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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

ACQUISITIONS OF SHARES IN SHOUGANG FUSHAN

The Board announces that on 13 December 2019, the Subsidiary acquired in aggregate 13,364,416 shares in Shougang Fushan (representing approximately 0.25% of the total number of issued shares of Shougang Fushan as at the date of this announcement) through on-market transactions conducted on the Stock Exchange for an aggregate consideration of approximately HK\$22,115,000 (exclusive of transaction costs), representing approximately HK\$1.65 per share.

Prior to the Acquisition, the Subsidiary acquired an aggregate of 23,412,000 shares in Shougang Fushan within a 12-month period prior to the date of the Acquisition (representing approximately 0.44% of the total number of issued shares of Shougang Fushan as at the date of this announcement) through on-market transactions conducted on the Stock Exchange for an aggregate consideration of approximately HK\$40,774,000 (exclusive of transaction costs), representing approximately HK\$1.74 per share.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) for the Acquisition does not exceed 5% on a stand-alone basis, the entering of the Acquisition is not subject to disclosure requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratio(s) for the Acquisition, when aggregated with the Previous Acquisition which was conducted within 12 months of the Acquisition, is more than 5% but less than 25%, the Acquisition together with the Previous Acquisition constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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After the Acquisitions, the Group holds 66,776,416 shares in Shougang Fushan, representing approximately 1.26% of the total number of issued shares of Shougang Fushan as at the date of this announcement.

As the Acquisitions were conducted through the open market, the identity(ies) of the counterparty(ies) of the Acquisitions cannot be ascertained by the Group. However, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Directors believe that the counterparty(ies) and its/their ultimate beneficial owner(s) in the Acquisitions is/are Independent Third Parties.

CONSIDERATION

The aggregate consideration for the Acquisitions is approximately HK\$62,889,000 (exclusive of transaction costs) and shall be fully settled in cash from the Company's internal resources.

The consideration of the Acquisitions were determined by reference to the prevailing trading prices of the shares of Shougang Fushan on the Stock Exchange at the time of the relevant acquisitions.

INFORMATION ON 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.

INFORMATION ON SHOUGANG FUSHAN

Shougang Fushan is 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: 639). Shougang Fushan and its subsidiaries are principally engaged in coking coal mining, production and sales of coking coal products in China.

Based on the audited consolidated financial statements of Shougang Fushan, the consolidated net profit before and after taxation for the financial years ended 31 December 2017 and 2018 and the consolidated net assets of Shougang Fushan as at 31 December 2017 and 2018 are as follows:

	For the year ended	
	31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated net profit before taxation	1,639,709	1,647,618
Consolidated net profit after taxation	1,151,928	1,182,584
	As at 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated net assets	16,775,806	17,375,683

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

It is the Group's focus to look for investment opportunities in listed securities globally in the resources sector in both resources investment and primary strategic investment business segments.

In the 2019 interim report of Shougang Fushan, it announced a HK8.5 cent interim dividend, which equates to a 5.2% interim yield. This builds on Shougang Fushan's recent track record of paying a strong dividend, and in 2018 it announced a combined dividend of HK16.8 cents. Having considered the financial performance of Shougang Fushan, the Company considers that the Acquisitions are attractive investments and can enhance the returns on investment for the Company.

As the Acquisitions were traded at market price, the Directors (including the independent non-executive Directors) are of the view that the Acquisitions were fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

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As the applicable percentage ratio(s) for the Acquisition, when aggregated with the Previous Acquisition which was conducted within 12 months of the Acquisition, is more than 5% but less than 25%, the Acquisition together with the Previous Acquisition constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 13,364,416 shares in Shougang Fushan in aggregate by the Subsidiary through on-market transactions conducted on the Stock Exchange on 13 December 2019 for an aggregate consideration of approximately HK\$22,115,000 (exclusive of transaction costs);
“Acquisitions”	the Acquisition and the Previous Acquisition;

“Board”	the board of Directors;
“Company”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Previous Acquisition”	the acquisition of 23,412,000 shares in Shougang Fushan in aggregate by the Subsidiary through on-market transactions conducted on the Stock Exchange within a 12-month period prior to the date of the Acquisition for an aggregate consideration of approximately HK\$40,774,000 (exclusive of transaction costs);
“Shougang Fushan”	Shougang Fushan Resources 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: 639), being a substantial shareholder (as defined in the Listing Rules) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subsidiary” APAC Resources Asia Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company; and

“%” per cent.

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

Hong Kong, 13 December 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 and Mr. Wang Hongqian

* *For identification purpose only*