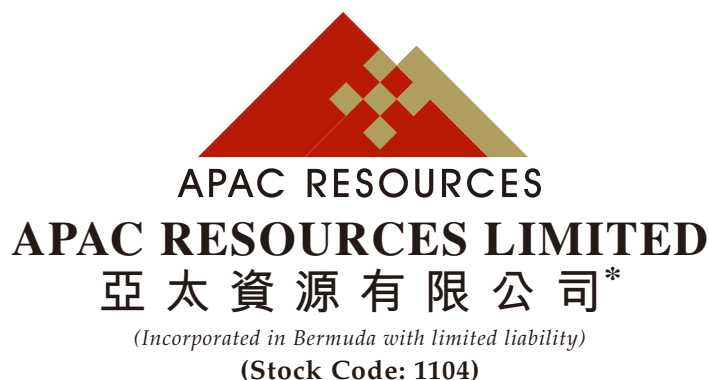

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your shares in APAC Resources Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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



DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF THE TARGET COMPANY AND ASSIGNMENT OF THE SHAREHOLDER'S LOAN AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 6 to 14 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 35 of this circular.

A notice convening a special general meeting ("SGM") of APAC Resources Limited to be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 20 July 2021 at 10:00 a.m. is set out on pages III-1 to III-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus ("COVID-19") at the SGM, including:

- compulsory body temperature checks
- compulsory wearing of surgical face masks for each attendee

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the SGM venue. The Company also encourages its shareholders to consider appointing the Chairman of the SGM as his/her proxy to vote on the relevant resolution at the SGM as an alternative to attending the SGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (ii) All Shareholders, proxies and other attendees that (a) have travelled, and have been in close contact with any person who has travelled from the mainland China and Macao at any time in the preceding 14 days, or from Taiwan and overseas at any time in the preceding 21 days (in accordance with and subject to the latest guidelines issued by the Hong Kong Government at www.chp.gov.hk from time to time); (b) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (iii) All Shareholders, proxies and other attendees are required to wear surgical face masks inside the SGM venue at all times. Any person who does not comply with this requirement may be denied entry into the SGM venue and be asked to leave the SGM venue. A safe distance between seats are also recommended.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and to be consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the SGM in person, Shareholders are encouraged to consider appointing the Chairman of the SGM as their proxy to vote on the relevant resolution at the SGM by submitting form of proxy with voting instructions inserted.

The form of proxy for the SGM is enclosed with this circular. Alternatively, the form of proxy can be downloaded from the Company's website at www.apacresources.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. If you are not a registered Shareholder (if your shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

In this circular (other than in the notice of SGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“A\$”	Australian dollars, the lawful currency of Australia;
“Act”	the Corporations Act 2001 (Commonwealth) of Australia;
“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), being a substantial shareholder of the Company;
“Allied Properties Investments”	Allied Properties Investments (1) Company Limited, a company incorporated in BVI with limited liability, being a direct wholly-owned subsidiary of the Vendor and a substantial shareholder of the Company which owns approximately 39.90% of the issued share capital of the Company as at the Latest Practicable Date;
“Board”	the board of Directors;
“Business Day”	a day on which banks in Hong Kong are open for business in the ordinary course, other than public holidays, Saturdays and Sundays;
“BVI”	the British Virgin Islands;
“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);
“Completion”	the completion of the Transaction pursuant to the terms of the Sale and Purchase Agreement;
“Completion Date”	the next Business Day after fulfillment (or waiver where applicable) of all Conditions, or such later date as may be agreed by the Purchaser and the Vendor in writing;
“Conditions”	the conditions precedent to Completion as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) on or before the Long Stop Date;

DEFINITIONS

“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Transaction, being HK\$102,581,817.50;
“Director(s)”	the director(s) of the Company;
“Dragon Mining”	Dragon Mining Limited ACN 009 450 051, a company incorporated in Western Australia with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1712);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board (comprising all the independent non-executive Directors) established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the Transaction;
“Independent Financial Adviser”	Pelican Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Transaction;
“Independent Shareholder(s)”	Shareholder(s) (other than AGL and its associates (including Allied Properties Investments)) who are not interested in the Sale and Purchase Agreement and are not required under the Listing Rules to abstain from voting at the SGM to approve the same and the transactions contemplated thereunder;
“Independent Valuer”	Norton Appraisals Holdings Limited, an independent valuer appointed by the Company which issued the valuation analysis of the shares of Dragon Mining as set out in Appendix I to this circular;
“Latest Practicable Date”	21 June 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	14 August 2021 or such other date as may be agreed between the Purchaser and the Vendor in writing and that is the later to occur of: (a) three months after the date of the Sale and Purchase Agreement; and (b) the date as may be approved by the Australian Securities & Investments Commission;
“Purchaser”	Genuine Legend Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company, being the purchaser under the Sale and Purchase Agreement;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 May 2021 entered into between the Purchaser and the Vendor in relation to the Transaction;
“Sale Share”	one ordinary share of par value of US\$1.00 in the capital of the Target Company legally and beneficially owned by the Vendor, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and as at Completion;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 20 July 2021 at 10:00 a.m., or any adjournment thereof for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Transaction;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);

DEFINITIONS

“Shareholder’s Loan”	the shareholder’s loan in the principal amount of HK\$412,260,336 due to the Vendor by the Target Company subject to adjustment by reducing such amount due from a broker and the bank balances of the Target Company provided that it shall not exceed HK\$412,260,336 at Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Allied Properties Resources Limited, a company incorporated in BVI with limited liability, being a direct wholly-owned subsidiary of the Vendor as at the date of the Sale and Purchase Agreement;
“Transaction”	the acquisition of the Sale Share and the assignment of the Shareholder’s Loan pursuant to the Sale and Purchase Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Allied Properties Overseas Limited, a company incorporated in BVI with limited liability, being an indirect wholly-owned subsidiary of AGL, and the vendor under the Sale and Purchase Agreement; and
“%”	per cent.

In this circular, the terms “associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “substantial shareholder(s)” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

LETTER FROM THE BOARD



APAC RESOURCES

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

Executive Directors:

Mr. Brett Robert Smith (*Deputy Chairman*)

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

Ms. Lam Lin Chu

Independent Non-Executive Directors:

Dr. Wong Wing Kuen, Albert

Mr. Chang Chu Fai, Johnson Francis

Mr. Wang Hongqian

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head office and

principal place of business:

Room 2304, 23rd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai, Hong Kong

25 June 2021

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE TARGET COMPANY AND
ASSIGNMENT OF THE SHAREHOLDER'S LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 14 May 2021. On 14 May 2021, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor. The Company will convene a SGM for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Transaction.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Sale and Purchase Agreement and the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a valuation analysis of the shares of Dragon Mining; and (v) a notice of the SGM.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised below:

Date

14 May 2021

Parties

- (i) The Purchaser
- (ii) The Vendor

Subject matter

Pursuant to the Sale and Purchase Agreement and subject to the fulfillment (or waiver where applicable) of the Conditions, (i) the Purchaser shall acquire and the Vendor shall sell the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Shareholder's Loan shall be assigned by the Vendor to the Purchaser.

As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, respectively, the principal asset of the Target Company was its 41,032,727 shares in Dragon Mining, which represents approximately 25.83% of the issued share capital of Dragon Mining.

Based on the information provided by the Vendor, as the Target Company was established by the Vendor and not acquired by the Vendor from a third party, there is no original acquisition cost for the Sale Share. The original acquisition cost of the above shares in Dragon Mining to the Target Company is approximately HK\$57,283,000, and the carrying value of such shares as extracted from the unaudited financial information of the Target Company as at 30 April 2021 after fair value adjustments and equity accounting treatment is approximately HK\$84,471,000.

Consideration

The Consideration for the Transaction shall be HK\$102,581,817.50 and for illustrative purpose only, is equivalent to HK\$2.50 per share of Dragon Mining. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor, and finalised using a holistic approach taking into account all relevant factors and analyses available, including but not limited to the following:

- (i) the past financial performance for the previous two years and the growth potential of Dragon Mining;

LETTER FROM THE BOARD

- (ii) the impracticality of acquiring a significant minority position in Dragon Mining through on-market transactions given its low market liquidity;
- (iii) the valuation analysis of the shares of Dragon Mining prepared by the Independent Valuer, the content of the final version of which is set out in Appendix I to this circular; and
- (iv) the closing market value of 41,032,727 shares of Dragon Mining in the amount of approximately HK\$1.96 per share as at 13 May 2021.

According to the Company's auditor, the indirect interest in Dragon Mining would be accounted for as interest in an associate of the Group in accordance with the relevant accounting standard upon Completion, and thus, no control of Dragon Mining would be acquired by the Group in that perspective. However, the Board noted a possible takeover implication under the Act to the Transaction. In particular, pursuant to section 606 of the Act, a person must not acquire a relevant interest in issued voting shares in a company if, because of that transaction, the person's voting power in such company increases from 20% or below to more than 20% of the number of voting shares. There are, however, exemptions to such prohibition under section 611 of the Act, including but not limited to (i) the making of a takeover bid by such person to acquire all voting shares in a stated class of the shares of such company; and (ii) having such acquisition be approved by a resolution passed at a general meeting of the company in which the acquisition is made.

Dragon Mining, being incorporated in Western Australia and having more than 50 members is a "company" subject to the requirements under the Act, notwithstanding that its shares are listed on the Stock Exchange. It follows that, with the requisite majority of shareholders of Dragon Mining (being holders of more than 50% of the entire issued shares in Dragon Mining who/which are neither a party acquiring the shares concerned nor associated with such party(ies) that acquire(s) such shares) approving the Sale and Purchase Agreement and the Transaction in accordance with the requirements under section 611 of the Act (which approval is agreed to be one of the conditions precedent to the Completion under the Sale and Purchase Agreement), the Transaction in its presently proposed terms of ultimately acquiring only 41,032,727 shares in Dragon Mining (representing approximately 25.83% of the entire issued shares in Dragon Mining) will be permitted to proceed under the Act.

In analysing the appropriate share price premium of Dragon Mining, the Independent Valuer also took into account (i) the possible takeover implication to the Transaction as it reaches the takeover threshold of 20% of the number of voting shares as stipulated under the Act; and (ii) the fact that the 41,032,727 shares in Dragon Mining represent a significant equity interest, meaning the holder thereof could exert certain level of influence over Dragon Mining by exercising its voting power.

LETTER FROM THE BOARD

As such, premiums imposed on share prices of transactions as reported in The FactSet Mergerstat/BVR Control Premium Study since 2011 were used in the valuation analysis. Among the exhaustive list of 133 transactions in the mining industry in that study, the median premium is approximately 27.9%, and on a closer look at six of such mining transactions which interest acquired is below 50%, i.e. more comparable to the Transaction, the median premium is approximately 30.3%.

Accordingly, the Independent Valuer concluded that, based on the historical share price of Dragon Mining as quoted on the Stock Exchange and by adding the above median premium of approximately 30.3% to such share price, the average price per share of Dragon Mining when trading is more active would likely range between HK\$2.48 and HK\$2.55.

The Consideration shall be financed by internal resources of the Group and payable by the Purchaser to the Vendor (or its nominee(s)) upon Completion.

Conditions

Completion is conditional upon the fulfillment (or the waiver thereof in accordance with the Sale and Purchase Agreement) of each of the following Conditions:

- (i) the passing of the resolution(s) by both (a) the requisite majority of the Shareholders who are entitled to vote on the relevant resolution(s) under the Listing Rules and other applicable laws and regulations; and (b) the Company, in its capacity as the sole shareholder of the Purchaser, to approve the Purchaser entering into and undertaking its obligations as set out in the Sale and Purchase Agreement, the Transaction and any other transactions contemplated thereunder;
- (ii) the passing of the resolution(s) by the requisite majority of the shareholders of Dragon Mining approving the Sale and Purchase Agreement, the Transaction and any other transactions contemplated thereunder in accordance with the relevant laws of Australia;
- (iii) all other necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (iv) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (v) the representations, warranties and undertakings given or made by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and

LETTER FROM THE BOARD

- (vi) the representations, warranties and undertakings given or made by the Purchaser in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

Conditions (i) to (iv) cannot be waived by the Purchaser and the Vendor. The Purchaser may in its absolute discretion at any time waive Condition (v), while the Vendor may in its absolute discretion at any time waive Condition (vi).

If any of the Conditions is not satisfied or waived by the Purchaser or the Vendor (as the case may be) on or before 5:00 p.m. on the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately at that time and date; (ii) all the rights, obligations and liabilities of the Purchaser and the Vendor under the Sale and Purchase Agreement will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the Purchaser and the Vendor shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any provision of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the Conditions has been fulfilled.

Completion

Upon the fulfillment of the Conditions (or waiver where applicable) on or before the Long Stop Date, Completion shall take place on the Completion Date.

Upon Completion, the Target Company shall become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE COMPANY, THE GROUP, THE PURCHASER, THE VENDOR AND THE TARGET COMPANY

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 Purchaser

The Purchaser is a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company. The principal business activity of the Purchaser is investment holding.

LETTER FROM THE BOARD

The Vendor

Based on the information provided by the Vendor, the Vendor is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of AGL. The principal business activity of the Vendor is investment holding.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

The Target Company

Based on the information provided by the Vendor, the Target Company is a company incorporated in BVI with limited liability and an investment holding company. As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, respectively, the principal asset of the Target Company was its 41,032,727 shares in Dragon Mining, which represented approximately 25.83% of the issued share capital of Dragon Mining.

Set out below is the financial information of the Target Company for the two years ended 31 December 2020 as extracted from its unaudited financial statements:

	For the year ended 31 December 2019 (Unaudited) (Approximate) (HK\$'000)	For the year ended 31 December 2020 (Unaudited) (Approximate) (HK\$'000)
Net profit/(loss) before tax	(11)	1,733
Net profit/(loss) after tax	(11)	1,733

According to the unaudited financial information of the Target Company as at 30 April 2021, the Target Company had net assets of approximately HK\$85,194,000 excluding the Shareholder's Loan.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

It is the Group's focus to look for investment opportunities in listed and unlisted securities globally in the resources sector in both resource investment and primary strategic investment business segments.

Since the Target Company owned approximately 25.83% of the issued share capital of Dragon Mining as at the date of the Sale and Purchase Agreement, considering, among other things:

- (i) the favourable financial performance and growth potential of the gold mining and processing business of Dragon Mining, including but not limited to its increase in total proved and probable ore reserves to 3,900 kt grading 2.7 g/t gold for 330 kozs as at 31 December 2020, representing a 15% increase in tonnes and 7% increase in ounces when compared to its total ore reserves as at 31 December 2019, and the net profit after tax in the amount of approximately A\$6,311,000 and A\$10,193,000 for the years ended 31 December 2019 and 2020, respectively; and
- (ii) the impracticality of acquiring a significant minority position in Dragon Mining through on-market transactions given its low market liquidity,

the Directors believe the Transaction is an attractive investment opportunity for the Group to further extend its natural resources investment in gold mining and enhance the returns on investment for the Group.

In view of the above and having considered the original acquisition cost and carrying value of the relevant shares in Dragon Mining as at 30 April 2021, and the basis of determining the Consideration, the Directors (excluding Messrs. Arthur George Dew, Brett Robert Smith and Lee Seng Hui who have abstained from voting on the relevant Board resolutions and other than the independent non-executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) are of the view that the terms and conditions of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable, on normal commercial terms in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Purchaser is a wholly-owned subsidiary of the Company, the Transaction entered into by the Purchaser 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. As at the date of the Sale and Purchase Agreement, as the Vendor is a substantial shareholder of the Company through its interest in Allied Properties Investments, the Vendor is a connected person of the Company.

As the relevant applicable percentage ratio(s) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable and connected transaction for the Company, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

DIRECTORS' INTERESTS IN THE TRANSACTION

As at the date of the Sale and Purchase Agreement, Mr. Arthur George Dew, being the Chairman and a non-executive Director, was also the chairman and a non-executive director of each of AGL and Dragon Mining, and held approximately 0.14% of the issued share capital of Dragon Mining. Mr. Brett Robert Smith, being the Deputy Chairman and an executive Director, was also the chief executive officer and an executive director of Dragon Mining, and held approximately 0.07% of the issued share capital of Dragon Mining. Mr. Lee Seng Hui, being a non-executive Director, was also the chief executive and an executive director of AGL. Mr. Lee Seng Hui was also one of the trustees of Lee and Lee Trust, being a discretionary trust which together with his personal interest, controlled approximately 74.96% interest in the total number of issued shares of AGL, which was indirectly interested in (i) the entire issued share capital of the Vendor; and (ii) approximately 39.86% of the issued share capital of the Company through Allied Properties Investments. Accordingly, Messrs. Arthur George Dew, Brett Robert Smith and Lee Seng Hui were deemed to be interested in the Transaction and therefore have abstained from voting on the relevant Board resolutions.

Apart from the above, none of the Directors has any material interest in the Transaction and is required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the Transaction.

SGM

The Directors have resolved to convene the SGM for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Transaction.

As at the Latest Practicable Date, AGL indirectly held 486,457,630 Shares, representing approximately 39.90% of the total issued share capital of the Company. Accordingly, AGL and its associates (including Allied Properties Investments, an indirect wholly-owned subsidiary of AGL) will abstain from voting on the resolution to be proposed at the SGM. 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 has a material interest in the Transaction such that he/she/it shall abstain from voting at the SGM on the resolution to approve the Sale and Purchase Agreement and the Transaction.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there was (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

The notice of SGM is set out on pages III-1 to III-3 of this circular. A proxy form for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the SGM as set out in notice of SGM shall be voted by poll.

RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable so far as the Independent Shareholders are concerned and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

The letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 35 of this circular and the letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular.

The Independent Board Committee, having taken into account of the advice and recommendation of the Independent Financial Adviser, is of the opinion that the terms of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable so far as the Independent Shareholders are concerned, they are on normal commercial terms in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Transaction.

The Board (excluding Messrs. Arthur George Dew, Brett Robert Smith and Lee Seng Hui who have abstained from voting on the relevant Board resolutions, and other than the independent non-executive Directors whose opinion is set out in the "Letter from the Independent Board Committee" in this circular) considers that the terms and conditions of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable, on normal commercial terms in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Transaction.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement and the Transaction:



APAC RESOURCES LIMITED
亞太資源有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1104)

25 June 2021

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE TARGET COMPANY AND
ASSIGNMENT OF THE SHAREHOLDER'S LOAN**

We refer to the circular dated 25 June 2021 issued by the Company (the “Circular”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Sale and Purchase Agreement and the Transaction and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matter, and to recommend how the Independent Shareholders should vote at the SGM. Pelican Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 14 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Agreement and the Transaction, as set out on pages 17 to 35 of the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice and recommendation of the Independent Financial Adviser, we consider that the terms of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable so far as the Independent Shareholders are concerned, they are on normal commercial terms in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Transaction.

Yours faithfully,
For and on behalf of
**Independent Board Committee of
APAC Resources Limited**

Wong Wing Kuen, Albert Chang Chu Fai, Johnson Francis Wang Hongqian
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Pelican Financial Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Transaction for the purpose of inclusion in this circular.



PELICAN FINANCIAL LIMITED

21/E, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

25 June 2021

*To the Independent Board Committee and the Independent Shareholders of
APAC Resources Limited*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE TARGET COMPANY AND ASSIGNMENT OF THE SHAREHOLDER'S LOAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Transaction contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 25 June 2021 (the “**Circular**”), of which this letter forms a part. Unless specified otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 14 May 2021. On 14 May 2021, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor. Pursuant to the Sale and Purchase Agreement and subject to the fulfillment (or waiver where applicable) of the Conditions, (i) the Purchaser shall acquire and the Vendor shall sell the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Shareholder's Loan shall be assigned by the Vendor to the Purchaser, at the Consideration of HK\$102,581,817.50. As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, respectively, the principal asset of the Target Company was its 41,032,727 shares in Dragon Mining, which represented approximately 25.83% of the issued share capital of Dragon Mining.

As the Purchaser is a wholly-owned subsidiary of the Company, the Transaction entered into by the Purchaser 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. As at the date of the Sale and Purchase Agreement, as the Vendor is a substantial shareholder of the Company through its interest in Allied Properties Investments, the Vendor is a connected person of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the relevant applicable percentage ratio(s) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable and connected transaction for the Company, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. The Board currently comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. The Independent Board Committee, which currently comprises all the independent non-executive Directors, namely Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis, and Mr. Wang Hongqian, has been established to advise the Independent Shareholders regarding the Sale and Purchase Agreement and the Transaction.

We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

Pelican Financial Limited ("**Pelican**") is not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and the Company nor any other parties that could be reasonably be regarded as a hindrance to Pelican's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. In the last two years, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Sale and Purchase Agreement and the Transaction contemplated thereunder.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Sale and Purchase Agreement and the Transaction contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether the terms of the Sale and Purchase Agreement and the Transaction (including the Consideration) contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Sale and Purchase Agreement and the Transaction contemplated thereunder at the SGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and rules and regulations as well as information, facts and representations provided, and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Sale and Purchase Agreement, the announcement of the Company dated 14 May 2021, the unaudited interim report of the Company for the six months ended 31 December 2020 (the “**Interim Report**”), the audited annual report of the Company for the financial year ended 30 June 2020 (the “**Annual Report**”), the unaudited financial statements of the Target Company for the two financial years ended 31 December 2020 (the “**Unaudited Accounts of the Target Company**”), the valuation analysis prepared by the Independent Valuer on the valuation of the 41,032,727 shares of Dragon Mining held by the Target Company (the “**Valuation Analysis**”), the audited annual report of Dragon Mining for the financial year ended 31 December 2020, and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or the future prospects of the Group, the Vendor, the Target Company, Dragon Mining, or their respective subsidiaries or associates (if applicable). In addition, we have not considered the taxation implication on the Group or the Shareholders as a result of the Transaction.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Sale and Purchase Agreement and the Transaction contemplated thereunder, we have considered the following principal factors and reasons.

1. Information of the Group

The Company is incorporated in Bermuda with limited liability and 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the financial information of the Group for the two years ended 30 June 2020, and the six months ended 31 December 2019 and 2020, as extracted from the Interim Report and the Annual Report, respectively.

Table 1: Financial results of the Group

	For the six months ended		For the year ended	
	31 December		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue				
– Trading of commodities	283,184	268,152	367,690	51,099
– Interest income from loan receivables	23,324	44,637	68,385	56,011
– Interest income from convertible notes	–	–	–	1,206
– Interest income from loan notes	90	363	452	911
Total	<u>306,598</u>	<u>313,152</u>	<u>436,527</u>	<u>109,227</u>
Cost of sales	<u>253,177</u>	<u>280,311</u>	<u>386,639</u>	<u>51,818</u>
Gross Profit	<u>53,421</u>	<u>32,841</u>	<u>49,888</u>	<u>57,409</u>
Profit (Loss) for the Period/Year	<u>1,177,467</u>	<u>46,939</u>	<u>(429,401)</u>	<u>608,432</u>

Source: Stock Exchange

Based on the Interim Report, the revenue of the Group decreased slightly from approximately HK\$313.2 million for the six months ended 31 December 2019 to approximately HK\$306.6 million for the six months ended 31 December 2020, representing a decrease of approximately 2.1%. The decrease was mainly attributable to the decrease in the Group's interest income from loan receivables. On the other hand, the Group reported a net profit attributable to Shareholders of the Company of approximately HK\$1,177.5 million for the six months ended 31 December 2020 compared with a net profit attributable to Shareholders of the Company of approximately HK\$46.9 million for the same period last year, which was mainly due to a reversal of the non-cash impairment loss on its interest in Mount Gibson Iron Limited (“**Mount Gibson**”) of approximately HK\$580 million, as a result of the increase in the share price of Mount Gibson as compared to the same period last year.

According to the Annual Report, the revenue of the Group increased from approximately HK\$109.2 million for the year ended 30 June 2019 to approximately HK\$436.5 million for the year ended 30 June 2020, representing an increase of approximately 299.7%. The growth of the Group's revenue was mainly attributable to the increase in the revenue from its trading of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

commodities and its interest income from loan receivables. On the other hand, the Group reported a net loss attributable to Shareholders of the Company of approximately HK\$429.4 million for the year ended 30 June 2020, compared with a net profit attributable to Shareholders of the Company of approximately HK\$608.4 million for the year ended 30 June 2019, as the Group recorded the aforementioned non-cash impairment loss on its interest in Mount Gibson of approximately HK\$580 million driven by the weakened share prices of Mount Gibson.

Set out below is a summary of the consolidated assets and liabilities of the Group as at 31 December 2020 and 30 June 2020, as extracted from the Interim Report and the Annual Report, respectively.

Table 2: Financial position of the Group

	As at 31 December 2020	As at 30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Total assets		
– Non-current assets	2,735,769	1,930,522
– Current assets	2,009,116	1,596,109
Total liabilities		
– Non-current liabilities	297	761
– Current liabilities	61,009	90,062
Net current assets	1,948,107	1,506,047
Net assets	4,683,579	3,435,808

Source: Stock Exchange

As shown in the above table, the net assets of the Group increased from approximately HK\$3,435.8 million as at 30 June 2020 to approximately HK\$4,683.6 million as at 31 December 2020, representing an increase of approximately 36.3%, which was a combined result of the increase in total assets and decrease in total liabilities.

As at 31 December 2020, the Group recorded non-current assets and current assets of approximately HK\$2,735.8 million and approximately HK\$2,009.1 million, respectively. In addition, the Group had bank balances and cash of approximately HK\$429.5 million as at 31 December 2020.

Meanwhile, as at 30 June 2020, the Group recorded non-current assets and current assets of approximately HK\$1,930.5 million and approximately HK\$1,596.1 million, respectively. In addition, the Group had bank balances and cash of approximately HK\$564.0 million as at 30 June 2020.

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2. Information of the Purchaser, the Vendor, and the Target Company

2.1. The Purchaser

The Purchaser is a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company. The principal business activity of the Purchaser is investment holding.

2.2. The Vendor

Based on the information provided by the Vendor, the Vendor is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of AGL. The principal business activity of the Vendor is investment holding.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services in Hong Kong, the provision of finance and investments in listed and unlisted securities.

2.3. The Target Company

Based on the information provided by the Vendor, the Target Company is a company incorporated in BVI with limited liability and an investment holding company. As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, respectively, the principal asset of the Target Company was the 41,032,727 shares in Dragon Mining, which represented approximately 25.83% of the issued share capital of Dragon Mining.

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2020 as extracted from the Unaudited Accounts of the Target Company:

Table 3: Financial results of the Target Company

	For the year ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net profit/(loss) before tax	1,733	(11)
Net profit/(loss) after tax	1,733	(11)

According to the Unaudited Accounts of the Target Company, the net profit or loss reported therein was attributable to the net profit or loss attributable to the shareholders of Dragon Mining, which was held as to 25.83% by the Target Company. As disclosed in the Board Letter, as at the date of the Sale and Purchase Agreement and the Latest

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Practicable Date, respectively, except for its investment holding in Dragon Mining, the Target Company did not have other business activities. The original acquisition cost of the shares in Dragon Mining to the Target Company is approximately HK\$57,283,000, and the carrying value of such shares as extracted from the unaudited financial information of the Target Company as at 30 April 2021 after fair value adjustments and equity accounting treatment is approximately HK\$84,471,000.

Meanwhile, as at 30 April 2021, excluding the Shareholder's Loan of HK\$412,260,336 which shall be assigned by the Vendor to the Purchaser upon Completion, the Target Company had net assets of approximately HK\$85,194,000.

3. Reasons for and benefits of the Transaction

Through our discussion with the management of the Company, we noted that the Group is seeking investment opportunities in listed and unlisted securities globally in the resources sector in both resource investment and primary strategic investment business segments.

Since the Target Company owns approximately 25.83% of the issued share capital of Dragon Mining as at the date of the Sale and Purchase Agreement, the Directors had considered the following, among other things:

- (i) Dragon Mining had a favourable financial performance and growth potential of the gold mining and processing business, including but not limited to its increase in total proved and probable ore reserves to 3,900 kt grading 2.7 g/t gold for 330 kozs as at 31 December 2020, representing a 15% increase in tonnes and 7% increase in ounces when compared to its total ore reserves as at 31 December 2019, and the increase in net profit after tax of approximately A\$6,311,000 and A\$10,193,000 for the years ended 31 December 2019 and 2020, respectively; and
- (ii) the impracticality of acquiring a significant minority position in Dragon Mining through on-market transactions given its low market liquidity.

Therefore, the Directors believe the Transaction is an attractive investment opportunity for the Group to further extend its natural resources investment in gold mining and enhance the returns on investment for the Group.

As stated in the Board Letter, having considered the original acquisition cost and carrying value of the relevant shares in Dragon Mining as at 30 April 2021, and the basis of determining the Consideration, the Directors (excluding Messrs. Arthur George Dew, Brett Robert Smith and Lee Seng Hui who have abstained from voting on the relevant Board resolutions and other than the independent non-executive Directors) are of the view that the terms and conditions of the Sale and Purchase Agreement and the Transaction (including the Consideration) are fair and reasonable, the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole. Having considered the above, together with our review which detailed in the below section headed "Assessment of the Consideration" of this letter, we concur with the Directors that the Transaction (including the Consideration) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. The Sale and Purchase Agreement

Set out below are the principal terms of the Sale and Purchase Agreement.

4.1. Subject matter

Pursuant to the Sale and Purchase Agreement and subject to the fulfillment (or waiver where applicable) of the Conditions, (i) the Purchaser shall acquire and the Vendor shall sell the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Shareholder's Loan shall be assigned by the Vendor to the Purchaser.

4.2. Consideration

The Consideration for the Transaction shall be HK\$102,581,817.50 and for illustrative purpose, is equivalent to HK\$2.50 per share of Dragon Mining (i.e., HK\$102,581,817.50 divided by 41,032,727 shares in Dragon Mining).

The Consideration shall be financed by internal resources of the Group and payable by the Purchaser to the Vendor (or its nominee(s)) upon Completion.

4.3. Conditions

Completion is conditional upon the fulfillment (or the waiver thereof in accordance with the Sale and Purchase Agreement) of each of the following Conditions:

- (i) the passing of the resolution(s) by both (a) the requisite majority of the Shareholders who are entitled to vote on the relevant resolution(s) under the Listing Rules and other applicable laws and regulations; and (b) the Company, in its capacity as the sole shareholder of the Purchaser, to approve the Purchaser entering into and undertaking its obligations as set out in the Sale and Purchase Agreement, the Transaction and any other transactions contemplated thereunder;
- (ii) the passing of the resolution(s) by the requisite majority of the shareholders of Dragon Mining approving the Sale and Purchase Agreement, the Transaction and any other transactions contemplated thereunder in accordance with the relevant laws of Australia;
- (iii) all other necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

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- (iv) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (v) the representations, warranties and undertakings given or made by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and
- (vi) the representations, warranties and undertakings given or made by the Purchaser in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

Conditions (i) to (iv) cannot be waived by the Purchaser and the Vendor. The Purchaser may in its absolute discretion at any time waive Condition (v), while the Vendor may in its absolute discretion at any time waive Condition (vi).

If any of the Conditions is not satisfied or waived by the Purchaser or the Vendor (as the case may be) on or before 5:00 p.m. on the Long Stop Date, (i) the Sale and Purchase Agreement will be terminated immediately at that time and date; (ii) all the rights, obligations and liabilities of the Purchaser and the Vendor under the Sale and Purchase Agreement will cease and determine save for any antecedent rights and obligations already accrued before the termination; and (iii) none of the Purchaser and the Vendor shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any provision of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the Conditions has been fulfilled.

5. Assessment of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor, and finalised using a holistic approach taking into account all relevant factors and analyses available, including but not limited to the following:

- (i) the past financial performance for the previous two years and the growth potential of Dragon Mining;
- (ii) the impracticality of acquiring a significant minority position in Dragon Mining through on-market transactions given its low market liquidity;
- (iii) the valuation analysis of the shares of Dragon Mining prepared by the Independent Valuer, the content of which is set out in Appendix I to the Circular; and

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- (iv) the closing market value of 41,032,727 shares of Dragon Mining in the amount of approximately HK\$1.96 per share as at 13 May 2021.

We have reviewed and considered the Valuation Analysis prepared by the Independent Valuer on the valuation of the 41,032,727 shares of Dragon Mining held by the Target Company. The Consideration for the Transaction shall be HK\$102,581,817.50 and for illustrative purpose, is equivalent to HK\$2.50 per share of Dragon Mining (the “**Proposed Acquisition Price**”). We noted that the closing market value of Dragon Mining was HK\$1.96 per share as quoted on the Stock Exchange on 13 May 2021, the date prior to the entering into Sale and Purchase Agreement, the Proposed Acquisition Price represented a premium of approximately 27.6%.

We have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Analysis, which included (i) assessment of the Independent Valuer’s experiences; (ii) obtaining information on the Independent Valuer’s track records; (iii) inquiry on the Independent Valuer’s current and prior relationship with the parties involved in the Sale and Purchase Agreement; (iv) review of the terms of the Independent Valuer’s engagement; and (v) discussion with the Independent Valuer regarding the bases, methodology and assumptions adopted in the Valuation Analysis.

5.1. The Independent Valuer

We understand that Mr. Oliver Y. Pan is the associate director of the Independent Valuer. He is a CFA Charterholder, a member of the Hong Kong Society of Financial Analysts as well as a Certified Financial Risk Manager with over 8 years of experience in the valuation of business, tangible and intangible assets. In assessing the Independent Valuer’s experiences in valuing entities in Hong Kong similar to the Target Company, we have also obtained information on the Independent Valuer’s track records on other valuations and noted that the Independent Valuer had acted as the independent valuer for a wide range of public companies listed in Hong Kong for similar transactions. As such, we are of the view that the Independent Valuer is qualified, experienced and competent in performing business valuations and providing a reliable opinion in respect of the valuation of the Target Company.

We have also enquired with the Independent Valuer as to its independence from the Company and the parties to the Sale and Purchase Agreement and were given to understand that the Independent Valuer is an independent third party of the Company and its connected persons. The Independent Valuer also confirmed to us that it was not aware of any relationship or interest between itself and the Company or any other parties that would reasonably be considered to affect its independence to act as the Independent Valuer for the Company. The Independent Valuer confirmed to us that apart from normal professional fees payable to it in connection with its engagement for the valuation, no arrangements exist whereby it will receive any fee or benefit from the Company and its associates.

Furthermore, we also noted from the engagement letter entered into between the Company and the Independent Valuer that the scope of work was appropriate for the

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Independent Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Independent Valuer in the Valuation Analysis.

5.2. Valuation basis

We have reviewed the Valuation Analysis and understand that the Valuation Analysis was prepared based on HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors, and the International Valuation Standards 2017 issued by International Valuation Standards Council. Since no unusual matters had come to our attention that led us to believe that the Valuation Analysis was not prepared on a reasonable basis, we believe that the valuation fairly represents the market value of the 41,032,727 shares of Dragon Mining held by the Target Company and forms a fair and reasonable basis for our further assessment on the Consideration.

5.3. Valuation methodology

We have discussed with the Independent Valuer on the methodology adopted in valuing the 41,032,727 shares of Dragon Mining held by the Target Company and noted they had considered the three generally accepted valuation approaches, namely the income approach, the market approach and the cost approach which are as follows.

1. *“the income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset;*
2. *the market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available; and*
3. *the cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.”*

Based on our discussions with the Independent Valuer, market approach was adopted in deriving the fair value of the 41,032,727 shares of Dragon Mining held by the Target Company as of 10 May 2021. The Independent Valuer was of the view that the cost approach was inappropriate as it does not directly incorporate information about the economic benefits contributed by the 41,032,727 shares of Dragon Mining held by the Target Company; and that the income approach requires more judgement and assumptions on the long-term financial projection, in particular those regarding the growth and revenue projection of Dragon Mining, which with the current economic uncertainties caused by the COVID-19 pandemic, would be difficult to be justified, therefore, the income approach in this case may not be the most appropriate. On the other

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hand, the market approach is a common valuation methodology for assets which have an established secondary market. After considering the simplicity, clarity, efficiency and objectivity (as publicly available information is used) of the market approach, the Independent Valuer concluded that the market approach was the most appropriate valuation methodology for the valuation of the 41,032,727 shares of Dragon Mining.

Given that information of the shares of Dragon Mining is listed on the Stock Exchange, and there are a reasonable number of comparable companies publicly traded in various stock exchanges worldwide, we agree with the Independent Valuer that the valuation of the market value of the shares of Dragon Mining should be conducted through an analysis of public and market information and the market approach is most appropriate for such valuation.

(a) *Review of historical price movement of Dragon Mining*

As the trading volume of Dragon Mining has been relatively low since its listing in November 2018, the Independent Valuer considered that the closing price of the shares of Dragon Mining on a specific date may not be representative for the fair value of these shares. Alternatively, the Independent Valuer referenced to the daily closing prices of Dragon Mining as quoted on the Stock Exchange during the period from 1 December 2020 up to 10 May 2021 (the “**Review Period**”) and considered such Review Period of approximately six months is appropriate to smooth the adverse effects of low trading volume on the share price. During the Review Period, the average share prices of Dragon Mining ranged between HK\$1.82 to HK\$2.04 depending on the reference period selected. Set out below are the historical share prices and average trading volume of Dragon Mining during the Review Period.

Table 4: Historical average share prices and average trading volume of Dragon Mining

Review Period	Month covered	Average price (HK\$)	Average volume per day (number of shares)
May 2021	1	1.90	81,000
Apr – May 2021	2	1.82	217,828
Mar – May 2021	3	1.90	363,907
Feb – May 2021	4	1.94	346,021
Jan – May 2021	5	1.96	282,904
Dec 2020 – May 2021	6	2.04	340,502

Source: Stock Exchange

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(b) *The premium*

Dragon Mining is a company incorporated in Western Australia with limited liability. Pursuant to the Corporations Act 2001 (Commonwealth) of Australia (the “Act”), there is a 20% acquisition limit for companies incorporated in Australia. The Act prohibits the acquisition of a relevant interest in voting shares if, because of that transaction, a person’s voting power in the company increases from 20% or under to more than 20% of the number of voting shares, unless it makes a takeover bid to acquire all voting shares in a stated class of the shares of such company, or satisfy other exceptions in the Act, including but not limited to, having such acquisition be approved by a resolution passed at a general meeting of the company. The Independent Valuer was of the view that since Dragon Mining is incorporated in Western Australia and is regulated by the Act, by acquiring the 41,032,727 shares of Dragon Mining, the Transaction (i) shall reach the acquisition threshold of 20% under the Act, and shall require majority of shareholders of Dragon Mining (being holders of more than 50% of the entire issued shares in Dragon Mining) approving the Sale and Purchase Agreement and the Transaction in accordance with the requirements under section 611 of the Act, (ii) represents an acquisition of significant equity interest, meaning the holder thereof could exert certain level of influence over Dragon Mining by exercising its voting power; and (iii) enables the Purchaser to become the single largest shareholder of Dragon Mining and to exercise the largest voting power in the board of Dragon Mining.

Therefore, the Independent Valuer was of the view that a premium should be added to reflect the additional value embedded in the acquisition of the 41,032,727 shares of Dragon Mining. We have reviewed the Act as published on the Australian Government Takeovers Panel’s website¹ and noted that there is an 20% acquisition limit as aforementioned. We are of the view that, since the Act prohibits any acquisition of equity interest of over 20% in a company unless the acquirer could satisfy the relevant requirements of the Act, the Act is essentially an entry barrier to any potential acquirer who wants to acquire over 20% equity interest and voting power in a company, and hence a protection to those existing shareholders with over 20% equity interest in a company. To reflect such protection enjoyed by the shareholder of Dragon Mining with over 20% equity interest under the Act (i.e., the Group upon Completion), we therefore concur with the Independent Valuer that, among other things, a premium should be added to reflect the value of the significant portion of equity interest of Dragon Mining to be acquired upon Completion in the context of the Act.

As stated in the Valuation Analysis, the acquisition of the 41,032,727 shares of Dragon Mining would allow the holder of which to exercise its voting power, exert certain level of influence over Dragon Mining in terms of management and decision making. The Valuation Analysis also states that, a premium is usually applied to reflect the difference between an asset that gives its holder the ability to influence

¹ Please refer to the website of Australian Government Takeovers Panel at https://www.takeovers.gov.au/content/DisplayDoc.aspx?doc=panel_process/summary_of_takeover_provisions_in_australia.htm

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the decision-making process of the company, and its comparable asset which does not give its holder such influence. We have checked the reference material used by the Independent Valuer, namely “Business Valuation Discounts and Premiums”², a guide for professional valuers and agreed that a premium should be added to the acquisition of shares which bestows the acquirer with significant influence over the decision-making process of a company. In light of the above, we consider the premium adopted by the Independent Valuer as reasonable and general acceptable and applicable to the Transaction.

We also noted that the Independent Valuer had made reference to the “FactSet Mergerstat/BVR Control Premium Study”³ (the “**Study**”), which covers an exhaustive list of 133 transactions in the mining industry during the period from 2011-2021 with a median premium of approximately 27.9%. As confirmed by the Independent Valuer, the Study is a database widely used by professional valuers and is well recognised in the industry. As such, we agree with the Independent Valuer that reliable source of information can be extracted therefrom for valuation analysis. It is also noted that, the Independent Valuer had further looked into those transactions when entailed the acquisition of less than 50% equity interest in the subject mining companies during the period from 2011-2021, and had arrived at an exhaustive list of 6 transactions (the “**Six Comparable Transactions**”), with the median premium of which being approximately 30.3%. Having considered that the Six Comparable Transactions were more comparable to the Transaction because they both entailed the acquisition of less than 50% equity interest in a company, the Independent Valuer had adopted the premium of 30.3% in the Valuation Analysis and estimated the average price per share of Dragon Mining to be in the range between HK\$2.48 and HK\$2.55 with reference to the historical average share prices during the Review Period.

From our discussion with the Independent Valuer, we noted that the Independent Valuer had considered reviewing the data in the Study for a 5-year or 10-year period but eventually chosen a 10-year review period from 2011-2021, because the Independent Valuer was of the view that a longer review period would allow it to further narrow down its selection criteria for comparable transactions and still maintain a sample size that is sufficient for analysis, as reflected by the Six Comparable Transactions. We agreed with the Independent Valuer’s adoption of a 10-year review period from 2011-2021 as it would allow for a more comprehensive analysis of the latest market sentiment and general premiums for transactions in the mining industry, and hence, we consider such review period of the recent ten years covered in the Study as fair and reasonable. As discussed earlier, we noted that the data presented in the Study were commonly used by professional valuers in Hong Kong, and hence we were assured of the credibility of the Study.

² Please refer to the website of Perlego at <https://www.perlego.com/book/1009300/business-valuation-discounts-and-premiums-pdf>

³ Please refer to the website of Business Valuation Resources at <https://www.bvresources.com/products/factset-mergerstat-bvr-control-premium-study>

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We have reviewed the Study and confirmed that all of the 133 transactions therein were related to mining companies, and that the Six Comparable Transactions were acquisitions of less than 50% equity interest in the subject mining companies. It is also noted that, the premiums of the 133 transactions related to the mining companies ranged from approximately -89.3% to 345.8%, with a median and mean of approximately 27.9% and 36.7%, respectively, while the premiums of the Six Comparable Transactions ranged from approximately 8.1% to 61.5%, with a median and mean of approximately 30.3% and 33.7%, respectively. In respect of the Six Comparable Transactions, we also noted that the percentage of the underlying shares being acquired thereunder ranged from 10% to 46.79% of the total issued shares of the respective target companies, which were incorporated in Australia, the United Kingdom, Singapore, Indonesia, and Peru. Same as the Transaction, each of the Six Comparable Transactions enabled the acquirers to exercise its voting power and exert certain level of influence over the decision-making process of the respective companies. In addition, the Six Comparable Transactions also involved an acquisition of a relatively large portion of shares, which in the view of the Independent Valuer, might not be available for sale in the public market unless an acquirer was willing pay a premium to the sellers. In light of the above similarities, the Independent Valuer was of the view that the Six Comparable Transactions were comparable to the Transaction. We agree with the Independent Valuer in this respect and we consider the Six Comparable Transactions used by Independent Valuer as fair and reasonable.

We noted that the Independent Valuer was of the view that, the use of median was more appropriate when the sample size was large and the extreme outliers therein may distort the representation of data, in particular the mean. The Independent Valuer had therefore adopted the median premium in the Valuation Analysis as it was considered to be a more neutral and fairer measure of the premiums generally adopted on the market.

We have further conducted the below sensitivity analysis by adding and subtracting 5%, a percentage we understand is commonly used in sensitivity analysis of valuations, to and from the adopted premium of 30.3%, in order to understand whether changes in the premium would significantly affect the valuation of Dragon Mining.

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Table 5: Sensitivity analysis on premium adopted in the Valuation Analysis

	-5%	+5%
Adopted premium of 30.3% (A)	28.8%	31.8%
New consideration per share of Dragon Mining (B = HK\$1.96 per share*(1+A))	HK\$2.52	HK\$2.58
New consideration for the Transaction (C = B*41,032,727 shares in Dragon Mining)	HK\$103,402,472	HK\$105,864,436
Absolute change in consideration for the Transaction (D = C - HK\$102,581,817.50)	-HK\$820,654.54	HK\$3,282,618.16
Percentage change in consideration for the Transaction (E = D/ HK\$102,581,817.50)	0.8%	3.2%

As shown in the above Table 5, a 5% change in the premium would result in a 0.8% or 3.2% change in the consideration for the Transaction, which we consider as immaterial. Accordingly, we are of the view that changes in the premium threshold would unlikely to have significant impact on the valuation of Dragon Mining.

In light of our analysis above, we therefore consider the adoption of such data in the Study, as well as the median premium of 30.3% by the Independent Valuer, as fair and reasonable so far as the Independent Shareholders are concerned.

On the other hand, set out below are the historical average share prices of Dragon Mining with the premium of 30.3%.

**Table 6: Historical average share prices with premium
of Dragon Mining**

Review Period	Month covered	Average price (HK\$)	Average price with premium of 30.3% (Note 1) (HK\$)
May 2021	1	1.90	2.48
Apr – May 2021	2	1.82	2.37
Mar – May 2021	3	1.90	2.48
Feb – May 2021	4	1.94	2.52
Jan – May 2021	5	1.96	2.55
Dec 2020 – May 2021	6	2.04	2.66

Note 1: The amounts have been rounded to the nearest 2 decimal places.

Source: Stock Exchange

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As shown in the above Table 4, the average trading volume relative to the number of shares intended to acquire in the Transaction (i.e. the 41,032,727 shares of Dragon Mining) were low, therefore, if the Company were to acquire 41,032,727 shares of Dragon Mining from public market, it would require more than 110 trading days to complete, and would be very likely to affect the share prices of Dragon Mining in the public market. Therefore, we considered the Independent Valuer's use of average closing prices with addition of premium to be fair and reasonable. Taking into account of the addition of the 30.3% premium, the average share prices of Dragon Mining would range from HK\$2.37 to HK\$2.66, and accordingly, the Proposed Acquisition Price locates within such range. In light of our analysis above, we consider the Proposed Acquisition Price, and hence the Consideration, are fair and reasonable so far as the Independent Shareholders are concerned.

5.4. Section conclusion

Based on our discussions with the Independent Valuer and our review of the Valuation Analysis, and having considered that (i) the methodology applied in the valuation; (ii) the principal bases and assumptions used in arriving at the valuation; and (iii) the qualification, expertise and experiences of the Independent Valuer, we consider that there is no substantial factors being identified which may cause us to doubt the fairness and reasonableness of the methodology adopted and the bases used in arriving at the valuation. As such, we consider that the valuation of the fair value of the 41,032,727 shares of Dragon Mining held by the Target Company are fair and reasonable. Moreover, having considered that (i) the Target Company is merely an investment holding vehicle which held 41,032,727 shares of Dragon Mining and had no other business activities; (ii) the Shareholder's Loan will be assigned by the Vendor to the Purchaser, which shall have no adverse impact on the valuation of the Target Company; (iii) the Consideration was determined after arm's length negotiations between the Purchaser and the Vendor, and (iv) the potential benefits as discussed in the above section headed "Reasons for and benefits of the Transaction" of this letter, we consider that the Consideration is on normal commercial terms, is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Transaction

Upon Completion, as discussed with the Company's auditors, the Target Company will become an indirect wholly-owned subsidiary of the Company and hence its financial results will be consolidated into the financial statements of the Group, and Dragon Mining will be accounted for as interest in an associate of the Group in accordance with the Hong Kong Accounting Standards ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial effects of the Transaction on the Group's earnings, working capital and net asset value are set out below. However, it should be noted that the analysis below is for illustrative purposes only and does not purport to represent how the financial position of the Group would be upon Completion.

6.1. Earnings

According to the Interim Report, profit for the period attributable to Shareholders of the Company for the six months ended 31 December 2020 was approximately HK\$1,177.4 million, while based on the Unaudited Accounts of the Target Company for the year ended 31 December 2020, it had a profit for the year of approximately HK\$1.7 million. Should the Target Company sustain its profitability in future, the Transaction is expected to increase the profit of the Group upon Completion.

6.2. Working capital

The working capital position of the Group is expected to decrease immediately upon Completion, as the Consideration will be settled by the Group's internal resources including bank balance and cash. According to the Interim Report, the Group had total current assets and bank balance and cash of approximately HK\$2,009.1 million and HK\$429.5 million respectively as at 31 December 2020, meaning that the Group has sufficient cash resources to settle the Consideration. Accordingly, the Transaction is not expected to exert considerable pressure on the working capital position of the Group upon Completion.

6.3. Net asset value

Given that the Consideration will be settled by the Group's internal resources, the cash will be decreased by approximately HK\$102.6 million upon Completion. On the other hand, the assets of the Target Company to be consolidated into the Group will amount to approximately HK\$85.2 million, mainly being the investment in Dragon Mining recorded as interest in an associate in the Unaudited Accounts of the Target Company. The excess of Consideration over the fair value of the Target Company will be accounted for as goodwill. Given the above, it is expected that the net asset value of the Group would not have a significant difference as a result of the Transaction.

Having considered the reasons and benefits of the Transaction as well as the fairness and reasonableness of the Consideration and the future revenue to be generated from the Target Company, we are of the view that the above financial impacts of the Transaction on the Group are commercially justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons referred to above (including but not limited to the original acquisition cost and carrying value of the relevant shares in Dragon Mining as at 30 April 2021), we are of the opinion that, the entering into of the Sale and Purchase Agreement and the Transaction (including the Consideration) contemplated thereunder are in the ordinary and usual course of business of the Group, they are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Sale and Purchase Agreement and the Transaction contemplated thereunder at the SGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the Sale and Purchase Agreement and the Transaction contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

Set out below is the text of a letter prepared for the purpose of incorporation in this circular received from Norton Appraisals Holdings Limited, the Independent Valuer, in connection with the valuation analysis of the shares of Dragon Mining.



Unit F, 18/F., Seabright Plaza
9-23 Shell Street
North Point, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

25 June 2021

The Board of Directors
APAC Resources Limited
Room 2304, 23/F., Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

Re: Proposed indirect acquisition of the shares of Dragon Mining Limited

Referring to our telephone conversation and the information provided regarding the proposed indirect acquisition (the “**Proposed Acquisition**”) of certain shares (the “**Target Shares**”) of Dragon Mining Limited (the “**Target Company**”), we have carried out the valuation analysis in relation to the Proposed Acquisition as at 10 May 2021 (the “**Date of Valuation**”). As advised, the illustrative price per Acquired Share (as defined below) for the Proposed Acquisition is HKD2.50.

Background Information

The Target Company is incorporated in Western Australia and listed on the Main Board of the Stock Exchange of Hong Kong (stock code: 1712). Pursuant to disclosure of shareholding interests, Allied Properties Resources Limited is the single largest shareholder of the Target Company. The substantial shareholders of the Target Company as at the Date of Valuation are set out below.

Name of substantial shareholder	Nature of interest	Number of shares interested	% of issued voting shares
Allied Properties Resources Limited	Beneficial owner	41,032,727	25.83%
Sincere View International Ltd.	Beneficial owner	31,111,899	19.59%

The Proposed Acquisition is scheduled to be conducted by Genuine Legend Limited as purchaser and Allied Properties Overseas Limited as vendor for the acquisition of the entire issued share capital of Allied Properties Resources Limited, which holds 41,032,727 Target Shares (the “**Acquired Shares**”), equivalent to approximately 25.83% equity interest, of the Target Company.

Status of the Acquired Shares

Pursuant to the Corporations Act 2001 (Commonwealth) of Australia (the “**Act**”), there is a 20% acquisition limit for companies incorporated in Australia. The Act prohibits the acquisition of a relevant interest in voting shares if, because of that transaction, a person’s voting power in the company increases from 20% or under to more than 20% of the number of voting shares, unless it makes a takeover bid to acquire all voting shares in a stated class of the shares of such company, or satisfy other exceptions in the Act.

In light of the above, the amount of the Acquired Shares, if being acquired, shall trigger the threshold of takeovers under the Act and represent the single largest shareholding of the Target Company. The Acquired Shares, being a significant portion of the voting shares of the Target Company, shall also enable its holder to, by exercising its voting power, exert certain level of influence over the Target Company.

Trading of the Target Shares

The trading volume of the Target Shares has been relatively low since listing in November 2018. As a result, the closing price of the Target Shares on a specific date may not be representative for their fair value. Alternatively, we believe it is appropriate to use the average price of the Target Shares over a period of time to smooth the adverse effects of low trading volume on the share price.

Reference period (up to the Date of Valuation)	Horizon (months)	Average price (HKD)	Average volume (shares)
May 2021	1	1.90	81,000
Apr – May 2021	2	1.82	217,828
Mar – May 2021	3	1.90	363,907
Feb – May 2021	4	1.94	346,021
Jan – May 2021	5	1.96	282,904
Dec 2020 – May 2021	6	2.04	340,502

Basis of Valuation

For the purpose of valuation, we have observed and followed the HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors, International Valuation Standards 2017 issued by International Valuation Standards Council.

Valuation of the Acquired Shares

The Acquired Shares trading on the Stock Exchange of Hong Kong represent a minority yet significant equity interest in the Target Company, the holder of which could, by exercising its voting power, exert certain level of influence over the Target Company in terms of management and decision making.

A Premium is usually applied to reflect the difference between an asset that gives its holder the ability to influence the decision-making process of the company, and its comparable asset which does not give its holder such influence.

In our analysis, we have referred to The FactSet Mergerstat/BVR Control Premium Study, which is one of the most recognised, reliable and comprehensive database for information of premiums and discounts imposed on share prices of public mergers and acquisitions in the world. Data from which is sourced from the prominent FactSet Mergers database operated by an American financial data and software company listed on the New York Stock Exchange, verified by expert analysts and is widely used among professional valuers. Set out below are details of the premiums imposed on different categories of acquisitions around the world on or after 1 January 2011 as extracted from the said study.

	Category 1	Category 2	Category 3	Category 4	Category 5
Industry of the target	All	All	Mining	Mining	Mining
Percentage of shares in the target acquired	0-100%	<50%	0-100%	>50%	<50%
Number of relevant transactions	6,012	533	133	127	6
Median premium	n/a	n/a	27.9%	27.9%	30.3%

The median premiums for companies engaged in mining are 27.9% regarding all kinds of transactions, i.e. involving acquisition of equity interest for either above or below 50%, and 30.3% regarding the transactions involving acquisition of equity interest for less than 50%. We can observe from above that there is no significant difference between the median premiums for the different scenarios.

In terms of the best comparability in our analysis for a premium to be imposed on the Acquired Shares, since all transactions under category 5 above are acquisitions of less than 50% equity interest in companies engaged in the mining industry and listed on various stock exchanges, where on-market acquisitions of such significant minority position are/were impractical, we consider such transactions comparable to the Proposed Acquisition and the adoption of such median premium under that category of 30.3% as the premium to be imposed on the Acquired Shares is fair and appropriate.

The valuation analysis for the Acquired Shares based on the share prices and premium set out above is introduced in the following table.

Reference period (up to the Date of Valuation)	Average price (minority) (HKD) (a)	Average price (with premium) (HKD) $a \times (1 + 30.3\%)$	Average volume (shares)
May 2021	1.90	2.48	81,000
Apr – May 2021	1.82	2.37	217,828
Mar – May 2021	1.90	2.48	363,907
Feb – May 2021	1.94	2.52	346,021
Jan – May 2021	1.96	2.55	282,904
Dec 2020 – May 2021	2.04	2.66	340,502

The average prices of the Target Shares range from HKD2.37 to 2.66 depending on the reference period selected. Pursuant to above calculation, we can see that the average price is more likely to be located between HKD2.48 and HKD2.55 when the trading of the Target Shares is more active. Overall, the illustrative price per Acquired Share for the Proposed Acquisition is located within the range of applicable valuations and approximately in the middle of the range when trading volume is relatively significant.

In our opinion, we conclude that the illustrative price per Acquired Share for the Proposed Acquisition of HKD2.50 is reasonable based on above analysis.

Yours faithfully,

For and on behalf of

Norton Appraisals Holdings Limited

Oliver Y. Pan *MSc, CFA, FRM*

Associate Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, were as follows:

Long positions in the Shares and underlying Shares

Name of Directors	Capacity in which interests are held	Number of Shares/ underlying Shares held		Approximate percentage of shareholding
		Interests in Shares	Total interests	
Ms. Lam Lin Chu	Beneficial owner	75,000	75,000	0.00%
Mr. Lee Seng Hui	Other interests	486,457,630 (Note)	486,457,630	39.90%

Note: Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.96% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui’s personal interests) and is therefore deemed to be interested in 486,457,630 Shares in which AGL is deemed to be interested through Allied Properties Investments, its indirect wholly-owned subsidiary.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under

such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, the following Directors were directors or employees of companies which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Messrs. Arthur George Dew and Lee Seng Hui are directors of AGL. Mr. Wong Tai Chun, Mark, alternate director to Mr. Arthur George Dew, is the director of investment of AGL. AGL, through its wholly-owned subsidiary, is deemed to be interested in, for the purpose of the SFO, approximately 39.90% of the total issued share capital of the Company.
- (b) Ms. Lam Lin Chu is the chief financial officer of Shougang Fushan Resources Group Limited which, through its wholly-owned subsidiary, is deemed to be interested in, for the purpose of the SFO, approximately 17.64% of the total issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) was a director or employee of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS

- (i) *Director's interests in assets*

APAC Resources Management Limited ("**ARML**", a wholly-owned subsidiary of the Company) as the sub-tenant entered into a sub-tenancy agreement dated 31 March 2021 (the "**Sub-tenancy Agreement**") with AGL as the landlord in respect of the tenancy of portion of 23rd Floor of Allied Kajima Building, No. 138 Gloucester Road, Wanchai, Hong Kong ("**Premises**") (which was leased to AGL as the tenant by Art View Properties Limited, a joint venture of AGL, as the landlord under a head tenancy agreement dated 24 March 2021 (the "**Head Tenancy Agreement**") for a term of two years commencing on 1 April 2021 and expiring on 31 March 2023 (both days inclusive) at the rent of HK\$120,100 per calendar month.

Since Mr. Lee Seng Hui, a non-executive Director, is the chief executive and an executive director of AGL, and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interests, controls approximately 74.96% interests in the total number of issued shares of AGL as at the Latest Practicable Date, Mr. Lee is deemed to have an interest in the Premises leased to ARML.

As at the Latest Practicable Date, saved as disclosed above and the transaction contemplated under the Sale and Purchase Agreement, none of the Directors had any interest, direct or indirect, in any assets which have since 30 June 2020, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(ii) *Director's interests in contracts*

As disclosed in the announcement of the Company dated 1 September 2017, on 1 September 2017, APAC Resources Treasury Management Limited, a wholly-owned subsidiary of the Company, subscribed for US\$2.5 million of the five-year guaranteed 4.65% note due 8 September 2022 (the "**SHK Loan Note**") issued by Sun Hung Kai & Co. (BVI) Limited ("**SHK BVI**") and guaranteed by Sun Hung Kai & Co. Limited ("**SHK**"). SHK BVI is a wholly-owned subsidiary of SHK. As at the Latest Practicable Date, 80% of the SHK Loan Note was early redeemed by SHK BVI.

As disclosed in the announcements of the Company dated 23 May 2019, 14 June 2019 and 9 July 2019, on 23 May 2019, Ultra Effort Limited ("**Ultra Effort**", a wholly-owned subsidiary of the Company) as the lender entered into a loan agreement with Best Advantage Limited ("**Best Advantage**", a wholly-owned subsidiary of Tian An China Investments Company Limited ("**Tian An**")) as the borrower and Tian An as the guarantor (the "**Loan Agreement**"), pursuant to which Ultra Effort agreed to, among other things, make available to Best Advantage a revolving loan (the "**Loan Facility**") in the amount not exceeding HK\$235,000,000 (or an amount equivalent to HK\$235,000,000 in such alternative currency as acceptable to and agreed by Ultra Effort) during the availability period commencing on the date of the Loan Agreement and ending on the date falling 1 month prior to the repayment date, at an interest rate of 5.5% per annum, secured by a guarantee and indemnity provided by Tian An and repayable on 24 months from the date of first drawdown.

As disclosed in the announcement of the Company dated 10 May 2021, on 10 May 2021, Ultra Effort as the lender entered into a supplemental loan agreement with Best Advantage as the borrower and Tian An as the guarantor (the "**Supplemental Loan Agreement**"), pursuant to which, Ultra Effort 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 Ultra Effort) to HK\$260,000,000 (or an amount equivalent to HK\$260,000,000 in such alternative currency as acceptable to and agreed by Ultra Effort) 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. The Supplemental Loan Agreement, the transaction contemplated thereunder and the proposed annual caps are subject to the approval by the independent shareholders of the Company for such transactions and was not completed as at the Latest Practicable Date.

Mr. Arthur George Dew, the Chairman and a non-executive Director, is the chairman and a non-executive director of each of AGL and Dragon Mining, and holds approximately 0.14% of the issued share capital of Dragon Mining as at the Latest Practicable Date, is therefore deemed to be interested in the transaction contemplated under the Sale and Purchase Agreement.

Mr. Brett Robert Smith, the Deputy Chairman and an executive Director, is the chief executive officer and an executive director of Dragon Mining, and holds approximately 0.07% of the issued share capital of Dragon Mining as at the Latest Practicable Date, is therefore deemed to be interested in the transaction contemplated under the Sale and Purchase Agreement.

As at the Latest Practicable Date, Mr. Lee Seng Hui, a non-executive Director, is the chief executive and an executive director of AGL, the chairman and a non-executive director of Tian An, and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interests, controls approximately 74.96% interests in the total number of issued shares of AGL, which in turn indirectly owns approximately 39.90% of the total number of issued shares of the Company. Since AGL indirectly owns approximately 72.74% and 48.86% interests in the total number of issued shares of SHK and Tian An respectively, and the Vendor is a wholly-owned subsidiary of AGL, Mr. Lee is deemed to be interested in (i) the subscription of the SHK Loan Note; (ii) the transactions contemplated under the Loan Agreement and the Supplemental Loan Agreement; and (iii) the transaction contemplated under the Sale and Purchase Agreement.

Mr. Chang Chu Fai, Johnson Francis, an independent non-executive Director, is also an independent non-executive director of Tian An and is therefore interested in the transactions contemplated under the Loan Agreement and the Supplemental Loan Agreement.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020, being the date to which the latest published audited financial statements of the Group were made up.

6. EXPERTS' QUALIFICATION AND CONSENT

The following is the qualification of each of the experts who has given an opinion or advice contained in this circular:

Name	Qualification
Pelican Financial Limited	A corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity
Norton Appraisals Holdings Limited	Independent valuer

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements given as of the date of this circular and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the above experts had any interest, direct or indirect, in any assets which have since 30 June 2020, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, the following Directors were considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules as set out below:

- (i) Mr. Arthur George Dew is a director of AGL. Mr. Wong Tai Chun, Mark, alternate director to Mr. Arthur George Dew, is a director of certain subsidiaries of AGL. AGL, through its subsidiaries, is partly engaged in the businesses of (a) money lending; (b) investment and trading in securities in the resources and related industries and financial instruments; and (c) trading in listed securities and investment in bonds;
- (ii) Mr. Lee Seng Hui is a director of each of AGL, Tian An and a non wholly-owned subsidiary of SHK, and also one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, SHK, Tian An, Asiasec Properties Limited ("**Asiasec**"), Dragon Mining and Tanami Gold NL ("**Tanami Gold**") which, through their subsidiaries, are partly engaged in the businesses as follows:
 - AGL, through its subsidiaries, is partly engaged in the businesses of (a) money lending; (b) investment and trading in securities in the resources and related industries and financial instruments; and (c) trading in listed securities and investment in bonds;
 - SHK, through certain of its subsidiaries, is partly engaged in the business of money lending;
 - Tian An and Asiasec, through certain of their subsidiaries, are partly engaged in the business of money lending; and
 - Dragon Mining and Tanami Gold, through certain of their subsidiaries, are involved in the exploration for, and mining and processing gold ores and are partly involved in the investment and trading in listed securities in the resources and related industries;

- (iii) Mr. Lee Seng Hui is a director of Mount Gibson Iron Limited (“**Mount Gibson**”) and Mr. Andrew Ferguson is an alternate director to Mr. Lee Seng Hui in Mount Gibson which, through certain of its subsidiaries, is partly involved in the investment and trading in listed securities in the resources and related industries; and
- (iv) Mr. Arthur George Dew and Mr. Brett Robert Smith are both directors of each of Dragon Mining and Tanami Gold. Mr. Wong Tai Chun, Mark is an alternate director to Mr. Arthur George Dew in each of Dragon Mining and Tanami Gold. Dragon Mining and Tanami Gold, through certain of their subsidiaries, are involved in the exploration for, and mining and processing gold ores and are partly involved in the investment and trading in listed securities in the resources and related industries.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship (other than an independent non-executive director) or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies.

Save as disclosed above, none of the Directors or their respective close associates were interested in any business apart from the Group’s businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the Company’s principal place of business in Hong Kong for a period of not less than 14 days from the date of this circular up to and including the date of the SGM:

- (i) this circular;
- (ii) the SHK Loan Note;
- (iii) the Loan Agreement;
- (iv) the Sub-tenancy Agreement (which includes the Head Tenancy Agreement as annexure);
- (v) the Supplemental Loan Agreement;
- (vi) the Sale and Purchase Agreement;
- (vii) the letter from the Independent Board Committee as set out in this circular;
- (viii) the letter from the Independent Financial Adviser as set out in this circular;

- (ix) the valuation analysis of the shares of Dragon Mining as set out in Appendix I of this circular; and
- (x) the written consents referred to under “Experts’ Qualification and Consent” in this appendix.

9. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.



APAC RESOURCES

APAC RESOURCES LIMITED**亞太資源有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 1104)**

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of APAC Resources Limited (the “**Company**”) will be held at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 20 July 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as the ordinary resolution of the Company:

ORDINARY RESOLUTION**“THAT:**

- (a) the sale and purchase agreement dated 14 May 2021 (the “**Sale and Purchase Agreement**”) entered into between Genuine Legend Limited as purchaser (the “**Purchaser**”) and Allied Properties Overseas Limited as vendor (the “**Vendor**”), pursuant to which:
 - (i) the Purchaser shall acquire and the Vendor shall sell one ordinary share of par value of US\$1.00 in the capital of Allied Properties Resources Limited (the “**Target Company**”), representing the entire issued share capital of the Target Company; and
 - (ii) the shareholder’s loan in the principal amount of HK\$412,260,336 due to the Vendor by the Target Company (subject to adjustment by reducing such amount due from a broker and the bank balances of the Target Company provided that it shall not exceed HK\$412,260,336 at completion of the Transaction (as defined below)) shall be assigned by the Vendor to the Purchaser

(collectively, the “**Transaction**”) on the terms and subject to the conditions therein (details of the Sale and Purchase Agreement are set out in the Company’s circular dated 25 June 2021 and a copy of the Sale and Purchase Agreement marked “A” has been produced to the SGM and initialled by the chairman of the SGM for the purpose of identification) and the Transaction be and are hereby approved, confirmed and ratified; and

* For identification purpose only

- (b) any one of the directors of the Company be and is hereby authorised to do such acts and execute such other documents as he/she may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the Sale and Purchase Agreement and the Transaction.”

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

Hong Kong, 25 June 2021

Notes:

1. Any member entitled to attend and vote at the meeting will be entitled to appoint a proxy or, if such member is a holder of two or more shares, proxies to attend and vote in such member's stead. A proxy need not be a member of the Company but must attend the meeting in person to represent the appointing member.
2. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof (as the case may be) and in such event the instrument appointing the proxy shall be deemed to be revoked.
4. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. To ascertain shareholders' eligibility to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 15 July 2021 to Tuesday, 20 July 2021, 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 meeting, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 14 July 2021.
6. In order to facilitate the prevention and control of the spread of the Novel Coronavirus epidemic and to safeguard the health and safety of the shareholders of the Company, the Company encourages its shareholders to consider appointing the chairman of the SGM as his/her proxy to vote on the relevant resolution at the SGM as an alternative to attending the SGM in person.

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

Executive Directors:

Mr. Brett Robert Smith (*Deputy Chairman*)

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

Ms. Lam Lin Chu

Independent Non-Executive Directors:

Dr. Wong Wing Kuen, Albert

Mr. Chang Chu Fai, Johnson Francis

Mr. Wang Hongqian