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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)**

**CONTINUING CONNECTED TRANSACTION**

**(I) RENEWED SHARING OF ADMINISTRATIVE SERVICES AND  
MANAGEMENT SERVICES AGREEMENT  
AND  
(II) RENEWED SHARING OF MANAGEMENT SERVICES AGREEMENT**

**RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT  
SERVICES AGREEMENT**

As the Sharing of Administrative Services and Management Services Agreement had expired on 31 December 2016, on 7 February 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement for a period of three years from 1 January 2017 to 31 December 2019.

**RENEWED SHARING OF MANAGEMENT SERVICES AGREEMENT**

As the Sharing of Management Services Agreement had expired on 31 December 2016, on 7 February 2017, the Company entered into the Renewed Sharing of Management Services Agreement with APL, whereby parties thereto agreed to renew and extend the term of the Sharing of Management Services Agreement for a period of three years from 1 January 2017 to 31 December 2019.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is held as to approximately 28.46% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), both AGL and APL are regarded as connected persons of the Company under the Listing Rules. As a result, the entering into of the Renewed Services Agreements by the Company constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregated fees regarding the Management Services payable by the Group to AGL and APL under the Renewed Services Agreements will, on an annual basis, exceed 0.1% but be less than 5%, the entering into of the Renewed Services Agreements regarding the sharing of Management Services by the Company is subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

## **RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT**

As the Sharing of Administrative Services and Management Services Agreement had expired on 31 December 2016, on 7 February 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement for a period of three years from 1 January 2017 to 31 December 2019.

The major terms of the Renewed Sharing of Administrative Services and Management Services Agreement are as follows:

Date	: 7 February 2017
Parties	: The Company and AGL
Effective period	: Three years commencing from 1 January 2017 and expiring on 31 December 2019
Nature of transaction	: The Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group.

- Terms in respect of the sharing of Management Services : The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the AGL Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the AGL Management Staff providing Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by the individual members of the AGL Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of AGL as full time employees of AGL.
- Historical figures : Prior to the signing of the Renewed Sharing of Administrative Services and Management Services Agreement, the amount of fees paid and payable by the Group to AGL for the Management Services provided by the AGL Management Staff for the six months ended 31 December 2016 were approximately HK\$694,000. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the AGL Management Staff.
- Annual cap and the basis of determining the same : In determining the annual cap, besides taking into account the aforementioned service fees paid and payable by the Group for the six months ended 31 December 2016, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, the anticipated increase in the remuneration of those AGL Management Staff who are involved in providing the Management Services to the Group, and having done so, for each of the three years ending on 31 December 2019, the aggregate annual amount payable by the Group in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement is expected not to exceed HK\$2,400,000, HK\$2,650,000 and HK\$2,900,000 respectively and accordingly, the above figures have been adopted as the annual cap for the transaction in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement in respect of the same period.

Reasons for and benefits of the transaction : The Directors consider that the sharing of Administrative Services and Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the AGL Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, the Directors consider that it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by AGL in this respect.

### **RENEWED SHARING OF MANAGEMENT SERVICES AGREEMENT**

As the Sharing of Management Services Agreement had expired on 31 December 2016, on 7 February 2017, the Company entered into the Renewed Sharing of Management Services Agreement with APL, whereby parties thereto agreed to renew and extend the term of the Sharing of Management Services Agreement for a period of three years from 1 January 2017 to 31 December 2019.

The major terms of the Renewed Sharing of Management Services Agreement are as follows:

Date : 7 February 2017

Parties : The Company and APL

Effective period : Three years commencing from 1 January 2017 and expiring on 31 December 2019

Nature of transaction : The Company agreed to reimburse APL the costs incurred in respect of the Management Services provided by APL to the Group.

- Terms : The Group agreed to reimburse a portion of the actual costs of the services incurred by APL by reference to a specified percentage of the remuneration of members of the APL Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the APL Management Staff providing Management Services and would be determined by reference to the percentage of the time available to APL and its wholly-owned subsidiaries currently estimated to be devoted by the individual members of the APL Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of APL and its wholly-owned subsidiaries as full time employees of APL and its wholly-owned subsidiaries.
- Historical figures : Prior to the signing of the Renewed Sharing of Management Services Agreement, the amount of fees paid and payable by the Group to APL for the Management Services provided by the APL Management Staff for the six months ended 31 December 2016 were approximately HK\$156,000. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the APL Management Staff.
- Annual cap and the basis of determining the same : In determining the annual cap, besides taking into account the aforementioned service fees paid and payable by the Group for the six months ended 31 December 2016, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, the anticipated increase in the remuneration of those APL Management Staff who are involved in providing the Management Services to the Group, and having done so, for each of the three years ending on 31 December 2019, the aggregate annual amount payable by the Group in respect of the Management Services under the Renewed Sharing of Management Services Agreement is expected not to exceed HK\$330,000, HK\$360,000 and HK\$396,000 respectively and accordingly, the above figures have been adopted as the annual cap for the transaction in respect of the Management Services under the Renewed Sharing of Management Services Agreement in respect of the same period.

Reasons for and benefits of the transaction : The Directors consider that the sharing of Management Services arrangement will benefit the Group in that both APL and the Group can enjoy economies of scale brought by the sharing of the Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the APL Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, the Directors consider that it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by APL in this respect.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company is held as to approximately 28.46% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), both AGL and APL are regarded as connected persons of the Company under the Listing Rules. As a result, the entering into of the Renewed Services Agreements by the Company constitutes a continuing connected transaction of the Company under the Listing Rules.

Pursuant to Rules 14A.73(8) and 14A.98 of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement is fully exempt under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the aggregated fees regarding the Management Services payable by the Group to AGL and APL under the Renewed Services Agreements will, on an annual basis, exceed 0.1% but be less than 5%, the entering into of the Renewed Services Agreements regarding the sharing of Management Services by the Company is subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

The Company will comply with the requirements under Rule 14A.54 of the Listing Rules if (i) the aggregate value of the service fees paid for the Renewed Services Agreements on the part of the Management Services exceeds the annual caps during the three years ending 31 December 2019; (ii) the Renewed Services Agreements on the part of the Management Services is further renewed; or (iii) there are material changes to the terms of the Renewed Services Agreements on the part of the Management Services. The Company will also comply with the requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Services Agreements were entered into after arm's length negotiations and on normal commercial terms and that the terms of the Renewed Services Agreements (including the respective annual cap in respect of the Management Services) are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Mr. Lee Seng Hui (non-executive Director) is the chief executive and an executive director of each of AGL and APL, and also one of the trustees of Lee and Lee Trust, being a discretionary trust which together with his personal interest, owns approximately 74.49% interest in the total number of issued shares of AGL, which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of issued shares of APL. Mr. Arthur George Dew (chairman of the Company and non-executive Director) is the chairman and a non-executive director of each of AGL and APL and also a member of the AGL Management Staff providing Management Services to the Group. Both Mr. Lee Seng Hui and Mr. Arthur George Dew are therefore deemed to be interested in the Renewed Services Agreements. Accordingly, Mr. Lee Seng Hui and Mr. Arthur George Dew have abstained from voting on the relevant board resolutions of the Company.

## **INFORMATION ON THE COMPANY, AGL AND APL**

### **The Company**

The Company is incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange.

The Group is an established natural resource 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 and energy.

### **AGL**

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

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

### **APL**

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

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Administrative Services”	the corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and operation of the Group as stipulated in the Sharing of Administrative Services and Management Services Agreement and the Renewed Sharing of Administrative Services and Management Services Agreement;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373), is a Substantial Shareholder of the Company through its interests in APL;
“AGL Management Staff”	the senior management and the selected staff of AGL;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 56), is a Substantial Shareholder of the Company and a non wholly-owned subsidiary of AGL;
“APL Management Staff”	the senior management and the selected staff of APL and its wholly-owned subsidiaries;
“associate(s)”	having the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	APAC Resources Limited (亞太資源有限公司), 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;

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the 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;
“Management Services”	the management, consultancy, strategic, internal audit, management information system consultancy and business advice services provided by the AGL Management Staff to the Group as stipulated in the Sharing of Administrative Services and Management Services Agreement and the Renewed Sharing of Administrative Services and Management Services Agreement; or the types of management services provided by the APL Management Staff to the Group as stipulated in the Sharing of Management Services Agreement and the Renewed Sharing of Management Services Agreement, as the context requires;
“Renewed Services Agreements”	the Renewed Sharing of Administrative Services and Management Services Agreement and the Renewed Sharing of Management Services Agreement;
“Renewed Sharing of Administrative Services and Management Services Agreement”	the agreement dated 7 February 2017 entered into between the Company and AGL in respect of the renewal of the Sharing of Administrative Services and Management Services Agreement;
“Renewed Sharing of Management Services Agreement”	the agreement dated 7 February 2017 entered into between the Company and APL in respect of the renewal of the Sharing of Management Services Agreement;
“Shareholder(s)”	the shareholder(s) of the Company;
“Sharing of Administrative Services and Management Services Agreement”	the agreement dated 30 June 2016 entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services;
“Sharing of Management Services Agreement”	the agreement dated 30 June 2016 entered into between the Company and APL in respect of the sharing of Management Services;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Substantial Shareholder(s)” having the meaning ascribed to it under the Listing Rules;  
and

“%” per cent.

By Order of the Board  
**APAC Resources Limited**  
**Arthur George Dew**  
*Chairman*

Hong Kong, 7 February 2017

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. Robert Moyse Willcocks

\* *For identification purpose only*