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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)

**CONNECTED TRANSACTION
IN RELATION TO THE SUBSCRIPTION OF THE
FIVE-YEAR GUARANTEED 4.65% NOTE DUE 2022**

On 1 September 2017, the Subscriber has subscribed for and the Issuer has confirmed the allocation amount to the Subscriber of the Note in the principal amount of US\$2.5 million (equivalent to approximately HK\$19.5 million) to be issued under the Programme.

As the applicable Percentage Ratio(s) for the Company in respect of the Subscription exceed 0.1% but are less than 5%, the Subscription is only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE SUBSCRIPTION

Allocation Date

1 September 2017

Parties

Issuer: Sun Hung Kai & Co. (BVI) Limited

Subscriber: APAC Resources Treasury Management Limited

Subscription amount

The total principal amount of the Note allocated to the Subscriber is US\$2.5 million (equivalent to approximately HK\$19.5 million) out of the total issue of an aggregate principal amount of US\$400 million Note, being part of the Programme. The subscription amount will be satisfied by the Group's internal resources.

Principal terms of the Subscription Note

Issue date : 8 September 2017

Issuer : Sun Hung Kai & Co. (BVI) Limited

Guarantor : SHK

Issue price : 100% of the aggregate principal amount

Principal amount : Subscription by the Subscriber for US\$2.5 million out of the total issue amount of US\$400 million Note under the Programme

Interest rate and payment dates : 4.65% per annum with interest payable semi-annually in arrears

Managers: : AMTD Asset Management Limited, Bank of China (Hong Kong) Limited, Standard Chartered Bank, UBS AG Hong Kong Branch and Sun Hung Kai Investment Services Limited

Maturity date : 8 September 2022

Listing : Application will be made for the listing of and permission to deal in the Note on the Stock Exchange

Status	:	The Note and the guarantee by the Guarantor will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor respectively
Voting rights	:	The holder of the Note will not be entitled to attend or vote at any shareholder meeting of SHK by reason only of it being a holder of the Note
Early redemption	:	The Note may be redeemed at the option of the Issuer in whole, but not in part, at the redemption amount as calculated in accordance with the Programme (together with any interest accrued) if the Issuer (or, if the guarantee were called, the Guarantor) has or will become obliged to pay additional amounts of taxation as a result of any change in or amendment to the laws or regulations of the British Virgin Islands or Hong Kong or any other authority having power to tax additional amount to the Issuer and such obligation cannot be avoided by the Issuer.
Final redemption	:	Unless previously redeemed and cancelled, the Issuer will redeem the Note at its outstanding principal amount on the maturity date, i.e. 8 September 2022.
Completion	:	Completion of the Subscription is expected to take place on 8 September 2017.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group has not participated in the negotiation of the terms of the issue of the Note. The terms of the Subscription Note subscribed by the Subscriber are the same as those generally applicable to other Note.

The Subscription forms part of the Group's principal investment and financial services business and will provide interest income to the Group. The Subscription Note will be recorded as loan note under non-current assets of the Group. The subscription of the Note will be satisfied by internal resources of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription are fair and reasonable and on normal commercial terms and in the interests of the Company and its shareholders taken as a whole.

INFORMATION ON THE SUBSCRIBER, THE COMPANY, THE ISSUER AND SHK

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The principal business activity of the Subscriber is treasury management.

The Company

The Company is incorporated in Bermuda with limited liability and 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.

The Issuer

The Issuer is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of SHK.

SHK

SHK is a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange and is a non wholly-owned subsidiary of APL.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are consumer finance, principal investments, mortgage loans and financial services.

LISTING RULES IMPLICATIONS

As APL is a substantial shareholder of the Company and SHK is a subsidiary of APL, SHK and its subsidiaries (including the Issuer) are connected persons of the Company within the meaning of the Listing Rules. As a result, the Subscription constitutes a connected transaction of the Company.

As the applicable Percentage Ratio(s) for the Company in respect of the Subscription exceed 0.1% but are less than 5%, the Subscription is only subject to the reporting and announcement requirements but exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lee Seng Hui (being a non-executive Director) is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interests, indirectly owns approximately 74.95% interests in the total number of issued shares of AGL, which in turn owns approximately 74.99% of the total number of issued shares of APL, and which in turn indirectly owns approximately 29.34% of the total number of issued shares of the Company. Since APL indirectly owns approximately 56.79% interests in the total number of issued shares of SHK, Mr. Lee Seng Hui is deemed to be interested in the connected transaction in respect of the Subscription and therefore has abstained from voting on the relevant resolutions of the Company.

Apart from the above, none of the Directors has any material interest in the Subscription and is required to abstain from voting on the Board resolutions approving the Subscription and the transactions contemplated thereunder.

DEFINITIONS

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373) and is a substantial shareholder of APL, SHK and the Company
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 56) and is a substantial shareholder of the Company and SHK
“Board”	the board of Directors
“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 person(s)”	having the meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	Sun Hung Kai & Co. (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of SHK
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Note”	the notes in the principal amount of US\$400 million to be issued under the Programme
“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
“Programme”	the guaranteed medium term note programme under which medium term notes for an aggregate principal amount of not exceeding US\$2.0 billion (equivalent to approximately HK\$15.6 billion) may be issued from time to time by the Issuer and guaranteed by SHK unconditionally and irrevocably
“SHK” or “Guarantor”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 86), and an indirect non wholly-owned subsidiary of APL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	APAC Resources Treasury Management Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company

“Subscription”	the subscription of the Subscription Note by the Subscriber in the principal amount of US\$2.5 million pursuant to the terms and conditions of the Note
“Subscription Note”	US\$2.5 million principal amount of the Note allocated to the Subscriber
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 1 September 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*