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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)**

**CONDITIONAL CASH OFFER**

**BY**

**YU MING INVESTMENT MANAGEMENT LIMITED**

**ON BEHALF OF APAC RESOURCES LIMITED**

**TO REPURCHASE UP TO 680,000,000 SHARES**

**FOR HK\$0.18 PER SHARE,**

**INVOLVING AN APPLICATION FOR WHITEWASH WAIVER**

**RESUMPTION OF TRADING**

**Financial Adviser**



禹銘投資管理有限公司

YU MING INVESTMENT MANAGEMENT LIMITED

This announcement is made pursuant to Rule 3.5 of the Takeovers Code and Rule 13.09 of the Listing Rules.

The Board announces that a conditional cash offer will be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to the fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 680,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this announcement. The Qualifying Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$0.18 per Share. The Shares to be repurchased by the Company will not exceed the Maximum Number of Shares. There is no minimum number of Shares proposed to be repurchased under the Offer. If the Offer is fully accepted, it will result in the Company paying to the Accepting Shareholders who have submitted Acceptance Forms HK\$0.18 per Share, which will be paid in cash. The maximum amount payable by the Company under the Offer is HK\$122,400,000.

The Offer Price of HK\$0.18 per Share represents:

- (i) a premium of approximately 27.66% over the closing price of the Shares of HK\$0.141 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 25.17% over the average price of HK\$0.1438, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 23.88% over the average price of HK\$0.1453, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a discount of approximately 45.78% to the Group's net asset value of approximately HK\$0.332 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 June 2013.

Taskwell and Rise Cheer were beneficially interested in an aggregate 2,030,939,562 Shares (as to 906,299,562 and 1,124,640,000 respectively), representing approximately 29.81% of the total issued share capital of the Company as at the date of this announcement. Taskwell and Rise Cheer are both indirect wholly-owned subsidiaries of COL. COL is 72.87% owned by Vigor Online Offshore Limited, a company indirectly wholly-owned by Ms. Chong Sok Un. Taskwell and Rise Cheer are deemed to be acting in concert for the purposes of the Takeovers Code. Taskwell and Rise Cheer have indicated that they will not accept the Offer for the Shares held by them as at the date of this announcement.

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming on the basis Taskwell and Rise Cheer not accepting the Offer to tender Shares held by them, the beneficial interest in the Company's issued share capital held by Taskwell and Rise Cheer and parties acting in concert with any of them may increase from its current level of approximately 29.81% to a maximum of approximately 33.12% upon completion of the Offer, thereby triggering a general obligation by Taskwell and Rise Cheer and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Taskwell and Rise Cheer and parties acting in concert with any of them. Accordingly, an application for the Whitewash Waiver will be made to the Executive by Taskwell and Rise Cheer.

As Taskwell and Rise Cheer have indicated that they will not accept the Offer, each of the Accepting Shareholders is entitled to sell to the Company the Assured Entitlement of 2,800 Shares out of every board lot of 20,000 Shares he, she or it owns as at the close of the Offer. In the event that not all Qualifying Shareholders submit the Acceptance Forms, the Surplus Shares, being the Maximum Number of Shares less the aggregate Assured Entitlements received, will then be available for acceptance by those Accepting Shareholders who have stated in their Acceptance Forms an Excess Number of Shares which they wish to accept for repurchase under the Offer.

The Offer will be subject to the fulfilment of the following Conditions:

- (a) the approval by the Independent Shareholders voting in person or by proxy at the SGM of an ordinary resolution to approve by way of a poll the Whitewash Waiver, and of special resolutions to approve by way of a poll the Offer and the Repurchase Mandate;
- (b) the granting of the Whitewash Waiver by the Executive; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer.

**The Offer will not be conditional on any minimum number of acceptances.**

Taskwell, Rise Cheer and any party acting in concert with any of them will abstain from voting at the SGM on the resolution approving the Offer, the Repurchase Mandate and the Whitewash Waiver.

An Independent Board Committee will be formed to advise the Independent Shareholders and an Independent Financial Adviser will be appointed with the approval of the Independent Board Committee to advise it and the Independent Shareholders in relation to the Offer, the Repurchase Mandate and the Whitewash Waiver. The Company will make an announcement upon the appointment of the Independent Financial Adviser.

It should be noted that dealings in the Shares will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing the Shares during such period will accordingly bear the risk that the Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any of the Shares during this period is in any doubt about his or her position, it is recommended that he or she should consult his or her professional adviser.

**As the Offer is subject to the fulfillment of all of the Conditions, it may or may not become unconditional and the Offer may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **GENERAL**

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer, the Whitewash Waiver and the Repurchase Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, none of the Shareholders other than Taskwell and Rise Cheer, have a material interest in the transactions contemplated under the Offer, the Repurchase Mandate and the Whitewash Waiver as at the date of this announcement. Accordingly, none of the Shareholders other than (i) Taskwell, Rise Cheer and parties acting in concert with any of them and (ii) Mr. Ferguson, who have been involved in the formulation of the Offer, will be required to abstain from voting at the SGM in respect of the resolution relating to the Offer, the Repurchase Mandate and the Whitewash Waiver.

The Offer Document, which will contain details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter of advice from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was halted on the Stock Exchange at 9:00 a.m. on 20 January 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 24 January 2014.

This announcement is made pursuant to Rule 3.5 of the Takeovers Code and Rule 13.09 of the Listing Rules.

## **INTRODUCTION**

The Board announces that a conditional cash offer will be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 680,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this announcement. The Qualifying Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$0.18 per Share.

The Shares to be repurchased by the Company will not exceed the Maximum Number of Shares. There is no minimum number of Shares proposed to be repurchased under the Offer. If the Offer is fully accepted, it will result in the Company paying to the Accepting Shareholders who have submitted Acceptance Forms HK\$0.18 per Share, which will be paid in cash.

The maximum amount payable by the Company under the Offer is HK\$122,400,000. The Offer will be satisfied by internal resources of the Group. Yu Ming has confirmed that sufficient financial resources are available to the Company to implement the Offer in full if the Maximum Number of Shares is repurchased.

## **PRINCIPAL TERMS OF THE OFFER**

The Offer will be made by Yu Ming on behalf of the Company, subject to fulfilment of the Conditions to repurchase the Shares at the Offer Price, for up to the Maximum Number of Shares. All Qualifying Shareholders are entitled to accept the Offer by submitting Acceptance Forms for the sale of any number of their Shares to the Company.

The principle features of the Offer will be as follows:

- (a) The Company will repurchase up to the Maximum Number of Shares at the Offer Price.
- (b) The Qualifying Shareholders may submit Acceptance Forms in respect of any number of his or her Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.
- (e) The Shares specified in an Acceptance Form will be repurchased in the following order:
  - (i) firstly, all the Shares up to the Assured Entitlement of an Accepting Shareholder; and
  - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in the relevant Acceptance Form bears to the aggregate Excess Number of Shares in all the Acceptance Forms.
- (f) All Shares will be repurchased free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Qualifying Shareholders who accept the Offer and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be repurchased under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount of cash payable to an Accepting Shareholder.

The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders in respect of the Offer.

- (g) All repurchased Shares will be cancelled.

- (h) The Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him, her or it to Yu Ming and the Company that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement).

In compliance with Rule 3 of the Repurchase Code, the Offer will be subject to the approval by the Independent Shareholders by way of a poll. The Offer will also be subject to the other terms and conditions referred to under the section entitled “Conditions to the Offer” below. If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

The consideration under the Offer will not be despatched until after the Acceptance Form is completed in all respects and the share certificate(s), and/or transfer receipts(s) and/or other document(s) of title satisfactory to the Company have been received. Assuming the Offer has become unconditional, Shares tendered under the Offer shall be paid for by the Company as soon as possible after and in any event within 7 business days following the close of the Offer.

The full terms and details of the Offer will be set out in the Offer Document.

## **THE OFFER PRICE**

The Offer Price of HK\$0.18 per Share represents:

- (i) a premium of approximately 27.66% over the closing price of the Shares of HK\$0.141 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 25.17% over the average price of HK\$0.1438, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 23.88% over the average price of HK\$0.1453, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a discount of approximately 45.78% to the Group’s net asset value of approximately HK\$0.332 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 June 2013.

## **ASSURED ENTITLEMENT AND EXCESS NUMBER OF SHARES**

As at the date of this announcement, there are 6,811,927,990 Shares in issue. The Maximum Number of Shares, being 680,000,000 Shares, represents approximately 10% of the total issued share capital of the Company as at the date of this announcement. Taskwell and Rise Cheer have indicated that they will not accept the Offer for Shares held by them respectively as such each of the Accepting Shareholders is entitled to sell to the Company the Assured Entitlement of 2,800 Shares for every board lot of 20,000 Shares he, she or it owns as at the close of the Offer. The number of Shares which may be acquired from an Accepting Shareholder may be in excess of his or her Assured Entitlement in the event that there are Excluded Shareholders or when there are Qualifying Shareholders not submitting Acceptance Forms or the number of the Shares specified in some of the Acceptance Forms is less than the Assured Entitlements of the relevant Accepting Shareholders. The number of Shares so acquired will be dependent on the number of the Surplus Shares.

If the aggregate Excess Number of Shares falls below the Surplus Shares, all of the Excess Number of Shares will be repurchased by the Company. In the event of the aggregate Excess Number of Shares exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Number of Shares will be entitled to the repurchase by the Company of that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in his or her Acceptance Forms bears to the aggregate Excess Number of Shares calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Number of Shares specified in an Acceptance Form

A = aggregate Excess Number of Shares specified in all of the Acceptance Forms

S = Surplus Shares

The total number of the Shares which will be repurchased by the Company will not exceed the Maximum Number of Shares.



## **OVERSEAS SHAREHOLDERS**

In order to address the implications of overseas securities laws relating to the making of the Offer to the Overseas Shareholders (which implications may include illegality, filing and registration requirements or the need for compliance with other requirements), subject to the prior consent of the Executive, the Offer will not be made to the Excluded Shareholders nor will the Offer be capable of being accepted by such Excluded Shareholders. Applications will be made to the Executive under Rule 8 of the Repurchase Code, before the despatch of the Offer Document, for consent if the Company considers that there are Excluded Shareholders at the time. The Executive would not normally consent to such an application unless the Executive is satisfied that it would be unduly burdensome for the Company to do so in relation to an overseas jurisdiction.

As the Offer to the Overseas Shareholders may be affected by foreign laws, the Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Shareholder who wishes to submit an Acceptance Form to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

## **ODD LOTS ARRANGEMENTS**

Currently, the Shares are traded in board lots of 20,000 Shares each. Such board lot size will not change as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of the Shares. The Company will make arrangements and appoint a designated broker to match sales and purchases of odd lot trading of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Further details of this arrangement will be described in the Offer Document and by subsequent announcement as necessary.

## **NOMINEE REGISTRATION OF SHARES**

To ensure equality of treatment of all Qualifying Shareholders, those registered holders of the Shares who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.



## WHITEWASH WAIVER

Taskwell and Rise Cheer were beneficially interested in an aggregate 2,030,939,562 Shares (as to 906,299,562 and 1,124,640,000 respectively), representing approximately 29.81% of the total issued share capital of the Company as at the date of this announcement. Taskwell and Rise Cheer are both indirect wholly-owned subsidiaries of COL. COL is 72.87% owned by Vigor Online Offshore Limited, a company indirectly wholly owned by Ms. Chong Sok Un. Taskwell and Rise Cheer are deemed to be acting in concert for the purposes of the Takeovers Code. Taskwell and Rise Cheer have indicated that they will not accept the Offer for the Shares held by them as at the date of this announcement. Save as disclosed above, none of Taskwell, Rise Cheer or parties acting in concert with any of them holds, controls or has directions over voting rights, rights over Shares, convertible securities, warrants, options or derivative in respect of Shares, nor has the Company received any irrevocable commitment from Shareholders to accept the Offer or vote for or against the Repurchase Mandate or the Whitewash Waiver in the SGM.

Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code provide that where, as a result of share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such interest will be treated as an acquisition for the purpose of the Takeovers Code. Consequently, depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming that Taskwell and Rise Cheer do not accept the Offer to tender Shares held by them, the beneficial interest in the Company's issued share capital held by Taskwell and Rise Cheer and parties acting in concert with any of them may increase from its current level of approximately 29.81% to a maximum of approximately 33.12% upon completion of the Offer, thereby triggering a general obligation by Taskwell and Rise Cheer and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Taskwell and Rise Cheer and parties acting in concert with any of them.

Accordingly, an application for the Whitewash Waiver will be made to the Executive by Taskwell and Rise Cheer.

**The Offer, the Repurchase Mandate and the Whitewash Waiver will be subject to the approval by the Independent Shareholders voting in person or by proxy at the SGM of an ordinary resolution to approve by way of a poll the Whitewash Waiver, and of special resolutions to approve by way of a poll the Offer and the Repurchase Mandate. If the Whitewash Waiver is not approved by the Independent Shareholders or if it is not granted by the Executive, the Offer will lapse.**

## **DEALINGS IN SHARES BY THE COMPANY, TASKWELL AND RISE CHEER AND PARTIES ACTING IN CONCERT WITH ANY OF THEM**

The Company has not repurchased any Shares in the six-month period prior to the date of this announcement and will not conduct any on-market share repurchase from the date of this announcement up to and including the date of the Offer closes, lapses or is withdrawn, as the case may be.

Taskwell, Rise Cheer and parties acting in concert with any of them have confirmed that there has been no dealing in the Shares in the six months immediately prior to the date of this announcement.

## **OTHER ARRANGEMENTS**

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares entered into by the Company, Taskwell or Rise Cheer or parties acting in concert with any of them which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement to which the Company or Taskwell or Rise Cheer or parties acting in concert with any of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver. None of Taskwell, Rise Cheer or parties acting in concert with any of them has borrowed or lent any Shares or other relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company.

## **OTHER APPROVALS**

The Offer may be subject to the Company obtaining the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer. The Company is not aware of any such approvals being required as at the date of this announcement.

## SHAREHOLDING STRUCTURES

Set out below are a table and charts showing the shareholding structure of the Company prior to and after the completion of the Offer on the assumption that (i) the number of the Shares repurchased reaches the Maximum Number of Shares; (ii) the number of the Shares in issue as at the date of this announcement remains unchanged until the completion of the Offer; and (iii) Taskwell and Rise Cheer do not accept the Offer to tender Shares held by them respectively.

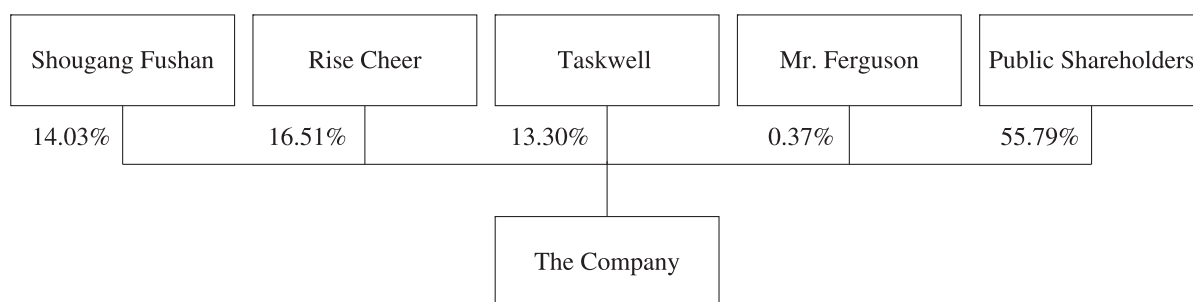
	Immediately before the Offer		Immediately after completion of the Offer assuming Shougang Fushan and Mr. Ferguson accepting all of their Assured Entitlement and none of the Excess Number of Shares	
	<i>Shares</i>	<i>Approx. %</i>	<i>Shares</i>	<i>Approx. %</i>
Rise Cheer ( <i>Note 1</i> )	1,124,640,000	16.51%	1,124,640,000	18.34%
Taskwell ( <i>Note 1</i> )	<u>906,299,562</u>	<u>13.30%</u>	<u>906,299,562</u>	<u>14.78%</u>
Sub-Total of Rise Cheer, Taskwell and parties acting in concert with any of them	2,030,939,562	29.81%	2,030,939,562	33.12%
Shougang Fushan ( <i>Note 2</i> )	956,000,000	14.03%	822,160,000	13.41%
Mr. Ferguson	25,000,000	0.37%	21,500,000	0.35%
Public Shareholders	<u>3,799,988,428</u>	<u>55.79%</u>	<u>3,257,328,428</u>	<u>53.12%</u>
Total	<u><u>6,811,927,990</u></u>	<u><u>100.00%</u></u>	<u><u>6,131,927,990</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. Taskwell and Rise Cheer were beneficially interested in an aggregate of 2,030,939,562 Shares (as to 906,299,562 and 1,124,640,000 respectively), representing approximately 29.81% of the total issued share capital of the Company as at the date of this announcement. Taskwell and Rise Cheer are both indirect wholly-owned subsidiaries of COL. COL is 72.87% owned by Vigor Online Offshore Limited, a company indirectly wholly owned by Ms. Chong Sok Un.
2. These shares are held by Benefit Rich Limited, a company direct wholly-owned subsidiary of Shougang Fushan Resources Group Limited (“**Shougang Fushan**”), a company listed on the Main Board of the Stock Exchange with the stock code 639. Pursuant to the information published on the website of the Stock Exchange, substantial shareholders of Shougang Fushan are Shougang Holdings (Hong Kong) Limited and Sino Life Insurance Co., Ltd., holding 29.41% and 24.01% shares respectively in Shougang Fushan.

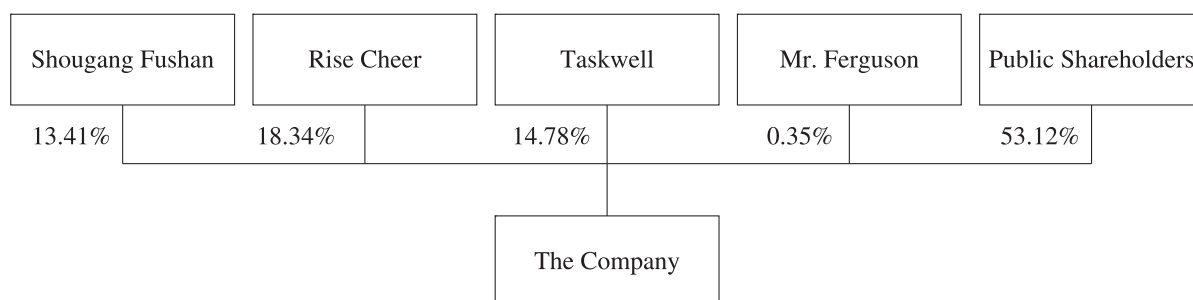
Neither Shougang Fushan nor Mr. So Kwok Hoo, non-executive Director representing the interests of Shougang Fushan in the Company, was involved in the formulation or negotiation of the Offer or the Repurchase Mandate.

### Immediately before the Offer



Total issued share capital: 6,811,927,990 Shares

### Immediately after completion of the Offer assuming Shougang Fushan and Mr. Ferguson accepting all of their Assured Entitlement and none of the Excess Number of Shares



Total issued share capital: 6,131,927,990 Shares

### CONDITIONS TO THE OFFER

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution by the Independent Shareholders voting in person or by proxy at the SGM to approve by way of a poll the Whitewash Waiver, and the passing of special resolutions by the Independent Shareholders voting in person or by proxy at the SGM to approve by way of a poll the Offer and the Repurchase Mandate;
- (b) the granting of the Whitewash Waiver by the Executive; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer.

None of the conditions above is waivable. Taskwell, Rise Cheer and any party acting in concert with any of them, as well as Mr. Ferguson, who has been involved in the formulation of the Offer, will abstain from voting at the SGM on the resolution approving the Offer, the Repurchase Mandate and the Whitewash Waiver as described above.

**If the Offer, the Repurchase Mandate or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse.**

**The Offer will not be conditional on any minimum number of acceptances.**

## **REASONS AND FINANCIAL EFFECT OF THE OFFER**

The Board believes it is appropriate to utilize certain of the funds of the Company to purchase the Shares and to thereby provide a mechanism for the Qualifying Shareholders to dispose their Shares at premium to the prevailing market prices should they wish to do so.

In view of the above factors and having considered other methods of achieving its objectives with its professional advisers, the Board (other than the members of the Independent Board Committee who will express their opinion in the Offer Document) considers that the Offer is in the best interest of the Shareholders as it will:

- (a) return part of the funds to the Shareholders pursuant to the Offer;
- (b) provide an opportunity for the Qualifying Shareholders either to sell their Shares at premium to the prevailing market prices and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company; and
- (c) have the effect of increasing the consolidated net asset value per Share and earnings per Share.

Assuming that the Maximum Number of Shares will be repurchased by the Company and based on the audited consolidated net assets of the Group for the twelve months ended 30 June 2013, it is expected that the net assets of the Group will decrease, whilst the net asset value per Share will increase, upon completion of the Offer. Further details of the financial effects of the Offer, including the effects of the Offer on the net asset value of the Group, the net asset value per Share, the earnings of the Group and the earnings per Share, will be set out in the Offer Document to be despatched to the Shareholders as soon as practicable.

## **INFORMATION ON THE GROUP**

The Company is an established natural resource 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 and energy.

## **FUTURE INTENTIONS OF THE GROUP**

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major changes will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed as a result of the Offer.

## **GENERAL**

The Offer Document, which will contain details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable. Taskwell, Rise Cheer and any party acting in concert with any of them will abstain from voting at the SGM on the resolution to approve the Offer, the Repurchase Mandate and the Whitewash Waiver.

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming Taskwell and Rise Cheer not accepting the Offer to tender the Shares held by them, the beneficial interest in the Company's issued share capital held by Taskwell or Rise Cheer and parties acting in concert with any of them may increase from its current level of approximately 29.81% to a maximum of approximately 33.12% upon completion of the Offer, thereby triggering a general obligation by Taskwell and Rise Cheer and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Taskwell and Rise Cheer and parties acting in concert with any of them. Accordingly, an application for the Whitewash Waiver will be made to the Executive by Taskwell or Rise Cheer.

An Independent Board Committee will be formed to advise the Independent Shareholders and an Independent Financial Adviser will be appointed with the approval of the Independent Board Committee to advise it and the Independent Shareholders in respect of the Offer, the Repurchase Mandate and the Whitewash Waiver. The Company will make an announcement upon the appointment of the Independent Financial Adviser.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer, the Whitewash Waiver and the Repurchase Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, none of the Shareholders other than Taskwell and Rise Cheer, have a material interest in the transactions contemplated under the Offer, the Repurchase Mandate and the Whitewash Waiver as at the date of this announcement. Accordingly, none of the Shareholders other than (i) Taskwell, Rise Cheer and parties acting in concert with any of

them and (ii) Mr. Ferguson, who have been involved in the formulation of the Offer, will be required to abstain from voting at the SGM in respect of the resolution relating to the Offer, the Repurchase Mandate and the Whitewash Waiver.

## **DEALINGS DISCLOSURE**

As at the date of this announcement, the Company has 6,811,927,990 Shares in issue and no other securities issued and outstanding, any changes of which will be announced by the Company as soon as possible thereafter.

The respective associates of the Company, Taskwell and Rise Cheer are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security of the Company undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in Shares was halted on the Stock Exchange at 9:00 a.m. on 20 January 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 24 January 2014.

## **DEFINITIONS**

Unless the context otherwise requires, the following terms used herein have the following meanings:

“Acceptance Form(s)”	form(s) to be sent to the Qualifying Shareholders as part of the Offer Document for acceptance of the Offer
“Accepting Shareholder(s)”	Qualifying Shareholder(s) who accept(s) the Offer by submitting Acceptance Form(s)
“acting in concert”	shall have the meaning set out in the Takeovers Code



“Assured Entitlement”	the aggregate number of the Shares which every Accepting Shareholder is entitled to be repurchased by the Company, calculated on the basis of 2,800 Shares for every 20,000 Shares registered in the name of the relevant Accepting Shareholder
“Board”	the board of Directors
“Codes”	Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“COL”	COL Capital Limited (a company listed on the Main Board of the Stock Exchange with the stock code of 383), a substantial Shareholder of the Company, which was interested in an aggregate of 2,030,939,562 Shares, representing approximately 29.81% of the issued share capital of the Company as at the date of this announcement and is 72.87% owned by Vigor Online Offshore Limited, a company indirectly wholly-owned by Ms. Chong Sok Un, the chairman and an executive director of the Company
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	Conditions set out under the heading “Conditions to the Offer” to which the Offer is subject
“Director(s)”	director(s) of the Company
“Excess Number of Shares”	the number of the Shares specified in an Acceptance Form which is in excess of the Assured Entitlement of the relevant Accepting Shareholder
“Excluded Shareholder(s)”	Overseas Shareholder(s) whose address, as shown on the register of members of the Company at the time of the receipt by the Company of his or her Acceptance Form is located in a jurisdiction the laws of which prohibit the making of the Offer to such Overseas Shareholder or otherwise require the Company to comply with additional requirements which are (in the opinion of the Board, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Overseas Shareholders involved in that jurisdiction and the size of their shareholdings in the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), being the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board to be established to advise the Independent Shareholders in respect of the Offer, the Repurchase Mandate and the Whitewash Waiver
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer, the Repurchase Mandate and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Taskwell, Rise Cheer and parties acting in concert with any of them, having a material interest in the Whitewash Waiver, (ii) Mr. Ferguson, who has been involved in the formulation of the Offer, (iii) those Shareholders who have a material interest in the Offer which is different from all the other Shareholders, and (iv) those Shareholders who were involved or interested in the Whitewash Waiver.
“Last Trading Day”	17 January 2014, being the last trading day prior to the day when the terms of the Offer are determined
“Licensed Corporation(s)”	a licensed corporation as defined in Part I to Schedule 1 of the SFO
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number of Shares”	the maximum number of the Shares to be repurchased pursuant to the Offer, being 680,000,000 Shares in aggregate, representing approximately 10% of the total issued share capital of the Company as the date of this announcement
“Mr. Ferguson”	Mr. Andrew Ferguson, a Director and a holder of 25,000,000 Shares
“Offer”	the offer by the Company to repurchase the Maximum Number of Shares at the Offer Price from the Qualifying Shareholders for cancellation

“Offer Document”	a circular to the Shareholders (comprising the offer document, the notice of SGM, the proxy form for voting at the SGM and the Acceptance Form) to be issued in connection with the Offer and the Whitewash Waiver
“Offer Price”	HK\$0.18 being the repurchase price under the Offer
“Overseas Shareholder(s)”	Shareholder(s), whose addresses, as shown in the register of members of the Company, are outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s) (if any), whose names appear on the register of members of the Company at the close of the Offer
“Repurchase Code”	Hong Kong Code on Share Repurchases
“Repurchase Mandate”	a specific mandate to be given by Independent Shareholders at the SGM to the Directors to repurchase Shares under the Offer
“Rise Cheer”	Rise Cheer Investments Limited, a substantial Shareholder of the Company, which was interested in 1,124,640,000 Shares, representing approximately 16.51% of the issued share capital of the Company as at the date of this announcement and indirectly wholly-owned by COL
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened in connection with the Offer, the Whitewash Waiver and the Repurchase Mandate
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Shares”	being the Maximum Number of Shares less the aggregate Assured Entitlements received

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Taskwell”	Taskwell Limited, a substantial Shareholder of the Company, which was interested in 906,299,562 Shares, representing approximately 13.30% of the issued share capital of the Company as at the date of this announcement and indirectly wholly-owned by COL
“Whitewash Waiver”	a waiver to be granted by the Executive in respect of the obligations of Taskwell, Rise Cheer and parties acting in concert with any of them to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code for all the Shares not held by Taskwell, Rise Cheer and parties acting in concert with any of them, which obligation may otherwise arise as a result of the completion of the Offer
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Company in respect of the Offer

By order of the Board  
**APAC RESOURCES LIMITED**  
**Chong Sok Un**  
*Chairman*

Hong Kong, 23 January 2014

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

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

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

\* For identification purpose only