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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)

(Warrant Code: 1074)

DISCLOSEABLE TRANSACTION
(I) INCREASE OF LOAN AMOUNT;
(II) AMENDMENT OF INTEREST RATE; AND
(III) EXTENSION OF LOAN REPAYMENT DATE

References are made to the Previous Announcements in relation to a loan transaction among the Lender (a wholly-owned subsidiary of the Company) as the lender, the Borrower as the borrower and the Guarantor as the guarantor and the extensions of the repayment date of the Loan pursuant to the Supplemental Loan Agreement and the Second Supplemental Loan Agreement. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

On 6 July 2022, the Lender as the lender entered into the Third Supplemental Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, (i) increase the Loan amount from HK\$125,000,000 (or an amount equivalent to HK\$125,000,000 in such alternative currency as acceptable to and agreed by the Lender) to HK\$148,000,000 (or an amount equivalent to HK\$148,000,000 in such alternative currency as acceptable to and agreed by the Lender); (ii) reduce the interest rate from 8% per annum to 6.5% per annum; and (iii) further extend the repayment date of the Loan from 29 December 2023 to 31 December 2024 on the terms and subject to the conditions therein. RMB109,000,000 of the Loan has been fully drawn on 17 September 2019 and as at the date of the Third Supplemental Loan Agreement, such amount 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 all are below 25%.

References are made to the Previous Announcements in relation to a loan transaction among the Lender (a wholly-owned subsidiary of the Company) as the lender, the Borrower as the borrower and the Guarantor as the guarantor and the extensions of the repayment date of the Loan pursuant to the Supplemental Loan Agreement and the Second Supplemental Loan Agreement. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements.

THE TRANSACTION

On 6 July 2022, the Lender as the lender entered into the Third Supplemental Loan Agreement with the Borrower as the borrower and the Guarantor as the guarantor, pursuant to which, the Lender agreed to, among other things, (i) increase the Loan amount from HK\$125,000,000 (or an amount equivalent to HK\$125,000,000 in such alternative currency as acceptable to and agreed by the Lender) to HK\$148,000,000 (or an amount equivalent to HK\$148,000,000 in such alternative currency as acceptable to and agreed by the Lender); (ii) reduce the interest rate from 8% per annum to 6.5% per annum; and (iii) further extend the repayment date of the Loan from 29 December 2023 to 31 December 2024 on the terms and subject to the conditions therein. RMB109,000,000 of the Loan has been fully drawn on 17 September 2019 and as at the date of the Third Supplemental Loan Agreement, such amount remained outstanding.

The Third Supplemental Loan Agreement

Date: 6 July 2022

Parties:

- 1) the Lender as the lender for the Third Supplemental Loan Agreement;
- 2) the Borrower as the borrower for the Third Supplemental Loan Agreement; and
- 3) the Guarantor as the guarantor for the Third Supplemental Loan Agreement.

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 Guarantor, and so far as the Directors are aware, there exists only the following relationships (the “**Disclosed Relationships**”) between (i) the Guarantor, the Borrower and their ultimate beneficial owner(s); and (ii) the Company, namely that:

1. Mr. Lee Seng Hui, a non-executive Director, is one of the trustees of Lee and Lee Trust, being a discretionary trust;
2. Lee and Lee Trust, together with Mr. Lee Seng Hui’s personal interest, controls approximately 74.99% interest in the total number of issued shares of AGL;
3. AGL is indirectly interested in approximately 50.83% and 41.89% of the total number of issued shares of Tian An and the Company respectively;
4. Tian An is indirectly interested in approximately 12.82% of the total number of issued shares of the Guarantor;
5. a substantial shareholder of the Guarantor indirectly holds approximately 9.67% and 8.62% interest in Tian An and AGL respectively; and
6. Dr. Wong Wing Kuen, Albert, an independent non-executive Director, is also an independent non-executive director of the Guarantor.

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 Guarantor, other than the Disclosed Relationships, the Borrower, the Guarantor and their ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Having considered the Disclosed Relationships, 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 Guarantor and the Borrower in entering into the Third Supplemental Loan Agreement is not impeded by the Disclosed Relationships as Lee and Lee Trust, AGL and Tian An cannot control the composition of all or the majority of the board of directors of the Guarantor and the Borrower.

In view of the Disclosed Relationships, Mr. Lee Seng Hui has also abstained from voting on the board resolutions of the Company in respect of the Transaction and this announcement.

Principal terms of the Third Supplemental Loan Agreement

Pursuant to the Third Supplemental Loan Agreement, the Loan Agreement has now been amended and supplemented, inter alia, as follows:

Loan amount:	HK\$148,000,000 (or an amount equivalent to HK\$148,000,000 in such alternative currency as acceptable to and agreed by the Lender)
Repayment date:	31 December 2024
Interest rate:	6.5% per annum
Purpose:	the Loan shall be applied and used by the Borrower for repaying the whole of the outstanding balance of an existing loan due to a lender by the Borrower and for its general working capital

Save for the amendments made to the Loan Agreement by the Third Supplemental Loan Agreement, the provisions of the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement and the Second Supplemental Loan 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 stable, higher and longer-term return to the Group. The terms of the Third Supplemental Loan Agreement, 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 and market sentiment, bank lending rates available on the market, general default risk of borrowers, the increase in Loan amount and loan tenure.

In view of the above, the Directors are of the view that the terms of the Third Supplemental Loan Agreement 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 GUARANTOR

The Company and the Group

The Company is a company incorporated in Bermuda with limited liability, the securities 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 principal investments and financial services.

The Borrower

The Borrower is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Guarantor. The principal business activity of the Borrower is group treasury management.

The Guarantor

The Guarantor is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the beneficial owner of the entire issued share capital of the Borrower. The principal business activity of the Guarantor is investment holding and through its subsidiaries, it engaged in investment and management and operation of healthcare and hospital businesses, aged care businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

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 all are below 25%.

DEFINITIONS

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

“Borrower”	Pacific Allied Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Guarantor, and the borrower under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement;
“Company”	APAC Resources Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 1104 and Warrant Code: 1074);
“Guarantor”	China Medical & HealthCare Group 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: 383), and the guarantor under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement;
“Lender”	APAC Resources Shanghai Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company, and the lender under the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement;
“Loan”	the loan in the amount of HK\$148,000,000 (or an amount equivalent to HK\$148,000,000 in such alternative currency as acceptable to and agreed by the Lender) made available by the Lender to the Borrower on the terms and subject to the conditions set out in the Loan Agreement as amended and/or supplemented by the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement;
“Previous Announcements”	the announcements dated 13 September 2019, 16 December 2020 and 23 December 2021 made by the Company;

“Third Supplemental Loan Agreement” the third supplemental loan agreement to the Loan Agreement entered into among the Lender, the Borrower and the Guarantor on 6 July 2022; and

“Transaction” the transaction contemplated under the Third Supplemental Loan Agreement.

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

Hong Kong, 6 July 2022

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*