

APAC Coal Limited

A.C.N 126 296 295

Level 33, 50 Bridge Street
Sydney NSW 2000, Australia.
www.apaccoal.com



23 October 2017

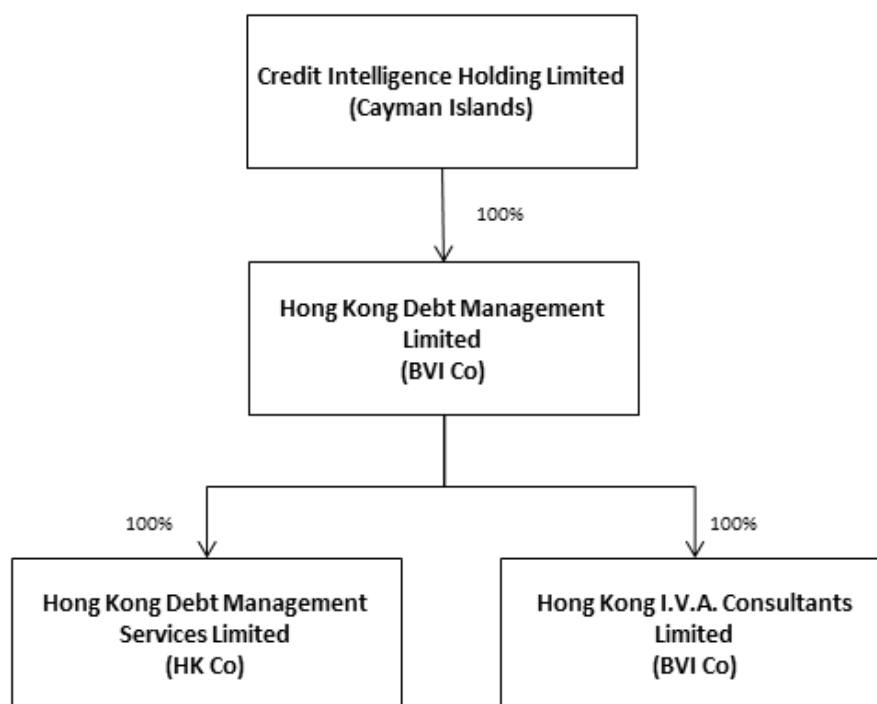
Share Purchase Agreement - Credit Intelligence Holding Limited

APAC Coal Limited ACN 126 296 295 (**Company**) has entered into a share purchase agreement (**Agreement**) to acquire 100% of the issued share capital of Credit Intelligence Holding Limited, Cayman Company No. 0021770 (**CIH**) (**Proposed Transaction**). Among other things, the Agreement is conditional on a restructure with CIH becoming the ultimate parent company of Hong Kong Debt Management Limited, Hong Kong I.V.A. Consultants Limited and Hong Kong Debt Management Services Limited (together, **Credit Intelligence** or **Group**), and CIH issuing a pre-completion dividend to the shareholders of CIH (**Sellers**).

Overview of Credit Intelligence

Credit Intelligence is one of the leading diversified debt restructuring businesses operating in Hong Kong. Credit Intelligence's main business model includes the provision of bankruptcy administration services and individual voluntary arrangement (**IVA**) proposal consultancy services. Credit Intelligence employs approximately 25 staff including accountants and legal practitioners who work with financial institutions to provide debtors with customised and cost-effective debt solutions. Credit Intelligence has worked with over 30 banks in Hong Kong including HSBC, Standard Chartered Bank, Bank of China and Citibank and has played central role in shaping the IVA process in Hong Kong.

The corporate group structure of Credit Intelligence upon CIH becoming the ultimate parent of the Group is set out below. If the Proposed Transaction completes, CIH will become a wholly owned subsidiary of the Company and the Company will become the ultimate parent company of Credit Intelligence.



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Bankruptcy Administration Services

Upon completion of the Proposed Transaction, Credit Intelligence will, through its wholly owned subsidiary, Hong Kong Debt Management Services Limited, provide bankruptcy administration services to creditors in relation to bankrupts with assets valued in excess of HK\$200,000.

IVA Proposal Consultancy services

Upon completion of the Proposed Transaction, Credit Intelligence will, through its wholly owned subsidiary, Hong Kong I.V.A. Consultants Limited (**HKIVA**), provide IVA consultancy services to debtors who wish to avoid bankruptcy.

An IVA is an agreement between a debtor and a creditor whereby the creditor agrees to pay all or part of its debts by agreeing to make regular payments to an insolvency practitioner known as an IVA nominee (**Nominee**). The insolvency practitioner, in its capacity as the Nominee, distributes the funds received from the debtor between the various creditors. An IVA not only helps debtors avoid bankruptcy but also provides relief from the constant demands of creditors. For a creditor, an IVA provides an end to costly enforcement proceedings whilst providing certainty as to what final amount of a debt will actually be received. HKIVA's insolvency practitioners evaluate a debtor's financial position and then provide practical advice and a customised IVA proposal. Once the debtor has agreed to the draft IVA proposal, HKIVA commences the formal legal process which includes the drafting of the IVA documentation, liaising with all relevant creditors and conducting court proceedings.

Australian business strategy

Credit Intelligence believes that a business opportunity exists for it to enter the Australian debt management services market. This opportunity is due to Australia's record household debt to income ratio and historically low level of wages growth. It has also been reported that homeowners, consumers and property investors around Australia are making more calls to financial helplines, creating a need for more debt management services to be accessible by the Australian public.

Credit Intelligence plans to replicate its business model in Australia by establishing local officers in Melbourne and Sydney. Credit Intelligence intends to employ experienced Australian insolvency practitioners headed by a Country Manager. The Country Manager will be responsible for recruiting qualified insolvency practitioners and support staff. The Country Manager will also be responsible for applying for all Australian regulatory authorisations, developing Credit Intelligence's brand locally and implementing marketing and business strategies.

Upon completion of the Proposed Transaction, Credit Intelligence intends to expand its Australian business operations through both potential partnerships with local businesses and the consideration of acquisitions of suitable Australian insolvency businesses.

Proposed Transaction

Under the Proposed Transaction, and subject to Shareholders approving the resolutions required to give effect to the Proposed Transaction (**Resolutions**), the Company will:

- consolidate its existing securities on a 1 for 3.4681 basis (**Consolidation**);
- issue up to 250,000,000 Shares under a prospectus (**Prospectus**) at an issue price of \$0.02 each to raise up to \$5,000,000, with a minimum subscription requirement to raise at least \$3,500,000 (**Public Offer**);
- acquire 100% of the issued share capital of CIH;
- issue 532,852,564 Shares to the Sellers;

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- issue 37,299,679 Shares to Richard Chan, Henry Chow and Mark Ng (and/or their nominees) (**Advisers**) in consideration of services provided to the Company in connection with the Proposed Transaction;
- change its name to "Credit Intelligence Limited";
- restructure its Board, with the existing Directors (Luke Ho Khee Yong, Quah Boon Ban and Brett Crowley) stepping down, and Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai replacing the existing Directors from completion of the Share Purchase Agreement; and
- re-commence trading on the ASX.

Shareholder Resolutions

A notice of meeting seeking shareholder approval for the Resolutions will be sent to the Company's shareholders in due course. It is expected that the Company will convene a general meeting in November to facilitate shareholder approval for certain matters in respect of the Proposed Transaction. Those approvals will include the approval of the:

- Consolidation;
- change of nature and scale of activities;
- issue of shares to Sellers;
- appointment of proposed directors;
- issue of shares under the Prospectus;
- issue of shares to Advisers;
- change of name; and
- issue of performance shares to proposed directors.

Proposed use of funds

The Company intends to use the funds raised from the Public Offer as follows:

Item	Minimum Subscription		Full Subscription	
	Amount	%	Amount	%
Establishment of Australian operations	\$1,750,000	50%	\$2,500,000	50%
Marketing and advertising	\$525,000	15%	\$1,000,000	20%
Expenses of the Offer	\$350,000	10%	\$500,000	10%
ASX Fees and other miscellaneous	\$70,000	2%	\$75,000	1.5%
General working capital	\$805,000	23%	\$925,000	18.5%
Total	\$3,500,000	100%	\$5,000,000	100%

Note: Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

These use of funds are indicative only and the Company reserves the right to vary budgeted expenses as a result of due diligence enquiries or if actual expenses exceed budgeted expenses.

Indicative timetable

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Event	Date
Prospectus lodged with ASIC	10 November 2017
Notice of Annual General Meeting sent to Shareholders	10 November 2017
Public Offer opens	17 November 2017
Annual General Meeting to approve the Resolutions	8 December 2017
Public Offer closes	15 December 2017
Completion of the Proposed Transaction	
Issue of Shares under the Public Offer	
Issue of Shares to Sellers	
Issue of Shares to Advisers	22 December 2017
Completion of the Share Purchase Agreement	
Proposed Directors appointed to the Board	
Securities registered on a post-Consolidation basis	
Expected date for Shares to be reinstated to trading on ASX	29 December 2017

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company reserves the right to vary these dates without notice.

Pro forma capital structure

The pro forma capital structure of the Company, assuming the Resolutions are passed and the Proposed Transaction completes, is as follows:

Capital structure	Existing ¹	Completion	
		Minimum Subscription	Full Subscription
Existing Shares (pre-Consolidation)	249,705,637	249,705,637	249,705,637
Existing Shares (post-Consolidation)	72,000,000	72,000,000	72,000,000
Consideration Shares to Sellers ²	-	532,852,564	532,852,564
Shares to Advisers ³	-	37,299,679	37,299,679
Shares under Public Offer	-	175,000,000	250,000,000
Total Shares	72,000,000	817,152,243	892,152,243

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Class A Performance Shares ⁴	-	18,500,000	18,500,000
Class B Performance Shares ⁵	-	21,500,000	21,500,000
Fully diluted share capital	72,000,000	857,152,243	932,152,243

Notes:

1. Assumes completion of the Consolidation of securities on a 1 for 3.4681 basis.
2. Shares to be issued to the Sellers under the Share Purchase Agreement in consideration for their shares in CIH.
3. Shares to be issued to Richard Chan, Henry Chow and Mark Ng in consideration of services provided to the Company in connection with the Proposed Transaction.
4. Subject to ASX approval, the Class A Performance Shares will be issued to the Proposed Directors and shall convert into Shares upon the Company's 30 day volume weighted average share price reaching at least \$0.025 within 2 years from listing.
5. Subject to ASX approval, the Class B Performance Shares will be issued to the Proposed Directors and shall convert into Shares upon the Company's 30 day volume weighted average share price reaching at least \$0.03 within 3 years from listing.
6. Assumes no additional Shares are issued between the date of this Notice and completion of the Proposed Transaction.
7. The Public Offer will not be underwritten.

New Board

Upon completion of the Proposed Transaction, Luke Ho Khee Yong, Quah Boon Ban and Brett Crowley will resign from the board of the Company (**Board**) and Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai will be appointed directors (**Proposed Directors**). The Proposed Directors' qualifications and experience are set out below.

Jimmie Wong Managing Director

Mr Jimmie Wong is the founder of Credit Intelligence. Mr Wong obtained a Bachelor of Laws from the University of Hong Kong. Mr Wong has over 20 years' experience as a leading insolvency lawyer having served as legal adviser to numerous financial institutions and groups, and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. Mr Wong pioneered Hong Kong's IVA system which has since been used extensively by many leading banks and non-bank financial institutions. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award.

Mel Ashton Non-Executive Chairman

Mr Ashton has over 37 years' experience as a chartered accountant, 25 years as an insolvency practitioner and turnaround specialist and 12 years' experience as a chairman of ASX listed and large private companies.

Mr Ashton has experience in many capital raisings (over A\$400 Million) and more than 12 mergers and acquisitions. Mr Ashton's diversified experience is complimented by his strategic approach and considerable business network. He is currently a director of Hawaiian Group and the non-executive chairman of ASX listed company, Venture Minerals Ltd.

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King Wong

Executive Director

Mr Wong King King ("Mr King Wong") is currently the CEO and Executive Director of Hong Kong Debt Management Services Limited, Credit Intelligence's wholly owned subsidiary. Mr King Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of our Group. Mr King Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001. Mr King Wong has extensive professional experience in handling insolvency matters. He was appointed as the Bankruptcy Trustee by the financial institutions in Hong Kong in 2004. He has been qualified as a civil celebrant of marriages in Hong Kong since June 2009, and has been nominated for co-option of the Insolvency Law Committee of the Law Society of Hong Kong since June 2015, where he is primarily responsible for reporting on developments and possible reforms relating to the law and practice of insolvency in Hong Kong.

Krista Bates

Non-Executive Director

Ms Bates has over 15 years as a legal practitioner, being admitted as a solicitor in England and Wales in 2001. In this role, Ms Bates has been involved in the restructuring and strategy for the roll-out of commercial initiatives in multiple jurisdictions, and has extensive experience in advising corporate matters such as acquisitions, disposals, joint ventures, takeovers and corporate governance. Ms Bates also has extensive experience with insolvency matters. Ms Bates has also acted as legal counsel and director of Fastjet Plc, a company listed on the London Stock Exchange.

Vincent Lai

Non-Executive Director

Formerly the senior executive at the PRC Office of Bank of America, Mr Lai was the CEO of a listed company in Hong Kong before joining the Company. He has 30 years' experience in international banking & corporate finance, and is also well versed in the China market. He was the first branch manager for the Shanghai and Guangzhou Branches of Bank of America. Over the years, he has conducted and organised many training programs for banks, non-bank financial institutions and corporations in China in areas of credit & portfolio risk management, client relationship management, and corporate finance. Mr Lai graduated from the University of Hong Kong with a Bachelor's Degree in Social Sciences (major in Economics and Management Studies).

Change of name

Following the completion of Proposed Transaction, the Company will change its name to "Credit Intelligence Limited".

Re-compliance with ASX Listing Rules Chapter 1 and 2

Since the Proposed Transaction will result in a significant change to the scale of the Company's activities, the Proposed Transaction will require the Company to re-comply with Chapter 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

ASX waivers required

The Company will seek a waiver from Listing Rule 2.1 (Condition 2) to enable the issue of securities at a price below the 20 cents stipulated in the rules.

The Company will seek a waiver from Listing Rule 10.13.3 to enable the issue of securities to related parties to occur at completion of the Proposed Transaction and no later than 3 months after the Annual General Meeting, or such longer period as permitted by ASX.

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Control issues

Jimmie Wong, one of the Sellers, will acquire a maximum of 56.08% of the issued capital in the Company after completion of the Proposed Transaction.

The Sellers do not consider they will be associates of one another after completion of the Proposed Transaction, however, at the point in time when the Shares are issued, they may be considered associates due to their common understanding and intentions with respect to the Proposed Transaction and by agreeing to effectively sell their shares in CIH to the Company. The Sellers will hold a maximum voting power in the Company of up to 65.20% following completion of the Proposed Transaction.

Advantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of advantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) The Company will acquire 100% of Credit Intelligence – a positive cash flow business which the Company considers has excellent potential for growth. In doing so, the Company aims to increase its share price and achieve capital growth for Shareholders.
- (b) As a result of the Public Offer, the Company will be well capitalised with an additional \$3,500,000 to \$5,000,000 in capital (before costs). These funds will primarily be used to grow the Credit Intelligence business with a view to achieving capital growth for Shareholders.
- (c) The injection of capital via the Public Offer will significantly strengthen the Company's balance sheet. This will make the Company more attractive to investors which may improve the Company's ability to raise further funds as and when required via equity and debt markets.
- (d) By completing the Proposed Transaction, the Company's securities will be reinstated to quotation on the ASX which will give Shareholders an opportunity to trade their Shares for value.
- (e) The larger market capitalisation and enhanced Shareholder base resulting from the Proposed Transaction may provide a more liquid market for the Company's Shares.
- (f) The change in nature of the Company's activities could attract new investors and may allow the Company to more readily raise additional working capital (if required) as such, the Company may increase its ability to acquire further projects.

Disadvantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) Shareholders would suffer dilution. Assuming that the Offer is fully subscribed, the Proposed Transaction will result in Shareholders' interests in the Company being diluted by approximately 91.93%. This will in turn reduce the respective voting power of each existing Shareholder.
- (b) Upon completion of the Proposed Transaction, the Company will be changing the nature of its activities from coal production to insolvency and bankruptcy administration services, which may not be consistent with the objectives of Shareholders.
- (c) The Company and its Shareholders will be exposed to the risks associated with Credit Intelligence and its business including those risks set out above.

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- (d) Shareholders may believe that there is a possibility for a superior proposal to emerge in the foreseeable future to recapitalise and re-list the Company. As at the date of this Notice, no superior proposal has been received by the Company. While it is possible that a superior proposal would emerge, at the date of this Notice, there is no reason to believe that a superior proposal is likely to be forthcoming.

ASX issues

The Company notes that:

- (a) the Proposed Transaction requires shareholder approvals under the Listing Rules and therefore may not proceed if those approvals are not obtained;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Transaction may not proceed if those requirements are not met; and
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Proposed Transaction may not proceed if ASX exercises that discretion.

Investors should take into account the uncertainties in deciding whether or not to buy or sell the Company securities.

The Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

Furthermore, the Company notes that ASX takes no responsibility for the contents of this announcement.

Mr Luke Ho
Executive Director

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