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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)**

**CONNECTED TRANSACTION**

**SUB-TENANCY AGREEMENT**

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On 31 March 2023, the Subsidiary (as tenant) and AGL (as landlord) entered into the Sub-tenancy Agreement in respect of the lease of a portion of the Property for a term of two years from 1 April 2023 to 31 March 2025 (both days inclusive) at a monthly rental of HK\$151,100.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is indirectly held as to approximately 43.50% by AGL, and AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of the Sub-tenancy Agreement by the Subsidiary constitutes a connected transaction for the Company under the Listing Rules.

The rental payments to be made by the Group under the Sub-tenancy Agreement are capital in nature, and will be regarded as acquisition of assets of the Group. Pursuant to HKFRS 16, a property leased under the Sub-tenancy Agreement will be recognised as right-of-use assets, in which the value for recognising the portion of the Property as right-of-use assets pursuant to the Sub-tenancy Agreement would be approximately HK\$3,418,000.

As one of the relevant applicable percentage ratios in respect of the value of right-of-use assets under the Sub-tenancy Agreement is more than 0.1% but all are less than 5%, the entering into of the Sub-tenancy Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SUB-TENANCY AGREEMENT**

On 31 March 2023, the Subsidiary (as tenant) and AGL (as landlord) entered into the Sub-tenancy Agreement in respect of the lease of a portion of the Property, the major terms of which are set out below:

|  |   |   |
|--|---|---|
| Date   | : | 31 March 2023   |
| Landlord   | : | AGL   |
| Tenant   | : | the Subsidiary  |
| Premises   | : | a portion of 9th and 23rd Floors of the Property  |
| Usage  | : | office premises   |
| Term   | : | 1 April 2023 to 31 March 2025 (both days inclusive)   |
| Monthly rental<br>(inclusive of management<br>fee and air-conditioning<br>charges) | : | HK\$151,100<br>(subject to change as mutually agreed in writing from<br>time to time and the Subsidiary shall pay to AGL interest<br>on overdue rentals at the rate of 2% per month until<br>payment thereof, such interest to run from day to day and<br>to accrue after as well as before any judgment) |

The portion of 9th and 23rd Floors of the Property sublet pursuant to the Sub-tenancy Agreement forms part of the tenancy arrangement between the Head Landlord and AGL in respect of the whole of 9th and 23rd Floors of the Property as contemplated under the Head Tenancy Agreement. The monthly rental of the Sub-tenancy Agreement was arrived at after arm's length negotiation between AGL and the Subsidiary with reference to the prevailing market conditions, the rental levels of similar properties in the vicinity of the Property and the historical transaction amount under the existing sub-tenancy agreement between AGL and the Subsidiary.

The rental (inclusive of management fee and air-conditioning charges) payable under the Sub-tenancy Agreement will be financed by the internal resources of the Group.

## **REASONS FOR AND BENEFITS OF THE SUB-TENANCY AGREEMENT**

Currently, a portion of 23rd Floor of the Property is leased by the Group as its office under the existing sub-tenancy agreement between the Subsidiary and AGL. The Directors are of the view that it is beneficial for the Group to continue the lease in order to avoid relocation costs and unnecessary disruption of the daily business operations of the Group, and to expand its office space by leasing a portion of 9th Floor of the Property taking into account the business needs of the Group. Furthermore, the rental (inclusive of management fee and air-conditioning charges) payable pursuant to the Sub-tenancy Agreement was determined between AGL, as landlord, and the Subsidiary, as tenant, with reference to the prevailing market conditions, the rental levels of similar properties in the vicinity of the Property and the historical transaction amount, and was not above market rate.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Sub-tenancy Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the Sub-tenancy Agreement together with the value of right-of-use assets are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is indirectly held as to approximately 43.50% by AGL, and AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of the Sub-tenancy Agreement by the Subsidiary constitutes a connected transaction for the Company under the Listing Rules.

The rental payments to be made by the Group under the Sub-tenancy Agreement are capital in nature, and will be regarded as acquisition of assets of the Group. Pursuant to HKFRS 16, a property leased under the Sub-tenancy Agreement will be recognised as right-of-use assets, in which the value for recognising the portion of the Property as right-of-use assets pursuant to the Sub-tenancy Agreement would be approximately HK\$3,418,000.

As one of the relevant applicable percentage ratios in respect of the value of right-of-use assets under the Sub-tenancy Agreement is more than 0.1% but all are less than 5%, the entering into of the Sub-tenancy Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Lee Seng Hui, being a non-executive Director, is also the chief executive and an executive director of AGL, and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interests, controls approximately 74.99% of the total number of issued shares of AGL, which in turn is indirectly interested in approximately 43.50% of the total issued share capital of the Company. Accordingly, Mr. Lee Seng Hui is deemed to be interested in the Sub-tenancy Agreement and therefore has abstained from voting on the relevant board resolutions of the Company.

Mr. Arthur George Dew, being the Chairman and a non-executive Director, is also the chairman and a non-executive director of AGL. He has voluntarily abstained from voting on the relevant board resolutions of the Company approving the connected transaction in respect of the Sub-tenancy Agreement although he was not considered by the Board to be materially interested in the transaction.

Apart from the above, none of the Directors has any material interest in the Sub-tenancy Agreement and is required to abstain from voting on the board resolutions of the Company approving the Sub-tenancy Agreement and the transaction contemplated thereunder.

## **INFORMATION ON THE COMPANY, THE GROUP, THE SUBSIDIARY AND AGL**

### **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.

As at the date of this announcement, the Company is owned as to approximately 43.50% by AGL.

### **The Subsidiary**

The Subsidiary is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company.

The principal business activity of the Subsidiary is provision of management services to the Group.

### **AGL**

AGL is a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company and the shares of which are listed on the main board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, logistics services, and the provision of finance, investments in listed and unlisted securities and funds management.

As at the date of this announcement, AGL is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust.

## DEFINITIONS

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

|                          |   |
|--------------------------|---|
| “AGL”                    | Allied Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373), being a substantial shareholder of the Company;  |
| “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);  |
| “connected person(s)”    | having the meaning ascribed to it under the Listing Rules;  |
| “Director(s)”            | the director(s) of the Company;   |
| “Group”                  | the Company and its subsidiaries;   |
| “Head Landlord”          | a company incorporated in Hong Kong with limited liability and is a joint venture of AGL;   |
| “Head Tenancy Agreement” | the head tenancy agreement dated 10 March 2023 entered into between the Head Landlord as landlord and AGL as tenant in respect of the tenancy of the whole of 9th and 23rd Floors of the Property for a term of two years commencing on 1 April 2023 and expiring on 31 March 2025 (both days inclusive); |
| “HK\$”                   | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “HKFRS”                  | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;  |
| “Hong Kong”              | Hong Kong Special Administrative Region of the People's Republic of China;  |

|                              |   |
|------------------------------|---|
| “Listing Rules”              | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “percentage ratio(s)”        | percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;  |
| “Property”                   | Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, which is owned as to 100% by the Head Landlord;  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited;  |
| “Subsidiary”                 | APAC Resources Management Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;  |
| “substantial shareholder(s)” | having the meaning ascribed to it under the Listing Rules;  |
| “Sub-tenancy Agreement”      | the sub-tenancy agreement dated 31 March 2023 entered into between AGL and the Subsidiary for a term of two years from 1 April 2023 to 31 March 2025 (both days inclusive), pursuant to which a portion of 9th and 23rd Floors of the Property was sublet by AGL to the Subsidiary; and |
| “%”                          | per cent.   |

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

Hong Kong, 31 March 2023

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*