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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
EXTENSION OF LOAN TERMINATION DATE

Reference is made to the Previous Announcement in relation to a loan transaction between the Lender (a wholly-owned subsidiary of the Company) as the lender, the Borrower as the borrower and the Guarantors as the guarantors. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

On 15 December 2020, the Lender as the lender entered into the Deed of Variation with the Borrower as the borrower and the Guarantors as the guarantors, pursuant to which, the Lender agreed to, among other things, extend the termination date of the loan under the Facility Agreement from 31 January 2021 to 31 July 2021 on the terms and subject to the conditions therein. As at the date of the Deed of Variation, the loan under the Facility Agreement (being A\$26,000,000) has been fully drawn and remained outstanding.

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%.

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INTRODUCTION

On 15 December 2020, the Lender as the lender entered into the Deed of Variation with the Borrower as the borrower and the Guarantors as the guarantors, pursuant to which, the Lender agreed to, among other things, extend the termination date of the loan under the Facility Agreement from 31 January 2021 to 31 July 2021 on the terms and subject to the conditions therein. As at the date of the Deed of Variation, the loan under the Facility Agreement (being A\$26,000,000) has been fully drawn and remained outstanding.

THE DEED OF VARIATION

Date: 15 December 2020

Parties:

- (1) the Lender as the lender for the Deed of Variation;
- (2) the Borrower as the borrower for the Deed of Variation;
and
- (3) the Guarantors as the guarantors for the Deed of Variation.

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 Guarantors, other than (i) the Group holding approximately 15.31% of the issued share capital of the Borrower; and (ii) Mr. Brett Robert Smith, the deputy chairman and an executive Director, also being an executive director of the Borrower and holding approximately 0.02% of the issued share capital of the Borrower ((i) and (ii), the “**Disclosed Relationships**”), the Borrower, the Guarantors and their respective ultimate beneficial owner(s), being their substantial shareholder(s) holding of 5% or more of the issued share capital of the Borrower, are all third parties independent of the Company and its connected persons.

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

1. the Transaction is not a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules; and
2. the independence of the Borrower in entering into the Deed of Variation is not impeded by the Disclosed Relationships as (i) Mr. Brett Robert Smith had abstained from voting on the board resolutions of the Borrower with respect to the Deed of Variation; and (ii) the Company cannot control the composition of all or the majority of the board of directors of the Borrower.

Principal terms of the Deed of Variation

Pursuant to the Deed of Variation, the Facility Agreement has now been varied, inter alia, as follows:

Termination date: 31 July 2021

Loan amount: from A\$26,000,000 to A\$31,000,000

The Borrower shall pay to the Lender an establishment fee of A\$175,000 and a rollover fee of A\$910,000.

Save for the variations made to the Facility Agreement by the Deed of Variation, the provisions of the Facility Agreement and the rights and obligations thereunder shall remain in full force and effect.

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 Deed of Variation, 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 Deed of Variation 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, THE GROUP, THE LENDER, THE BORROWER AND THE GUARANTORS

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 investment holding.

The Borrower

The Borrower is a company incorporated in Australia with limited liability, the shares of which are listed on the Australian Securities Exchange (Stock Code: MLX). The principal business activities of the Borrower are the mining, treatment and marketing of tin and copper and the exploration and development of nickel, copper, tin and base metals.

The Guarantors

Each of the Guarantors is a company incorporated in Australia with limited liability and are wholly-owned subsidiaries of the Borrower. The principal business activity of each of the Guarantors named Paterson Copper Pty Ltd, Nifty Copper Pty Ltd and Maroochydore Copper Pty Ltd is the exploration and development of copper, and that of each of the Guarantors named Bluestone Mines Tasmania Pty Ltd and Bluestone Australia Pty Ltd is the mining, treatment, marketing, exploration and development of tin.

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:

“Deed of Variation”	the deed of variation to the Facility Agreement entered into between the Lender, the Borrower and the Guarantors on 15 December 2020;
“Previous Announcement”	the announcement dated 27 July 2020 made by the Company; and
“Transaction”	the transaction contemplated under the Deed of Variation.

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

Hong Kong, 15 December 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 Ms. Lam Lin Chu

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Wang Hongqian

* *For identification purpose only*