

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in APAC Resources Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 1 June 2017 at 2:30 p.m. is set out on pages 11 to 12 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Board”	board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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)
“Consolidated Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“Existing Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company before the Share Consolidation becomes effective
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	The Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	10 May 2017, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened and held to approve, among other things, the Share Consolidation

DEFINITIONS

“Share Consolidation”	the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$1.00 each
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below:–

Event	Date and Time
Latest time to lodge transfer documents	4:30 p.m. on Thursday, 25 May 2017
Closure of register of members	Friday, 26 May 2017 to Thursday, 1 June 2017 (both dates inclusive)
Latest time for lodging proxy forms for the SGM	2:30 p.m. on Tuesday, 30 May 2017
Expected date and time of the SGM	2:30 p.m. on Thursday, 1 June 2017
Announcement of the poll results of the SGM	Thursday, 1 June 2017
Effective date of the Share Consolidation	Friday, 2 June 2017
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Friday, 2 June 2017
First date of free exchange of existing certificates for the Existing Shares into new share certificates for the Consolidated Shares	Friday, 2 June 2017
Original counter for trading in the Existing Shares (in board lots of 20,000 Existing Shares) closes	9:00 a.m. on Friday, 2 June 2017
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in form of existing share certificates) opens	9:00 a.m. on Friday, 2 June 2017
Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Friday, 16 June 2017
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) commences	9:00 a.m. on Friday, 16 June 2017

EXPECTED TIMETABLE

Event	Date and Time
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Friday, 16 June 2017
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in form of existing share certificates) closes	4:00 p.m. on Thursday, 6 July 2017
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends	4:00 p.m. on Thursday, 6 July 2017
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 6 July 2017
Last day for free exchange of existing share certificates for new share certificates	Monday, 10 July 2017

All times and dates in this circular refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this circular for events in the timetable for the Share Consolidation are subject to the satisfaction of all the conditions for the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the SGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, the Board may extend, or make adjustment to the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

LETTER FROM THE BOARD



APAC RESOURCES
APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

Executive Directors:

Mr. Brett Robert Smith (*Deputy Chairman*)
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
Mr. So Kwok Hoo

Independent Non-Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and

principal place of business:
Room 2304, 23rd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

15 May 2017

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 April 2017 relating to the proposed Share Consolidation.

The purpose of this circular is to provide you with further information regarding, among other things, the Share Consolidation and the notice of SGM.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$1.00 each.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares of a par value of HK\$0.10 each of which 9,191,651,985 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no Existing Shares will be issued or repurchased between the Latest Practicable Date and the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$2,000,000,000 divided into 2,000,000,000 ordinary shares of a par value of HK\$1.00 each of which 919,165,198 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Save for the necessary expenses for the implementation of the Share Consolidation which are expected to be insignificant in the context of the net asset value of the Company, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company or the interests and rights of the Shareholders.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Conditions and expected effective date of the Share Consolidation

The Share Consolidation is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders approving the Share Consolidation at the SGM;

LETTER FROM THE BOARD

- (b) the compliance with all relevant procedures and requirements under Bermuda laws (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The Share Consolidation is expected to become effective on the next business day immediately following the fulfillment of the above conditions.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, arising from the Share Consolidation, will not be allocated to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Board lot size

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares. Based on the closing price of HK\$0.103 per Existing Share (equivalent to the theoretical closing price of HK\$1.03 per Consolidated Share) as at the Latest Practicable Date, the value of each board lot of the Existing Shares is HK\$2,060 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$20,600.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be on 2 June 2017, Shareholders may, from 2 June 2017 to 10 July 2017 (both days inclusive), submit certificates in the colour of orange of the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for exchange, at the expense of the Company, for new certificates in the colour of green of the Consolidated Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be specified by the Stock Exchange for each certificate issued or cancelled.

With effect from 7 July 2017, trading will only be in Consolidated Shares in the form of new share certificates. Existing share certificates of the Existing Shares will cease to be valid for delivery, trading and settlement purpose, but will remain valid and effective as documents of title.

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Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, the Company has appointed Sun Hung Kai Investment Services Limited to stand in the market to provide matching services for the odd lots of the Consolidated Shares on a best effort basis during the period from 16 June 2017 to 6 July 2017 (both dates inclusive). Shareholders who wish to use this matching services may contact Mr. Law Shun Hang of Sun Hung Kai Investment Services Limited at 42/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong or at the telephone number (852) 3920 2784 during office hours of such period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Trading arrangement for the Consolidated Shares

Subject to the Share Consolidation becoming effective, the arrangements for dealings in the Consolidated Shares are expected to be as follows:

- (i) from 9:00 a.m. on 2 June 2017, the original counter for trading in the Existing Shares (in board lots of 20,000 Existing Shares) will be closed and a temporary counter for trading in the Consolidated Shares (in the form of existing share certificates and in temporary board lots of 2,000 Consolidated Shares) will be set up and opened;
- (ii) from 9:00 a.m. on 16 June 2017, the original counter for trading in the Consolidated Shares (in the form of new share certificates in board lots of 20,000 Consolidated Shares) will be re-opened;
- (iii) during the period from 16 June 2017 to 6 July 2017 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares will be removed after the close of trading at 4:00 p.m. on 6 July 2017. Thereafter, trading will only be in board lots of 20,000 Consolidated Shares in the form of new share certificates while the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of ten (10) Existing Shares for one (1) Consolidated Share.

REASONS FOR THE SHARE CONSOLIDATION

For the majority of time during the past 12 months, the share price of the Company has been trading below HK\$0.12.

LETTER FROM THE BOARD

The Company understands that certain brokerage houses and institutional investors may have internal policies and practices that either prohibit them from investing in low-priced shares or discourage recommendations of low-priced shares to their customers. After due and careful commercial consideration, the Company is of the view that a 10:1 ratio would be an appropriate consolidation ratio, which would bring the share price of the Company up to approximately HK\$1.02 to 1.03 (based on its recent trading prices as at the Latest Practicable Date). It is believed that the adjusted share price as a result of the Share Consolidation will make investing in the shares of the Company more attractive to a broader range of institutional and professional investors and other members of the investing public. Accordingly, the Board is of the view that the Share Consolidation would be in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING PLAN OF THE COMPANY

As at the Latest Practicable Date, the Company has no current plans or proposals, has not entered into any written agreements, and does not have any negotiations in progress to conduct any equity fund raising activity. Nevertheless, the Company does not obviate the possibility of conducting equity fund raising activities in the future to finance its business development and expansion as and when necessary.

As at the Latest Practicable Date, the Company has no current plan or proposal to conduct a share subdivision or other similar corporate action in the coming 12 months which may have an effect of materially offsetting the intention of proposed share consolidation except after a careful consideration of its likely impact on Shareholders.

SGM

The Directors have resolved to convene the SGM to consider and, if thought fit, to approve the Share Consolidation by the Shareholders. The notice of SGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 1 June 2017 at 2:30 p.m. is set out on pages 11 to 12 of this circular. A proxy form for use at the SGM is enclosed herewith.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution(s) in relation to the Share Consolidation at the SGM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the sub-section headed "Conditions and expected effective date of the Share Consolidation" in this circular. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors believe that the Share Consolidation is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Share Consolidation.

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

NOTICE OF SPECIAL GENERAL MEETING



APAC RESOURCES APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

NOTICE IS HEREBY GIVEN that the special general meeting of APAC Resources Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 1 June 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon, among other things, the granting by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) the listing of, and permission to deal in, the Consolidated Shares (as defined below) to be in issue upon the Share Consolidation (as defined below) becoming effective:

- (A) with effect from the first business day immediately following the date on which this resolution is passed, being a day on which shares of the Company are traded on the Stock Exchange, every ten (10) issued and unissued ordinary shares of HK\$0.10 each in the share capital of the Company be consolidated (the “**Share Consolidation**”) into one (1) share of HK\$1.00 each (the “**Consolidated Share(s)**”), such Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;
- (B) all fractional Consolidated Shares resulting from the Share Consolidation will not be allocated to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit; and

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (C) any one of the Directors be and is hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under seal where applicable, on behalf of the Company, as he may, in his absolute discretion, consider necessary, desirable or expedient to implement and give effect to any or all of the foregoing.”

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

Hong Kong, 15 May 2017

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or, if such member is a holder of two or more shares, proxies to attend and vote in his stead. A proxy need not be a member of the Company but must attend the meeting in person to represent the appointing member.
2. To be valid, the form of proxy, together with any power of attorney or authority if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof (as the case may be).
3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof (as the case may be) and in such event the instrument appointing the proxy shall be deemed to be revoked.
4. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. To ascertain shareholders' eligibility to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the meeting, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2017.

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

Executive Directors:

Mr. Brett Robert Smith (*Deputy Chairman*)
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
Mr. So Kwok Hoo

Independent Non-Executive Directors:

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