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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

DISPOSAL OF SHARES IN HUBBAY MINERALS

The Board announces that on 13 May 2020 (Canadian time zone), the Subsidiary disposed in aggregate 100,000 shares in Hudbay Minerals (representing approximately 0.04% 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\$307,000 (equivalent to approximately HK\$1,711,000) (exclusive of transaction costs), representing approximately C\$3.07 (equivalent to approximately HK\$17.11) per share.

Prior to the Disposal, the Subsidiary disposed an aggregate of 650,000 shares in Hudbay Minerals within a 12-month period prior to the date of the Disposal (representing approximately 0.25% 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\$2,209,000 (equivalent to approximately HK\$12,789,000) (exclusive of transaction costs), representing approximately C\$3.40 (equivalent to approximately HK\$19.68) per share.

LISTING RULES IMPLICATIONS

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

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

DISPOSAL OF SHARES IN HUDBAY MINERALS

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After the Disposals, the Group did not hold any shares in Hudbay Minerals as at the date of this announcement.

As the Disposals were conducted through the open market, the identity(ies) of the counterparty(ies) of the Disposals 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 Disposals is/are Independent Third Parties.

CONSIDERATION

The aggregate consideration for the Disposals is approximately C\$2,516,000 (equivalent to approximately HK\$14,500,000) (exclusive of transaction costs) and shall be/have been (as the case may be) fully settled in cash by the purchasers.

The consideration of the Disposals were determined by reference to the prevailing trading prices of the shares of Hudbay Minerals on the TSX at the time of the relevant disposals.

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.

FINANCIAL EFFECTS OF THE DISPOSALS

Based on the consideration of the Disposals of approximately C\$2,516,000 (equivalent to approximately HK\$14,500,000) and the costs of acquiring the shares of Hudbay Minerals, it is expected that the Company will record a loss of approximately HK\$4,014,000 from the Disposals (exclusive of transaction costs) in the current year income statement. The actual amount of loss as a result of the Disposals to be recorded by the Company will be subject to the review and final audit by the auditors of the Company.

The proceeds from the Disposals will be used as working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Company is taking the opportunity to reduce its exposure by disposing the shares of Hudbay Minerals. This is also part of a continuous process, whereby the Company actively manages its overall portfolio risk and, given the impact of COVID-19 lockdowns and an expectation of oversupply in certain commodities in the near future, has reduced its weighting to these commodities, including copper.

As the Disposals were traded at market price, the Directors (including the independent non-executive Directors) are of the view that the Disposals 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 Disposal does not exceed 5% on a stand-alone basis, the Disposal is not subject to disclosure requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratio(s) for the Disposal, when aggregated with the Previous Disposals which were conducted within 12 months of the Disposal, is more than 5% but less than 25%, the Disposal together with the Previous Disposals 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:

“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;
“Disposal”	the disposal of 100,000 shares in Hudbay Minerals in aggregate by the Subsidiary through on-market transactions conducted on the TSX on 13 May 2020 (Canadian time zone) for an aggregate consideration of approximately C\$307,000 (equivalent to approximately HK\$1,711,000) (exclusive of transaction costs);
“Disposals”	the Disposal and the Previous Disposals;
“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 Disposals”	the disposal of 650,000 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 Disposal for an aggregate consideration of approximately C\$2,209,000 (equivalent to approximately HK\$12,789,000) (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, amounts in C\$ have been translated into HK\$ at the exchange rate on the relevant dates of the Disposal and the Previous Disposals at HK\$5.5733 and HK\$5.7895 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, 14 May 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*