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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)**

**INSIDE INFORMATION  
AND  
DISCLOSEABLE TRANSACTION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Announcements in relation to the Exchangeable Notes.

Pursuant to the terms and conditions of the Exchangeable Notes and following the notice of redemption issued by APAC Resources Capital to the Issuer on 3 June 2015, the date immediately prior to the date of maturity of the Exchangeable Notes, the principal together with interest accrued thereon up to and including 4 June 2015 on the Exchangeable Notes, which amounted to approximately US\$10.62 million (approximately HK\$82.8 million), became due for payment by the Issuer to APAC Resources Capital by the Settlement Date.

Immediately prior to the Settlement Date, the Issuer approached APAC Resources Capital with a settlement proposal. The Issuer proposed, in lieu of the cash payment of the Redemption Amount to APAC Resources Capital, it will procure the transfer of the Sale Shares to APAC Resources Capital, and in exchange, the Redemption Amount under the Exchangeable Notes shall be deemed settled and the Exchangeable Notes shall be deemed cancelled. As a result, the Deed of Settlement and the Sale and Purchase Agreement were entered into on 19 June 2015 (after trading hours). The Sale Shares represent 7% of the issued share capital of the Target Company, which indirectly holds 100% interest in the Development Project in the PRC.

**The Sale and Purchase Agreement is subject to a number of conditions and may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

\* For identification purpose only

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

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

19 June 2015 (after trading hours)

### **Parties**

- (1) APAC Resources Capital, being the Purchaser and a direct wholly-owned subsidiary of the Company;
- (2) PEIL, being the Vendor; and
- (3) Mr. Liang Shan, being the sole shareholder and guarantor of the Vendor to guarantee the Vendor's obligations under the Sale and Purchase Agreement.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Vendor and Mr. Liang Shan are Independent Third Parties.

## **Subject matters to be acquired**

The Sale Shares, representing 7% of the issued share capital of the Target Company as at Completion.

## **Consideration for the Sale and Purchase Agreement**

The total Consideration payable by the Purchaser for the Sale Shares shall be US\$10.62 million (equivalent to approximately HK\$82.8 million). The Consideration shall be settled by delivery of the duly executed Deed of Settlement, pursuant to which the Cancellation and Settlement of the Exchangeable Notes would take place upon Completion.

The Consideration has been determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, the appraised value of the Development Project as contained in a valuation report issued by an independent firm of valuer on 5 June 2015.

Having considered the above and the factors described in the paragraph headed "Reasons for and benefits of the Acquisition and the Cancellation and Settlement of the Exchangeable Notes" below, the Directors consider the Consideration to be fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **Conditions Precedent**

The sale and purchase of the Sale Shares shall be conditional upon fulfillment of the following conditions:

- (a) the Purchaser having conducted and completed a due diligence exercise on all business, assets and liabilities, legal and financial matters and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to, *inter alia*, the Target Group, the Development Project and the Land, and the Purchaser being satisfied with the results of such due diligence in its absolute discretion;
- (b) if applicable, the obtaining of all consents from any relevant government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transactions contemplated hereunder;
- (c) the Purchaser being satisfied that on or before Completion the warranties given by the Vendor in the Sale and Purchase Agreement remain true and accurate in all material respects and are not misleading nor in breach in any material respect;
- (d) all consents of the Stock Exchange (if necessary), and the Securities and Futures Commission of Hong Kong (if necessary), local and provincial branch(es) of State Administration for Industry and Commerce (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC and the British Virgin Islands or elsewhere which are required or appropriate for the entering into and the implementation of the Sale and Purchase Agreement having been given or made; all waiting periods required under the laws of

Hong Kong, the PRC, the British Virgin Islands or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with; and

- (e) no event having occurred since the date hereof to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group and such material adverse effect shall not have been caused.

The Purchaser may at its absolute discretion at any time waive in writing the above conditions precedent and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. If any of the above condition(s) precedent has not been waived (where applicable) or fulfilled on or before the Long Stop Date for whatever reason, the Sale and Purchase Agreement shall cease and determine, thereafter neither party shall have any obligations and liability towards each other hereunder save for any antecedent breaches of the terms hereof. The Vendor shall use its reasonable endeavours to procure, render assistance and co-operate with the Purchaser or any other party at the request of the Purchaser to ensure the fulfilment of the conditions precedent by the Long Stop Date.

### **Completion**

Completion shall take place on the third business day after the date on which all of the conditions precedent to the Sale and Purchase Agreement shall have been satisfied or waived by the parties hereto (or such other date as the parties hereto may agree from time to time).

## **THE DEED OF SETTLEMENT**

### **Date**

19 June 2015

### **Parties**

- (1) APAC Resources Capital, being the holder of the Exchangeable Notes;
- (2) PEIL; and
- (3) the Issuer, being the issuer of the Exchangeable Notes.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, PEIL, the Issuer and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Condition precedent**

The Deed of Settlement shall become effective upon Completion of the Sale and Purchase Agreement.

## **Subject matter**

The parties agreed that the Redemption Amount under the Exchangeable Notes shall be deemed settled and the Exchangeable Notes shall be deemed cancelled upon the Deed of Settlement becoming effective.

## **INFORMATION ABOUT THE GROUP, THE VENDOR AND THE ISSUER**

### **The Group**

The Group 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 primary strategic investment; resource investment; and commodity trading business, focused primarily on metals and energy.

### **The Vendor**

The Vendor is a company incorporated in the British Virgin Islands with limited liability. The principal business of the Vendor is investment holding.

### **The Issuer**

The Issuer is a company incorporated in the British Virgin Islands with limited liability. The principal business of the Issuer is investment holding.

## **INFORMATION ABOUT THE TARGET COMPANY AND ITS SUBSIDIARIES**

The Target Company is a company incorporated in the British Virgin Islands and is held as to 47.2%, 40% and 12.8% by the Vendor and two other Independent Third Parties, respectively.

The Target Group holds the land use rights in respect of the Land, on which the Development Project — Phase I and Development Project — Phase II were located. The Land, which covers an area of approximately 30,800 square meters, is situated in Chongqing city of the PRC. The land use rights in respect of the Land are for the terms expiring on 25 July 2064 and 25 July 2034 for residential and commercial uses respectively. Development Project — Phase I is a residential and commercial (shopping mall) complex with a gross floor area of approximately 21,600 square meters while Phase II is a residential and commercial (shopping mall, office and car park) complex with a gross floor area of approximately 165,700 square meters.

Construction of Phase I was completed in 2014. As at 30 April 2015, of the total number of 269 units for the Phase I development, a total of 79 property units have been pre-sold and 181 property units have been sold. Of the property units sold, a total of 114 of such units have been transferred. Construction of Phase II is underway and scheduled to complete by 2016.

## Financial information

Set out below is the loss (both before and after taxation and extraordinary items) for the two years ended 31 December 2013 and 31 December 2014 of the Target Group:

	<b>For the year ended 31 December 2013 (HK\$'000) (unaudited)</b>	<b>For the year ended 31 December 2014 (HK\$'000) (unaudited)</b>
Net loss before taxation and extraordinary items	(6,430)	(13,200)
Net loss after taxation and extraordinary items	(6,430)	(13,200)

The unaudited net liability value of the Target Group as at 31 December 2014 was approximately HK\$28,911,000.

## REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE CANCELLATION AND SETTLEMENT OF THE EXCHANGEABLE NOTES

The entering into of the Deed of Settlement and the Sale and Purchase Agreement allows the Group to secure the settlement of the Redemption Amount and to add the Development Project to its existing investment portfolio. The Group is optimistic about the future prospects of the property market in the PRC as it believes it can take advantage of the expected rebound now that the market has bottomed out.

Further, given that the adjusted net asset value of the Sale Shares, which has been arrived at with reference to inter alia, the unaudited net liability value as at 31 December 2014 and the appraised value of the Development Project of the Target Group approximates that of the Redemption Amount, the Directors consider that the terms of each of the Sale and Purchase Agreement and the Deed of Settlement, which were arrived at arm's length negotiations between the Issuer, PEIL, Mr. Liang Shan and APAC Resources Capital respectively, are on normal commercial terms and the terms of the Acquisition and the Cancellation and Settlement of the Exchangeable Notes are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

## GENERAL

The entering into of the Sale and Purchase Agreement constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratio(s) exceeds 5% but is below 25%.

**The Sale and Purchase Agreement is subject to a number of conditions and may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Sale and Purchase Agreement
“Announcements”	the announcements of the Company dated 18 December 2013, 20 December 2013, 2 June 2015 and 3 June 2015 in relation to the Exchangeable Notes
“APAC Resources Capital” or “Purchaser”	APAC Resources Capital Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Cancellation and Settlement of the Exchangeable Notes”	the settlement of the Redemption Amount under the Exchangeable Notes and the cancellation of the Exchangeable Notes subject to the terms and conditions of the Deed of Settlement
“Company”	APAC Resources Limited (Stock Code: 1104), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	means completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Sale Shares, details of which are contained in the paragraph headed “Consideration for the Sale and Purchase Agreement” of this announcement
“Director(s)”	director(s) of the Company
“Deed of Settlement”	the deed of settlement dated 19 June 2015 and entered into between the Purchaser, the Issuer and Vendor in respect of the Cancellation and Settlement of the Exchangeable Notes

“Development Project”	means the development project of residential and commercial complex known as “金唐新城市廣場” comprising Phase I & Phase II on the Land with an approximately aggregate gross floor area of approximately 187,300 square meters
“Development Project — Phase I”	means phase I of the Development Project known as “金唐新城市廣場一期” with a gross floor area of approximate 21,600 square meters
“Development Project — Phase II”	means phase II of the Development Project known as “金唐新城市廣場二期” with a gross floor area of approximate 165,700 square meters
“Exchangeable Notes”	6% exchangeable notes in the principal amount of US\$9,000,000 issued by the Issuer exchangeable into, <i>inter alia</i> , shares of a company to be listed in the event the Issuer seeks a listing or into shares of a purchaser in the event that assets of the Issuer are sold to a corporate entity purchaser. For further details please refer to the Announcements
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons in accordance with the Listing Rules
“Issuer”	Charter Bonus Limited, a company incorporated in the British Virgin Islands and the issuer of the Exchangeable Notes
“Land”	means the piece of land situated at Long Ta Street, Yu Bei District, Chongqing City* (重慶渝北區龍塔街道) in the PRC with a site area of approximately 30,800 square meters with land use rights for terms expiring on 25 July 2064 and 25 July 2034 for residential and commercial uses respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 30 June 2015 or such other later date as shall be agreed by the parties to the Sale and Purchase Agreement in writing
“PRC”	the People’s Republic of China
“Redemption Amount”	the principal together with interest accrued under the Exchangeable Notes up to and including 4 June 2015 of approximately US\$10.62 million
“Settlement Date”	17 June 2015



“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 19 June 2015 entered into between the Purchaser, the Vendor and Mr. Liang Shan in respect of the Acquisition
“Sale Shares”	means 7,000 ordinary shares of US\$1.00 each issued by Target Company, representing 7% of the issued share capital of Target Company as at Completion
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Sky Holdings Limited (中天控股有限公司), a company incorporated under the laws of the British Virgin Islands
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor” or “PEIL”	Perfect Ease International Limited, a company incorporated under the laws of the British Virgin Islands and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

\* *English translation of Chinese company names are for identification purposes only.*

On behalf of the Board  
**APAC Resources Limited**  
**Chong Sok Un**  
*Chairman*

Hong Kong, 19 June 2015

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. Peter Anthony Curry as his alternate*) and Mr. So Kwok Hoo

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.*

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