

APAC Coal Limited

A.C.N 126 296 295

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30 June 2016

Acquisition of Goyes

APAC Coal Limited (“APAC”) has entered into a share purchase agreement (“SPA”) to acquire 100% of the shares in Goyes Agri-Food Investment Limited (“GAF”) from Sharp Year Ventures Limited (“SYV”). GAF is the parent company of the Goyes operating companies. GAF and its subsidiaries are referred to herein collectively as “Goyes”.

The consideration for the purchase will be A\$136 million, funded by the issue of 272 million fully paid ordinary shares (“Consideration Shares”) by APAC at A\$0.50 per share (post-consolidation).

About Goyes

The history of Goyes can be traced back to the year 2000 when Shaoshan Food Co., Ltd. (港越集团韶山食品有限公司) was established in Shaoshan City, Hunan Province, the People’s Republic of China (“PRC”). Goyes has subsequently established its foothold in livestock breeding, meat processing, and related meat (“**Goyes Products**”) trading businesses in the People’s Republic of China. From humble beginning Goyes Group is an award winning company, granted Dragon-Head Company status (龙头企业), a prestigious industry leader award, and was also awarded Hunan Famous Brand Products (湖南省名牌产品) amongst other prestigious awards it has received over a number of years as recognition to the consistency and quality of the Goyes Products. The Group distributes mainly to trading companies and wholesalers in Mainland China, Hong Kong and Central Asia. The customers in Hong Kong shall on-sell to the sub-distributors, restaurants or retailers. The distributors in Kyrgyzstan sell Goyes Products locally and further distribute Goyes Products to other countries in Central Asia and Russia. According to the audited accounts of Goyes provided to the Company, Goyes revenue for the financial year ended 31 December 2014 exceeds RMB860 million (approximately A\$176 million) with a Net Profit After Tax of RMB123 million (approximately A\$25.26 million).

**Note: Based on 15 June 2016 exchange rate of A\$1=RMB4.8696*

Vendor

Goyes was founded by Mr He Liangping Gordulan who is a permanent resident of Australia. Mr He owns 100% of the vendor, SYV. SYV has issued debt securities to approximately 25 investors (“SYV Investors”). SYV may redeem the debt securities by directing APAC to issue a proportion of the Consideration Shares to the 25 SYV Investors. On completion therefore, the 272 million Consideration Shares will be owned by Mr He (137,782,400) and the SYV Investors (134,217,600).

ASX Relisting

The all-scrip offer for Goyes is subject to shareholder approval and certain conditions precedent. The acquisition is expected to be completed by September 2016.

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The acquisition will constitute a change in the nature and/or scale of the activities of APAC in accordance with Chapter 11 of the ASX Listing Rules. This will require APAC to re-comply with the ASX admission requirements of Chapters 1 & 2 of the ASX Listing Rules. The admission requirements will, amongst other things, require APAC to issue a prospectus. APAC intends to raise a minimum of A\$2 million under that prospectus.

A summary of the key terms of the acquisition is provided below. Further details of the transaction and consideration will be set out in the Notice of Meeting to be sent to shareholders to consider and approve the acquisition at a meeting to be held at the earliest opportunity. The Company will remain suspended from the date of this announcement until re-compliance with Chapters 1 and 2.

Summary of Acquisition Terms:

The terms of the acquisition, *inter alia*, are as follows:

- On the receipt of all relevant approvals, APAC will acquire all of the issued capital of GAF.
- The consideration for the acquisition is the issue to the Vendor of 272 million ordinary fully paid shares, each issued at an issue price of A\$0.50 (on a post-consolidation basis) (Consideration Securities).
- Prior to the issue of the shares to the Vendor, the shares in APAC are to be consolidated on a ratio of 100:1.
- Subject to a definitive agreement and the Completion, to dispose all Existing Assets on the date of the General Meeting.

Completion of the Acquisition is conditional upon the satisfaction of the following conditions precedent:

- (a) APAC completing commercial, financial, technical and legal due diligence on Goyes and its assets, undertakings and business operations, to the sole and absolute satisfaction of APAC (acting reasonably);
- (b) APAC, having obtained all necessary shareholder approvals (including shareholder approvals: under Chapter 11 of the Listing Rules; for a share consolidation on a 100:1 basis; and under Section 611 item 7 of the Corporations Act in respect of any party who may go above 20% as a result of the transactions contemplated in the SPA), required by the Corporations Act and the Listing Rules in relation to the Acquisition;
- (c) the parties obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition, including (if required) re-compliance with Chapters 1 and 2 of the Listing Rules of ASX on terms required by ASX; and
- (d) APAC completing a capital raising of not less than \$2,000,000 at a price per share of \$0.50 (post-consolidation).

Following completion, the Board of APAC will be as follows:

- (a) 4 directors nominated by the Vendors; and
- (b) 1 existing director of APAC.

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Capital Structure post-acquisition and post-consolidation

	Shares	%
Current APAC shareholders	2,497,057	0.84%
Convertible Note Holders	833,333	0.28%
Vendor	137,782,400	46.18%
SYV Investors	134,217,600	44.98%
Professional Advisors	19,040,000	6.38%
Shareholders pursuant to Prospectus	4,000,000	1.34%
Total	298,370,390	100.00%

Proposed Timetable

Announce Transaction	30 June 2016
Despatch notice of general meeting	31 July 2016
Opening of prospectus offer	15 August 2016
Meeting date	10 August 2016
Close capital raising	15 September 2016
Complete acquisition	22 September 2016
ASX Re-compliance	24 September 2016

Financials

Attached as Annexure A is a summary of the Goyes audited accounts for the years ended 31 December 2012, 2013 and 2014. The audited accounts for the year ended 31 December 2015 are currently being finalised and are subject to audit.

Luke Ho
Executive Director

APAC Coal Limited

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Annexure A

GOYES Group**Combined Statements of Profit & Loss And Other Comprehensive Income
For The Financial Years Ended 31 Dec 2012, 2013 & 2014**

Exchange Rate: 1 AUD = 4.8696 RMB

	2014 AUD'000	2013 AUD'000	2012 AUD'000
Revenue	176,661	155,571	124,548
Cost of Sales	(146,148)	(135,014)	(112,160)
Gross Profit	30,513	20,557	12,387
Other Income	6,534	5,641	1,047
Selling and Distribution Expenses	(2,914)	(3,801)	(2,459)
Administrative Expenses	(3,550)	(3,143)	(2,946)
Other Expenses	(198)	(1,693)	(948)
Finance Costs	(2,902)	(2,054)	(1,879)
Profit before Taxation	27,483	15,507	5,202
Taxation	(2,059)	(1,275)	(98)
Profit for the year, representing total comprehensive income for the year	25,424	14,232	5,104

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Annexure A (cont'd)

GOYES Group**Combined Statements of Financial Position****As at 31 Dec 2012, 2013 & 2014****Exchange Rate: 1 AUD = 4.8696 RMB**

	2014 AUD'000	2013 AUD'000	2012 AUD'000
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	17,935	8,707	8,359
Land Use Rights Prepayments	2,440	2,501	2,562
Biological Assets	73	107	139
Prepayment	4,107	-	-
	24,555	11,314	11,060
Current Assets			
Land Use Rights Prepayments	61	61	61
Biological Assets	95	140	197
Available-For-Sale Debt Instrument	61,607	61,607	51,339
Inventories	3,655	5,072	2,720
Trade and Other Receivables	66,168	61,275	44,993
Cash and Bank Balances	8,601	11,457	2,397
	140,187	139,613	101,707
TOTAL ASSETS	164,742	150,927	112,767
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital ⁽¹⁾	-	-	-
Reserves	72,689	47,264	31,389
Total Equity	72,689	47,264	31,389
Current Liabilities			
Trade and Other Payables	13,832	34,648	50,373
Borrowings	71,528	60,416	30,893
Deferred Income	3,517	7,246	-
Current Tax Payable	3,176	1,353	112
	92,054	103,663	81,378
Total Liabilities	92,054	103,663	81,378
TOTAL EQUITY AND LIABILITIES	164,742	150,927	112,767

⁽¹⁾ Amount less than A\$200.00