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**APAC RESOURCES
APAC RESOURCES LIMITED**

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

**RENEWAL OF DISCLOSEABLE TRANSACTION
AND CONTINUING CONNECTED TRANSACTION**

Reference is made to the Previous Announcement in relation to a loan transaction among the Lender (a wholly-owned subsidiary of the Company) as the lender, the Borrower as the borrower and the Guarantor as the guarantor.

On 10 May 2021, the Lender as the lender entered into the Supplemental Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, increase the limit of the Loan Facility from HK\$235,000,000 (or an amount equivalent to HK\$235,000,000 in such alternative currency as acceptable to and agreed by the Lender) to HK\$260,000,000 (or an amount equivalent to HK\$260,000,000 in such alternative currency as acceptable to and agreed by the Lender) and extend the repayment date of the Loan Facility from 12 July 2021 to 12 July 2024 on the terms and subject to the conditions therein. Immediately before entering into the Supplemental Loan Agreement, HK\$217,620,000 (equivalent to RMB180,000,000 as at the date of this announcement) of the Loan Facility has been drawn and remained outstanding.

LISTING RULES IMPLICATIONS

As the Lender is a wholly-owned subsidiary of the Company, the Transaction entered into by the Lender shall be a deemed transaction of the Company under the Listing Rules as the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries. The Transaction constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

As at the date of this announcement, the Company is indirectly held as to approximately 39.86% by AGL, a controlling shareholder of the Company and hence a connected person of the Company. AGL also indirectly holds approximately 48.86% of the total number of issued shares of the Guarantor and the Borrower is a wholly-owned subsidiary of the Guarantor. Hence, the Borrower and the Guarantor are associates of AGL under Rule 14A.13(3) of the Listing Rules and connected persons of the Company. As a result, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, and accordingly, is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Previous Announcement in relation to a loan transaction among the Lender (a wholly-owned subsidiary of the Company) as the lender, the Borrower as the borrower and the Guarantor as the guarantor.

On 10 May 2021, the Lender as the lender entered into the Supplemental Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, increase the limit of the Loan Facility from HK\$235,000,000 (or an amount equivalent to HK\$235,000,000 in such alternative currency as acceptable to and agreed by the Lender) to HK\$260,000,000 (or an amount equivalent to HK\$260,000,000 in such alternative currency as acceptable to and agreed by the Lender) and extend the repayment date of the Loan Facility from 12 July 2021 to 12 July 2024 on the terms and subject to the conditions therein. Immediately before entering into the Supplemental Loan Agreement, HK\$217,620,000 (equivalent to RMB180,000,000 as at the date of this announcement) of the Loan Facility has been drawn and remained outstanding.

The Supplemental Loan Agreement

Date: 10 May 2021

Parties:

- (1) the Lender as the lender for the Supplemental Loan Agreement;
- (2) the Borrower as the borrower for the Supplemental Loan Agreement; and
- (3) the Guarantor as the guarantor for the Supplemental Loan Agreement.

Principal Terms of the Supplemental Loan Agreement

Pursuant to the Supplemental Loan Agreement, the Loan Agreement has now been amended and/or supplemented, inter alia, as follows:

Loan Facility amount: HK\$260,000,000 (or an amount equivalent to HK\$260,000,000 in such alternative currency as acceptable to and agreed by the Lender)

Repayment date: 12 July 2024

Save for the amendments made to the Loan Agreement by the Supplemental Loan Agreement, the provisions of the Loan Agreement and the rights and obligations thereunder shall remain in full force and effect.

The amendments made to the Loan Agreement by the Supplemental Loan Agreement are conditional upon among others, the approval by the Independent Shareholders of the Supplemental Loan Agreement and the Transaction and all other consents and acts required under the Listing Rules being obtained and completed.

Pursuant to the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Lender may assign all or any part of its rights or benefits or transfer all or any part of its obligations under the Loan Agreement, the Supplemental Loan Agreement or other documents in relation to the Loan Facility to any person.

HISTORICAL AND THE PROPOSED ANNUAL CAPS

Historical Annual Cap Amounts under the Loan Agreement

The following table sets out the historical maximum principal loan outstanding, maximum interest amount and annual caps under the Loan Agreement for each of the following periods:

	Financial year ended 30 June 2020	Financial year ending 30 June 2021	Financial year ending 30 June 2022
Maximum principal amount outstanding	HK\$235,000,000	HK\$235,000,000	HK\$235,000,000
Maximum interest amount	HK\$14,900,000 (Note 1)	HK\$14,900,000 (Note 2)	HK\$1,300,000 (Note 3)
Annual cap amounts	HK\$249,900,000	HK\$249,900,000	HK\$236,300,000

Note 1: The Borrower made the first drawdown of the original loan facility on 10 July 2019 under the Loan Agreement and the interest amount received from the Borrower for the period between 10 July 2019 and 30 June 2020 was approximately HK\$10,692,000.

Note 2: Assuming that HK\$217,620,000 of the original loan facility under the Loan Agreement remains outstanding as at 30 June 2021, the interest amount to be received from the Borrower for the period between 1 July 2020 and 30 June 2021 is approximately HK\$11,969,000.

Note 3: Assuming that HK\$217,620,000 of the original loan facility under the Loan Agreement remains outstanding as at 12 July 2021, being the original repayment date under the Loan Agreement, the interest amount to be received from the Borrower for the period between 1 July 2021 and 11 July 2021 (inclusive) is approximately HK\$361,000.

Proposed Annual Cap Amounts under the Supplemental Loan Agreement

The proposed annual cap amounts for the maximum principal amount outstanding under the Supplemental Loan Agreement and the maximum interest amount of the Loan Facility are as follows:

	From 12 July 2021 to 30 June 2022	Financial year ending 30 June 2023	Financial year ending 30 June 2024	From 1 July 2024 to 11 July 2024
Maximum principal amount outstanding	HK\$260,000,000	HK\$260,000,000	HK\$260,000,000	HK\$260,000,000
Maximum interest amount	HK\$13,869,000	HK\$14,300,000	HK\$14,300,000	HK\$431,000
Proposed annual cap amounts	HK\$273,869,000	HK\$274,300,000	HK\$274,300,000	HK\$260,431,000

The above proposed annual cap amounts are determined with reference to, among others, the maximum principal amount outstanding under the Loan Facility to be granted by the Lender, the maximum interest amount payable from 12 July 2021 to 11 July 2024 (inclusive) under the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, based on the assumption that the Borrower will continue to borrow the maximum principal in the amount of HK\$260,000,000 for each of the above periods respectively.

Pursuant to the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, it is agreed that the Borrower shall pay interest on the aggregate principal amount outstanding under the Loan Facility from time to time at the Interest Rate and such interest shall be paid to the Lender on the last date of each Interest Period.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction, which forms part of the Group's financial services activities, allows the Group to apply its funds in an effective manner with a view to obtain a higher return to the Group. The terms of the Supplemental Loan Agreement, including the interest rate applicable, and the proposed annual cap amounts, were arrived at after arm's length negotiations between the Lender and the Borrower having taken into account of the current market norm in relation to similar transactions.

In view of the above, the Directors (excluding Mr. Lee Seng Hui (“**Mr. Lee**”) and Mr. Chang Chu Fai, Johnson Francis (“**Mr. Chang**”) who have abstained from voting at the relevant Board meeting, and the members of the Independent Board Committee who shall form their view after considering the advice of the independent financial adviser) are of the view that the terms of the Supplemental Loan Agreement are on normal commercial terms and the terms of the Transaction (including the proposed annual cap amounts) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Lee, being a non-executive Director, is also the chief executive and an executive director of AGL, and the chairman and a non-executive director of the Guarantor. Mr. Lee is one of the trustees of Lee and Lee Trust, being a discretionary trust which together with Mr. Lee’s personal interest, controls approximately 74.96% interest in the total number of issued shares of AGL. AGL is indirectly interested in approximately 39.86% of the total issued share capital of the Company and approximately 48.86% of the total number of issued shares of the Guarantor and the Borrower is a wholly-owned subsidiary of the Guarantor. Accordingly, Mr. Lee is deemed to be interested in the Transaction and therefore has abstained from voting at the relevant Board meeting for approving, among others, the Transaction.

Mr. Chang, being an independent non-executive Director, is also an independent non-executive director of the Guarantor, has abstained from voting at the relevant Board meeting for approving, among others, the Transaction to avoid any potential conflicts of interest.

Save as disclosed above, none of the Directors has abstained (or is required to abstain) from voting on the Board resolution for considering and approving the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction.

INFORMATION ABOUT THE COMPANY, THE GROUP, THE LENDER, THE BORROWER AND THE GUARANTOR

The Company and the Group

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange.

The Group is an established investment fund and commodity trading house which owns strategic interests in natural resource companies with the main business lines comprising of primary strategic investment, resource investment, and commodity trading business, focused primarily on metals, mining and energy and investment in financial assets.

The Lender

The Lender is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The principal business activity of the Lender is principal investments and financial services.

The Borrower

As advised and confirmed by the Borrower, the Borrower is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor. The principal business activity of the Borrower is investment holding.

The Guarantor

As advised and confirmed by the Borrower, the Guarantor is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business activity of the Guarantor is investment holding. The Guarantor and its subsidiaries are principally engaged in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

LISTING RULES IMPLICATIONS

As the Lender is a wholly-owned subsidiary of the Company, the Transaction entered into by the Lender shall be a deemed transaction of the Company under the Listing Rules as the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries. The Transaction constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

As at the date of this announcement, the Company is indirectly held as to approximately 39.86% by AGL, a controlling shareholder of the Company and hence a connected person of the Company. AGL also indirectly holds approximately 48.86% of the total number of issued shares of the Guarantor and the Borrower is a wholly-owned subsidiary of the Guarantor. Hence, the Borrower and the Guarantor are associates of AGL under Rule 14A.13(3) of the Listing Rules and connected persons of the Company. As a result, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules, and accordingly, is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The SGM will be held to consider and, if thought fit, pass the ordinary resolution to approve, among other things, the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders as to whether the terms of the Supplemental Loan Agreement and the proposed annual cap amounts are fair and reasonable and whether the Transaction is in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders on how to vote.

An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Loan Agreement and the proposed annual cap amounts are fair and reasonable and whether the Transaction is in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders on how to vote.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save as and except for AGL and its associates (including Allied Properties Investments), no other shareholder of the Company has a material interest in the Transaction such that he or she or it shall abstain from voting at the SGM on the resolution to approve the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction.

The Circular containing, among other things, (i) further information on the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from an independent financial adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, is expected to be despatched to the shareholders of the Company on or before 1 June 2021.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373) and is a substantial shareholder of the Company;
“Allied Properties Investments”	Allied Properties Investments (1) Company Limited, a controlling shareholder which holds 485,897,630 ordinary shares of the Company, representing approximately 39.86% of the total issued share capital of the Company as at the date of this announcement and is indirectly wholly-owned by AGL;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Borrower”	Best Advantage Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor, being the borrower under the Loan Agreement and the Supplemental Loan Agreement;

“Circular”	the circular to be issued by the Company to the shareholders of the Company in accordance with the Listing Rules in respect of the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction;
“Company”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 28), and is the holding company of the Borrower, being the guarantor under the Loan Agreement and the Supplemental Loan Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board, comprising all of the independent non-executive Directors excluding Mr. Chang Chu Fai, Johnson Francis (who is also an independent non-executive director of the Guarantor), formed to advise the Independent Shareholders with respect to the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction;
“Independent Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company other than AGL and its associates (including Allied Properties Investments) which are required to abstain from voting at the SGM;
“Interest Period”	one (1) month;

“Interest Rate”	5.5% per annum;
“Lender”	Ultra Effort Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, being the lender under the Loan Agreement and the Supplemental Loan Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	the loan agreement entered into among the Lender as the lender, the Borrower as the borrower and the Guarantor as the guarantor dated 23 May 2019 relating to the original two-year revolving loan facility of up to HK\$235,000,000 (or an amount equivalent to HK\$235,000,000 in such alternative currency as acceptable to and agreed by the Lender);
“Loan Facility”	a revolving loan in the amount not exceeding HK\$260,000,000 (or an amount equivalent to HK\$260,000,000 in such alternative currency as acceptable to and agreed by the Lender) made or to be made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China;
“Previous Announcement”	the announcement dated 23 May 2019 of the Company;
“RMB”	Renminbi, the lawful currency of PRC;
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the entering into of the Supplemental Loan Agreement, the proposed annual cap amounts and the Transaction;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Supplemental Loan Agreement”	the supplemental loan agreement in respect of the Loan Agreement entered into among the Lender as the lender, the Borrower as the borrower and the Guarantor as the guarantor dated 10 May 2021 in relation to the Loan Facility;
“Transaction”	the transaction contemplated under the Supplemental Loan Agreement; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.209. This exchange rate is for illustration propose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 10 May 2021

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

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

* *For identification purpose only*