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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)**

**CONDITIONAL CASH OFFER BY**  
**YU MING INVESTMENT MANAGEMENT LIMITED**  
**ON BEHALF OF APAC RESOURCES LIMITED**  
**TO REPURCHASE UP TO 183,833,040 SHARES**  
**FOR HK\$1.30 PER SHARE,**  
**INVOLVING AN APPLICATION FOR WHITEWASH WAIVER**  
**AND**  
**RESUMPTION OF TRADING**

**Financial Adviser**



禹銘投資管理有限公司  
YU MING INVESTMENT MANAGEMENT LIMITED

The Board announces that a conditional cash offer will be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to the fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 183,833,040 Shares, representing approximately 20.0% of the total issued share capital of the Company as at the date of this announcement. Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$1.30 per Share.

The Shares to be repurchased by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be repurchased under the Offer. If the Offer is fully accepted, it will result in the Company paying to the Accepting Shareholders HK\$1.30 per Share in cash. The maximum amount payable by the Company under the Offer is HK\$238,982,952.

## **THE OFFER**

The Offer Price of HK\$1.30 per Share represents:

- (i) a premium of approximately 16.1% over the closing price of the Shares of HK\$1.12 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 13.0% over the average price of HK\$1.15, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 14.0% over the average price of HK\$1.14, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a discount of approximately 58.6% to the Group's net asset value of approximately HK\$3.14 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 June 2017.

Allied Properties Investments was beneficially interested in 269,718,943 Shares, representing approximately 29.34% of the total issued share capital of the Company as at the date of this announcement. 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, controls approximately 74.95% of 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 issued share capital of the Company. Allied Properties Investments has indicated that it will not accept the Offer for the Shares held by them as at the date of this announcement.

Depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming that Allied Properties Investments do not accept the Offer to tender Shares held by it, the beneficial interest in the Company's issued share capital held by Allied Properties Investments and parties acting in concert with it may increase from its current level of approximately 29.34% to a maximum of approximately 36.68% upon completion of the Offer, thereby triggering an obligation by Allied Properties Investments and parties acting in concert with it under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Allied Properties Investments and parties acting in concert with it. Accordingly, an application for the Whitewash Waiver will be made to the Executive by Allied Properties Investments.

As Allied Properties Investments has indicated that it will not accept the Offer, each of the Accepting Shareholders is entitled to sell to the Company the Assured Entitlement of 5,661 Shares out of every board lot of 20,000 Shares he, she or it owns as at the close of the Offer. In the event that not all Shareholders submit the Acceptance Forms, the Surplus Shares, being the Maximum Number of Shares less the aggregate Assured Entitlements received, will then be available for acceptance by those Accepting Shareholders who have stated in their Acceptance Forms an Excess Number of Shares which they wish to accept for repurchase under the Offer.

The Offer will be subject to the fulfilment of the following Conditions:

- (a) the passing of a resolution by the Independent Shareholders voting in person or by proxy at the SGM to approve by way of a poll the Whitewash Waiver and the Offer;
- (b) the granting of the Whitewash Waiver by the Executive; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the date of this announcement.

The Offer will not be conditional on any minimum number of acceptances.

**If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse. As the Offer is subject to the fulfillment of all of the Conditions, it may or may not become unconditional and the Offer may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **GENERAL**

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 8.2 of the Takeovers Code, the Offer Document, which will contain details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders within 21 days of the date of this announcement.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) none of the Shareholders other than Allied Properties Investments; and (ii) all the executive Directors and non-executive Directors (except Mr. Lee Seng Hui), having involved in the discussion and/or negotiation of terms and conditions of the Offer, have a material interest in the transactions contemplated under the Offer and the Whitewash Waiver as at the date of this announcement. Accordingly, (i) Allied Properties Investments and parties acting in concert with it (including Mr. Lee Seng Hui, a Director who has interests in the Shares through Lee and Lee Trust); (ii) Mr. Ferguson, a Director who has personal interests in the Shares; and (iii) all other executive Directors and non-executive Directors should an interest in any relevant securities of the Company have subsequently arise, will abstain from voting at the SGM in respect of the resolutions relating to the Offer and the Whitewash Waiver. Save for the aforementioned, none of the Shareholders is involved in and/or interested in the Offer and the Whitewash Waiver.

## **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders and Beijing Securities Limited has been appointed with the approval of the Independent Board Committee as an independent financial adviser to advise it and the Independent Shareholders in relation to the Offer and the Whitewash Waiver. As (i) Mr. Arthur George Dew, being the chairman and a non-executive Director, is also a non-executive director of AGL and APL; and (ii) Mr. Lee Seng Hui, being a non-executive Director, is also an executive director of AGL and APL and one of trustees of Lee and Lee Trust, Mr. Arthur George Dew and Mr. Lee Seng Hui will not be a member of the Independent Board Committee and have abstained from voting at the board meeting in respect of the Offer. Mr. So Kwok Hoo, being a non-executive Director, is also the deputy managing director and a shareholder of Shougang Fushan, a substantial Shareholder, given all the executive Directors and non-executive Directors (except Mr. Lee Seng Hui) were involved in the discussion and/or negotiation of terms and conditions of the Offer, to avoid any possible conflict of interest, Mr. So Kwok Hoo will not be a member of the Independent Board Committee.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was halted on the Stock Exchange at 9:00 a.m. on 20 October 2017 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 October 2017.

**It should be noted that dealings in the Shares will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing the Shares during such period will accordingly bear the risk that the Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any of the Shares during this period is in any doubt about his or her position, it is recommended that he or she should consult his or her professional adviser.**

**As at the date of this announcement, the Company does not believe that the Offer or the Whitewash Waiver gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the Offer does not comply with other applicable rules and regulations.**

## **INTRODUCTION**

The Board announces that a conditional cash offer will be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to fulfilment of the Conditions, to repurchase for cancellation up to the Maximum Number of Shares, being 183,833,040 Shares, representing approximately 20% of the total issued share capital of the Company as at the date of this announcement. Shareholders may accept the Offer by submission of Acceptance Forms for the sale of their Shares to the Company at the Offer Price of HK\$1.30 per Share.

The Shares to be repurchased by the Company will not exceed the Maximum Number of Shares. There is no minimum number of Shares proposed to be repurchased under the Offer. If the Offer is fully accepted, it will result in the Company paying to the Accepting Shareholders HK\$1.30 per Share, which will be paid in cash.

As at the date of this announcement, there are 919,165,198 Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares. The maximum amount payable by the Company under the Offer is HK\$238,982,952.

## **PRINCIPAL TERMS OF THE OFFER**

The Offer will be made by Yu Ming on behalf of the Company, subject to fulfilment of the Conditions to repurchase the Shares at the Offer Price, for up to the Maximum Number of Shares. All Shareholders are entitled to accept the Offer by submitting Acceptance Forms for the sale of any number of their Shares to the Company.

The principle features of the Offer will be as follows:

- (a) The Company will repurchase up to the Maximum Number of Shares at the Offer Price.
- (b) Shareholders may submit Acceptance Forms in respect of any number of his or her Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.

- (e) The Shares specified in an Acceptance Form will be repurchased in the following order:
- (i) firstly, all the Shares up to the Assured Entitlement of an Accepting Shareholder; and
  - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in the relevant Acceptance Form bears to the aggregate Excess Number of Shares in all the Acceptance Forms.
- (f) All Shares will be repurchased free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be repurchased under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount of cash payable to an Accepting Shareholder.
- The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders in respect of the Offer.
- (g) All repurchased Shares will be cancelled.
- (h) The Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him, her or it to Yu Ming and the Company that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of this announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the date of this announcement).

In compliance with Rule 3 of the Share Buy-backs Code, the Offer will be subject to the approval by the Independent Shareholders by way of a poll. The Offer will also be subject to the other terms and conditions referred to under the section entitled "Conditions to the Offer" below. If the Offer is declared unconditional, Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

The consideration under the Offer will not be despatched until after the Acceptance Form is completed in all respects and the share certificate(s), and/or transfer receipts(s) and/or other document(s) of title satisfactory to the Company have been received. Assuming the Offer has become unconditional, Shares tendered under the Offer shall be paid for by the Company as soon as possible after and in any event within 7 business days following the close of the Offer.

The full terms and details of the Offer will be set out in the Offer Document.

## **THE OFFER PRICE**

The Offer Price of HK\$ 1.30 per Share represents:

- (i) a premium of approximately 16.1% over the closing price of the Shares of HK\$1.12 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 13.0% over the average price of HK\$1.15, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 14.0% over the average price of HK\$1.14, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a discount of approximately 58.6% to the Group's net asset value of approximately HK\$3.14 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 June 2017.

## **HIGHEST AND LOWEST SHARE PRICES**

During the six-month period immediately prior to and including the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$1.20 on 27 April 2017 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.97 on 14 August 2017.

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Offer will be satisfied by internal resources of the Group. Yu Ming has confirmed that sufficient financial resources are available to the Company to implement the Offer in full if the Maximum Number of Shares is repurchased.



## **ASSURED ENTITLEMENT AND EXCESS NUMBER OF SHARES**

As at the date of this announcement, there are 919,165,198 Shares in issue. The Maximum Number of Shares subject to be repurchased pursuant of the Offer is 183,833,040 Shares. Allied Properties Investments has indicated that it will not accept the Offer for 269,718,943 Shares held by it as such each of the Accepting Shareholders is entitled to sell to the Company the Assured Entitlement of 5,661 Shares for every board lot of 20,000 Shares he, she or it owns as at the close of the Offer. The number of Shares which may be acquired from an Accepting Shareholder may be in excess of his or her Assured Entitlement in the event that there are Shareholders not submitting Acceptance Forms or the number of the Shares specified in some of the Acceptance Forms is less than the Assured Entitlements of the relevant Accepting Shareholders. The number of Shares so acquired will be dependent on the number of the Surplus Shares.

If the aggregate Excess Number of Shares falls below the Surplus Shares, all of the Excess Number of Shares will be repurchased by the Company. In the event of the aggregate Excess Number of Shares exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Number of Shares will be entitled to the repurchase by the Company of that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in his or her Acceptance Forms bears to the aggregate Excess Number of Shares calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Number of Shares specified in an Acceptance Form

A = aggregate Excess Number of Shares specified in all of the Acceptance Forms

S = Surplus Shares

The total number of the Shares which will be repurchased by the Company will not exceed the Maximum Number of Shares.

## **ODD LOTS ARRANGEMENTS**

Currently, the Shares are traded in board lots of 20,000 Shares each. Such board lot size will not change as a result of the Offer. Shareholders should note that acceptance of the Offer may result in their holding of odd lots of the Shares. The Company will make arrangements and appoint a designated broker to match sales and purchases of odd lot trading of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Further details of this arrangement will be described in the Offer Document and by subsequent announcement as necessary.

## **NOMINEE REGISTRATION OF SHARES**

To ensure equality of treatment of all Shareholders, those registered holders of the Shares who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

## **WHITEWASH WAIVER**

Allied Properties Investments was beneficially interested in 269,718,943 Shares, representing approximately 29.34% of the total issued share capital of the Company as at the date of this announcement. 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, controls approximately 74.95% of 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 issued share capital of the Company. Allied Properties Investments has indicated that it will not accept the Offer for the Shares held by them as at the date of this announcement. Save as disclosed above, none of Allied Properties Investments or parties acting in concert with it holds, controls or has directions over voting rights, rights over Shares, convertible securities, warrants, options or derivatives of the Company, nor has the Company or parties acting in concert with it received any irrevocable commitment from Shareholders to accept the Offer or vote for or against the Whitewash Waiver in the SGM.

Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code provide that where, as a result of share repurchase, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such interest will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Consequently, depending upon the level of the Shares tendered for repurchase by the Company as stated in the Acceptance Forms and assuming that Allied Properties Investments do not accept the Offer to tender Shares held by it, the beneficial interest in the Company's issued share capital held by Allied Properties Investments and parties acting in concert with it may increase from its current level of approximately 29.34% to a maximum of approximately 36.68% upon completion of the Offer, thereby triggering a general obligation by Allied Properties Investments and parties acting in concert with it under Rule 26 of the Takeovers Code to make a mandatory general offer for all of the Shares not beneficially owned by Allied Properties Investments and parties acting in concert with it.

Accordingly, an application for the Whitewash Waiver will be made to the Executive by Allied Properties Investments.

**The Offer and the Whitewash Waiver will be subject to the passing of a resolution by the Independent Shareholders voting in person or by proxy at the SGM to approve by way of a poll the Whitewash Waiver and the Offer. If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse.**

**As at the date of this announcement, the Company does not believe that the Offer or the Whitewash Waiver gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the Offer does not comply with other applicable rules and regulations.**

## **DEALINGS IN SHARES BY THE COMPANY, ALLIED PROPERTIES INVESTMENTS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM**

The Company has not repurchased any Shares in the six-month period prior to the date of this announcement and will not conduct any on-market share repurchase from the date of this announcement and up to and including the date the Offer closes, lapses or is withdrawn, as the case may be.

Allied Properties Investments and parties acting in concert with it have confirmed that there has been no dealing in the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in the six months immediately prior to the date of this announcement and up to the date of this announcement.

## **OTHER ARRANGEMENTS**

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares entered into by the Company, Allied Properties Investments or parties acting in concert with any of them which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement to which the Company or Allied Properties Investments or parties acting in concert with any of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver. None of the Company or Allied Properties Investments or parties acting in concert with any of them has borrowed or lent any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

## SHAREHOLDING STRUCTURES

Set out below is a table showing the shareholding structure of the Company immediately before and after the completion of the Offer on the assumption that (i) all Shareholders (other than Allied Properties Investments) will accept the Offer in full; (ii) the number of the Shares in issue as at the date of this announcement remains unchanged until the completion of the Offer; and (iii) Allied Properties Investments does not accept the Offer to tender Shares held by them respectively.

Name of Shareholders	Immediately before the Offer		Immediately after completion of the Offer	
	Shares	Approx. %	Shares	Approx. %
Allied Properties				
Investments ( <i>Note 1</i> )	269,718,943	29.34%	269,718,943	36.68%
Shougang Fushan ( <i>Note 2</i> )	143,400,000	15.60%	102,810,630	13.98%
Mr. Ferguson	3,750,000	0.41%	2,688,562	0.37%
Public Shareholders	<u>502,296,255</u>	<u>54.65%</u>	<u>360,114,023</u>	<u>48.97%</u>
Total	<u>919,165,198</u>	<u>100.00%</u>	<u>735,332,158</u>	<u>100.00%</u>

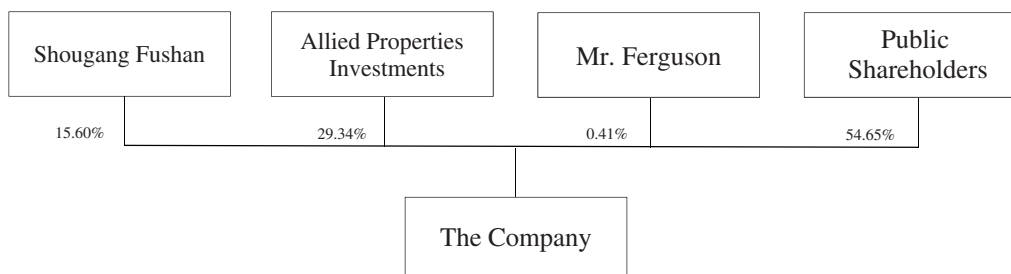
*Notes:*

- Allied Properties Investments was beneficially interested in 269,718,943 Shares, representing approximately 29.34% of the total issued share capital of the Company as at the date of this announcement. 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, controls approximately 74.95% of 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 issued share capital of the Company.
- These shares are held by Benefit Rich Limited, a wholly-owned subsidiary of Shougang Fushan Resources Group Limited (“**Shougang Fushan**”), a company listed on the main board of the Stock Exchange with the stock code 639. Pursuant to the information published on the website of the Stock Exchange, substantial shareholders of Shougang Fushan are Shougang Holding (Hong Kong) Limited and Funde Sino Life Insurance Co., Ltd., holding 29.85% and 29.04% shares respectively in Shougang Fushan.

Mr. So Kwok Hoo (“**Mr. So**”), a non-executive Director, is also the deputy managing director and a shareholder of Shougang Fushan. Mr. So is representing the interests of Shougang Fushan in the Board.

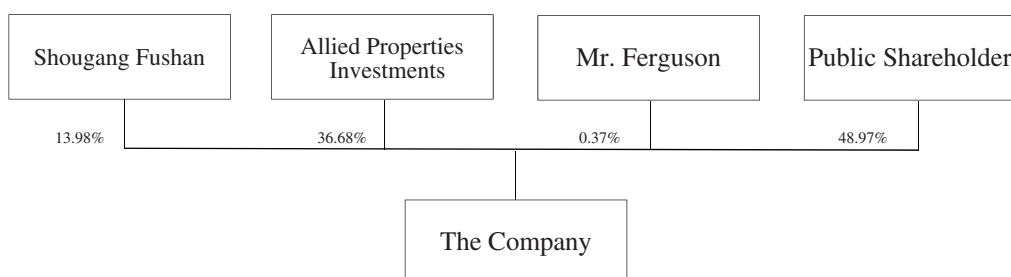
## Immediately before the Offer

Total issued share capital: 919,165,198 Shares



## Immediately after completion of the Offer

Total issued share capital: 735,332,158 Shares



## CONDITIONS TO THE OFFER

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of a resolution by the Independent Shareholders voting in person or by proxy at the SGM to approve by way of a poll the Whitewash Waiver and the Offer;
- (b) the granting of the Whitewash Waiver by the Executive; and
- (c) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the date of this announcement.

None of the conditions above is waivable.

The Offer will not be conditional on any minimum number of acceptances.

**If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will lapse. As the Offer is subject to the fulfillment of all of the Conditions, it may or may not become unconditional and the Offer may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS AND FINANCIAL EFFECT OF THE OFFER**

The Board believes it is appropriate to utilize certain of the funds of the Company to purchase the Shares and to thereby provide a mechanism for the Shareholders to dispose their Shares at premium to the prevailing market prices should they wish to do so.

In view of the above factors and having considered other methods of achieving its objectives with its professional advisers, the Board (other than the members of the Independent Board Committee who will express their opinion in the Offer Document) considers that the Offer is in the best interest of the Shareholders as it will:

- (a) return part of the funds to the Shareholders pursuant to the Offer;
- (b) provide an opportunity for the Shareholders either to sell their Shares at premium to the prevailing market prices and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company; and
- (c) have the effect of increasing the consolidated net asset value per Share and earnings per Share.

In determining the Maximum Number of Shares to be repurchased by the Company shall it be accepted in full under the Offer, the Board has taken into account the internal financial resources of the Group available to satisfy the Offer.

Assuming that the Maximum Number of Shares will be repurchased by the Company and based on the audited consolidated net assets of the Group as at 30 June 2017, it is expected that the net assets of the Group will decrease, whilst the net asset value per Share will increase, upon completion of the Offer. Further details of the financial effects of the Offer, including the effects of the Offer on the net asset value of the Group, the net asset value per Share, the earnings of the Group and the earnings per Share, will be set out in the Offer Document to be despatched to the Shareholders as soon as practicable.

## **INFORMATION ON THE GROUP**

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.

## **FUTURE INTENTIONS OF THE GROUP**

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major changes will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed as a result of the Offer.

## **DIVIDEND DECLARED BY THE COMPANY FOR THE YEAR ENDED 30 JUNE 2017**

Reference is made to the announcement of the Company dated 25 September 2017. The Board has declared an interim dividend of HK1.5 cents per Share (in lieu of a final dividend) for the year ended 30 June 2017 payable on or around Friday, 1 December 2017 to the Shareholders whose names appear on the register of members of the Company on Thursday, 16 November 2017.

For the avoidance of doubt, any Shareholder whose name appears on the register of members of the Company on 16 November 2017 and subsequently accepts the Offer would still be entitled to such dividend. These Shareholders will be entitled to such dividend irrespective of whether they accept the Offer or not.

## **GENERAL**

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 8.2 of the Takeovers Code, the Offer Document, which will contain details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders within 21 days of the date of this announcement.



The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, (i) none of the Shareholders other than Allied Properties Investments; and (ii) all the executive Directors and non-executive Directors (except Mr. Lee Seng Hui), having involved in the discussion and/or negotiation of terms and conditions of the Offer, have a material interest in the transactions contemplated under the Offer and the Whitewash Waiver as at the date of this announcement. Accordingly, (i) Allied Properties Investments and parties acting in concert with it (including Mr. Lee Seng Hui, a Director who has interests in the Shares through Lee and Lee Trust); (ii) Mr. Ferguson, a Director who has personal interests in the Shares; and (iii) all other executive Directors and non-executive Directors should an interest in any relevant securities of the Company have subsequently arise, will abstain from voting at the SGM in respect of the resolutions relating to the Offer and the Whitewash Waiver. Save for the aforementioned, none of the Shareholders is involved in and/or interested in the Offer and the Whitewash Waiver.

#### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders and Beijing Securities Limited has been appointed with the approval of the Independent Board Committee as an independent financial adviser to advise it and the Independent Shareholders in relation to the Offer and the Whitewash Waiver. As (i) Mr. Arthur George Dew, being the chairman and a non-executive Director, is also a non-executive director of AGL and APL; and (ii) Mr. Lee Seng Hui, being a non-executive Director, is also an executive director of AGL and APL and one of trustees of Lee and Lee Trust, Mr. Arthur George Dew and Mr. Lee Seng Hui will not be a member of the Independent Board Committee and have abstained from voting at the board meeting in respect of the Offer. Mr. So Kwok Hoo, being a non-executive Director, is also the deputy managing director and a shareholder of Shougang Fushan, a substantial Shareholder, given all the executive Directors and non-executive Directors (except Mr. Lee Seng Hui) were involved in the discussion and/or negotiation of terms and conditions of the Offer, to avoid any possible conflict of interest, Mr. So Kwok Hoo will not be a member of the Independent Board Committee.

## **DEALINGS DISCLOSURE**

As at the date of this announcement, the Company has 919,165,198 Shares in issue and no other securities issued and outstanding, any changes of which will be announced by the Company as soon as possible thereafter.

The respective associates (including any person holding 5% or more of a class of the relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) of the Company) of the Company and Allied Properties Investments are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security of the Company undertaken for a client during any 7 day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was halted on the Stock Exchange at 9:00 a.m. on 20 October 2017 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 October 2017.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms used herein have the following meanings:

“Acceptance Form(s)”	form(s) to be sent to the Shareholders as part of the Offer Document for acceptance of the Offer
“Accepting Shareholder(s)”	Shareholder(s) who accept(s) the Offer by submitting Acceptance Form(s)
“acting in concert”	having the meaning ascribed to it under the Takeovers Code
“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 and the Company
“Allied Properties Investments”	Allied Properties Investments (1) Company Limited, a substantial Shareholder, which was interested in 269,718,943 Shares, representing approximately 29.34% of the total issued share capital of the Company as at the date of this announcement and indirectly wholly-owned by APL
“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
“Assured Entitlement(s)”	the aggregate number of the Shares which every Accepting Shareholder is entitled to be repurchased by the Company, calculated on the basis of 5,661 Shares for every 20,000 Shares registered in the name of the relevant Accepting Shareholder
“Board”	the board of Directors
“Codes”	Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“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)

“Conditions”	Conditions set out under the heading “Conditions to the Offer” to which the Offer is subject
“Director(s)”	director(s) of the Company
“Excess Number of Shares”	the number of the Shares specified in an Acceptance Form which is in excess of the Assured Entitlement of the relevant Accepting Shareholder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Director, established to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Financial Adviser”	Beijing Securities Limited, an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Allied Properties Investments and parties acting in concert with it (including Mr. Lee Seng Hui, a Director who has interests in the Shares through Lee and Lee Trust) and (ii) all the executive Directors and non-executive Directors (except Mr. Lee Seng Hui), who were involved in the discussion and/or negotiation of terms and conditions of the Offer. As at the date of this announcement, only Mr. Ferguson, a Director, has personal interests in the Shares. Save for the aforementioned, none of the other Shareholders is involved in and/or interested in the Offer and the Whitewash Waiver

“Last Trading Day”	19 October 2017, being the last trading day prior to the suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number of Shares”	the maximum number of the Shares to be repurchased pursuant to the Offer, being 183,833,040 Shares in aggregate, representing approximately 20.0% of the total issued share capital of the Company as the date of this announcement
“Mr. Ferguson”	Mr. Andrew Ferguson, a Director and a holder of 3,750,000 Shares
“Offer”	the offer by the Company to repurchase the Maximum Number of Shares at the Offer Price from the Shareholders for cancellation
“Offer Document”	a circular to the Shareholders (comprising the offer document, the notice of SGM, the proxy form for voting at the SGM and the Acceptance Form) to be issued in connection with the Offer and the Whitewash Waiver
“Offer Price”	HK\$1.30 being the repurchase price under the Offer
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened in connection with the Offer and the Whitewash Waiver
“Share Buy-backs Code”	Hong Kong Code on Share Buy-backs
“Shareholder(s)”	holder(s) of the Shares

“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Shares”	being the Maximum Number of Shares less the aggregate Assured Entitlements received
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver from the Executive in respect of the obligations of Allied Properties Investments and parties acting in concert with it to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code for all the Shares not held by Allied Properties Investments and parties acting in concert with it, which obligation may otherwise arise as a result of the completion of the Offer
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Company in respect of the Offer. Yu Ming is an indirect wholly-owned subsidiary of AGL, which in turn owns approximately 74.99% of the total number of issued shares of APL, and which in turn indirectly owns 269,718,943 Shares, representing approximately 29.34% of the total issued share capital of the Company. Save for the indirect shareholding of AGL, Yu Ming and its concert parties does not have any holdings or borrowings or lending of shares or convertible securities or options or warrants or derivatives of the Company

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

Hong Kong, 26 October 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

*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.*

\* For identification purpose only