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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)**

**DISCLOSEABLE TRANSACTION  
LOAN TRANSACTION**

**THE TRANSACTION**

On 29 September 2018, Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent entered into the Facility Agreement, pursuant to which, the Lenders agreed, on several basis, to make available to the Borrower the Loan on the terms and subject to the conditions therein.

**LISTING RULES IMPLICATIONS**

As Lender C is a direct wholly-owned subsidiary of the Company, the Transaction entered into by Lender C shall be a deemed transaction of the Company under the Listing Rules as the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

## **THE TRANSACTION**

On 29 September 2018, Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent entered into the Facility Agreement, pursuant to which, the Lenders agreed, on several basis, to make available to the Borrower the Loan on the terms and subject to the conditions therein.

## **THE FACILITY AGREEMENT**

Date: 29 September 2018

Parties:

- (1) the Lenders as the lenders under the Facility Agreement;
- (2) the Borrower as the borrower under the Facility Agreement;
- (3) the Agent as the agent under the Facility Agreement;  
and
- (4) the Security Agent as the security agent under the Facility Agreement.

Based on the confirmations of the Borrower, BVI Company A, BVI Company C, BVI Company E, HK Company A, HK Company B, HK Company C and SG Company A and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower, BVI Company A, BVI Company C, BVI Company E, HK Company A, HK Company B, HK Company C and SG Company A and their respective ultimate beneficial owner(s) (where applicable) are all third parties independent of the Company and its connected persons.

## **Principal terms of the Facility Agreement**

The principal terms of the Facility Agreement are as follows:

- Loan limit by Lender C: HK\$174,000,000 as severally committed by Lender C
- Term: 12 months after the utilisation date of the Loan
- Purposes: The Loan shall be applied by the Borrower towards (i) refinancing any outstanding principal amount of external financing of the Borrower and/or its subsidiaries and payment of any other amounts outstanding under such external financing; (ii) refinancing any outstanding principal amount of the notes issued under the Note and payment of any other amounts in relation to such outstanding notes under the Note; (iii) payment of fees, costs and expenses in connection with the entering into of the Facility Agreement and other relevant documents as provided in the Facility Agreement and/or the utilisation of the Loan and other related transaction costs; and (iv) working capital purposes of the Borrower and its subsidiaries
- Interest: 8% per annum on the Loan, payable on the last day of each three-month period during the term of the Facility Agreement
- Participation fee: 9% per annum on the Loan, payable on the last day of each three-month period during the term of the Facility Agreement pursuant to the Participation Fee Letter
- Security for the Loan:
- (1) Debenture (BVI Company A)
  - (2) Debenture (HK Company A)
  - (3) Debenture (SG Company A)
  - (4) Deed of Assignment (BVI Company F)
  - (5) Deed of Assignment (Borrower)
  - (6) Deed of Assignment (BVI Company B)
  - (7) Deed of Assignment (HK Company A and BVI Company A)
  - (8) Share Mortgage (BVI Company A)
  - (9) Share Mortgage (BVI Company B)
  - (10) Share Mortgage (BVI Company D)
  - (11) Share Mortgage (BVI Company F)
  - (12) Share Mortgage (HK Company A)
  - (13) Share Mortgage (SG Company A)
  - (14) Share Mortgage (SG Company B)

*Debenture (BVI Company A)*

The Loan is secured by Debenture (BVI Company A) by way of first fixed and floating charge over all the undertakings, property and/or assets of BVI Company A to be created by BVI Company A in favour of the Security Agent. The Debenture (BVI Company A) and all security constituted or pursuant to the Debenture (BVI Company A) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Debenture (HK Company A)*

The Loan is secured by Debenture (HK Company A) by way of first fixed and floating charge over all the undertakings, property and/or assets of HK Company A to be created by HK Company A in favour of the Security Agent. The Debenture (HK Company A) and all security constituted or pursuant to the Debenture (HK Company A) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Debenture (SG Company A)*

The Loan is secured by Debenture (SG Company A) by way of first fixed and floating charge over all the undertakings, property and/or assets of SG Company A to be created by SG Company A in favour of the Security Agent. The Debenture (SG Company A) and all security constituted or pursuant to the Debenture (SG Company A) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Deed of Assignment (BVI Company F)*

The Loan is secured by the Deed of Assignment (BVI Company F) to be created by BVI Company E in favour of the Security Agent in respect of a loan owed by BVI Company F to BVI Company E. The Deed of Assignment (BVI Company F) and all security constituted or pursuant to the Deed of Assignment (BVI Company F) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Deed of Assignment (Borrower)*

The Loan is secured by the Deed of Assignment (Borrower) to be created by HK Company C in favour of the Security Agent in respect of a loan owed by the Borrower to HK Company C. The Deed of Assignment (Borrower) and all security constituted or pursuant to the Deed of Assignment (Borrower) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Deed of Assignment (BVI Company B)*

The Loan is secured by the Deed of Assignment (BVI Company B) to be created by HK Company B in favour of the Security Agent in respect of a loan owed by BVI Company B to HK Company B. The Deed of Assignment (BVI Company B) and all security constituted or pursuant to the Deed of Assignment (BVI Company B) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Deed of Assignment (HK Company A and BVI Company A)*

The Loan is secured by the Deed of Assignment (HK Company A and BVI Company A) to be created by the Borrower in favour of the Security Agent in respect of a loan owed by HK Company A and BVI Company A to the Borrower. The Deed of Assignment (HK Company A and BVI Company A) and all security constituted or pursuant to the Deed of Assignment (HK Company A and BVI Company A) shall become immediately enforceable upon the occurrence of an event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (BVI Company A)*

The Loan is secured by the Share Mortgage (BVI Company A) to be created by HK Company A in favour of the Security Agent by way of first ranking fixed charge over the BVI Company A Shares. The Security Agent, as chargee of the Share Mortgage (BVI Company A), shall have rights, among other things, to dispose of the BVI Company A Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (BVI Company B)*

The Loan is secured by the Share Mortgage (BVI Company B) to be created by HK Company B in favour of the Security Agent by way of first ranking fixed charge over the BVI Company B Shares. The Security Agent, as chargee of the Share Mortgage (BVI Company B), shall have rights, among other things, to dispose of the BVI Company B Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (BVI Company D)*

The Loan is secured by the Share Mortgage (BVI Company D) to be created by BVI Company C in favour of the Security Agent by way of first ranking fixed charge over the BVI Company D Shares. The Security Agent, as chargee of the Share Mortgage (BVI Company D), shall have rights, among other things, to dispose of the BVI Company D Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (BVI Company F)*

The Loan is secured by the Share Mortgage (BVI Company F) to be created by BVI Company E in favour of the Security Agent by way of first ranking fixed charge over the BVI Company F Shares. The Security Agent, as chargee of the Share Mortgage (BVI Company F), shall have rights, among other things, to dispose of the BVI Company F Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (HK Company A)*

The Loan is secured by the Share Mortgage (HK Company A) to be created by the Borrower in favour of the Security Agent by way of first ranking fixed charge over the HK Company A Shares. The Security Agent, as chargee of the Share Mortgage (HK Company A), shall have rights, among other things, to dispose of the HK Company A Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (SG Company A)*

The Loan is secured by the Share Mortgage (SG Company A) to be created by BVI Company A in favour of the Security Agent by way of first ranking fixed charge over the SG Company A Shares. The Security Agent, as chargee of the Share Mortgage (SG Company A), shall have rights, among other things, to dispose of the SG Company A Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

*Share Mortgage (SG Company B)*

The Loan is secured by the Share Mortgage (SG Company B) to be created by SG Company A in favour of the Security Agent by way of first ranking fixed charge over the SG Company B Shares. The Security Agent, as chargee of the Share Mortgage (SG Company B), shall have rights, among other things, to dispose of the SG Company B Shares upon the occurrence of any event of default or the occurrence of any event which may lead to a default by the Borrower.

**REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Transaction, which forms part of the Group's financial services activities, allows the Group to apply certain of its funds to better use thereby providing a higher return to the Group. The terms of the Facility Agreement, including the interest rate applicable and the participation fee, were arrived at after arm's length negotiations between Lender C (acting through the Agent) and the Borrower having taken into account the prevailing market interest rates and practices. The Facility Agreement was entered into by Lender C having regard to (i) the interest and the participation fee income of Lender C to be generated by the Transaction; and (ii) the underlying securities. In view of the above, the Directors are of the view that the terms of the Facility Agreement are on normal commercial terms and the Transaction entered into by Lender C is fair and reasonable, and in the interests of the Company and its shareholders taken as a whole.

**INFORMATION ABOUT THE COMPANY AND THE GROUP, LENDER C, THE BORROWER, BVI COMPANY A, BVI COMPANY B, BVI COMPANY C, BVI COMPANY D, BVI COMPANY E, BVI COMPANY F, HK COMPANY A, HK COMPANY B, HK COMPANY C, SG COMPANY A AND SG COMPANY B**

**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.

**Lender C**

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

**The Borrower**

The Borrower is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business activity of the Borrower is logistics and related services. The principal business activity of its major subsidiaries is logistics and services.

**BVI Company A**

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

**BVI Company B**

BVI Company B is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of HK Company B and an indirect wholly-owned subsidiary of the Borrower.



### **BVI Company C**

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

### **BVI Company D**

BVI Company D is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of BVI Company C and an indirect wholly-owned subsidiary of the Borrower.

### **BVI Company E**

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

### **BVI Company F**

BVI Company F is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of BVI Company E and an indirect wholly-owned subsidiary of the Borrower.

### **HK Company A**

HK Company A is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Borrower. The principal business activity of HK Company A is investment holding.

### **HK Company B**

HK Company B is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Borrower. The principal business activity of HK Company B is investment holding.

### **HK Company C**

HK Company C is a company incorporated in Hong Kong with limited liability. The principal business activity of HK Company C is investment holding.

## **SG Company A**

SG Company A is a company incorporated in Singapore with limited liability and is a direct wholly-owned subsidiary of BVI Company A and an indirect wholly-owned subsidiary of the Borrower. The principal business activity of SG Company A is investment holding.

## **SG Company B**

SG Company B is a company incorporated in Singapore with limited liability and is a direct wholly-owned subsidiary of SG Company A and an indirect wholly-owned subsidiary of the Borrower.

## **LISTING RULES IMPLICATIONS**

As Lender C is a direct wholly-owned subsidiary of the Company, the Transaction entered into by Lender C shall be a deemed transaction of the Company under the Listing Rules as the definition of “listed issuer” under Chapter 14 of the Listing Rules shall include the listed issuer’s subsidiaries.

The Transaction constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

## **DEFINITIONS**

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

“Agent”	the agent under the Facility Agreement and the Security Agent, which is a licensed trust and company service provider in Hong Kong;
“Board”	the board of Directors;
“Borrower”	the borrower under the Facility Agreement, the chargor under the Share Mortgage (HK Company A) and the assignor under the Deed of Assignment (HK Company A and BVI Company A);
“BVI”	the British Virgin Islands;

“BVI Company A”	one of the security providers under the Facility Agreement, the chargor under the Debenture (BVI Company A) and the Share Mortgage (SG Company A), a direct wholly-owned subsidiary of HK Company A and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company A Shares”	all issued shares in BVI Company A;
“BVI Company B”	a direct wholly-owned subsidiary of HK Company B and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company B Shares”	all issued shares in BVI Company B;
“BVI Company C”	one of the security providers under the Facility Agreement, the chargor under the Share Mortgage (BVI Company D) and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company D”	a direct wholly-owned subsidiary of BVI Company C and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company D Shares”	all issued shares in BVI Company D;
“BVI Company E”	one of the security providers under the Facility Agreement, the assignor under the Deed of Assignment (BVI Company F), the chargor under the Share Mortgage (BVI Company F) and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company F”	a direct wholly-owned subsidiary of BVI Company E and an indirect wholly-owned subsidiary of the Borrower;
“BVI Company F Shares”	all issued shares in BVI Company F;
“Company”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104);

“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Debenture (BVI Company A)”	the debenture to be created by BVI Company A in favour of the Security Agent by way of first fixed and floating charge over all the undertakings, property and/or assets of BVI Company A;
“Debenture (HK Company A)”	the debenture to be created by HK Company A in favour of the Security Agent by way of first fixed and floating charge over all the undertakings, property and/or assets of HK Company A;
“Debenture (SG Company A)”	the debenture to be created by SG Company A in favour of the Security Agent by way of first fixed and floating charge over all the undertakings, property and/or assets of SG Company A;
“Deed of Assignment (Borrower)”	the assignment to be created by HK Company C in favour of the Security Agent in respect of a loan owed by the Borrower to HK Company C;
“Deed of Assignment (BVI Company B)”	the assignment to be created by HK Company B in favour of the Security Agent in respect of a loan owed by BVI Company B to HK Company B;
“Deed of Assignment (BVI Company F)”	the assignment to be created by BVI Company E in favour of the Security Agent in respect of a loan owed by BVI Company F to BVI Company E;
“Deed of Assignment (HK Company A and BVI Company A)”	the assignment to be created by the Borrower in favour of the Security Agent in respect of a loan owed by HK Company A and BVI Company A to the Borrower;
“Directors”	directors of the Company;

“Facility Agreement”	the facility agreement entered into between the Lenders as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent dated 29 September 2018;
“Group”	the Company and its subsidiaries;
“HK Company A”	one of the security providers under the Facility Agreement, the chargor under the Debenture (HK Company A) and the Share Mortgage (BVI Company A) and a direct wholly-owned subsidiary of the Borrower;
“HK Company A Shares”	all issued shares in HK Company A;
“HK Company B”	one of the security providers under the Facility Agreement, the chargor under the Share Mortgage (BVI Company B), the assignor under the Deed of Assignment (BVI Company B) and a direct wholly-owned subsidiary of the Borrower;
“HK Company C”	one of the security providers under the Facility Agreement and the assignor under the Deed of Assignment (Borrower);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender A”	one of the Lenders under the Facility Agreement;
“Lender B”	one of the Lenders under the Facility Agreement;
“Lender C”	APAC Resources Investment Holding Limited, being one of the Lenders under the Facility Agreement and a direct wholly-owned subsidiary of the Company;
“Lender D”	one of the Lenders under the Facility Agreement;
“Lender E”	one of the Lenders under the Facility Agreement;
“Lender F”	one of the Lenders under the Facility Agreement;

“Lender(s)”	Lender A, Lender B, Lender C, Lender D, Lender E and Lender F under the Facility Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan made or to be made available by the Lenders to the Borrower on the terms and subject to the conditions set out in the Facility Agreement;
“Note”	the 5% USD denominated senior secured notes in the aggregate principal amount equivalent to approximately HK\$353,000,000 issued by HK Company A, with a maturity date falling on the 13th month from the date of the subscription agreement;
“Participation Fee Letter”	the participation fee letter entered into between the Lenders as the lenders, the Borrower as the borrower and the Agent as the agent dated 29 September 2018;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Security Agent”	the security agent under the Facility Agreement, the chargee under the Debenture (BVI Company A), the Debenture (HK Company A), Debenture (SG Company A), the Share Mortgage (BVI Company A), the Share Mortgage (BVI Company B), the Share Mortgage (BVI Company D), the Share Mortgage (BVI Company F), the Share Mortgage (HK Company A), the Share Mortgage (SG Company A) and the Share Mortgage (SG Company B), and the assignee under the Deed of Assignment (BVI Company F), the Deed of Assignment (Borrower), Deed of Assignment (BVI Company B) and Deed of Assignment (HK Company A and BVI Company A);
“SG Company A”	one of the security providers under the Facility Agreement, the chargor under the Debenture (SG Company A) and the Share Mortgage (SG Company B), a direct wholly-owned subsidiary of BVI Company A and an indirect wholly-owned subsidiary of the Borrower;

“SG Company A Shares”	all issued shares in SG Company A;
“SG Company B”	a direct wholly-owned subsidiary of SG Company A and an indirect wholly-owned subsidiary of the Borrower;
“SG Company B Shares”	all issued shares in SG Company B;
“SG\$”	Singapore dollars, the lawful currency of Singapore;
“Share Mortgage (BVI Company A)”	the first ranking fixed charge over BVI Company A Shares to be provided by HK Company A in favour of the Security Agent;
“Share Mortgage (BVI Company B)”	the first ranking fixed charge over BVI Company B Shares to be provided by HK Company B in favour of the Security Agent;
“Share Mortgage (BVI Company D)”	the first ranking fixed charge over BVI Company D Shares to be provided by BVI Company C in favour of the Security Agent;
“Share Mortgage (BVI Company F)”	the first ranking fixed charge over BVI Company F Shares to be provided by BVI Company E in favour of the Security Agent;
“Share Mortgage (HK Company A)”	the first ranking fixed charge over HK Company A Shares to be provided by the Borrower in favour of the Security Agent;
“Share Mortgage (SG Company A)”	the first ranking fixed charge over SG Company A Shares to be provided by BVI Company A in favour of the Security Agent;
“Share Mortgage (SG Company B)”	the first ranking fixed charge over SG Company B Shares to be provided by SG Company A in favour of the Security Agent;
“Singapore”	the Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transaction”	the transaction contemplated under the Facility Agreement;
“USD”	United States dollar(s), the lawful currency of the United States of America; and
“%”	per cent.

By Order of the Board  
**APAC Resources Limited**  
**Arthur George Dew**  
*Chairman*

Hong Kong, 29 September 2018

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 Mr. So Kwok Hoo

*Independent Non-Executive Directors*

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

\* *For identification purpose only*

*For the purpose of this announcement, translations of United States dollars into Hong Kong dollars or vice versa have been calculated by using an exchange rate of US\$1.00 equal to HK\$7.85. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*