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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
AND
CONNECTED TRANSACTION

THE ACQUISITION OF APPROXIMATELY 38.09% OF
THE TOTAL ISSUED SHARE CAPITAL OF TANAMI GOLD NL

THE SHARE SALE AGREEMENT

On 2 February 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 38.09% of the total issued share capital of the Subject Company as at the date of the Share Sale Agreement, at the Consideration of A\$20,142,575 (equivalent to approximately HK\$126,495,000). The Acquisition is conditional upon the fulfillment or waiver (as the case may be) of the Conditions specified in the Share Sale Agreement and as described under the paragraph headed “Conditions precedent” under the section headed “The Share Sale Agreement” in this announcement.

LISTING RULES IMPLICATIONS

As the Purchaser is a wholly-owned subsidiary of the Company, the Acquisition 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 Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

As at the date of this announcement, the Company is owned as to approximately 33.93% by Allied Properties Investments, being an indirect wholly-owned subsidiary of APL, a controlling shareholder of the Company and hence a connected person of the Company. Therefore, the Vendor, being an indirect wholly-owned subsidiary of APL, is also a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition is also subject to the reporting, announcement and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving the Share Sale Agreement and the transactions contemplated thereunder.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save as and except for APL and its associates (including Allied Properties Investments), no other shareholder of the Company has a material interest in the transactions contemplated under the Share Sale Agreement such that he or she or it shall abstain from voting at the SGM on the resolution to approve the Share Sale Agreement and the transactions contemplated thereunder.

A circular containing details regarding, among others, (i) details of the Acquisition; (ii) a letter from the Independent Board Committee advising the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder; (iv) financial information of the Subject Company; and (v) a notice of the SGM will be despatched to the shareholders of the Company in accordance to the Listing Rules as soon as practicable, which is expected to be on or before 27 February 2018.

Shareholders and potential investors of the Company should note that the Acquisition may or may not proceed as they are subject to a number of Conditions, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

INTRODUCTION

On 2 February 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 38.09% of the total issued share capital of the Subject Company as at the date of the Share Sale Agreement, at the Consideration of A\$20,142,575 (equivalent to approximately HK\$126,495,000). The Acquisition is conditional upon the fulfillment or waiver (as the case may be) of the Conditions specified in the Share Sale Agreement and as described under the paragraph headed “Conditions precedent” under the section headed “The Share Sale Agreement” in this announcement.

The material terms of the Share Sale Agreement are summarised below:

THE SHARE SALE AGREEMENT

Date: 2 February 2018

Parties: (1) the Vendor as the seller under the Share Sale Agreement; and
(2) the Purchaser as the buyer under the Share Sale Agreement.

Subject matter

Pursuant to the Share Sale Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing approximately 38.09% of the total issued share capital of the Subject Company as at the date of the Share Sale Agreement.

Consideration

The Consideration for the Sale Shares is in the aggregate amount of A\$20,142,575 (equivalent to approximately HK\$126,495,000) and shall be payable in full by the Purchaser to the Vendor upon Completion.

The Consideration was determined through arm's length negotiations between the Purchaser and the Vendor on a commercial basis after taking into account, among other things (i) the published audited net asset value of the Subject Company as at 30 June 2017 of approximately A\$16,362,000; (ii) the Options granted by NST to the Subject Company in relation to the Project as detailed below; and (iii) the closing trading price of the Subject Company on ASX as at 25 January 2018 of A\$0.041 per Subject Company Share. The Consideration represents (i) a premium of approximately 223% to the audited net asset value attributable of approximately A\$0.014 per Subject Company Share as at 30 June 2017; and (ii) a premium of approximately 9.76% to the closing trading price of A\$0.041 per Subject Company Share as at the date of the Share Sale Agreement.

Conditions precedent

Completion of the Share Sale Agreement is conditional upon, among other things, the following Conditions being fulfilled:

- (i) the shareholders of the Subject Company having approved the transfer of the Sale Shares from the Vendor to the Purchaser in accordance with the relevant laws of Australia;
- (ii) the Independent Shareholders having approved the acquisition of the Sale Shares by the Purchaser;
- (iii) either:
 - a. the Purchaser having received a written notice issued under FATA by or on behalf of the Treasurer of Australia stating or to the effect that the Commonwealth Government of Australia does not object to the transactions contemplated by the Share Sale Agreement, either unconditionally or on terms that are acceptable to the Purchaser; or
 - b. the Treasurer of Australia becomes precluded from making an order in relation to the subject matter of the Share Sale Agreement and the transactions contemplated by it under FATA; or
 - c. if an interim order is made under FATA in respect of the transactions contemplated by the Share Sale Agreement, the subsequent period for making a final order prohibiting the transactions contemplated by the Share Sale Agreement elapses without a final order being made.

Completion and Termination

If any of the Conditions are not fulfilled or otherwise waived by the Purchaser in accordance with the Share Sale Agreement, as the case may be on or before the Cut Off Date, the Share Sale Agreement shall be automatically terminated and nothing in the Share Sale Agreement will cause a binding agreement for the transfer of the Sale Shares to arise.

If all the Conditions are fulfilled (or otherwise waived in accordance with the Share Sale Agreement, as the case may be) on or before the Cut Off Date, Completion shall take place on the Completion Date or such other date and time as may be agreed by the Vendor and the Purchaser.

INFORMATION OF APL, THE VENDOR AND THE SUBJECT COMPANY

Based on the information provided by the Vendor, information on APL, the Vendor and the Subject Company is as follows:

APL

APL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange and a controlling shareholder of the Company. The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

The Vendor

The Vendor is a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of APL, being the beneficial owner of the Sale Shares. The principal business activity of the Vendor is investment holding.

The Subject Company

The Subject Company is a no liability company incorporated in Australia, the shares of which are listed on the ASX, and is owned as to approximately 38.09% by the Vendor as at 2 February 2018. The principal business activity of the Subject Company is gold exploration. The principal assets of the Subject Company as at 30 June 2017 were acquired exploration and evaluation, cash and available for sale financial assets.

The Subject Company's main undertaking is the Project. Pursuant to the Heads of Agreement, NST holds 25% interest in the Project and will earn up to 60% by solely funding all expenditure and costs required to bring the Project back into commercial production, which will be achieved once the Project's process plant has been refurbished and is operated for a 30 day period or has produced 5,000 ounces of gold. The Subject Company has been granted two options by NST to sell its remaining interest in the Project (the "**Options**") which include (1) the selling of 15% of the Project for A\$20,000,000 in cash or certain shares of NST at the Subject Company's election at any time up to the earlier of 31 July 2018 or 30 days following achievement of commercial production, and if such commercial production is achieved after 31 July 2018, the Subject Company may exercise the option at any time up to 30 days following achievement of commercial production; and (2) the selling of 25% of the Project for A\$32,000,000 in cash or certain shares of NST at the Subject Company's election during the six months after commercial production.

Based on the information provided by the Vendor, the original purchase costs of the Sales Shares, which are the subjects of the Acquisition, incurred by the Vendor was approximately HK\$417,396,000.

Financial information of the Subject Company

The following is the consolidated financial information of the Subject Company as extracted from its audited financial statements for the years ended 30 June 2016 and 30 June 2017 respectively:

	For the year ended 30 June 2016 A\$'000	For the year ended 30 June 2017 A\$'000
Net profit (loss) before tax	11,717	(4,443)
Net profit (loss) after tax	12,570	(4,699)

As at 30 June 2017, the audited net asset value of the Subject Company was approximately A\$16,362,000.

INFORMATION OF THE COMPANY, THE GROUP AND THE PURCHASER

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 Purchaser

The Purchaser is a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company. The principal business activity of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It is the Group's focus to look for investment opportunities in listed and unlisted securities globally in the resources sector in both resources investment and primary strategic investment business segments. The Group's primary strategic investment business targets investments with more than 20% stake in producers which will provide cashflow, productivity assets or offtake opportunity. Currently our major natural resources investment is in Mount Gibson Iron Limited, an Australian listed iron ore producer.

The Directors consider that the Acquisition, after taking into account the Heads of Agreement and the Options, represents a good opportunity for the Group to extend its natural resources investment to gold mining. The Company regards the Acquisition as a continuation of its committed long-term investment in Australia. This long-term commitment brings the benefit of the Company's ability to access world markets for Australian gold mining in addition to the current hematite iron ore involvement.

In view of the above, the Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) are of the view that the terms and conditions of the Share Sale Agreement are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Purchaser is a wholly-owned subsidiary of the Company, the Acquisition 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 Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the relevant percentage ratio(s) of the Company exceeds 5% but is below 25%.

As at the date of this announcement, the Company is owned as to approximately 33.93% by Allied Properties Investments, being an indirect wholly-owned subsidiary of APL, a controlling shareholder of the Company and hence a connected person of the Company. Therefore, the Vendor, being an indirect wholly-owned subsidiary of APL, is also a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition is also subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lee Seng Hui ("**Mr. Lee**"), a non-executive Director, is also the chief executive and an executive director of each of AGL and APL. Mr. Lee is one of the trustees of Lee and Lee Trust, being a discretionary trust which together with Mr. Lee's personal interest, controls approximately 74.95% interest in the total number of issued shares of AGL, which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of issued shares of APL. APL is indirectly interested in approximately 33.93% of the total issued share capital of the Company and which the Vendor is its indirect wholly-owned subsidiary. Accordingly, Mr. Lee is deemed to be interested in the Acquisition and therefore has abstained from voting on the relevant Board resolutions.

Mr. Arthur George Dew ("**Mr. Dew**"), the Chairman and a non-executive Director, is also the chairman and a non-executive director of each of AGL and APL, and a non-executive director of the Subject Company. In view of the aforesaid common directorship, Mr. Dew has abstained from voting on the Board resolutions in respect of the Acquisition.

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to whether (i) the terms and conditions of the Share Sale Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. None of the members of the Independent Board Committee has any material interest in the Acquisition.

With the approval of the Independent Board Committee, the Company has appointed the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Share Sale Agreement and the transactions contemplated thereunder.

GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving the Share Sale Agreement and the transactions contemplated thereunder.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save as and except for APL and its associates (including Allied Properties Investments), no other shareholder of the Company has a material interest in the transactions contemplated under Share Sale Agreement such that he or she or it shall abstain from voting at the SGM on the resolution to approve the Share Sale Agreement and the transactions contemplated thereunder.

A circular containing details regarding, among others, (i) details of the Acquisition; (ii) a letter from the Independent Board Committee advising the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder; (iv) financial information of the Subject Company; and (v) a notice of the SGM will be despatched to the shareholders of the Company in accordance to the Listing Rules as soon as practicable, which is expected to be on or before 27 February 2018.

Shareholders and potential investors of the Company should note that the Acquisition may or may not proceed as they are subject to a number of Conditions, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“A\$”	Australian dollars, the lawful currency of Australia;
“Acquisition”	the acquisition of the Sale Shares pursuant to the Share Sale Agreement;

“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 controlling shareholder of APL;
“Allied Properties Investments”	Allied Properties Investments (1) Company Limited, a controlling shareholder which holds 269,858,943 ordinary shares of the Company, representing approximately 33.93% 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 controlling shareholder of the Company;
“associate(s)”	having the meaning ascribed to it under the Listing Rules;
“ASX”	the Australian Securities Exchange;
“Australia”	The Commonwealth of Australia;
“Board”	the board of Directors;
“Business Day”	a day on which banks are open for general banking business in Sydney, excluding Saturdays, Sundays and public holidays;
“BVI”	the British Virgin Islands;
“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);
“Completion”	completion of the Acquisition;
“Completion Date”	10 Business Days after the date on which notification of the last of the Conditions is fulfilled or waived, or any other date agreed by the Purchaser and the Vendor;

“Condition(s)”	the condition(s) precedent to Completion, as more particularly set out under the section headed “Conditions precedent” of this announcement;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Consideration”	A\$20,142,575 (equivalent to approximately HK\$126,495,000), being the consideration payable for the sale and purchase of the Sale Shares under the Share Sale Agreement;
“controlling shareholder(s)”	having the meaning ascribed to it under the Listing Rules;
“Cut Off Date”	2 May 2018;
“Directors”	directors of the Company;
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia);
“Group”	the Company and its subsidiaries;
“Heads of Agreement”	joint venture heads of agreement, among others, between the Subject Company and NST;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser”	Beijing Securities Limited, an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Sale Agreement and the transactions contemplated thereunder;

“Independent Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company other than APL and its associates (including Allied Properties Investments) which are required to abstain from voting at the SGM;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NST”	Northern Star Resources Limited, a company listed on the ASX;
“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;
“Project”	the minerals project in the Northern Territory of Australia which is the subject of an unincorporated joint venture between the Subject Company and NST formed under the Heads of Agreement;
“Purchaser”	APAC Resources Mining Limited, a company incorporated in BVI with limited liability, and a wholly-owned subsidiary of the Company;
“Sale Shares”	447,612,786 fully paid ordinary shares of the Subject Company, representing approximately 38.09% of the total issued share capital of the Subject Company as at the date of the Share Sale Agreement;
“SGM”	the special general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Share Sale Agreement and the transactions contemplated thereunder;
“Share Sale Agreement”	the share sale agreement entered into between the Purchaser as the buyer and the Vendor as the seller dated 2 February 2018 in respect of the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Company”	Tanami Gold NL, a no liability company incorporated in Australia, the shares of which are listed on the ASX;
“Subject Company Share(s)”	the ordinary share(s) of the Subject Company;

“Vendor” Allied Properties Resources Limited, a company incorporated in BVI with limited liability, being an indirect wholly-owned subsidiary of APL; and

“%” per cent.

Unless otherwise stated, amount in A\$ have been translated into HK\$ at the exchange rate on the relevant date of the acquisition is of HK\$6.28 to A\$1 for illustration purpose only. No representation has been made that any amount in A\$ or HK\$ can be or could have been converted at the relevant date at the above rate or any other rates at all.

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

Hong Kong, 2 February 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*