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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**

On 31 January 2018, the Lender (a wholly-owned subsidiary of the Company) as the lender and the Company as the lender's parent company entered into the Loan Deed with the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) as the borrower and Guarantor A and Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) as the guarantors, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan Facility on the terms and subject to the conditions therein.

**LISTING RULES IMPLICATIONS**

As the Lender is a wholly-owned subsidiary of the Company, the Transaction entered into by the Lender 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%.

## INTRODUCTION

On 31 January 2018, the Lender (a wholly-owned subsidiary of the Company) as the lender and the Company as the lender's parent company entered into the Loan Deed with the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) as the borrower and Guarantor A and Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) as the guarantors, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan Facility on the terms and subject to the conditions therein.

## THE LOAN DEED

**Date:** 31 January 2018

**Parties:**

- (1) the Lender as the lender for the Loan Deed;
- (2) the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) as the borrower for the Loan Deed;
- (3) the Company as the lender's parent company for the Loan Deed;
- (4) Guarantor A as one of the guarantors for the Loan Deed; and
- (5) Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) as one of the guarantors for the Loan Deed.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and based on the confirmations of the Borrower, Guarantor A and Guarantor B, the Borrower, Guarantor A, Guarantor B 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 Loan Deed

The principal terms of the Loan Deed are as follows:

Loan amount:	A\$34,121,096
Term:	3 months from the drawdown date of the Loan Facility
Purpose:	the Loan Facility shall be applied and used by the Borrower for the purchase of a land in Australia and other incidental costs
Interest rate:	6% per annum; or 12% per annum if there is unwaived and continuing event of default under the Loan Deed
Non-refundable establishment fee:	A\$504,805

- Securities:
- (1) General Security Deed A;
  - (2) General Security Deed B;
  - (3) General Security Deed C;
  - (4) Specific Security Deed (Shares);
  - (5) Specific Security Deed (Units); and
  - (6) Property Mortgage

#### *General Security Deed A*

The Loan Facility is secured by General Security Deed A created by the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) in favour of the Lender by way of first fixed and floating charge over all the present and after-acquired property of the Borrower but excluding any interest in Australian land as defined in the Foreign Acquisitions and Takeovers Act 1975 (Cth). The Lender shall have rights, among other things, to seize or dispose of any collateral under General Security Deed A while an event of default under General Security Deed A subsists.

#### *General Security Deed B*

The Lender's legal adviser has received, and will hold in escrow pending the Approval being obtained, General Security Deed B, which constitutes a fixed and floating charge over all the present and after-acquired property of the Borrower. The Lender shall have rights, among other things, to seize or dispose of any collateral under General Security Deed B while an event of default under General Security Deed B subsists.

#### *General Security Deed C*

The Lender's legal adviser has received, and will hold in escrow pending the Approval being obtained, General Security Deed C, which constitutes a fixed and floating charge over all the present and after-acquired property of Guarantor B. The Lender shall have rights, among other things, to seize or dispose of any collateral under General Security Deed C while an event of default under General Security Deed C subsists.

#### *Specific Security Deed (Shares)*

The Lender's legal adviser has received, and will hold in escrow pending the Approval being obtained, the Specific Security Deed (Shares), which constitutes a first fixed mortgage of the Shares. The Lender, as chargee of Specific Security Deed (Shares), shall have rights, among other things, to sell the Shares upon the occurrence of any event of default under the Specific Security Deed (Shares).

### *Specific Security Deed (Units)*

The Lender's legal adviser has received, and will hold in escrow pending the Approval being obtained, the Specific Security Deed (Units), which constitutes a first fixed mortgage of the Units. The Lender, as chargee of Specific Security Deed (Units), shall have rights, among other things, to sell the Units upon the occurrence of any event of default under the Specific Security Deed (Units).

### *Property Mortgage*

The Lender's legal adviser has received, and will hold in escrow pending the Approval being obtained, the Property Mortgage. The Lender, as mortgagee, shall have rights, among other things, to sell the property mortgaged to it under the Property Mortgage upon the occurrence of any event of default under the Property Mortgage.

## **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 Loan Deed, including the interest rate applicable, were arrived at after arm's length negotiations between the Lender and the Borrower having taken into account the current market norm in relation to similar transactions.

In view of the above, the Directors are of the view that the terms of the Loan Deed are on normal commercial terms and the Transaction is fair and reasonable, and in the interests of the Company and its shareholders taken as a whole.

## **INFORMATION ABOUT THE COMPANY, THE GROUP, THE LENDER, THE BORROWER, GUARANTOR A AND GUARANTOR 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.

### **The Lender**

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

## **The Borrower**

The Borrower is a company incorporated in Australia with limited liability, being the trustee of the Unit Trust, and is legally and beneficially and wholly owned by Guarantor A. The principal business activity of the Borrower is property development.

## **Guarantor A**

Guarantor A is an individual.

## **Guarantor B**

Guarantor B is a company incorporated in Australia with limited liability, being the trustee of the Family Trust. The principal business activity of Guarantor B is property development and holdings.

## **LISTING RULES IMPLICATIONS**

As the Lender is a wholly-owned subsidiary of the Company, the Transaction entered into by the Lender 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:

“A\$”	the lawful currency of Australia;
“Approval”	the approval that may be granted by the Foreign Investment Review Board, being a non-statutory body to advise the Treasurer and the Government on Australia’s Foreign Investment Policy and its administration;
“Australia”	the Commonwealth of Australia;
“Board”	the board of Directors;
“Borrower”	LFD Pymble Pty Ltd, a company incorporated in Australia with limited liability, being the borrower under the Loan Deed, the grantor under General Security Deed A, General Security Deed B, the mortgagor under the Property Mortgage and the trustee for the Unit Trust;

“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), and the lender’s parent company under the Loan Deed;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Family Trust”	JBHL Lin Family Trust 2, being a discretionary trust established under the laws of Australia, the capital and income beneficiaries thereof include Guarantor A and the family members of Guarantor A, and the holder of the Units;
“General Security Deed A”	the general security deed created by the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) in favour of the Lender by way of first fixed and floating charge over all present and after-acquired property of the Borrower, excluding any interest in Australian land as defined in Foreign Acquisitions and Takeovers Act 1975 (Cth);
“General Security Deed B”	the general security deed created by the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) in favour of the Lender by way of first fixed and floating charge over all present and after-acquired property of the Borrower;
“General Security Deed C”	the general security deed created by Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) in favour of the Lender by way of first fixed and floating charge over all present and after-acquired property of Guarantor B;
“Group”	the Company and its subsidiaries;
“Guarantor A”	Mr. Ben Zheng Lin, being one of the guarantors under the Loan Deed and the grantor under Specific Security Deed (Shares);
“Guarantor B”	LFD Campsie Pty Ltd, a company incorporated in Australia with limited liability, being one of the guarantors under the Loan Deed, the grantor under General Security Deed C, Specific Security Deed (Units) and the trustee of the Family Trust;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender”	APAC Resources Investment Holding Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, being the lender under the Loan Deed;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Deed”	the Loan Deed entered into between the Lender as the lender, the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) as the borrower, the Company as the lender’s parent company and Guarantor A and Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) as the guarantors dated 31 January 2018;
“Loan Facility”	the loan facility in the amount up to A\$34,121,096 made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Deed;
“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;
“Property Mortgage”	the mortgage over a property located in Australia, being a property subject to the Unit Trust, created by the Borrower (in its personal capacity and in its capacity as trustee for the Unit Trust) in favour of the Lender;
“Shares”	the entire issued share capital of the Borrower;
“Specific Security Deed (Shares)”	the specific security deed over the Shares created by Guarantor A in favour of the Lender;
“Specific Security Deed (Units)”	the specific security deed over the Units created by Guarantor B (in its personal capacity and in its capacity as trustee for the Family Trust) in favour of the Lender;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Loan Deed;
“Unit Trust”	LFD Pymble Unit Trust, being a unit trust established under the laws of Australia;
“Units”	all fully paid ordinary units in the Unit Trust held by Guarantor B for the Family Trust; and
“%”	per cent.

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

Hong Kong, 31 January 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 Moyse Willcocks

\* *For identification purpose only*