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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

ACQUISITION OF SHARES IN HUSBAY MINERALS

The Board announces that on 17 April 2020 (Canadian time zone), the Subsidiary acquired in aggregate 150,000 shares in Hudbay Minerals (representing approximately 0.06% of the total issued share capital of Hudbay Minerals as at the date of this announcement) through on-market transactions conducted on the TSX for an aggregate consideration of approximately C\$452,000 (equivalent to approximately HK\$2,519,000) (exclusive of transaction costs), representing approximately C\$3.01 (equivalent to approximately HK\$16.79) per share.

Prior to the Acquisition, the Subsidiary acquired an aggregate of 600,000 shares in Hudbay Minerals within a 12-month period prior to the date of the Acquisition (representing approximately 0.23% of the total issued share capital of Hudbay Minerals as at the date of this announcement) through on-market transactions conducted on the TSX for an aggregate consideration of approximately C\$2,711,000 (equivalent to approximately HK\$15,995,000) (exclusive of transaction costs), representing approximately C\$4.52 (equivalent to approximately HK\$26.66) per share. The 600,000 shares in Hudbay Minerals acquired by the Subsidiary in the Previous Acquisitions have been disposed through on-market disposals before the Acquisition.

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 Acquisitions which were conducted within 12 months of the Acquisition, is more than 5% but less than 25%, the Acquisition together with the Previous Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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After the Acquisitions, the Group holds 150,000 shares in Hudbay Minerals, representing approximately 0.06% of the total issued share capital of Hudbay Minerals 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 C\$3,163,000 (equivalent to approximately HK\$18,514,000) (exclusive of transaction costs) and shall be/have been (as the case may 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 Hudbay Minerals on the TSX 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 HUSBAY MINERALS

Hudbay Minerals is a company governed by the Canada Business Corporations Act, the shares of which are listed on the TSX, New York Stock Exchange and Bolsa de Valores de Lima, and primarily engaged in the production of copper concentrate (containing copper, gold and silver) and zinc metal. Directly and through its subsidiaries, Hudbay Minerals owns three polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan in Canada and Cusco in Peru, and copper projects in Arizona and Nevada in the United States of America.

Based on the audited consolidated financial statements of Hudbay Minerals, the consolidated net profit or loss before and after taxation for the financial years ended 31 December 2018 and 2019 and the consolidated net assets of Hudbay Minerals as at 31 December 2018 and 2019 are as follows:

	For the year ended 31 December			
	2019		2018	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Consolidated net (loss) profit before taxation	(452,763)	(3,525,032)	170,837	1,338,081
Consolidated net (loss) profit after taxation	(343,810)	(2,676,767)	85,416	669,021
	As at 31 December			
	2019		2018	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Consolidated net assets	1,848,123	14,388,746	2,178,856	17,065,890

Note: The translation of US\$ into HK\$ is based on the exchange rate of HK\$7.8325 to US\$1 and HK\$7.7856 to US\$1 as at 31 December 2018 and 31 December 2019 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Like other commodities producers globally, Hudbay Minerals has been impacted by the COVID-19 pandemic and its closing price on 17 April 2020 was approximately 46% lower than their early January 2020 highs. The Peruvian government declared a state of emergency on 15 March 2020, with certain exemptions for mining. Nevertheless, Hudbay Minerals's Constancia mine has been impacted by a critical supplies shortage, with the mine currently on temporary shutdown but with potential to restart in the near term.

Hudbay Minerals's operations in Manitoba, Canada continue to operate and ship concentrate and zinc metal, with no known cases of COVID-19 in northern Manitoba. A recent update saw gold reserves in Snow Lake, Canada increased 35% to 2.2 million ounces and the current mine plan shows Lalor annual gold production averaging 153,000 ounces at US\$697/oz with cash costs of production between 2022 and 2029. This follows the refurbishment of the New Britannia mill in Manitoba, Canada in late 2021 and, in the Company's opinion, provides good medium-term upside given current gold prices around US\$1,680/oz.

Hudbay Minerals continues to prudently manage its liquidity position. As disclosed in the Hudbay Minerals’s announcement dated 20 March 2020, the company has more than US\$300 million in cash and cash equivalents. Having considered the trading price, gold reserves, production pipeline and cash position of Hudbay Minerals, the Directors consider 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.

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 Acquisitions which were conducted within 12 months of the Acquisition, is more than 5% but less than 25%, the Acquisition together with the Previous Acquisitions 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 150,000 shares in Hudbay Minerals in aggregate by the Subsidiary through on-market transactions conducted on the TSX on 17 April 2020 (Canadian time zone) for an aggregate consideration of approximately C\$452,000 (equivalent to approximately HK\$2,519,000) (exclusive of transaction costs);
“Acquisitions”	the Acquisition and the Previous Acquisitions;
“Board”	the board of Directors;
“C\$”	Canadian dollar(s), the lawful currency of Canada;

“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);
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness;
“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;
“Hudbay Minerals”	Hudbay Minerals Inc., a company governed by the Canada Business Corporations Act, the shares of which are listed on the TSX, New York Stock Exchange and Bolsa de Valores de Lima (Stock Code: HBM);
“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 Acquisitions”	the acquisition of 600,000 shares in Hudbay Minerals in aggregate by the Subsidiary through on-market transactions conducted on the TSX within a 12-month period prior to the date of the Acquisition for an aggregate consideration of approximately C\$2,711,000 (equivalent to approximately HK\$15,995,000) (exclusive of transaction costs);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	APAC Resources Commodity Trading Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company;

“TSX”	the Toronto Stock Exchange;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	per cent.

Unless otherwise stated, amount in C\$ have been translated into HK\$ at the exchange rate on the relevant dates of the Acquisition and the Previous Acquisitions at HK\$5.5730 and HK\$5.9000 respectively to C\$1 for illustration purpose only. No representation has been made that any amount in C\$ 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
Andrew Ferguson
Executive Director

Hong Kong, 20 April 2020

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*