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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 REPAYMENT DATE**

Reference is made to the Previous Announcement in relation to a loan transaction among Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

THE TRANSACTION

On 19 July 2019, Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent entered into the Supplemental Facility Agreement, pursuant to which, the Lenders agreed to, among other things, extend the repayment date of the Loan from 3 October 2019 to 12 months after the second utilisation date of the Loan. As at the date of the Supplemental Facility Agreement, the loan under the Facility Agreement has been fully drawn by way of the first utilisation and remained outstanding and due to be repaid by the Borrower to the Lenders.

LISTING RULES IMPLICATIONS

As Lender C is a direct wholly-owned subsidiary of the Company, the Transaction entered into by Lender C 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%.

Reference is made to the Previous Announcement in relation to a loan transaction among Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

By the Amendment Agreement to the Facility Agreement entered into between the Borrower and the Agent, certain typographical amendments have been made to the Facility Agreement.

THE TRANSACTION

On 19 July 2019, Lender A, Lender B, Lender C (a direct wholly-owned subsidiary of the Company), Lender D, Lender E and Lender F as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent entered into the Supplemental Facility Agreement, pursuant to which, the Lenders agreed to, among other things, extend the repayment date of the Loan from 3 October 2019 to 12 months after the second utilisation date of the Loan. As at the date of the Supplemental Facility Agreement, the loan under the Facility Agreement has been fully drawn by way of the first utilisation and remained outstanding and due to be repaid by the Borrower to the Lenders.

The Supplemental Facility Agreement

Date: 19 July 2019

Parties:

- (1) the Lenders as the lenders under the Supplemental Facility Agreement;
- (2) the Borrower as the borrower under the Supplemental Facility Agreement;
- (3) the Agent as the agent under the Supplemental Facility Agreement; and
- (4) the Security Agent as the security agent under the Supplemental Facility Agreement.

Based on the confirmations of the Borrower, the Guarantor, the Assignor, BVI Company A, BVI Company C, BVI Company E, HK Company A, HK Company B, HK Company C and SG Company A and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower, the Guarantor, the Assignor, BVI Company A, BVI Company C, BVI Company E, HK Company A, HK Company B, HK Company C and SG Company A and their respective ultimate beneficial owner(s) (where applicable) are all third parties independent of the Company and its connected persons.

Principal terms of the Supplemental Facility Agreement

Pursuant to the Supplemental Facility Agreement, upon satisfaction of the conditions precedent under the Supplemental Facility Agreement, the Facility Agreement will be amended and supplemented, inter alia, as follows:

Loan limit committed by Lender C: from HK\$174,000,000 to approximately HK\$204,000,000 as severally committed by Lender C

Term: 12 months after the second utilisation date of the Loan

Number of utilisations: The Borrower may deliver two utilisation requests (instead of one utilisation request) requesting utilisations in an aggregate amount which must not exceed the total loan limit during the period from and including the date of the Facility Agreement to and including 14 days after the date of the Supplemental Facility Agreement (or such other date as may be agreed between the Borrower and the Agent).

Interest: 17.5% per annum on the Loan

Securities for the Loan: As one of the conditions precedent to the Supplemental Facility Agreement, the supplemental agreements to the Existing Securities are to be entered into to confirm, inter alia, that the Existing Securities are in full force and effect.

Additional securities for the Loan: (1) As one of the conditions precedent to the Supplemental Facility Agreement, the Guarantees will be provided by the Guarantors in favour of the Lenders, pursuant to which the Guarantors agree to guarantee the due and punctual performance of the obligations of the Borrower under the Facility Agreement as amended and/or supplemented by the Amendment Agreement and the Supplemental Facility Agreement.

(2) As one of the conditions precedent to the Supplemental Facility Agreement, the Assignment will be created by the Assignor in favour of the Security Agent, pursuant to which the Assignor's partial interests in a Cayman Islands fund will be assigned in favour of the Security Agent.

Under the Supplemental Facility Agreement, the Non-refundable Arrangement Fee at the rate of 1.5% on the loan limit committed by Lender C in the amount of approximately HK\$204,000,000 shall be payable by the Borrower to Lender C.

Save for the amendments in the Supplemental Facility Agreement, the provisions of the Facility Agreement as amended and/or supplemented by the Amendment 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 Supplemental Facility Agreement, including the interest rate applicable and the Non-refundable Arrangement Fee, were arrived at after arm's length negotiations between Lender C (acting through the Agent) and the Borrower having taken into account the prevailing market interest rates and practices. The Supplemental Facility Agreement was entered into by Lender C having regard to (i) the income from the interest and the Non-refundable Arrangement Fee of Lender C to be generated from the Transaction; and (ii) the underlying securities. In view of the above, the Directors are of the view that the terms of the Supplemental Facility Agreement are on normal commercial terms and the Transaction entered into by Lender C 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, LENDER C, THE BORROWER, THE GUARANTOR, THE ASSIGNOR, BVI COMPANY A, BVI COMPANY B, BVI COMPANY C, BVI COMPANY D, BVI COMPANY E, BVI COMPANY F, HK COMPANY A, HK COMPANY B, HK COMPANY C, SG COMPANY A AND SG COMPANY B

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.

Lender C

Lender C is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of the Company. The principal business activity of Lender C is principal investments and financial services.

The Borrower

The Borrower is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal business activities of the Borrower are logistics and related services. The principal business activities of its major subsidiaries are logistics and services.

The Guarantor

The Guarantor is a company incorporated in Hong Kong with limited liability and one of the immediate shareholders of the Borrower. The principal business activity of the Guarantor is investment holding.

The Assignor

The Assignor is a company incorporated in Hong Kong with limited liability. The principal business activity of the Assignor is investment holding.

BVI Company A

BVI Company A is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of HK Company A and an indirect wholly-owned subsidiary of the Borrower. The principal business activity of BVI Company A is investment holding.

BVI Company B

BVI Company B is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of HK Company B and an indirect wholly-owned subsidiary of the Borrower.

BVI Company C

BVI Company C is a company incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Borrower. The principal business activity of BVI Company C is investment holding.

BVI Company D

BVI Company D is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of BVI Company C and an indirect wholly-owned subsidiary of the Borrower.

BVI Company E

BVI Company E is a company incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Borrower. The principal business activity of BVI Company E is investment holding.

BVI Company F

BVI Company F is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of BVI Company E and an indirect wholly-owned subsidiary of the Borrower.

HK Company A

HK Company A is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Borrower. The principal business activity of HK Company A is investment holding.

HK Company B

HK Company B is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Borrower. The principal business activity of HK Company B is investment holding.

HK Company C

HK Company C is a company incorporated in Hong Kong with limited liability and one of the immediate shareholders of the Borrower. The principal business activity of HK Company C is investment holding.

SG Company A

SG Company A is a company incorporated in Singapore with limited liability and is a direct wholly-owned subsidiary of BVI Company A and an indirect wholly-owned subsidiary of the Borrower. The principal business activity of SG Company A is investment holding.

SG Company B

SG Company B is a company incorporated in Singapore with limited liability and is a direct wholly-owned subsidiary of SG Company A and an indirect wholly-owned subsidiary of the Borrower.

LISTING RULES IMPLICATIONS

As Lender C is a direct wholly-owned subsidiary of the Company, the Transaction entered into by Lender C 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:

- “Amendment Agreement” the amendment agreement to the Facility Agreement entered into between the Borrower as the borrower and the Agent as the agent on 24 October 2018;
- “Assignment” the assignment to be created by the Assignor in favour of the Security Agent of the Assignor’s partial interests in a Cayman Islands fund;
- “Assignor” the assignor under the Assignment;
- “Existing Securities” Debenture (BVI Company A), Debenture (HK Company A), Debenture (SG Company A), Deed of Assignment (BVI Company F), Deed of Assignment (Borrower), Deed of Assignment (BVI Company B), Deed of Assignment (HK Company A and BVI Company A), Share Mortgage (BVI Company A), Share Mortgage (BVI Company B), Share Mortgage (BVI Company D), Share Mortgage (BVI Company F), Share Mortgage (HK Company A), Share Mortgage (SG Company A) and Share Mortgage (SG Company B);
- “Guarantees” two irrevocable and unconditional guarantees to be executed by the Guarantors respectively in favour of the Lenders;

“Guarantor”	the corporate guarantor (excluding HK Company C) under one of the Guarantees;
“Guarantors”	HK Company C and the Guarantor;
“Loan”	the loan made or to be made available by the Lenders to the Borrower on the terms and subject to the conditions set out in the Facility Agreement as amended and/or supplemented by the Amendment Agreement and the Supplemental Facility Agreement;
“Non-refundable Arrangement Fee”	the non-refundable arrangement fee payable by the Borrower on the terms and subject to the conditions set out in the Supplemental Facility Agreement and as set out in the section headed “Principal terms of the Supplemental Facility Agreement” of this announcement;
“Previous Announcement”	the announcement of the Company dated 29 September 2018;
“Supplemental Facility Agreement”	the supplemental facility agreement to the Facility Agreement as amended and/or supplemented by the Amendment Agreement entered into among the Lenders as the lenders, the Borrower as the borrower, the Agent as the agent and the Security Agent as the security agent on 19 July 2019; and
“Transaction”	the transaction contemplated under the Supplemental Facility Agreement.

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

Hong Kong, 19 July 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*