APAC RESOURCES

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

INSIDE INFORMATION

ESTABLISHMENT OF NEW BUSINESS SEGMENT

This announcement is made by APAC Resources Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

The board of directors of the Company has resolved that the Company has established a new business segment, namely the principal investment and financial services segment, which covers the income generated from loans receivable, loan notes and other financial assets (the "**New Segment**").

The current principal activities of the Company and its subsidiaries (the "**Group**") comprise of primary strategic investment, resource investment and commodity trading business focused primarily on metals, mining and energy. The Group shares the profit or loss and other comprehensive income of associates using the equity accounting method and no revenue is recognized for the Group's holdings in its primary strategic investments.

As part of treasury function, the Group has periodically been investing in bonds, which have generated better returns than deposits with banks, and engaged in the provision of loans. In August 2015, a subsidiary of the Company was granted a money lenders license under the Money Lenders Ordinance (Cap. 163, the Laws of Hong Kong).

As at 31 December 2016, the Group has cash and bank balances of HK$580 million, loans receivable of HK$140 million and loan notes of HK$195 million, which in aggregate represented a material part of the Group's total assets. Interest income derived from these assets was currently accounted for as other income but will contribute to the Group as revenue under the New Segment.

Given the above, the establishment of the New Segment will enable the Group to present fairly the revenue generated from the deployment of capital.

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

Hong Kong, 1 March 2017

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 Moyse Willcocks

* *For identification purpose only*