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**CHINA ASEAN RESOURCES LIMITED**  
**神州東盟資源有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8186)**

**MAJOR TRANSACTION —  
FORMATION OF JOINT VENTURES AND  
BUSINESS RESTRUCTURING OF THE GROUP**

**Joint Financial Advisers**

**AmCap**  
*Ample Capital Limited*  
豐盛融資有限公司

**Nuada Limited**  
*Corporate Finance Advisory*

**THE SUBSCRIPTION AGREEMENT**

The Company is pleased to announce that on 7 July 2015, the Company entered into the Subscription Agreement, pursuant to which the Company will restructure the forestry business of the Group to the effect that its timber business will be carried out by the Timber Exploration JV and its rubber plantation business will be carried out by the Plantation JV. Following completion of the Restructuring and the Subscription, the Timber Exploration JV will be owned as to 40%, 9% and 51% by Subscriber E, Subscriber F and JV 1 (a non wholly-owned subsidiary of the Company), respectively, whereas the Plantation JV will be owned as to 40%, 9% and 51% by Subscriber B and Subscriber C and JV 2 (a non wholly-owned subsidiary of the Company), respectively. In addition, as part of the arrangement under the Subscription Agreement, the relevant Subscribers will (i) provide working capital loans in the aggregate amount of up to HK\$51.75 million to the Timber Exploration JV and establish a management team for development of the timber business; (ii) guarantee that during each of the First Guaranteed Period, the Second Guaranteed Period and the Third Guaranteed Period, the revenue of the Timber Exploration JV derived from the timber business will not be less than HK\$50 million, HK\$50 million and HK\$100 million, respectively; and (iii) procure the entering into of the Guangken Plantation Cooperation Agreement between the Plantation JV and Guangdong Guangken such that Guangdong Guangken will hold 80% of the relevant Forest Companies

(or their respective wholly-owned Cambodian Subsidiaries) and will in turn be responsible for the rubber plantation business of the Three Forests (including provision of the funding required) and meet the plantation commitment as required by MAFF under the Economic Land Concessions. As such, following completion of the Restructuring and the Subscription Agreement, the Group will not only have the necessary funding to revitalize and develop its timber business, but will also have the opportunity to cooperate with Guangdong Guangken, a renowned PRC state-owned enterprise, to manage and operate the rubber plantation business so as to satisfy the plantation commitment required under the Economic Land Concessions and to share the future economic benefit from the rubber plantation business.

## **IMPLICATION OF THE GEM LISTING RULES**

### **The Timber Business Disposal**

Since the Timber Business Disposal will represent a disposal of part of the Group's interest in its timber business to the Subscribers and the applicable percentage ratios (as defined under the GEM Listing Rules) in this regard are more than 25% but less than 75%, the Timber Business Disposal as contemplated under the Subscription Agreement will constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

### **The Plantation Business Disposal**

Since the Plantation Business Disposal will represent a disposal of part of the Group's interest in its plantation business to Guangdong Guangken and the applicable percentage ratios (as defined under the GEM Listing Rules) in this regard are less than 5%, the Plantation Business Disposal as contemplated under the Guangken Plantation Cooperation Agreement is not subject to any reporting, announcement or shareholders' approval requirements under the GEM Listing Rules.

## **SGM**

An SGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders for, among other things, the Subscription Agreement and the transaction contemplated thereunder by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders have material interests in the Subscription Agreement and the transactions contemplated thereunder and therefore, no Shareholders are required to abstain from voting at the SGM to approve the relevant resolution(s) regarding the Subscription Agreement and the transactions contemplated thereunder.

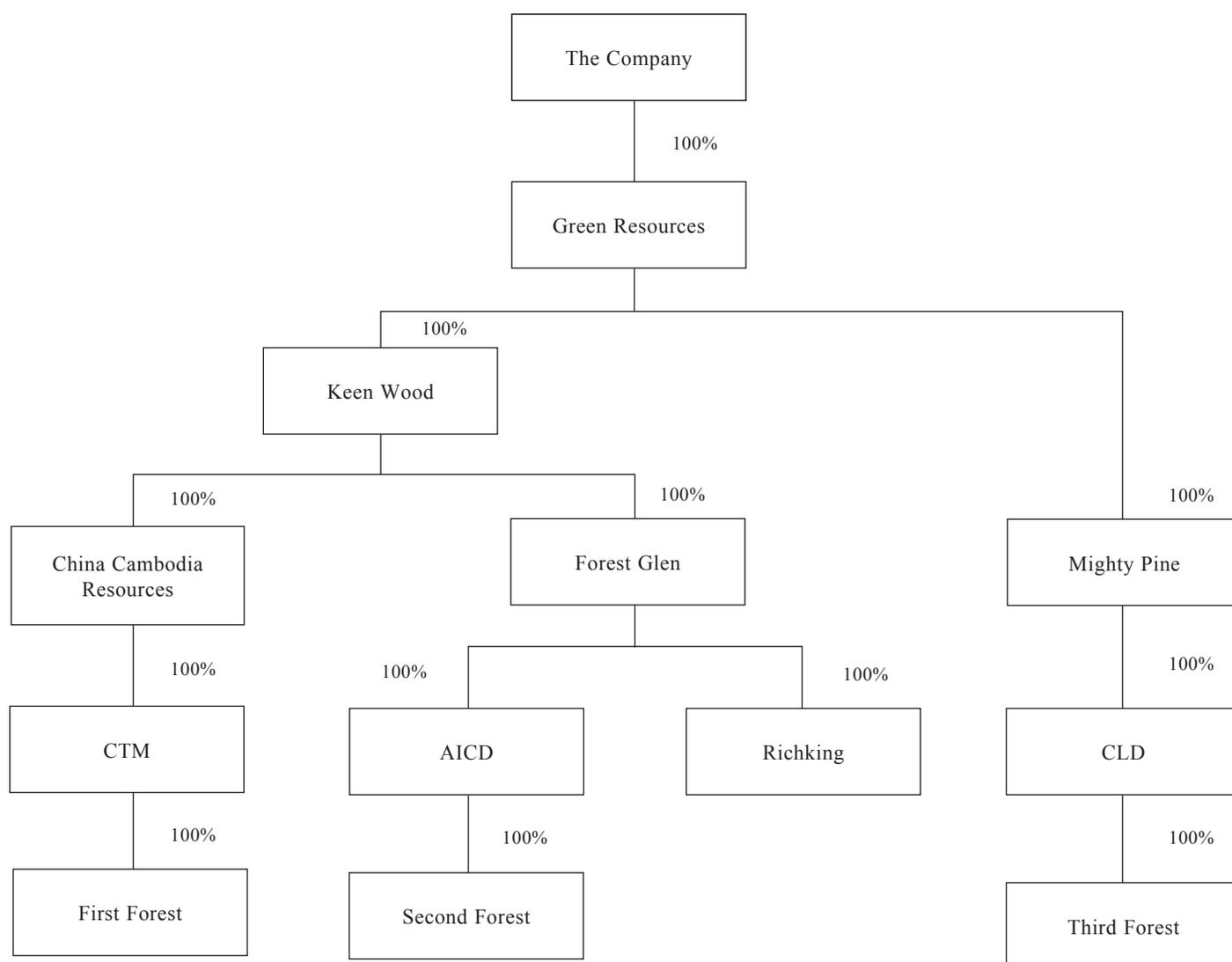
## **GENERAL**

As additional time is required for the Group to prepare the relevant information, the circular containing, among other things, further details regarding (i) the Subscription Agreement and other disclosure requirements under the GEM Listing Rules; and (ii) a notice of the SGM to be convened regarding the transactions contemplated under the Subscription Agreement and the corresponding proxy form, will be despatched to the Shareholders on or before 31 August 2015.

## BACKGROUND

The Company is an investment holding company and, through its subsidiaries, is principally engaged in the timber business (which involves the logging of the existing timber from the Three Forests for sale) as well as sourcing and logistics. As at the date of this announcement, Keen Wood, through China Cambodia Resources and Forest Glen (which respectively hold the entire equity interest of CTM and AICD) holds the Economic Land Concession in respect of the First Forest and the Second Forest, respectively, whereas the Economic Land Concession of the Third Forest is held by CLD, a wholly-owned subsidiary of Mighty Pine. Both of Mighty Pine and Keen Wood are wholly-owned subsidiaries of Green Resources.

The diagram below illustrates the existing structure of the Group:



## **THE SUBSCRIPTION AGREEMENT**

### **Date**

7 July 2015

### **Parties to the Subscription Agreement**

#### ***Formation of the Timber Exploration JV***

- (i) The Company as the vendor;
- (ii) Subscriber D, as the purchaser for the equity interest of 39.2% in JV 1;
- (iii) Subscriber E, as the purchaser for the equity interest of 40% in the Timber Exploration JV; and
- (iv) Subscriber F, as the purchaser for the equity interest of 9% in the Timber Exploration JV.

#### ***Formation of the Plantation JV***

- (i) The Company as the vendor;
- (ii) Subscriber A, as the purchaser for the equity interest of 39.2% in the JV 2;
- (iii) Subscriber B, as the purchaser for the equity interest of 40% in the Plantation JV; and
- (iv) Subscriber C, as the purchaser for the equity interest of 9% in the Plantation JV.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Subscribers A, B, C, D, E and F and their ultimate beneficiary owners are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

## **Condition Precedent**

Completion of the Subscription Agreement is subject to the following major conditions precedent being fulfilled or waived (as the case may be):

### ***On part of the Company***

- (i) Completion of the Restructuring (as defined below);
- (ii) if required, the passing by the Shareholders at the SGM to be convened of an ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder;
- (iii) each of the Cambodian Subsidiaries having obtained the necessary approval and consents in respect of the Subscription Agreement and the Guangken Plantation Cooperation Agreement (as defined below) and the transactions contemplated thereunder;
- (iv) the Company having obtained the necessary approval and consents in respect of the Restructuring and the transactions contemplated under the Subscription Agreement; and
- (v) there being no matter which would result in the breach of the warranties provided by the Company under the Subscription Agreement and such warranties shall remain true and accurate up to the completion of the Subscription Agreement.

### ***On part of the Subscribers***

- (vii) the Subscribers having obtained the necessary approval and consents in respect of the transactions contemplated under the Subscription Agreement;
- (viii) the relevant Subscribers having entered into the Working Capital Loan Agreement (as defined below); and
- (ix) there being no matters which would result in the breach of the warranties provided by the Subscribers under the Subscription Agreement and such warranties shall remain true and accurate up to the completion of the Subscription Agreement.

If the conditions set out above are not fulfilled or as the case may be, waived by the Company (in respect of conditions numbered (vii), (viii) and (ix)) or by the Subscribers (in respect of conditions numbered (i), (iii), and (v)) on or before 31 August 2015, or such other date as the Company and the Subscribers may agree, the obligation of the parties to the Subscription Agreement shall cease and neither party to the Subscription Agreement shall have any claims under the Subscription Agreement against the others, save in respect of any antecedent breaches of the Subscription Agreement.

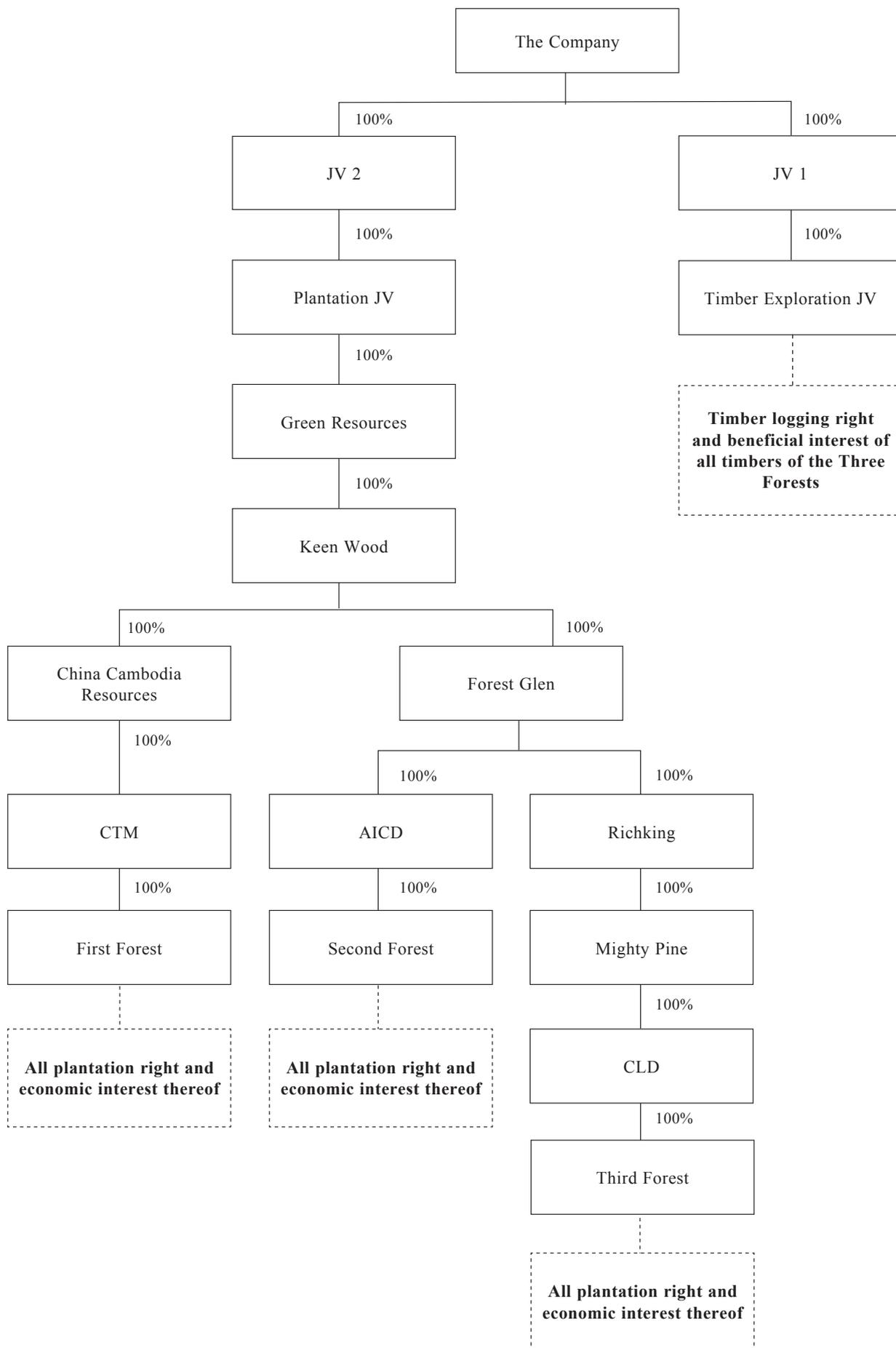
## **The Restructuring**

As one of the conditions precedent to the Subscription Agreement, the Company will undergo an internal restructuring (the “**Restructuring**”) comprising of the followings:

- (i) the Company will establish two wholly-owned subsidiaries, namely JV 1 and JV 2;
- (ii) the Company will establish the Timber Exploration JV and the Plantation JV such that the Timber Exploration JV and the Plantation JV will be wholly-owned by JV 1 and JV 2, respectively;
- (iii) the Company will undergo a restructuring such that Green Resources will become an wholly-owned subsidiary of Plantation JV;
- (iv) Green Resources will undergo a restructuring such that Mighty Pine will become an indirect subsidiary of Forest Glen (i.e. Forest Glen will indirectly hold the Economic Land Concessions of the Second Forest and the Third Forest); and
- (v) the Company will procure each of CTM, AICD and CLD to transfer the concession right to exploit each of the First, Second and Third Forests to the Timber Exploration JV such that the Timber Exploration JV will have the right to log the timber standing on each of the Three Forests and entitled to all the economic benefit derived from the timber logged from the Three Forests.

Following completion of the Restructuring, the Timber Exploration JV will have the right to log the timber standing on each of the Three Forests and will become the Group’s principal subsidiary in carrying out the timber business (including timber logging, the subsequent processing of the timber logged and the wood products, etc.), whereas the Plantation JV will be responsible for the rubber plantation (as detailed below).

The diagram below illustrates structure of the Group following completion of the Restructuring but before the Subscription:



## The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to dispose of, and each of Subscribers A, B, C, D, E and F has agreed to purchase, the equity interest in JV 1, JV 2, the Timber Exploration JV and the Plantation JV (as the case may be) and details of which are as follows:

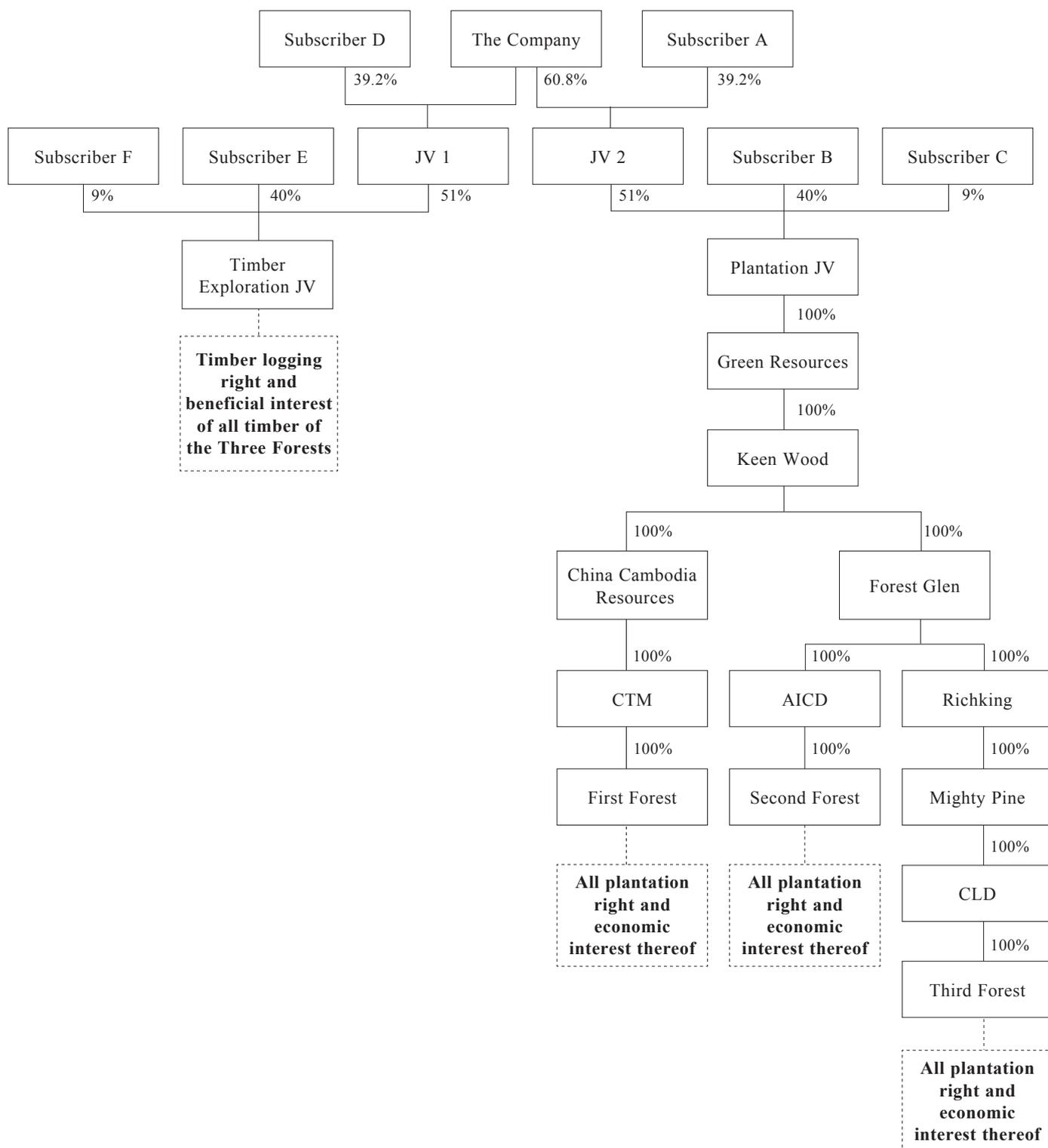
- (i) the Company will dispose of, and the Subscriber D will acquire, 392 shares of JV 1 (representing 39.2% of equity interest in JV1) for a consideration of US\$392 (representing the nominal value of the shares of JV 1);
- (ii) the Company will dispose of, and the Subscriber A will acquire, 392 shares of JV 2 (representing 39.2% of equity interest in JV2) for a consideration of US\$392 (representing the nominal value of the shares of the JV 2 acquired);
- (iii) the Company will procure JV 1 to dispose of, and the Subscriber E will acquire, 400 shares of the Timber Exploration JV (representing 40% of equity interest in the Timber Exploration JV) for a consideration of US\$400 (representing the nominal value of the shares of the Timber Exploration JV acquired);
- (iv) the Company will procure JV 1 to dispose of, and Subscriber F will acquire, 90 shares of the Timber Exploration JV (representing 9% of equity interest in the Timber Exploration JV) for a consideration of US\$90 (representing the nominal value of the shares of the Timber Exploration JV acquired);
- (v) the Company will procure JV 2 to dispose of, and the Subscriber B will acquire, 400 shares of the Plantation JV (representing 40% of equity interest in the Plantation JV) for a consideration of US\$400 (representing the nominal value of the shares of the Plantation JV); and
- (vi) the Company will procure JV 2 to dispose of, and the Subscriber C will acquire, 90 shares of the Plantation JV (representing 9% of equity interest in the Plantation JV) for a consideration of US\$90 (representing the nominal value of the shares of the Plantation JV).

Upon the completion of the Restructuring and the Subscription, JV1, JV2, Timber Exploration JV and Plantation JV will remain as non-wholly owned subsidiaries of the Company.

The Cambodian Subsidiaries are the operating subsidiaries of the Group which principally engaged in forestry business in Cambodia. For the past two years ended 31 December 2013 and 2014, the rubber plantation business of the Group had been minimal and did not record any revenue. According to the unaudited financial information of the Group, the Cambodian Subsidiaries in aggregate, recorded (i) loss before and after taxation of HK\$27.6 million and HK\$27.6 million for the year ended 31 December 2013, respectively; and (ii) loss before and after taxation of HK\$21.5 million and HK\$21.9 million for the year ended 31 December 2014, respectively. As at 31 December 2014, the Cambodian Subsidiaries in aggregate recorded total assets of HK\$827 million and total liabilities

of HK\$1,011 million (including the amount due to group companies of HK\$994 million). Based on the above, it is preliminarily estimated that the Company will record a loss or a debit balance in the Group's equity (as the case may be) of HK\$559 million as a result of the Subscription Agreement. However, the actual gain or loss or a debit balance in the Group's equity (as the case may be), to be recorded by the Group as a result of the Subscription Agreement is still subject to then financial position upon completion of the Subscription Agreement.

Set out below is the structure of the Group following completion of the Restructuring and the Subscription:



## **Management and Composition of the board**

Following completion of the Subscription Agreement, the composition of the respective boards of directors of JV 1, JV 2, the Timber Exploration JV and the Plantation JV will be as follows:

- (i) the board of directors of JV 1 will comprise 4 directors, of which 3 will be nominated by the Company (including the chairman) and the remaining 1 will be nominated by Subscriber D;
- (ii) the board of directors of JV 2 will comprise 4 directors, of which 3 will be nominated by the Company (including the chairman) and the remaining 1 will be nominated by Subscriber A;
- (iii) the board of directors of the Timber Exploration JV will comprise 7 directors, of which 4 will be nominated by the Company (including the chairman), 2 will be nominated by the Subscriber E and 1 will be nominated by Subscriber D; and
- (iv) the board of directors of the Plantation JV will comprise 7 directors, of which 4 will be nominated by the Company (including the chairman), 2 will be nominated by the Subscriber B and 1 will be nominated by Subscriber A.

The Timber Exploration JV will establish an operating committee (the “**Operating Committee**”) comprising 5 members, of which 3 (including the supervisor) will be appointed by Subscriber E, and 2 will be appointed by the Company. The Operating Committee will be responsible for the daily operation of the timber business carried out by the Timber Exploration JV.

## **The Subscription Price**

As mentioned above, the consideration in respect of the acquisition of shares in JV 1, JV 2, the Timber Exploration JV and the Plantation JV payable by Subscriber A, B, C, D, E and F will be the nominal value of the issued shares of JV 1, JV2, the Timber Exploration JV and the Plantation JV (as the case may be). The consideration will be satisfied in cash and used for the purpose of general working capital of the Group. The consideration was determined after arm’s length negotiation amongst the Group and the Subscribers with reference to, among other things, (i) the undertaking relating to the future working capital contribution by the Subscribers; (ii) the procurement by the relevant Subscribers of Guangdong Guangken to become a business partner of the Group to carry out the plantation business on the Three Forests such that the risk of having the Economic Land Concessions in respect of the Three Forests in the future being confiscated by the Cambodian government will be substantially minimized; and (iii) the guarantee provided by the relevant Subscribers in respect of the revenue level of the Timber Exploration JV.

Details of the undertaking provided by the Subscribers are described in the sectioned headed “The Undertakings” below.

## THE UNDERTAKINGS

### 1. Undertaking by Subscribers A, B and C to procure Guangdong Guangken to engage in the plantation business of the Plantation JV

Subscribers A, B and C have unconditionally and irrecoverably undertaken to the Company that within two months after the completion of the Subscription Agreement (or such a later date as agreed amongst the parties to the Subscription Agreement), Subscribers A, B and C will procure Guangdong Guangken (or any of its subsidiaries) to enter into a cooperation agreement (the “**Guangken Plantation Cooperation Agreement**”) with the Plantation JV (or its subsidiaries as designated it) such that:

- (i) after the Restructuring, the Company’s 80% equity interest in each of China Cambodia Resources, Forest Glen and, as the case may be, Mighty Pine (or 80% interest in CTM, AICD and CLD) will be disposed to Guangdong Guangken at nil consideration. Since the timber logging rights under the Forest Companies (or as the case may be, the Cambodian Subsidiaries) will be transferred to the Timber Exploration JV after the Restructuring, the above-mentioned disposal will result in Guangdong Guangken and the Group having 80% and 20% interest in the plantation business of each of the First, Second and Third Forests. However, as mentioned above, the interest in respect of the timber standing on the Three Forests, including the timber logging right and the beneficial interest of the timber standing on the Three Forests, will remain being held by the Timber Exploration JV pursuant to the Restructuring.

For the prompt fulfillment of the above undertaking by Subscribers A, B and C, the Company shall execute a share charge, pursuant to which Subscriber A shall charge its 39.2% equity interest in JV 2, and Subscribers B and C shall charge their respective 40% and 9% equity interest in the Plantation JV, in favour of the Company as a security for the fulfillment of their undertaking to procure Guangdong Guangken to enter into the Guangken Plantation Cooperation Agreement.

In the event that Subscribers A, B and C fail to procure Guangdong Guangken to enter into the Guangken Plantation Cooperation Agreement and there are no alternative arrangement(s) for the carrying out of the plantation business under the Three Forests that can be agreed amongst the parties to the Subscription Agreement unanimously (including but not limited to introducing plantation companies accepted by the Company to take up the role of Guangdong Guangken), Subscribers A, B and C shall unconditionally transfer all their equity interest in JV 2 and the Plantation JV back to the Company.

- (ii) Under the Guangken Plantation Cooperation Agreement, Guangdong Guangken will provide the necessary funding to carry out the plantation business under the Three Forests and will undertake that the annual plantation volume of each of the Three Forests will be no less than those required under the Investment Contracts. In the event that there is any penalty by the Cambodian government due to the reason that the annual plantation volume cannot be met, Subscribers A, B and C will compensate the Company for such loss.

## 2. Contribution of working capital loan

In order to meet the working capital requirement of the timber business to be carried out by the Timber Exploration JV, Subscribers D, E and F have unconditionally and irrevocably undertaken to the Company that each of them will enter into a working capital loan agreement (the “**Working Capital Loan Agreement**”) such that each of Subscribers D, E and F will provide a working capital loan (the “**Working Capital Loans**”) of up to HK\$15 million, HK\$30 million and HK\$6.75 million, to the Timber Exploration JV, respectively. The Working Capital Loans will be unsecured, interest free and have a proposed term of two years.

## 3. Establishment of management team to carry out the timber business under the Timber Exploration JV

Subscriber E will be responsible for the establishment of a management team to be employed by the Timber Exploration JV for carrying out the timber business (including timber logging, wood manufacturing and the subsequent sale of the wood products).

## 4. Revenue of the Timber Exploration JV

Subscribers D and E have guaranteed that for the six-month period immediately after completion of the Subscription Agreement (the “**First Guaranteed Period**”), the six-month period commencing on the seventh month after completion of the Subscription Agreement (the “**Second Guaranteed Period**”) and the twelve-month period commencing on the thirteen month after completion of the Subscription Agreement (the “**Third Guaranteed Period**”, collectively, the “**Guaranteed Periods**”), the Timber Exploration JV’s revenue derived from the timber business (i.e. the timber logging, the processing of the timber logged and the sale of wood products but excluding any trading activities) will not be less than HK\$50 million, HK\$50 million and HK\$100 million, respectively (collectively referred to as the “**Guaranteed Revenue**”).

Subscribers D, E and the Company shall execute a share charge, pursuant to which Subscriber D shall charge its 39.2% equity interest of in JV 1, and Subscriber E shall charge its 40% equity interest in the Timber Exploration JV, in favour of the Company as a security for the fulfillment of Guaranteed Revenue. The aforesaid share charge shall be released upon fulfillment of the Guaranteed Revenue.

In the event that the Guaranteed Revenue cannot be met during any of the aforesaid period, Subscribers D and E shall unconditionally transfer their respective 39.2% and 40% equity interest in JV1 and the Timber Exploration JV to the Company.

## 5. Non-competition

Save for the forestry business located in Kratie Province, Cambodia in which Subscriber E is currently cooperating with another forestry company, each of the Subscribers will not and will procure (i) its ultimate beneficial owner; (ii) its subsidiaries or holding companies; (iii) companies controlled by its ultimate beneficial owner; or (iv) companies controlled by its holding company; or (v) the management, the core employee or their spouse, children and relatives of the companies in (i) to (iv) above; or (vi) the companies jointly/solely controlled by any of the (i) to (v) above (collectively referred to as “**Associates**”), not to engage in business which will compete or potentially compete with the Group’s business during the time when each of the Subscribers remain as a shareholder of any member of the Group.

In the event that each of the Subscribers or its Associates have been introduced with business opportunities which will compete or potentially compete with the Group’s business, each of the Subscribers shall and procure its Associates to (as the case may be) introduce such business opportunities to the Group. Each of the Subscribers and its Associates have undertaken that they will promptly provide the aforesaid information regarding the potential business opportunities to the Company.

## 6. Outstanding loan of Keen Wood

As at 31 December 2014, Keen Wood had an outstanding loan in the amount of approximately HK\$78 million payable to Tech Winner. The Company will procure Tech Winner to approve a restructuring such that the repayment obligation of the Keen Wood Loan will be borne by JV 1 and JV 2.

## REASONS FOR AND THE BENEFIT OF THE SUBSCRIPTION AGREEMENT

The Company is an investment holding company and, through its subsidiary, is principally engaged in the timber business in Cambodia which involves the logging of the existing timber from the Three Forests as well as sourcing and logistics business. The Economic Land Concession granted to each of CTM, AICD and CLD by MAFF in respect of the First Forest, the Second Forest and the Third Forest, respectively is to allow the Group (the holder of the concessionary right) to clear the forest land (i.e. logging of the existing timber) for agricultural exploitation of the forest land (e.g. the plantation of rubber trees). It is a condition for the granting of the Economic Land Concessions that the Group should commit certain annual rubber and acacia plantation commitment for the Three Forests and the failure of which may lead to the Economic Land Concessions held by the Group being cancelled by the Cambodian government without compensation.

The timber and plantation businesses of the Group are two inter-related but distinct businesses. Logging the timber on the Three Forests, processing the timber logged at the Group’s wood flooring factory and the subsequent sale of the timber processed form a complete business cycle of the timber business. As to the plantation business, after the forest land is cleared by logging timber standing on it, the rubber seedlings can be planted on the Three Forests and the rubber seedlings will normally

take 5 to 7 years for them to grow to the harvest stage for latex production. Due to the lack of working capital, the Group did not have sufficient funding to log the timbers on the Three Forests and to properly carry out the rubber plantation work (such as purchase of rubber seedlings, weeding, fertilization, removing buds from the ground, etc.) on the forest land cleared. As such, the Group's rubber plantation business was minimal and was not able to meet the Cambodian government's requirements.

The trading of the Shares has been suspended since April 2013 and remained suspended as at the date of this announcement. As such, it will not be plausible for the Group to conduct any fund raising exercise to meet the capital requirement for its timber and plantation businesses. The Subscribers, who are well connected in the timber industry and will collaborate with experienced personnel in the timber business, has maintained good working relationship with Guangdong Guangken. The Subscribers will also be responsible for the establishment of a management team to carry out the timber business. Pursuant to the Subscription Agreement, the Timber Exploration JV will, following the Restructuring, own the right to log the timber standing on the Three Forests and will be responsible for the timber business (including the timber logging, the processing of the timber logged and the subsequent sale of wood products). Furthermore, Subscribers D, E and F have undertaken to provide the Working Capital Loans of up to HK\$51.75 million in aggregate for the Timber Exploration JV to develop its timber business, whereas Subscribers D and E have also guaranteed the Guaranteed Revenue during the Guarantee Periods. Whilst the Group will dispose part of its interest in the plantation business under the proposed Guangken Plantation Cooperation Agreement, the Group will at the same time, be relieved from the substantial capital requirement in respect of its rubber plantation commitment. Pursuant to the proposed Guangken Plantation Cooperation Agreement, Guangdong Guangken will not only be responsible for the plantation business of the Three Forests and meet the plantation commitment as required by the MAFF, but will also provide the necessary funding in this regard (based on the past experience and estimation of the Group, the plantation cost would amount to over HK\$300 million for the Three Forests). Given the current circumstances, the Company considers that the arrangements as contemplated under the Subscription Agreement will provide an opportunity for the Group to revitalize its business operations in Cambodia by (i) receiving additional working capital; (ii) leveraging on the expertise of Guangdong Guangken in rubber plantation to bring about a more fruitful return to its plantation business (particularly that the performance of the Group's plantation has been poor for a number of years and the Group currently does not have the necessary funding to finance its plantation business); and (iii) more importantly, the alliance with Guangdong Guangken for the carrying out of the rubber plantation business will enable the Group to continue to maintain the Economic Land Concessions for the Group's ongoing operation of its timber business in Cambodia in the future and allow the Group to share part of the economic benefit derived from such plantation business.

Based on the unaudited financial information of the Group as at 31 December 2014, the unaudited consolidated total asset and net asset value of the Group amounted to HK\$1,046.4 million and HK\$919.5 million, respectively, which comprised forestry related and other assets of HK\$994.4 million. Although the Subscription will appear to result in (i) a dilution of the Group's equity interest in the timber business (which will be carried on by the Timber Exploration JV); and (ii) a dilution in the rubber plantation business (which will be carried on by the Plantation JV), the Company

considers it important to take into account (i) the current financial situation of the Group (the bank and cash balance of the Group amounting to only HK\$2.3 million as at 31 December 2014); (ii) the difficulty to arrange external financing by the Group (trading in the Shares has remained suspended); (iii) the fund immediately available for the Group to revitalize its timber business following the Subscription; (iv) the capital intensive nature (involving substantial capital investments before production of latex such as purchase of rubber seeding, field plowing and fertilizing) and long operating cycle of the rubber plantation business (normally taking 5 to 7 years of cultivation before the rubber trees reach the harvest stage for latex production); (v) the relief of the Group from the intensive working capital requirement in respect of the rubber plantation and timber businesses and the substantial reduction in the risk of having the Economic Land Concessions being cancelled in the future through the introduction of an experienced state-owned enterprise to carry on the plantation business as a result of the Subscription. As such, the Company is of the view that the formation of the Timber Exploration JV and the Plantation JV under the Subscription Agreement as well as the Group's proposed cooperation with Guangdong Guangken under the Guangken Plantation Cooperation Agreement will enable the Group to revitalise its timber business to generate return to the Shareholders. As such, the Company is in the view of the terms of the transactions contemplated under the Subscription Agreement and the proposed Guangken Plantation Cooperation Agreement are fair and reasonable and the entering into of the Subscription Agreement and the proposed Guangken Plantation Cooperation Agreement are in the interest of the Company and the Shareholders as a whole.

## **IMPLICATION OF THE GEM LISTING RULES**

### **The Timber Business Disposal**

Since the Timber Business Disposal will represent a disposal of part of the Group's interest in its timber business to the Subscribers and the applicable percentage ratios (as defined under the GEM Listing Rules) in this regard are more than 25% but less than 75%, the Timber Business Disposal as contemplated under the Subscription Agreement will constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

### **The Plantation Business Disposal**

Since the Plantation Business Disposal will represent a disposal of part of the Group's interest in its plantation business to Guangdong Guangken and the applicable percentage ratios (as defined under the GEM Listing Rules) in this regard are less than 5%, the Plantation Business Disposal as contemplated under the proposed Guangken Plantation Cooperation Agreement is not subject to any reporting, announcement or shareholders' approval requirements under the GEM Listing Rules.

## **SGM**

An SGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders for, among other things, the Subscription Agreement and the transaction contemplated thereunder by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders have material interests in the Subscription Agreement and the transactions contemplated thereunder and therefore, no Shareholders are required to abstain from voting at the SGM to approve the relevant resolution(s) regarding the Subscription Agreement and the transactions contemplated thereunder.

## **GENERAL**

As additional time is required for the Group to prepare the relevant information, the circular containing, among other things, further details regarding (i) the Subscription Agreement and other disclosure requirements under the GEM Listing Rules; and (ii) a notice of the SGM to be convened regarding the transactions contemplated under the Subscription Agreement and the corresponding proxy form, will be despatched to the Shareholders on or before 31 August 2015.

## **DEFINITION**

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“AICD”	Agri-Industrial Crop Development (Cambodia) Co., Ltd., a company incorporated in Cambodia with limited liability which holds the economic Land Concession of the Second Forest
“Cambodian Subsidiaries”	collectively, CTM, AICD and CLD
“China Cambodia Resources”	China Cambodia Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Keen Wood as at the date of this announcement
“CLD”	Crops & Land Development (Cambodia) Co., Ltd., a company incorporated in Cambodia with limited liability and is holding the Economic land Concession of the Third Forest
“Company”	China Asean Resources Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange

“CTM”	(Cambodia) Tong Min Group Engineering Co., Ltd., a company incorporated in Cambodia with limited liability and is holding the Economic Land Concession of the First Forest
“Director(s)”	the director(s) of the Company
“Economic Land Concession”	the economic land concession granted by the Cambodian government for allowing the concessionary right holder to clear the land underlying the forest land and subsequent industrial agricultural exploitation of the underlying forest land
“First Forest”	the forest located in Kratie District, Kratie Province, Cambodia, with the underlying Economic Land Concession held by CTM
“Forest Glen”	Forest Glen Group Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Keen Wood as at the date of this announcement
“Forest Company(ies)”	collectively, China Cambodia Resources, Forest Glen and Mighty Pine
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Green Resources”	Green Resources Navigator International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Guangdong Guangken”	廣東省廣墾橡膠集團有限公司 (Guangdong Guangken Runner Group Co., Ltd), a state-owned enterprise engaged in, amongst others, the business of rubber plantation, processing and sales of rubber products in the PRC which also has business operations in the Southeast Asia
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Investment Contract(s)”	the investment contract(s) entered into between the CTM, AICD and CLD and the MAFF regarding the terms and conditions of the Economic Land Concession granted by the MAFF in respect of the Three Forests

“JV 1”	a special investment vehicle to be established with its equity interest to be owned as to 60.8% and 39.2% by the Company and Subscriber D pursuant to the Subscription Agreement
“JV 2”	a special investment vehicle to be established with its equity interest to be owned as to 60.8% and 39.2% by the Company and Subscriber A pursuant to the Subscription Agreement
“Keen Wood”	Keen Wood Group Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Green Resources as at the date of this announcement
“MAFF”	The Ministry of Agriculture, Forestry and Fisheries of Cambodia
“Mighty Pine”	Mighty Pine Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Green Resources as at the date of this announcement
“Plantation JV”	the joint venture to be established amongst the Group and the Subscribers pursuant to the Subscription Agreement
“Plantation Business Disposal”	the proposed disposal of part of the Group’s interest in its plantation business as contemplated under the Guangken Plantation Corporation Agreement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, The Macau Special Administrative Region and Taiwan)
“Richking”	Richking Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Green Resources as at the date of this announcement
“Second Forest”	the forest located in Kratie District, Kratie Province, Cambodia, with the underlying Economic Land Concession held by AICD
“SGM”	the special general meeting of the Company to be held and convened for its shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder

“Share(s)”	shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Subscriber A”	Rosy Charm Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber B”	Rocky International Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber C”	Spring Well International Limited, a company incorporated in Anguilla with limited liability
“Subscriber D”	Oriental Elite Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber E”	Chinabright Pacific Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscriber F”	Oceanic Knight Limited, a company incorporated in Samoa with limited liability
“Subscribers”	collectively or individually referred to as the Subscriber A, the Subscriber B, the Subscriber C, the Subscriber D, the Subscriber E and Subscriber F
“Subscription”	the subscription of shares in JV1, JV2, the Timber Exploration JV and the Plantation JV by the Subscribers as contemplated under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 July 2015 entered into between the Company and the Subscribers for the purpose of, inter alia, the Restructuring, the formation of the Timber Exploration JV and the Plantation JV and the arrangements thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tech Winner”	Tech Winner Investment Limited, a company incorporated in Hong Kong with limited liability

“Third Forest”	the forest located in Kratie District, Kratie Province, Cambodia, with the underlying Economic Land Concession held by CLDC
“Three Forests”	collectively, the First Forest, the Second Forest and the Third Forest
“Timber Business Disposal”	the disposal of part of the Group’s interest in its timber business of the Group as contemplated under the Restructuring and Subscription Agreement
“Timber Exploration JV”	the joint venture to be established amongst the Group and the Subscribers pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“RMB”	Reminbi, the lawful currency of the PRC

By Order of the Board of  
**China Asean Resources Limited**  
**Yu Xiao Min**  
*Chairlady of the Board of Directors*

Hong Kong, 17 July 2015

*As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Ms. Yu Xiao Min, Ms. Xu Miaoxia and Mr. Zeng Lingchen; and three independent non-executive directors, namely Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Hung Kenneth.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at <http://www.chinaaseanresources.com>.*