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**APAC RESOURCES
APAC RESOURCES LIMITED**

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

PROPOSED BONUS ISSUE OF WARRANTS

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The Board proposes, subject to the satisfaction of the condition below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Warrant for every five (5) Shares held on the Record Date.

The Warrants will be issued in registered form. Each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial subscription price of HK\$1.2, subject to adjustments, upon exercise of the Warrant. The Warrant will be exercisable at any time from the date of issue of the Warrants to the last date falling thirteen months thereafter, which is expected to be from Tuesday, 7 September 2021 to Thursday, 6 October 2022 (both days inclusive). The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the New Shares.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

The Warrants to be issued under the Bonus Warrants Issue will only be issued to Qualifying Shareholders. In order to qualify for the Bonus Warrants Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. The register of members of the Company will be closed from Wednesday, 18 August 2021 to Monday, 23 August 2021 (both days inclusive) for determining entitlements to the Bonus Warrants Issue. No transfer of Shares may be registered during the book closure period. The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Friday, 13 August 2021.

GENERAL

A circular containing, amongst other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

THE PROPOSED BONUS ISSUE OF WARRANTS

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GENERAL MANDATE

The Warrants will be issued pursuant to the general mandate to issue Shares granted to the Directors at the Company's annual general meeting held on 20 November 2020. Under the said general mandate and on the basis of 1,218,893,914 issued Shares as at 20 November 2020, the Directors were authorised generally to issue up to 243,778,782 Shares. No Share has been allotted or issued under the general mandate since it was approved and a maximum of 243,778,782 Shares can be issued under the general mandate.

The Bonus Warrants Issue is not subject to the Shareholders' approval.

SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

Each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share. Based on 1,218,893,914 issued Shares as at the date of this announcement and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement up to the Record Date, the maximum number of Warrants to be issued will be 243,778,782 Warrants and upon the full exercise of the subscription rights attaching to the Warrants, a maximum of 243,778,782 New Shares (subject to adjustments) will be issued, representing 20% of the total number of shares in issue as at the date of this announcement and approximately 16.67% of the total number of shares in issue as enlarged by the New Shares to be issued upon the exercise of all Warrants. Based on the initial subscription price of HK\$1.2 per New Share, the Company would receive the subscription monies totalling up to approximately HK\$292.53 million.

As at the date of this announcement, the Company has no outstanding share options, warrants, convertible securities or similar rights entitling any person to subscribe for Shares prior to the Record Date.

CONDITION TO THE BONUS WARRANTS ISSUE

The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the New Shares.

SUBSCRIPTION PRICE AND SUBSCRIPTION PERIOD

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial subscription price of HK\$1.2, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions (provided that the New Shares to be issued on the exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, exceed 20% of the number of issued Shares of the Company at the time such Warrants are issued), at any time from the date of issue of the Warrants to the last date falling thirteen months thereafter, which is expected to be from Tuesday, 7 September 2021 to Thursday, 6 October 2022 (both days inclusive).

The initial subscription price of HK\$1.2 represents:

- (i) a discount of approximately 4.00% to the closing price per Share of HK\$1.25 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.44% to the average closing price per Share of approximately HK\$1.23 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 2.44% to the average closing price per Share of approximately HK\$1.23 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The initial subscription price for the Warrants was determined with reference to the recent market price of the Shares. The Directors consider the terms of the Bonus Warrants Issue, including the initial subscription price thereof, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to the Warrants (if any) will not be issued to the Qualifying Shareholders but will, where practicable, be aggregated and sold in the market for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

OVERSEAS SHAREHOLDERS

The circular to be issued for the Bonus Warrants Issue and the Warrants to be issued will not be registered or filed under any securities legislation in any jurisdiction outside Hong Kong.

As at the date of this announcement, the Company has certain Overseas Shareholders whose registered addresses on the register of members of the Company are outside Hong Kong, including one in Australia, two in Germany, one in Switzerland and one in the United Kingdom.

In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make enquiry pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place in which such Overseas Shareholder is residing. If, the Directors are of the view that, after such enquiry and based on the relevant legal opinions obtained, the exclusion of such Overseas Shareholder is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Warrants will not be granted to such Overseas Shareholder.

In view of the above, Warrants which would otherwise be issued to the Non-Qualifying Shareholder(s) under the Bonus Warrants Issue will be sold in the market as soon as possible after the commencement of dealings in the Warrants, if a premium (net of expenses) can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Shareholder(s) pro rata to their respective holdings of Shares on the Record Date. Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Bonus Warrants Issue or whether any government or other consents are required or other formalities need to be observed.

REASONS FOR THE BONUS WARRANTS ISSUE

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 Directors believe that the Bonus Warrants Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrants Issue will also strengthen the equity base of the Company and increase the Company's general working capital and the potential investments to be identified if and when the subscription rights attaching to the Warrants are exercised.

The Company intends to apply any subscription monies received as and when subscription rights are exercised for enhancing the Group's capacity to further invest in companies involved in the resources sector and towards general working capital of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities by issue of equity securities in the twelve months immediately before the date of this announcement.

LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares. The New Shares will rank *pari passu* in all respects with the then existing issued Shares.

CERTIFICATES FOR THE WARRANTS AND BOARD LOT

Subject to the satisfaction of the condition to the Bonus Warrants Issue, it is expected that certificates for the Warrants will be posted on or before Tuesday, 7 September 2021 at the risk of the Qualifying Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

Dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 8 September 2021. The Warrants are expected to be traded on the Stock Exchange in board lots of 12,000 Warrants.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 August 2021 to Monday, 23 August 2021 (both days inclusive) for determining entitlements to the Bonus Warrants Issue.

The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Friday, 13 August 2021. In order to qualify for the Bonus Warrants Issue, all outstanding 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 Tuesday, 17 August 2021.

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrants Issue set out below is for indicative purposes only and has been prepared on the assumption that the condition of the Bonus Warrants Issue will be fulfilled. All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

The expected timetable for implementing the Bonus Warrants Issue is set forth below:

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| Last day of dealings in Shares cum-entitlements to the Bonus Warrants Issue | Friday, 13 August 2021 |
| First day of dealings in Shares ex-entitlements to the Bonus Warrants Issue | Monday, 16 August 2021 |

Latest time for lodging forms of transfer
of Shares to ensure entitlement
to the Bonus Warrants Issue no later than 4:30 p.m. on
Tuesday, 17 August 2021

Closure of register of members of
the Company, both days inclusive Wednesday, 18 August 2021
to Monday, 23 August 2021

Record Date Monday, 23 August 2021

Despatch of the Warrant certificates by Tuesday, 7 September 2021

Commencement of dealings in the
Warrants on the Stock Exchange Wednesday, 8 September 2021

GENERAL

A circular containing, among other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

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|------------------------|--|
| “Board” | the board of Directors; |
| “Bonus Warrants Issue” | the proposed bonus issue of Warrants by the Company to the Qualifying Shareholders on the basis of one (1) Warrant for every five (5) Shares held on the Record Date; |
| “Company” | APAC Resources Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104); |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |

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| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Last Trading Day” | Tuesday, 29 June 2021, being the last trading day of the Shares as at the date of this announcement; |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “New Share(s)” | ordinary share(s) of HK\$1.00 each in the share capital of the Company which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants; |
| “Non-Qualifying Shareholder(s)” | the Overseas Shareholder(s) whom the Directors, based on legal opinions to be obtained by the Company, are of the view that it would be necessary or expedient to exclude them from the Bonus Warrants Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, if any; |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong; |
| “Qualifying Shareholder(s)” | the Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date; |
| “Record Date” | Monday, 23 August 2021, being the record date for ascertaining the entitlements of Shareholders to the Bonus Warrants Issue; |
| “Share(s)” | ordinary share(s) of HK\$1.00 each in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of the Share(s); |

| | |
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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Warrant(s)” | warrant(s) proposed to be issued by the Company to subscribe for New Shares at an initial subscription price of HK\$1.2 per New Share, subject to adjustments; and |
| “%” | per cent. |

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

Hong Kong, 29 June 2021

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

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

* *For identification purpose only*