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## **DISCLOSEABLE TRANSACTION LOAN TRANSACTION**

On 13 September 2019, the Lender (a wholly-owned subsidiary of the Company) as the lender entered into the Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan 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 13 September 2019, the Lender (a wholly-owned subsidiary of the Company) as the lender entered into the Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan on the terms and subject to the conditions therein.

## THE LOAN AGREEMENT

Date: 13 September 2019

Parties: (1) the Lender as the lender for the Loan Agreement;

(2) the Borrower as the borrower for the Loan Agreement; and

(3) the Guarantor as the guarantor for the Loan Agreement.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries and based on the confirmations of the Borrower and the Guarantor, and so far as the Directors are aware, there exists only the following relationships (the “**Disclosed Relationships**”) between (i) the Guarantor, the Borrower and their ultimate beneficial owner(s) being the substantial shareholders of the Guarantor; and (ii) the Company, namely that:

1. Mr. Lee Seng Hui, a non-executive Director, is one of the trustees of Lee and Lee Trust, being a discretionary trust;
2. Lee and Lee Trust, together with Mr. Lee Seng Hui’s personal interest, controls approximately 74.95% interest in the total number of issued shares of AGL;
3. AGL is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of issued shares of APL;
4. APL is indirectly interested in approximately 48.66% of the total number of issued shares of Tian An;
5. Tian An is indirectly interested in approximately 10.65% of the total number of issued shares of the Guarantor;

6. a substantial shareholder of the Guarantor holds approximately 8.22% and 6.11% interest in Tian An and APL respectively; and
7. Dr. Wong Wing Kuen, Albert, an independent non-executive Director, is also an independent non-executive director of the Guarantor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and based on the confirmations of the Borrower and the Guarantor, other than the Disclosed Relationships, the Borrower, the Guarantor and their ultimate beneficial owners, being the substantial shareholders of the Guarantor, are all third parties independent of the Company and its connected persons.

Having considered the Disclosed Relationships, the Directors are of the opinion that:

1. the grant of the Loan pursuant to the Loan Agreement is not a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules; and
2. the independence of the Guarantor and the Borrower in entering into the Loan Agreement is not impeded by the Disclosed Relationships as Lee and Lee Trust, AGL, APL and Tian An cannot control the composition of all or the majority of the board of directors of the Guarantor and the Borrower.

In view of the Disclosed Relationships, Mr. Lee Seng Hui has also abstained from voting on the board resolutions of the Company in respect of the Transaction and this announcement.

### **Principal terms of the Loan Agreement**

The principal terms of the Loan Agreement are as follows:

Loan amount:	HK\$125,000,000 (or an amount equivalent to HK\$125,000,000 in such alternative currency as acceptable to and agreed by the Lender)
Repayment Date:	31 December 2021
Purpose:	the Loan shall be applied and used by the Borrower for repaying the whole of the outstanding balance of an existing loan due to a lender by the Borrower
Interest rate:	8% per annum

## **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 Agreement, 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 Agreement 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 AND THE GROUP, THE LENDER, THE BORROWER AND THE GUARANTOR**

### **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 Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. The principal business activity of the Lender is principal investments and financial services.

### **The Borrower**

The Borrower is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Guarantor. The principal business activity of the Borrower is group treasury management.

## **The Guarantor**

The Guarantor is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the beneficial owner of the entire issued share capital of the Borrower. The principal business activity of the Guarantor is investment holding and through its subsidiaries engaged in investment in and management and operation of healthcare and hospital businesses, aged care businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

## **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:

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373), being a connected person of the Company;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 56), being a connected person of the Company;
“Board”	the board of Directors;
“Borrower”	the borrower under the Loan Agreement;

“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 persons”	having the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	the guarantor under the Loan Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lender”	APAC Resources Shanghai Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company, being the lender under the Loan Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of HK\$125,000,000 (or an amount equivalent to HK\$125,000,000 in such alternative currency as acceptable to and agreed by the Lender) made or to be made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Agreement;
“Loan Agreement”	the loan agreement entered into among the Lender as the lender, the Borrower as the borrower and the Guarantor as the guarantor dated 13 September 2019;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	having the meaning ascribed to it under the Listing Rules;

“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 28), being a connected person of the Company;
“Transaction”	the transaction contemplated under the Loan Agreement; and
“%”	per cent.

By Order of the Board  
**APAC Resources Limited**  
**Andrew Ferguson**  
*Executive Director*

Hong Kong, 13 September 2019

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, Mr. Robert Moyse Willcocks and Mr. Wang Hongqian

\* *For identification purpose only*