufer. Since then, Alufer has become an associate of the Group.

16. Interests in Associates (Continued)

Notes: (Continued)

(c) (Continued)

On 26 June 2013, the Group recognised a loss of HK$38,971,000, in profit or loss, arising from the excess of the carrying amount of the available-for-sale investment over its fair value. In addition, a loss of HK$11,029,000 is recognised in profit or loss, arising from the excess of carrying value of convertible bonds over its fair value.

Alufer is a mineral exploration and development company with principal assets in the form of intangible asset which relates to the exploration and evaluation costs incurred on its exploration projects in the Republic of Guinea. All projects of Alufer were in the stage of carrying out exploration activities and the exploration licence was granted by the relevant government authority to Alufer during the current year.

Impairment assessment for the year ended 30 June 2014

As 30 June 2014, the respective market values of listed associates determined based on the closing prices as at 30 June 2014 were higher than the carrying amount of the Group's interests in listed associates. Management of the Group carried out review on impairment on the carrying amounts of its interests in listed associates individually as a single asset by comparing their recoverable amounts (higher of the value in use and fair value less cost of disposal) with their respective carrying amounts. In determining the value of 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 rate of 11% to discount the cash flow projections to net present values. During the year ended 30 June 2014, the recoverable amounts of the Group's listed associates which represented the fair value less cost of disposal were higher than their carrying amounts, accordingly, impairment losses of HK$287,495,000 and HK$386,152,000 recognised in prior years for MGX and MLX respectively were reversed in profit or loss.

Due to the insolvent financial position and the uncertainty of Alufer in raising new funds to continue with the exploration of its projects, the directors of the Company determined to recognise an impairment loss against the entire carrying value of HK$26,190,000 of the investment.

Impairment assessment for the year ended 30 June 2013

At 30 June 2013, 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 2013. 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 of disposal) 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 rate of 11% to discount the cash flow projections to net present values.

The projected discount future cash flows conducted to determine the value in use calculation in previous years for MGX and MLX were no longer considered attainable as a result of the expected generally lower long term iron ore prices in the case of MGX, and the expected drop in long term nickel prices which affected the expected return on the Western Australia Wingellina nickel project of MLX. Accordingly, the revision of the estimated future cash flows (including the projected cash flows and cash flow from ultimate disposal of the cash-generating unit) resulted in a lower value in use as at 30 June 2013 for MGX and MLX. Consequently, the respective recoverable amounts derived from fair value less cost to sell were higher than the recoverable amounts derived from the revised value in use calculation, accordingly, the recoverable amounts of the Group's interests in listed associates were determined as the fair value less costs to sell, the fair values were determined based on the respective closing prices as at 30 June 2013. Hence, impairment losses of HK$1,798,511,000 and HK$312,848,000 were recognised in profit or loss for MGX and MLX respectively.

16. Interests in Associates (Continued)

The summarised consolidated financial information in respect of each of the Group's material associates is set out below.

MGX

	2014 HK$'000	2013 HK$'000
Non-current assets	**4,790,653**	4,112,496
Current assets	**6,915,511**	6,953,587
Current liabilities	**(1,079,313)**	(1,194,744)
Non-current liabilities	**(1,408,756)**	(1,461,356)
Net assets	**9,218,095**	8,409,983
Equity attributable to owners of MGX	**9,218,095**	8,409,983
Revenue	**6,371,502**	6,067,978
Profit for the year	**686,660**	1,209,527
Other comprehensive income (expense) for the year	**278,957**	(957,459)
Total comprehensive income for the year	**965,617**	252,068
Dividend paid by MGX	**157,505**	350,295
Group's share of profits of associate for the year	**181,214**	325,296
Group's share of other comprehensive income (expense) of associate for the year	**75,226**	(262,606)
Total	**256,440**	62,690
Dividend paid by MGX attributable to the Group	**41,912**	92,656

16. Interests in Associates (Continued)

MGX (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of MGX recognised in the consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Net assets of MGX attributable to owners of MGX	**9,218,095**	8,409,983
Proportion of the Group's ownership interest in MGX	**26.61%**	26.61%
Goodwill	**520,760**	520,760
Impairment loss recognised	**(1,511,015)**	(1,798,510)
Carrying amount of the Group's interest in MGX	**1,462,681**	960,147

MLX

	2014 HK$'000	2013 HK$'000
Non-current assets	**854,217**	682,269
Current assets	**2,295,098**	1,403,954
Current liabilities	**(267,547)**	(88,664)
Non-current liabilities	**(605,333)**	(49,747)
Net assets	**2,276,435**	1,947,812
Equity attributable to owners of MLX	**2,276,435**	1,947,812
Revenue	**487,572**	376,420
Profit for the year	**265,825**	76,257
Other comprehensive income (expense) for the year	**62,798**	(233,091)
Total comprehensive income (expenses) for the year	**328,623**	(156,834)
Group's share of profits of associate for the year	**63,875**	23,838
Group's share of other comprehensive income (expense) of associate for the year	**14,398**	(65,329)
Total	**78,273**	(41,491)

16. Interests in Associates (Continued)

MLX (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of MLX recognised in the consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Net assets of MLX attributable to owners of MLX	**2,276,435**	1,947,812
Proportion of the Group's ownership interest in MLX	**24.02%**	24.07%
Goodwill	**194,560**	194,560
Impairment loss recognised	**—**	(386,152)
Carrying amount of the Group's interest in MLX	**741,366**	277,246

Aggregate information of associates that are not individually material

	2014 HK$'000	2013 HK$'000
The Group's share of (loss) profit	**(467)**	1,377
The Group's share of other comprehensive (expense) income	**(465)**	1,207
The Group's share of total comprehensive (expense) income	**(932)**	2,584
Aggregate carrying amount of the Group's interests in these associates	**36,976**	64,098

17. Available-For-Sale Investments

	2014 HK$'000	2013 HK$'000
Listed investments:		
— Equity securities listed in Hong Kong	–	4,677
Unlisted investments:		
— Unlisted equity securities	26,794	14,009
	26,794	18,686

The above unlisted equity investments represent investments in unlisted equity securities issued by five (2013: four) private entities incorporated in the British Virgin Islands, the United Kingdom, the United States of America and Australia (2013: the British Virgin Islands, the United Kingdom, the United States of America and Australia). 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 reliably measured.

Principal investments include:

(a) During the year ended 30 June 2014, the Group acquired 7.23% equity interest in an entity incorporated in British Virgin Islands at a consideration of HK$24,000,000 in cash.

(b) Due to the uncertainty in raising new funds by a private investee entity to continue with the development of its project, the directors of the Company determined to recognise an impairment loss against the entire carrying value of HK$11,215,000 of the investment.

(c) During the year ended 30 June 2013, the Group signed a share exchange agreement ("**Agreement**") with an independent third party, which is listed on AIM of the London Stock Exchange. Pursuant to the Agreement, the Group transferred an available-for-sale investment to a third party, in exchange for the listed issued shares of the third party of HK$19,328,000, being the fair value on the date of exchange which approximates the fair value of the available-for-sale investment on the date of exchange. The exchanged shares were classified as investment held for trading at 30 June 2013. A gain of HK$285,000 from this transaction was recognised in other gains and losses in profit or loss.

18. Financial Assets Designated at Fair Value Through Profit or Loss

	2014 HK$'000	2013 HK$'000
Investment in convertible bonds designated at fair value through profit or loss	**73,722**	77,953
Listed investments:		
— Convertible bonds listed in Singapore ("**Bond A**")	**—**	2,708
— Convertible bonds listed in the United Kingdom ("**Bond B**")	**3,522**	5,045
	3,522	7,753
Unlisted investments:		
— Convertible bonds	**79,232**	70,200
— Impairment recognised	**(9,032)**	—
	70,200	70,200
	73,722	77,953

The following is the analysis of financial assets designated at fair value through profit or loss for financial reporting purposes:

	2014 HK$'000	2013 HK$'000
Non-current assets	**3,522**	77,953
Current assets	**70,200**	—
	73,722	77,953

18. Financial Assets Designated at Fair Value Through Profit or Loss (Continued)

The listed investments are measured at their quoted market prices at 30 June 2014 and 2013. Major terms of the listed investments are as follows:

	Bond A	**Bond B**
Date of maturity *(Note a)*	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 a: 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 at 30 June 2014 represented investments in unlisted convertible bonds issued by Alufer amounting to HK$9,032,000 ("**Alufer Bonds**") and a private entity incorporated in the British Virgin Islands amounting to HK$70,200,000 ("**Bond D**"). For the 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, 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:

	Alufer Bonds	**Bond D**
Date of maturity	30 September 2016 *(Note b)*	4 June 2015 *(Note c)*
Coupon rate per annum	6%	6%
Conversion price	Principal amount thereon can be converted into ordinary shares at the same issue or sale price upon either of: (a) A "Qualifying Financing" event, which means the issuance or sale by Alufer, in a single round of financing, of at least US$3,000,000 worth of ordinary shares in aggregate following the date of the issuance of the Alufer Bonds; or (b) An "Admission", which means the successful admission of listing of the ordinary shares of Alufer on the AIM Market of the London Stock Exchange or any other recognised investment exchange.	10% to 20% discount to the exchange price upon the occurrence of qualifying events
Conversion period	From subscription dates to 30 September 2016	4 June 2013 to 4 June 2015
Face value	US$1,158,000	US$9,000,000

18. Financial Assets Designated at Fair Value Through Profit or Loss (Continued)

Note b: Unless converted or disposed of prior to maturity, the bonds would be redeemed on the maturity date at the redemption amount which is the principal amount of the bond outstanding.

Due to the insolvent financial position and the uncertainty of Alufer in raising new funds to continue with the exploration of its project, the directors of the Company determined to recognise an impairment loss against the entire carrying value of HK$9,032,000 of the bond.

Note c: Bond D will automatically be converted into shares of the issuer of Bond D upon the occurrence of qualifying events 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.

Qualifying events include 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. The conversion price will be 10% to 20% discount to the exchange price upon the occurrence of qualifying events. The exchange price varies depending on which qualifying event happens, i.e. listing price or acquisition price, etc.

19. Inventories

	2014 HK$'000	2013 HK$'000
Iron ores, at cost	**39,798**	—

20. Trade Receivables, Other Receivables and Deposits

	2014 HK$'000	2013 HK$'000
Trade receivables	**65,787**	4,919
Other deposits and prepayments	**12,151**	22,259
	77,938	27,178
Presented as non-current assets	**921**	—
Presented as current assets	**77,017**	27,178
	77,938	27,178

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.

20. Trade Receivables, Other Receivables and Deposits (Continued)

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition dates:

	2014 **HK$'000**	2013 HK$'000
0 to 90 days	**65,787**	4,919

Movement in the allowance for doubtful debts

Trade receivables

	2014 **HK$'000**	2013 HK$'000
At beginning of the year	**—**	3,317
Decrease in allowance recognised in profit or loss	**—**	(3,317)
At end of the year	**—**	—

The trade receivables are neither past due nor impaired as at 30 June 2014 and 2013.

21. Loans Receivable

	2014 **HK$'000**	2013 HK$'000
Fixed-rate loan *(Note a)*	**218,320**	—
Interest-free loan *(Note b)*	**20,434**	28,614
	238,754	28,614

The following is the analysis of loans receivable for financial reporting purpose:

Non-current assets	**20,434**	28,614
Current assets	**218,320**	—
	238,754	28,614

21. Loans Receivable (Continued)

Notes:

(a) The loan receivable amounting to HK$218,320,000 bears fixed-rate interest of 24% per annum and matures on 28 July 2014. The loan is secured by a floating charge on the assets of the borrower, mortgage of shares of the borrower and one of the borrower's subsidiaries incorporated in the PRC (the "**PRC Co A**"), mortgage of a parcel of land and properties held by the PRC Co A, assignment of loan due by a company incorporated in the PRC, in which the PRC Co A has a non-controlling interest (the "**PRC Co B**"), to the PRC Co A and the pre-sale agreements in relation to certain properties signed between the Group and the PRC Co B which will be cancelled upon repayment of the loan. On 28 July 2014, the Group received the final interest payment from the borrower and pursuant to a supplemental loan agreement, the Group agreed to extend the repayment date of the loan receivable to 28 January 2015.

(b) The loan receivable from an investee amounting to HK$20,434,000 (2013: HK$28,614,000) is non-interest bearing as at 30 June 2014. Management of the Group considered that the loan will not be recovered within one year, hence classified it as a non-current asset as at 30 June 2013 and 2014. Taking into consideration of the financial information of the investee, impairment loss of HK$9,129,000 (2013: HK$6,388,000) was recognised in profit or loss during the year.

22. Loan Notes

The Group subscribed for loan notes with a nominal value of US$30,000,000 from Mulpha SPV Limited ("**Mulpha**"), a limited liability company incorporated in Malaysia, at the nominal value amount, in November 2013. The loan notes bear 8.5% coupon interest per annum and will mature on 26 November 2016. The loan notes are guaranteed by Mulpha International Bhd., a company incorporated in Malaysia whose shares are listed on the Main Market of Bursa Malaysia Securities Berhad. The loan notes can be early redeemed by Mulpha before the maturity date at the nominal amount of the loan notes plus accrued unpaid interest up to the date of redemption. The early redemption option by Mulpha is closely related to the host debt and is therefore not separately accounted for.

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

	HK$'000
At 1 July 2012 and 30 June 2013	—
Investment in loan notes	232,599
Interest income	1,934
Exchange difference	1,401
At 30 June 2014	235,934

23. Investments Held For Trading

	2014	2013
	HK$'000	HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	**504**	—
— Equity securities listed in the United Kingdom	**16,840**	44,233
— Equity securities listed in the United States of America	**—**	1,622
— Equity securities listed in Australia	**184,674**	152,797
— Equity securities listed in Canada	**23,181**	34,439
	225,199	233,091

As at 30 June 2014 and 2013, in the opinion of directors of the Company, particulars of the Group's significant investments included in investments held for trading are as follows:

Name of company	**Country of incorporation**	**Class of shares**	**Number of shares held by the Group**	**Percentage of issued share capital held by the Group**
ABM Resources NL ("**ABM**")	Australia	Ordinary	43,194,067* (2013: 647,911,009)	17.11% (2013: 19.74%)

* Reduction in the number of shares held by the Group as a result of an issued capital consolidation where every fifteen shares were consolidated into one share on 27 June 2014 following approval by the shareholders of ABM.

The Group has less than one-fifth of the voting power of ABM and has the intention to hold it for trading. Subsequent to the Group's acquisition of ABM, ABM has invited and appointed Mr. Andrew Ferguson (Chief Executive Officer and an executive director of the Company) to the board of directors of ABM as a non-executive director. As the Group does not have any right to appoint directors to the board of directors of ABM either at the acquisition date or at the end of the reporting period, and the appointment of Mr. Andrew Ferguson is solely at the discretion of the nomination committee of ABM due to his industry experience, ABM has not been regarded as an associate of the Group despite Mr. Andrew Ferguson's appointment by ABM.

24. Pledged Bank Deposits and Bank Balances and Cash

Cash at banks earns interest at floating rates based on daily bank deposit rates, ranging from 0.01% to 1.15% (2013: 0.01% to 3.27%) 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, and carry variable interest rates with a range from 0.06% to 0.13% (2013: 0.06% to 3.25%) per annum.

25. Trade and Other Payables

	2014 **HK$'000**	2013 HK$'000
Trade payables	**58,839**	20,407
Other payables	**16,145**	4,974
	74,984	25,381

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

	2014 **HK$'000**	2013 HK$'000
0 to 90 days	**58,839**	20,407

26. Borrowings

	2014 **HK$'000**	2013 HK$'000
Securities margin loans repayable on demand *(Note a)*	**68,639**	—
Secured bank borrowings repayable within one year *(Note b)*	**57,578**	242,500
	126,217	242,500

Notes:

(a) Securities margin loans

These represent securities margin financing received from a stock broking, futures and options broking house. Additional funds or collateral are required if the balance of the borrowings exceeds the eligible margin value of securities pledged to the broking house. Should the Group be unable to repay securities margin loans on demand, the collateral can be sold at the broking house's discretion to settle any outstanding borrowings owed by the Group. The entire loans are secured by the Group's marketable securities as disclosed in note 33, repayable on demand and bear variable interest with an average of 6.25% (2013: nil) per annum. The securities margin loans are denominated in HK$.

(b) Secured bank borrowings

The borrowings is denominated in HK$ and interest bearing at Hong Kong Interbank Offered Rate plus 2.5% per annum. The entire loans are secured by the Group's assets as disclosed in note 33.

27. Derivative Financial Instruments

	2014 **HK$'000**	2013 HK$'000
Gross-settled option contracts linked with equity securities	**873**	—

The amount represents the fair value of gross-settled option contracts linked with equity securities listed in Hong Kong. The Group shall acquire equity securities at a contracted price if the spot price is between the cap and the contracted price. Where the spot price is higher than the cap, the contracts will then be terminated. Where the spot price is lower than the contracted price, the Group shall acquire the equity securities based on the contracted quantity multiplied by two. These contracts will be settled monthly throughout the contract term.

28. Share Capital

Authorised and issued share capital

	2014 **Number of shares**	**Amount** **HK$'000**	2013 Number of shares	Amount HK$'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	**6,811,927,990**	**681,193**	6,813,047,990	681,305
Shares repurchased and cancelled *(Note a)*	**(680,000,000)**	**(68,000)**	(1,120,000)	(112)
At end of the year	**6,131,927,990**	**613,193**	6,811,927,990	681,193

Note:

(a) Repurchase of shares

On 23 January 2014, the Company announced a conditional cash offer to the shareholders of the Company to repurchase 680,000,0000 shares of the Company at an offer price of HK$0.18 per share. Details of this repurchase of shares are set out in the Company's announcement dated 23 January 2014. The repurchase of the Company's shares was approved by the shareholders of the Company on 4 April 2014. On 5 May 2014, the Company completed the repurchase of 680,000,000 of its own shares at an aggregate amount of HK$122,400,000. The repurchased shares were cancelled on 5 May 2014 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$54,400,000 (2013: HK$211,000) was charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from the accumulated profits/losses to the capital redemption reserve.

28. Share Capital (Continued)

Authorised and issued share capital (Continued)

Note: (Continued)

(a) Repurchase of shares (Continued)

During the year ended 30 June 2013, the Company repurchased its own shares through the Stock Exchange for cancellation as follows:

Month of cancellation	Number of ordinary shares of HK$0.10 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate amount paid HK$'000
July 2012	1,120,000	0.290	0.285	323

The repurchase of the Company's shares during the year 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 of the Group.

29. 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

	2014 HK$'000	2013 HK$'000
At beginning of the year	**19,503**	37,700
Share of investment revaluation reserve of associates	**10,259**	(16,479)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	**(617)**	—
Reclassification adjustment upon deemed disposal of partial interests in associates	**(8)**	(1,161)
Fair value change of available-for-sale investments	**584**	(557)
At ending of the year	**29,721**	19,503

29. Reserves (Continued)

(c) Exchange reserve

	2014 **HK$'000**	2013 HK$'000
At beginning of the year	**268,915**	567,911
Exchange difference arising from translation of associates	**78,923**	(302,890)
Exchange difference arising from translation of other foreign operations	**(3,418)**	10,092
Reclassification adjustment upon deemed disposal of partial interests in associates	**(15)**	(6,198)
At ending of the year	**344,405**	268,915

30. Share Option Scheme

The Company has a share option scheme (the "**Scheme**") which was adopted on 22 September 2004 ("**Adoption Date**") whereby 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 expired 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 of the Company 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.

During the year ended 30 June 2013, some share options were cancelled during the vesting period, which were accounted for as an acceleration of vesting, and share option expense of HK$14,021,000 was recognised immediately in profit or loss which otherwise would have been recognised over the remainder of the vesting period.

30. Share Option Scheme (Continued)

No share option was exercised or granted under the Scheme during the year ended 30 June 2014 and 30 June 2013, and 174,000,000 share options were cancelled on 11 July 2012. Details of the share options movement during the year ended 30 June 2014 and 30 June 2013 under the Scheme are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 July 2012	Number of share options lapsed during the year ended 30 June 2013	Number of share options cancelled during the year ended 30 June 2013	Outstanding as at 30 June 2013 and 30 June 2014	Closing price immediate before date of grant HK$	Notes
Directors									
Ms. Chong Sok Un	29 June 2010	7 July 2011 to 6 July 2013	1.00	52,500,000	(52,500,000)	–	–	0.55	(a) (i) (1), b
	29 June 2010	7 July 2012 to 6 July 2013	1.00	45,000,000	–	(45,000,000)	–	0.55	(a) (i) (2)
Mr. Andrew Ferguson	29 June 2010	7 July 2011 to 6 July 2013	1.00	87,500,000	(87,500,000)	–	–	0.55	(a) (i) (1), b
	29 June 2010	7 July 2012 to 6 July 2013	1.00	75,000,000	–	(75,000,000)	–	0.55	(a) (i) (2)
Mr. Kong Muk Yin	4 May 2010	7 July 2011 to 6 July 2013	1.00	5,000,000	(5,000,000)	–	–	0.71	(a) (i) (1), b
	4 May 2010	7 July 2012 to 6 July 2013	1.00	5,000,000	–	(5,000,000)	–	0.71	(a) (i) (2)
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. Peter Anthony Curry	4 May 2010	7 July 2011 to 6 July 2013	1.00	21,000,000	(21,000,000)	–	–	0.71	(a) (i) (1), b
	4 May 2010	7 July 2012 to 6 July 2013	1.00	18,000,000	–	(18,000,000)	–	0.71	(a) (i) (2)
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)

30. Share Option Scheme (Continued)

Grantee	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 July 2012	Number of share options lapsed during the year ended 30 June 2013	Number of share options cancelled during the year ended 30 June 2013	Outstanding as at 30 June 2013 and 30 June 2014	Closing price immediate before date of grant HK$	Notes
Others									
Employees	4 May 2010	7 July 2011 to 6 July 2013	1.00	3,500,000	(3,500,000)	–	–	0.71	(a) (i) (1), (b)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	3,000,000	–	(3,000,000)	–	0.71	(a) (i) (2)
Employees	28 February 2011	7 July 2011 to 6 July 2013	1.00	8,500,000	(8,500,000)	–	–	0.50	(a) (i) (1), (b)
	28 February 2011	7 July 2012 to 6 July 2013	1.00	8,000,000	–	(8,000,000)	–	0.50	(a) (i) (2)
Consultant	4 May 2010	7 July 2011 to 6 July 2013	1.00	20,000,000	(20,000,000)	–	–	0.71	(a) (i) (1), (b)
	4 May 2010	7 July 2012 to 6 July 2013	1.00	10,000,000	–	(10,000,000)	–	0.71	(a) (i) (2)
				372,000,000	(198,000,000)	(174,000,000)	–		
Weighted average exercise price				HK$1.00	HK$1.00	HK$1.00	–		

Notes:

(a) The relevant share options are exercisable subject to the grantees remain as employees or consultants 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$1.60 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 2012. 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.

(2) 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. The options were cancelled on 11 July 2012.

(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 were not satisfied. As a result, the share options were not exercisable and remained outstanding as at 30 June 2012. The options were cancelled on 11 July 2012.

30. Share Option Scheme (Continued)

Notes: (Continued)

(b) The share options lapsed on 6 July 2012.

(c) For the year ended 30 June 2013, the Group recognised total expenses of HK$14,021,000 for acceleration of vesting in relation to share options granted.

Besides, the Group transferred the previously recognised expenses from share option reserve of HK$70,940,000 to accumulated profits/losses for the 372,000,000 share options lapsed/cancelled during the year ended 30 June 2013.

31. Commitments

Operating lease — The Group as lessee

	2014 **HK$'000**	2013 HK$'000
Minimum lease payments under operating leases in respect of rented premises and equipment during the year	**4,802**	4,070

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 and equipment, which fall due as follows:

	2014 **HK$'000**	2013 HK$'000
Within one year	**4,370**	2,860
After one year but not more than five years	**3,862**	732
	8,232	3,592

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.

32. Related Party Transactions

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

	2014 HK$'000	2013 HK$'000
Subsidiaries of an associate, MGX		
Purchase of commodities	**633,870**	895,761

	2014 HK$'000	2013 HK$'000
Trade payables	**62,254**	7,681

(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 were no longer available in the market and the iron ore forward price was then revised to be determined with reference to 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 is as follows:

	2014 HK$'000	2013 HK$'000
Short-term employee benefits	**8,424**	7,877
Post-employment benefits	**31**	30
Share option benefits	**—**	10,376
	8,455	18,283

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.

32. Related Party Transactions (Continued)

(d) Compensation of senior management personnel

Included in the key management personnel of the Group are two (2013: two) senior management personnel of which one (2013: one) is also a director of the Company. An analysis of remuneration paid and payable to the senior management personnel of the Group during the year is set out as follows:

	2014 HK$'000	2013 HK$'000
Short-term employee benefits	5,894	5,397
Post-employment benefits	31	30
Share option benefits	—	4,553
	5,925	9,980

Their emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$1,000,001 to HK$2,000,000	1	1
HK$4,000,001 to HK$5,000,000	1	—
HK$8,000,001 to HK$9,000,000	—	1

33. Pledge of Assets

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

	2014 HK$'000	2013 HK$'000
Interests in associates	1,253,610	862,277
Pledged bank deposits	80,010	345,502
	1,333,620	1,207,779

34. Retirement Benefits Scheme

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees of the Company and 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$30,000 (2013: HK$25,000).

In addition, the Group's contributions to local municipal government retirement scheme in the PRC are expensed as they fall due at the rates specified in the rules of the scheme 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.

The total cost charged to profit or loss of HK$891,000 (2013: HK$407,000) represents contributions payable to the schemes by the Group at rates specified in the rules of the respective schemes.

35. Financial Instruments

Categories of financial instruments

	2014	2013
	HK$'000	HK$'000
Financial assets		
Financial assets designated at fair value through profit or loss	**73,722**	77,953
Investments held for trading	**225,199**	233,091
Available-for-sale investments	**26,794**	18,686
Loans and receivables (including cash and cash equivalents)	**726,668**	884,718
	1,052,383	1,214,448
Financial liabilities		
Amortised cost	**201,128**	267,661
Derivative financial instruments	**873**	—
	202,001	267,661

35. Financial Instruments (Continued)

Financial risk management objectives

The Group's major financial instruments include financial assets designated at fair value through profit or loss, investments held for trading, available-for-sale investments, trade and other receivables, deposits, loans receivable, loan notes, pledged bank deposits, bank balances and cash, trade and other payables, derivative financial instruments and bank 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. 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.

Market risk

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 2014 and 2013 to secure trade finance facilities. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate.

The Group currently does not have a foreign currency hedging policy. However, 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 pledged bank deposits, bank balances, trade and other receivables and trade and other payables are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**156,020**	341,344	**122,608**	21,931
Australian dollars ("**AUD**")	**3,492**	68,081	**933**	—

35. Financial Instruments (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates and thus USD is not included in sensitivity analysis.

The following table details the Group's sensitivity to a 10% (2013: 10%) increase and decrease in HK$ against AUD and all other variables were held constant. 10% (2013: 10%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only AUD denominated monetary items and adjusts its translation at the period end for a 10% (2013: 10%) change in post-tax profit foreign currencies rates. A positive number below indicates an increase in post-tax profit (2013: a decrease in post-tax loss for the year) where AUD strengthen 10% (2013: 10%) against HK$. For a 10% (2013: 10%) weakening of AUD against HK$ there would be an equal and opposite impact on the post-tax profit (2013: post-tax loss) for the year.

	AUD Impact	
	2014	2013
	HK$'000	HK$'000
Increase (2013: decrease) in post-tax profit (2013: post-tax loss) for the year	**214**	5,684

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank deposits at 30 June 2014 (2013: variable-rate bank borrowings and bank deposits) (see note 24 for details of bank balances and note 26 for details of borrowings). The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable and fixed-rate loan notes as at 30 June 2014 (2013: nil). 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.

35. Financial Instruments (Continued)

Market risk (Continued)

Other price risk

Foreign currency price risk

The Group is engaged in equity securities trading and investments which are denominated in foreign currencies and is therefore exposed to foreign currency price risk. Approximately 99% (2013: 99%) of the Group's equity investments are denominated in currencies other than the functional currency of the group entities.

The carrying amounts of the Group's foreign currency denominated equity investments classified as held for trading and available-for-sale at the end of the reporting period are as follows:

	Assets	
	2014	2013
	HK$'000	HK$'000
USD	**81,760**	86,878
AUD	**186,616**	154,739
Pound sterling ("**GBP**")	**9,580**	48,922
Canadian dollars ("**CAD**")	**23,181**	34,439

The Group is also exposed to foreign currency price risk through equity securities held by an associate of the Group. The equity securities held by this associate are mainly denominated in AUD.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2013: 10%) increase and decrease in HK$ against foreign currencies and all other variables were held constant. USD is not included in sensitivity analysis, as HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. 10% (2013: 10%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit-tax profit (2013: a decrease in post-tax loss) for the year or increase in investment revaluation reserve where foreign currencies strengthen 10% (2013: 10%) against HK$. For a 10% (2013: 10%) weakening of foreign currencies against HK$ there would be an equal and opposite impact on the post-tax profit (2013: post-tax loss) for the year and the investment revaluation reserve.

	2014	2013
	HK$'000	HK$'000
Increase in post-tax profit (2013: decrease in post-tax loss) for the year	**18,156**	18,783
Increase in investment revaluation reserve	**249**	1,478

35. Financial Instruments (Continued)

Market risk (Continued)

Other price risk (Continued)

Equity price risk

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

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. If equity price (in the relevant currencies in which the investments are denominated) had been 30% higher/lower (2013: 30% higher/lower):

- post-tax profit for the year ended 30 June 2014 would increase/decrease by HK$57,295,000 (2013: post-tax loss would decrease/increase by HK$60,331,000). This is mainly due to the changes in fair value of listed financial instruments (exclude listed available-for-sale investments);

- investment revaluation reserve would increase/decrease by HK$1,172,000 as a result of the changes in fair value of listed available-for-sale investments during the year ended 30 June 2013; and

- post-tax profit for the year ended 30 June 2014 would increase/decrease by HK$219,000 (2013: nil) as a result of the changes in fair value of derivative instruments.

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, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. 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 good reputation.

35. Financial Instruments (Continued)

Credit risk (Continued)

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 concentrations of credit risk on trade receivables over two customers (2013: three) and bank balance of HK$74,306,000 (2013: HK$279,044,000) in a PRC bank. 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.

The Group has concentration of credit risk in respect of loans receivable of HK$238,754,000 as at 30 June 2014. Taking into consideration of the assets pledged to the Group and the financial information of the counterparty, there was no impairment recognised during the year. Also, the Group had concentration of credit risk in respect of loan receivable of HK$28,614,000 as at 30 June 2013. Taking into consideration of financial information of the counterparty, impairment loss of HK$9,129,000 (2013: HK$6,388,000) was recognised in profit or loss during the year. In the opinion of the directors, the risk of non-recoverability of the carrying amount is minimal.

At the same time, there is a credit risk in respect of loan notes of HK$235,934,000 (2013: nil) as at 30 June 2014. Management of the Group reviewed the public announcements and financial information of the counterparty in order to assess their credit quality. In this regard, the directors of the Company considered that the Group's credit risk was significantly reduced.

Liquidity risk

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

As at 30 June 2014, the Group had available unutilised trade finance facilities and margin facilities of HK$16,823,000 (2013: HK$103,592,000) and HK$484,360,000 (2013: HK$553,000,000) respectively.

Liquidity tables

For derivative financial instruments, the Group has approximately HK$32,939,000 (2013: nil) contractual cash outflow in return with listed securities within 1 year. The nature of the derivative financial instruments is disclosed in note 27.

The following tables detail 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 the whole period. The table includes both interest and principal cash flows.

35. Financial Instruments (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

As at 30 June 2014

	Weighted average interest rate %	Repayable on demand HK$'000	Within one year HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade and other payables	—	—	74,911	74,911	74,911
Securities margin loans	Prime rate plus spread	68,639	—	68,639	68,639
Bank borrowings	2.50%	—	57,838	57,838	57,578
		68,639	132,749	201,388	201,128

As at 30 June 2013

	Weighted average interest rate %	Within one year HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and other payables	—	25,161	25,161	25,161
Bank borrowing	2.88	247,158	247,158	242,500
		272,319	272,319	267,661

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.

35. Financial Instruments (Continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at 30.6.2014	Fair value hierarchy	Valuation technique(s)
Financial assets designated at fair value through profit or loss	Listed convertible bonds — HK$3,522,000	Level 1	Quoted bid price in an active market
Investments held for trading	Listed equity securities — HK$225,199,000	Level 1	Quoted bid prices in active markets
Derivative financial instruments	Liabilities — HK$873,000	Level 3	Quoted from financial institution

There were no transfers between Level 1 and 2 during both years.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Derivative financial instruments HK$'000
At 1 July 2012 and 30 June 2013	—
Unrealised loss in profit or loss	873
At 30 June 2014	873

35. Financial Instruments (Continued)

Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis and considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

Fair value measurement and valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available or bases on the quotes by the financial institutions on derivative financial instruments.

36. Offsetting Financial Assets and Financial Liabilities

The Group has financial assets and financial liabilities that:

— are offset in the Group's consolidated statement of financial position; or

— are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statements of financial position.

The Group does not have any financial assets and financial liabilities that are offset in its consolidated statement of financial position.

The Group has entered into International Swaps and Derivatives Master Agreements ("**ISDA**") in respect of its dealings in derivatives.

37. 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 year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgments

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 the consolidated 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 Price 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 32(b).

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.

37. Critical Accounting Judgement and Key Source of Estimation Uncertainty (Continued)

Key source of estimation uncertainty (Continued)

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 the higher of value in use and fair value less cost of disposal. 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, an impairment loss or reversal of impairment loss may arise.

The projected discount future cash flows conducted to determine the value in use calculation as at 30 June 2014 and 30 June 2013 for the respective associates are no longer attainable as a result of the expected generally lower materials prices, accordingly, the recoverable amounts of the respective associates were determined as the fair value less cost of disposal, the fair values were determined based on the listed closing prices as at 30 June 2014.

As at 30 June 2013, the carrying amount of interests in associates is HK$2,241,023,000, net of impairment losses of HK$1,537,205,000 (2013: carrying amount of interests in associates is HK$1,301,491,000, net of impairment losses of HK$2,184,662,000). Details of the impairment assessment are disclosed in note 16.

38. Particulars of Principal Subsidiaries

Name of company	Country of incorporation/ establishment and operation	Particulars of issued and paid up capital	As at 30 June 2014 Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	As at 30 June 2013 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 Assets Limited	British Virgin Islands	US$1 ordinary share	100%	100%	–	100%	100%	–	Investment holding
APAC Resources Capital Limited	British Virgin Islands	US$1 ordinary share	100%	100%	–	100%	100%	–	Investment holding
APAC Resources Investments Limited	British Virgin Islands	US$1 ordinary share	100%	100%	–	100%	100%	–	Investment holding
APAC Resources Management Limited	Hong Kong	HK$1 ordinary share	100%	100%	–	100%	100%	–	Provision of management services
APAC Resources Strategic Holdings Limited	British Virgin Islands	US$1 ordinary share	100%	100%	–	100%	100%	–	Investment holding
APAC Resources Treasury Management Limited	British Virgin Islands	US$1 ordinary share	100%	100%	–	–	–	–	Treasury management
Asia Cheer Trading Limited	Hong Kong	HK$1 ordinary share	100%	100%	–	100%	100%	–	Investment holding
Fortune Arm Limited	British Virgin Islands	US$1 ordinary share	100%	–	100%	–	–	–	Treasury management
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
Ultra Effort 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 a)*	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 a)*	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:

(a) 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.

(b) The above list contains only the particulars of subsidiaries which, in the opinion of directors, principally affected the results, assets or liabilities of the Group.

Statement of Financial Position of the Company

	Note	THE COMPANY 2014 HK$'000	2013 HK$'000
ASSETS			
Investment in an associate		**22,716**	22,716
Investments in subsidiaries		**6,086**	6,086
Amounts due from subsidiaries		**2,614,370**	1,972,888
Other receivables and prepayments		**535**	507
Bank balances		**1,142**	10,694
Total assets		**2,644,849**	2,012,891
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**613,193**	681,193
Others reserves	a	**2,854,490**	2,840,890
Accumulated losses	a	**(863,117)**	(1,511,439)
		2,604,566	2,010,644
Liabilities			
Other payables		**2,644**	2,247
Amounts due to subsidiaries		**37,639**	—
		40,283	2,247
Total equity and liabilities		**2,644,849**	2,012,891

Note:

(a) Movement of the Company's reserves

	Other reserves 2014 HK$'000	Other reserves 2013 HK$'000	Accumulated losses 2014 HK$'000	Accumulated losses 2013 HK$'000
At beginning of the year	**2,840,890**	2,897,908	**(1,511,439)**	(798,237)
Profit (Loss) for the year	**—**	—	**716,322**	(784,030)
Shares repurchased and cancelled	**13,600**	(99)	**(68,000)**	(112)
Equity-settled share option expenses	**—**	14,021	**—**	—
Lapse/forfeiture/cancellation of equity-settled share options	**—**	(70,940)	**—**	70,940
At end of the year	**2,854,490**	2,840,890	**(863,117)**	(1,511,439)

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			18 months ended 30 June	Year ended 31 December
	2014	2013	2012	2011	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**774,512**	1,104,617	1,050,205	1,147,494	301,420
Profit (loss) before taxation	**912,653**	(2,077,032)	(241,077)	1,465,177	394,379
Income tax expense	**(5,393)**	(2,655)	(1,890)	(3,108)	(21,776)
Profit (loss) for the year/period attributable to owners of the Company	**907,260**	(2,079,687)	(242,967)	1,462,069	372,603

Assets and Liabilities

	As at 30 June				As at 31 December
	2014	2013	2012	2011	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**3,337,036**	2,527,311	4,759,693	6,108,171	2,993,792
Total liabilities	**(207,835)**	(268,678)	(117,878)	(709,571)	(31,778)
Equity attributable to owners of the Company	**3,129,201**	2,258,633	4,641,815	5,398,600	2,962,014