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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in IR Resources Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

**MAJOR TRANSACTION —
FORMATION OF JOINT VENTURES
AND BUSINESS RESTRUCTURING OF THE GROUP
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting (“SGM”) of the Company to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 7 October 2016 at 1:30 p.m. is set out on pages 40 to 41 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at <http://www.irresources.com.hk>.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company at 36th Floor, Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed revoked.

This circular 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.

22 September 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
CHARACTERISTICS OF GEM	i
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	32
APPENDIX II — GENERAL INFORMATION	34
NOTICE OF SPECIAL GENERAL MEETING	40

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	having the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cambodia”	The Kingdom of Cambodia
“Cambodian Subsidiaries”	the subsidiaries of the Group incorporated in Cambodia (including (Cambodia) Tong Min Group Engineering Co., Ltd., Agri-Industrial Crop Development (Cambodia) Co., Ltd. and Crops & Land Development Cambodia Co., Ltd.)
“CCR”	China Cambodia Resources Limited, a company incorporated in the BVI with limited liability and wholly-owned by Environment Capital
“Company”	IR Resources Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the directors of the Company
“Economic Land Concession”	the economic land concession granted by the Cambodian government which allows the beneficiaries to use the state land of Cambodia for agriculture and/or industrial agricultural exploitation
“Environment Capital”	Environment Capital Prosperity Sports Investment Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“FG”	Forest Glen Group Limited, a company incorporated in the BVI with limited liability and wholly-owned by Environment Capital

DEFINITIONS

“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV1”	a wholly-owned subsidiary of the Group as at the Latest Practicable Date and, following completion of the Subscription Agreement, the equity interest of which will be owned by SPV1 and Subscriber D
“JV2”	a wholly-owned subsidiary of the Group as at the Latest Practicable Date and, following completion of the Subscription Agreement, the equity interest of which will be owned by the Vendor and Subscriber A
“Lao”	Lao People’s Democratic Republic
“Latest Practicable Date”	19 September 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“MAFF”	The Ministry of Agriculture, Forestry and Fisheries of Cambodia
“Plantation Agreement”	the plantation agreement dated 27 November 2015 (as supplemented from time to time) and entered into between the Group and the Plantation Partner in relation to the Group’s plantation business in the Three Forests
“Plantation JV Loan”	the loan in the aggregate amount of HK\$19 million to be provided by Subscribers A, B and C to the Plantation JV pursuant to the Subscription Agreement
“Plantation JV”	a wholly-owned subsidiary of the Group as at the Latest Practicable Date and, following completion of the Subscription Agreement, the equity interest of which will be owned among JV2, Subscribers B and C
“Plantation Partner”	Cong Ty TNHH Mtv Phat Phat Trien, a company incorporated in Vietnam with limited liability

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes the Macau Special Administrative Region of the PRC, Hong Kong and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 7 October 2016 at 1:30 p.m. for the Shareholders to consider, and if thought fit, approve the Subscription Agreement and the Plantation Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“SPV1”	a wholly-owned subsidiary of the Group as at the Latest Practicable Date and, following completion of the Subscription Agreement, the equity interest of which will be owned by the Vendor and Subscriber E
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Rosy Charm Limited, a company incorporated in the BVI with limited liability
“Subscriber B”	Baokang Enterprises Limited, a company incorporated in the BVI 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 BVI with limited liability
“Subscriber E”	Oceanic Knight Limited, a company incorporated in Samoa with limited liability

DEFINITIONS

“Subscribers”	collectively or individually referred to as Subscriber A, Subscriber B, Subscriber C, Subscriber D and Subscriber E
“Subscription Agreement”	the subscription agreement dated 19 September 2016 and entered into between the Company and the Subscribers in relation to the Subscription
“Subscription”	the acquisition of shares in SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV by the Subscribers as contemplated under the Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Three Forests”	the three forests (or each, the “Forest”) located in Kratie District, Kratie Province, Cambodia, the underlying Economic Land Concessions of which are held by the Group
“Timber Business Loan”	the loan in the aggregate amount of HK\$51.75 million to be provided by Subscribers B, D and E to the Timber Exploration JV pursuant to the Subscription Agreement
“Timber Exploration JV”	a wholly-owned subsidiary of the Group as at the Latest Practicable Date and, following completion of the Subscription Agreement, the equity interest of which will be owned among the Group and the relevant Subscribers
“US\$”	United States Dollars, the lawful currency of the United States of America
“Vendor”	Green Resources Navigator International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Vietnam”	Socialist Republic of Vietnam
“%”	per cent.

LETTER FROM THE BOARD



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

Executive Directors:

Ms. Yu Xiao Min (*Chairperson*)

Ms. Xu Miaoxia

Mr. Zeng Lingchen

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Independent non-executive Directors:

Ms. Pang King Sze, Rufina

Mr. Hong Bingxian

Mr. Hung Kenneth

*Head office and principal place
of business in Hong Kong:*

36th Floor, Times Tower

391-407 Jaffe Road

Wanchai, Hong Kong

22 September 2016

To the Shareholders

Dear Madam or Sir,

**MAJOR TRANSACTION –
FORMATION OF JOINT VENTURES AND
BUSINESS RESTRUCTURING OF THE GROUP
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Following the entering into of a subscription agreement by the Group and investors for the restructuring of the Group's forestry and agricultural businesses in July 2015, the Company, in May 2016, announced that it was procuring Subscriber B which possesses substantial experience and extensive business network in the timber logging and wood processing industry to become a shareholder of its forestry and agricultural businesses.

LETTER FROM THE BOARD

After negotiation among the Group and the Subscribers, there were changes in certain subscribers and certain terms offered by the Subscribers, including (i) extension in the term of the unsecured and interest free working capital loan to the Timber Exploration JV from two years to ten years; and (ii) provision of an additional working capital loan of HK\$19 million to the Plantation JV as general working capital. As such, the Company considers that the above-mentioned changes to the Subscription Agreement would have positive impact on the Group's timber and plantation business development in Cambodia.

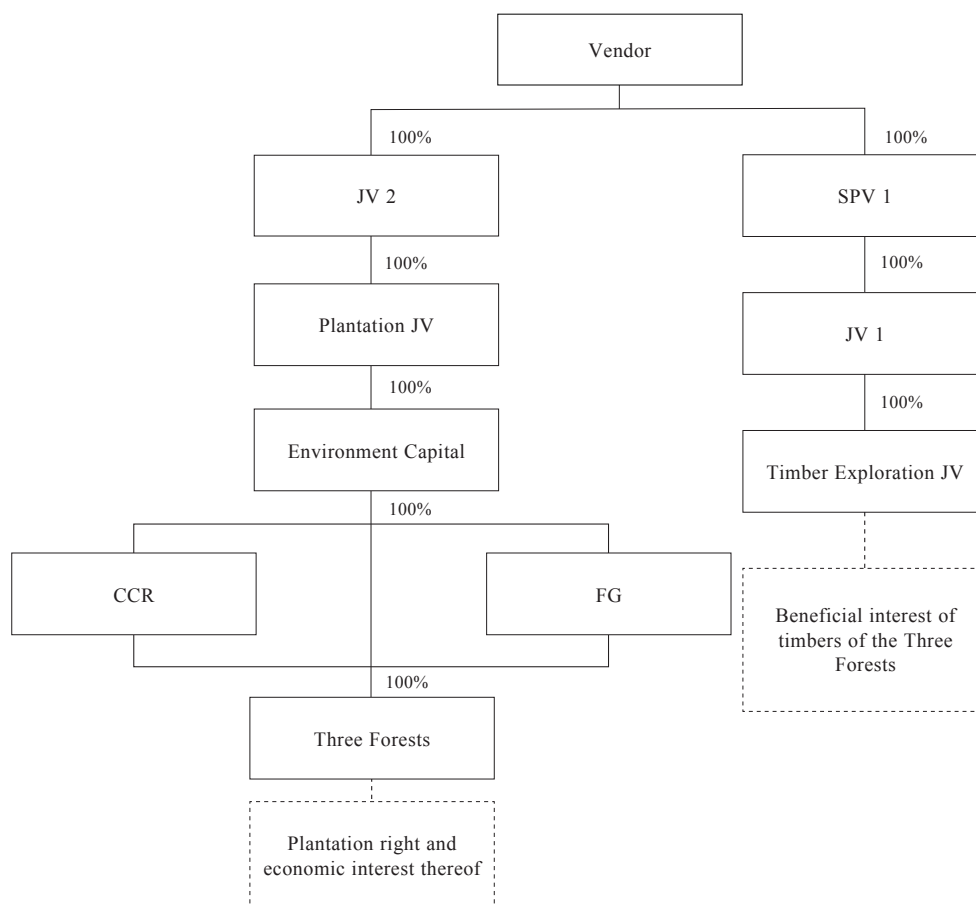
The purpose of this circular is to provide you with the details of (i) the Subscription Agreement and the Plantation Agreement and the transactions contemplated thereunder; (ii) the relevant financial information of the Group; (iii) the notice convening the SGM; and (iv) other information as required under the GEM Listing Rules.

BACKGROUND OF THE GROUP'S TIMBER BUSINESS AND PLANTATION BUSINESS

The Group has been engaged in the forestry and agricultural businesses since its acquisition of the first Economic Land Concession in 2007. The Group subsequently acquired the other two Economic Land Concessions in 2008 and 2010. The forestry and agricultural businesses of the Group comprises (i) the timber business (logging of the trees in the Three Forests, processing of the timber and sale of wooden products); and (ii) the plantation business (plantation and cultivation of agricultural produce on areas of the Three Forests where the trees have been logged and sale of the agricultural produce planted). As a condition for the grant of the Economic Land Concessions, each of the Cambodian Subsidiaries is obliged to satisfy certain plantation commitment required by the Cambodian government, the failure of which, in the most serious scenario, may result in the withdrawal or confiscation of the relevant Economic Land Concessions. During the past years, these Cambodian Subsidiaries have made limited progress on land clearance and plantation of agricultural produce due to the lack of working capital and unfavorable weather conditions etc.. In an effort to re-activate its forestry and agricultural businesses, the Group plans to initially sell wooden products (such as sawn timber, furniture and wood flooring materials) to customers engaged in construction, furniture, household, logistics and related businesses and, given the wide spectrum of application of timber as raw materials, the Group targets to expand to other business sectors in the PRC, Cambodia and Southeast Asia in the future, while on the other hand, it intends to sell agricultural produce (including latex) in Cambodia, the PRC and Southeast Asian countries. However, as at the Latest Practicable Date, the Group has not commenced the field planting. The operating costs of the Group's timber business are mainly incurred for direct labour, lumbering, transportation and processing and its operating cost of the Group's plantation business mainly comprises direct labour, purchase of seeds (from seeds incubators in Cambodia and Vietnam) and utilities.

LETTER FROM THE BOARD

The Vendor is the holding company of the Group’s timber business and plantation business. The structure of the Group’s timber business and plantation business as at Latest Practicable Date is illustrated below:



As at the Latest Practicable Date, the Cambodian Subsidiaries have sub-concessed the concession right to log the timber standing on the Three Forests to the Timber Exploration JV in compliance with the Cambodian laws and regulations and the Timber Exploration JV is entitled to the economic benefit derived from the timber logged therefrom (the “Restructuring”). As a result, the Timber Exploration JV has become the Group’s principal subsidiary for carrying out the timber business and the Plantation JV has become the Group’s principal subsidiary for carrying out the plantation business.

It is the intention of the Group, the Subscribers and the Plantation Partner to commence the development of the Group’s timber and plantation businesses prior to completion of the Subscription Agreement and the Plantation Agreement. In this connection, the Group entered into cooperation agreements with Subscriber B and the Plantation Partner respectively in May 2016. Pursuant to the timber logging and processing cooperation agreement between the Group and Subscriber B, Subscriber B will, together with the management team of the Group, be responsible for the timber logging and processing.

LETTER FROM THE BOARD

Subscriber B will provide funding for operation of the Group's timber processing factory and assist the Group in expanding its sales network in Cambodia, Vietnam and the PRC for a period of one year from the signing of the said timber logging and processing cooperation agreement or till completion of the Subscription Agreement, whichever is earlier, and Subscriber B will be entitled to a profit sharing of 20% during such period. Pursuant to the plantation cooperation agreement between the Group and the Plantation Partner, the Plantation Partner will, together with the management team of the Group, be responsible for implementation of the plantation plan in respect of the Three Forests for a period of one year from the signing of the said plantation cooperation agreement or till completion of the Plantation Agreement (the "Plantation Cooperation Period"), whichever is earlier, and has undertaken that the plantation volume in 2016 will not be less than those required by the Cambodian government. The Plantation Partner will be entitled to receive 20% of the profit derived from the agricultural produce from the plants seeded/planted during the Plantation Cooperation Period. The funds provided under these agreements which are interest free and have no fixed term of repayment will form part of the Timber Business Loan and the fund to be provided by the Plantation Partner under the Plantation Agreement following completion of the Subscription Agreement and the Plantation Agreement. The terms of these co-operation agreements have been arrived at after arm's length negotiation among the Group, Subscriber B and the Plantation Partner. As at the Latest Practicable Date, the said timber logging and processing cooperation agreement and the said plantation cooperation agreement had been commenced and Subscriber B had contributed approximately HK\$11 million to upgrade and streamline the production lines of the Group's timber processing factory and settle certain liabilities, and the Plantation Partner has been engaging in the nursery of young shoots, making arrangement for plantation activities and collaborating workforce. The Company, taking into account of (i) the working capital to be provided by Subscriber B and the Plantation Partner; and (ii) the percentage of profit sharing by Subscriber B and the Plantation Partner under the above agreements being less than those entitled by them under the Subscription Agreement and the Plantation Agreement respectively, considers that the terms of the timber logging and processing cooperation agreement and the plantation cooperation agreement (including the respective profit sharing arrangements) are of normal commercial terms and the entering into of these agreements is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

Date

19 September 2016

Parties to the Subscription Agreement

In respect of the formation of the Timber Exploration JV

- (i) The Vendor, as the vendor;
- (ii) Subscribers B, D and E; and
- (iii) The ultimate shareholders of Subscribers B, D and E.

In respect of the formation of the Plantation JV

- (i) The Vendor, as the vendor;
- (ii) Subscribers A, B and C; and
- (iii) The ultimate shareholders of Subscribers A, B and C.

Each of Subscribers A, B, C, D and E is an investment holding company. Save for the beneficial owner of Subscriber B who, together with his two associates, have become the directors of certain subsidiaries of the Group, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Subscribers A, C, D and E and their respective ultimate beneficiary owners are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Background of the Subscribers

Wong Sai Wu, the beneficial owner of Subscriber B, has over 40 years of experience in the wooden furniture industry in Hong Kong and the PRC and three years of experience in the timber business in Cambodia. Wong is the founder and the director of a company established in 1994 in the PRC and engaged in the manufacture and sale of high-end wooden furniture in Hong Kong, the PRC and North America.

Ho Hon Chung, the beneficial owner of Subscribers A and D, has over 20 years of experience in the wooden furniture industry in Hong Kong and the PRC and five years of experience in the timber business in Cambodia. Ho is the founder and the director of a company engaged in manufacturing and sale of wooden furniture and household products in the PRC. Ho is also a director of the subsidiary of a PRC state-owned enterprise engaged in the plantation, processing and sale of agricultural produce in Cambodia. Ho is a member of Chinese People's Political Consultative Conference Committee of Guiping City, Guangxi Autonomous Region, the PRC.

He Lamei, the beneficial owner of Subscribers C and E, and He's family have been engaged in the logistics and sourcing of construction materials businesses in Asia for more than 20 years. Prior to participating in the Subscription, He had been a senior management of a large-scale multi-national corporation engaged in resources business and was responsible for sales and marketing of construction materials. He holds a bachelor's degree in international finance and a master's degree in business administration.

Ho and He became acquainted with the Group in business occasions. The Plantation Partner was introduced to the Group by Wong, who was in turn introduced to the Group by Ho. The Subscribers have been assisting the Group in (i) re-activating the production lines of the Group's timber processing factory including renewal of the relevant production permits, re-designing and streamlining the production process, up-grading the existing machinery and installing new equipment; (ii) developing its sales network of wooden products and agricultural produce; and (iii) enhancing the relationship between the Group and the Cambodian government.

LETTER FROM THE BOARD

Conditions Precedent

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

On part of the Vendor

- (i) 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;
- (ii) each of the Cambodian Subsidiaries having obtained the necessary approval and consents from their respective board of directors in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (iii) the Vendor having obtained the necessary approval and consents in respect of the transactions contemplated under the Subscription Agreement (namely the consent from the Stock Exchange and the approval of the board of directors of the Vendor); and
- (iv) there being no matter which would result in the breach of the below warranties provided by the Company under the Subscription Agreement and such warranties shall remain true and accurate up to completion of the Subscription Agreement:
 - (a) the Vendor has full capacity to execute the Subscription Agreement and perform the obligations hereunder (including but not limited to the transfer of all rights of and interests in the shares of SPV1, JV1, JV2, Timber Exploration JV and Plantation JV to the Subscribers);
 - (b) the Subscription Agreement constitutes the legal, valid and binding obligations of the Vendor upon execution;
 - (c) save as disclosed in the Subscription Agreement, any impact, change, consequence or outcome incurred or caused by or arising or resulted from any condition or conduct of any of the Vendor's subsidiaries and the Vendor before completion of the Subscription Agreement (whether it happens before completion of the Subscription Agreement) will not incur any adverse or negative impact or burden on or debts or liabilities to any of the Vendor's subsidiaries and the Vendor or the Subscribers;

LETTER FROM THE BOARD

- (d) the information of the Vendor's subsidiaries (including but not limited to the company details, group structure and shareholding structure of the Vendor and its subsidiaries) is complete, accurate and not misleading in all respects;
- (e) the Vendor is the sole legal and beneficial owner of SPV1, JV1, JV2, Timber Exploration JV and Plantation JV. SPV1, JV1, JV2, Timber Exploration JV and Plantation JV have not carried out any business and employed any staff, and do not have any shareholder's loan or any liabilities;
- (f) each subsidiaries of the Vendor is a company with limited liability and incorporated under the laws of its place of incorporation, and has obtained all the necessary approvals, authorizations or licenses for its establishment from the government authorities. Each subsidiaries of the Vendor has valid business license and its business fall under the scope of business contained in its business license;
- (g) no order has been made and no resolution has been passed for the winding up of any subsidiaries of the Vendor or for a provisional liquidator to be appointed in respect of any subsidiaries of the Vendor and no petition has been presented and no meeting has been convened for the purpose of winding up any subsidiaries of the Vendor;
- (h) save for the subsidiaries disclosed in the Subscription Agreement, the Vendor does not have any branch or subsidiaries;
- (i) the subsidiaries of the Vendor have complied with its memorandum and articles of association in all aspects, and have full power, authorization and legal right to own its assets and its business, and all activities, agreements, commitments or rights of the company are not exceeding authorization or without permission; and
- (j) if any of the warranties of the Vendor under the Subscription Agreement is untrue, misleading or incorrect or not sufficiently performed in any material aspect (including the consequence or impact so incurred or found after the completion of the transaction), the Vendor shall bear all losses and costs and fees for indemnifying the same so incurred by the subsidiaries of the Vendor or the Subscribers, including any claims made by any person against any of the subsidiaries of the Vendor or the Subscribers, provided that the total amounts being claimed shall not exceed the total amount of the loan already provided to Timber Exploration JV under the Subscription Agreement by the Subscribers at the time the Subscribers makes such claim.

LETTER FROM THE BOARD

On part of the Subscribers

- (v) the Vendor having conducted and completed due diligence on the Subscribers and the Vendor being satisfied with the results of such due diligence in its absolute discretion;
- (vi) the Subscribers having obtained the necessary approval and consents from their respective board of directors in respect of the transactions contemplated under the Subscription Agreement; and
- (vii) there being no matters which would result in the breach of the below warranties provided by the Subscribers under the Subscription Agreement and such warranties shall remain true and accurate up to completion of the Subscription Agreement:
 - (a) the Subscribers are entities incorporated and legally subsisting under the laws of its place of incorporation;
 - (b) the Subscribers have full capacity to execute the Subscription Agreement and perform the obligations hereunder (including but not limited to the obligations to pay the consideration and execute the share charge and perform the obligations thereunder);
 - (c) the Subscription Agreement constitutes the legal, valid and binding obligations of the Subscribers upon execution;
 - (d) each of the Subscribers is an independent third party with no relationship with any director, chief executive officer, senior management persons or major shareholder (or any of his connected person or associate) of the Company and any of its subsidiaries or any of their respective holding companies or subsidiaries or associated companies;
 - (e) the execution and delivery of, and the performance by the Subscribers of its obligations under and in compliance with the provisions of, the Subscription Agreement will not result in:
 - (i) a breach of any provision of the Memorandum or Articles of Association (or equivalent documents) of the Subscribers; or
 - (ii) a breach of, or constitute a default under, any instrument to which the Subscriber is a party or by which the Subscriber is bound; or

LETTER FROM THE BOARD

- (iii) a violation of any law or regulation in any jurisdiction having the force of law or of any order, judgment or decree of any court or governmental agency or agreement to which the Subscriber is a party or by which the Subscriber is bound.

As at the Latest Practicable Date, conditions (ii) and (vi) have been fulfilled. If the conditions set out above are not fulfilled or as the case may be, waived by the Vendor (in respect of conditions numbered (v) and (vii)) or by the Subscribers (in respect of condition numbered (iv)) on or before 31 October 2016 (the “Long Stop Date”), or such other date as the Vendor and the Subscribers may agree, the obligations 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. It is expected that the Subscription Agreement will be completed on or before the Long Stop Date.

The Subscription

Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to dispose of, and each of Subscribers A, B C, D and E has agreed to purchase, the equity interest in SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV (as the case may be), details of which are as follows:

- (i) the Vendor will procure SPV1 to dispose of, and Subscriber D will acquire, 333 shares of JV1 (representing 33.3% equity interest in JV1) for a consideration of US\$333 (representing the nominal value of the shares of JV1 acquired);
- (ii) the Vendor will dispose of, and Subscriber A will acquire, 392 shares of JV2 (representing 39.2% equity interest in JV2) for a consideration of US\$392 (representing the nominal value of the shares of the JV2 acquired);
- (iii) the Vendor will procure JV1 to dispose of, and Subscriber B will acquire, 400 shares of the Timber Exploration JV (representing 40% 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 Vendor will dispose of, and Subscriber E will acquire, 225 shares of the SPV1 (representing 22.5% equity interest in SPV1) for a consideration of US\$225 (representing the nominal value of the shares of SPV1 acquired);

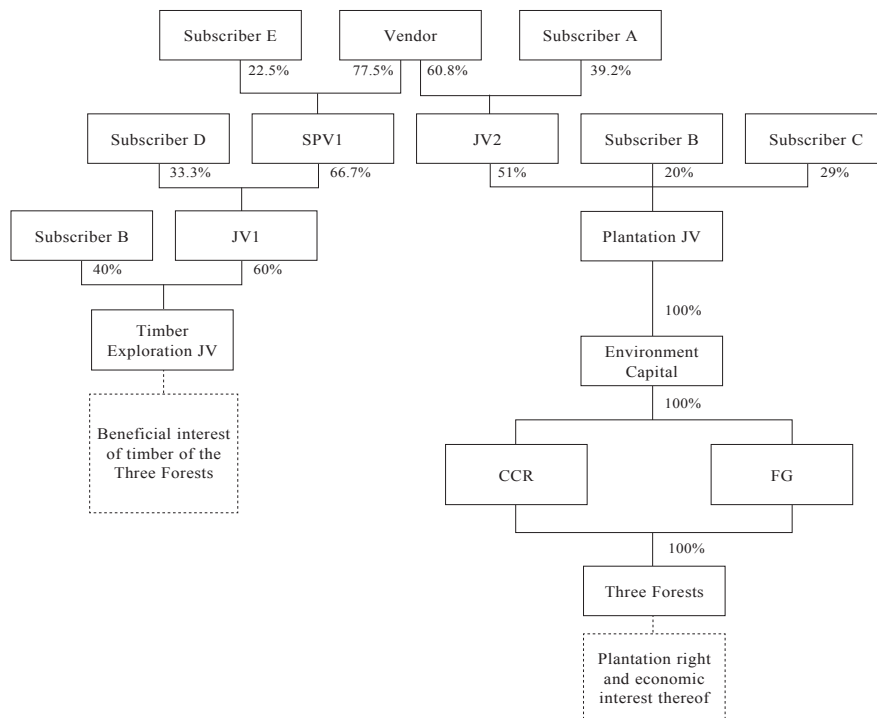
LETTER FROM THE BOARD

- (v) the Vendor will procure JV2 to dispose of, and Subscriber B will acquire, 200 shares of the Plantation JV (representing 20% equity interest in the Plantation JV) for a consideration of US\$200 (representing the nominal value of the shares of the Plantation JV acquired); and
- (vi) the Vendor will procure JV2 to dispose of, and Subscriber C will acquire, 290 shares of the Plantation JV (representing 29% equity interest in the Plantation JV) for a consideration of US\$290 (representing the nominal value of the shares of the Plantation JV acquired).

Completion

Completion of the Subscription Agreement shall take place on the third business date on which the conditions precedent have been satisfied (or waived as applicable) in full. Upon completion of the Subscription, SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV will become non-wholly owned subsidiaries of the Company.

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



LETTER FROM THE BOARD

Composition of the boards and management

Following completion of the Subscription Agreement, the composition of the respective boards of directors of SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV will be as follows:

- (i) the board of directors of SPV1 will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman) and the remaining 1 will be nominated by Subscriber E. Neither party may change the respective director(s) nominated by it without the written consent of both parties;
- (ii) the board of directors of JV1 will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman) and the remaining 1 will be nominated by Subscriber D. Neither party may change the respective director(s) nominated by it without the written consent of both parties;
- (iii) the board of directors of JV2 will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman) and the remaining 1 will be nominated by Subscriber A. Neither party may change the respective director(s) nominated by it without the written consent of both parties;
- (iv) the board of directors of the Timber Exploration JV will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman), and the remaining 1 will be nominated by Subscriber B. Neither party may change the respective director(s) nominated by it without the written consent of both parties;
- (v) the board of directors of the Plantation JV will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman), and the remaining 1 will be nominated by Subscriber B. Neither party may change the respective director(s) nominated by it without the written consent of both parties;
- (vi) the board of directors of each of the Cambodian Subsidiaries will comprise 3 directors, of which 2 will be nominated by the Vendor (including the chairman) and 1 will be nominated by Subscriber B. Neither party may change the respective director(s) nominated by it without the written consent of both parties; and
- (vii) the board of directors of the Vendor will comprise 2 directors upon completion of the Subscription Agreement and no change shall be made to the members of the board of directors of the Vendor unless with the prior written consent of Subscriber E.

The Timber Exploration JV will establish an operation committee responsible for the Group's timber business and comprising three members, of which two members (including the head of the committee) will be nominated by Subscriber B and the remaining member will be nominated by the Vendor. Neither party may change the respective member(s) of the operation committee nominated by it without the written consent of both parties.

LETTER FROM THE BOARD

Consideration for the Subscription Agreement

As mentioned above, the consideration for the acquisition of shares in SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV by the Subscribers will be the nominal value of the issued shares of SPV1, JV1, JV2, the Timber Exploration JV and the Plantation JV and amount to US\$1,840 in aggregate. The consideration will be satisfied in cash and applied as general working capital of the Group. The consideration was determined after arm's length negotiation amongst the Group and the Subscribers with reference to the Subscribers' contribution towards the development of the Group's forestry and agricultural businesses in Cambodia, details of which are described in the paragraphs below.

The Undertakings

1. Contribution of working capital to the Group's timber business

The Timber Business Loan will be provided as to HK\$30 million, HK\$15 million and HK\$6.75 million by Subscribers B, D and E respectively. Subscriber B has unconditionally and irrevocably undertaken to the Vendor that it shall contribute (i) HK\$15 million on completion of the Subscription Agreement; and (ii) the remaining HK\$15 million within three months from completion of the Subscription Agreement. In order to further accommodate the working capital requirement for the growth of the timber business of the Timber Exploration JV, Subscribers D and E have unconditionally and irrevocably undertaken to the Vendor that following completion of the Subscription Agreement, they will, depending on the then financial need of the Timber Exploration JV and upon the request of the Group, provide their portions of the Timber Business Loan to the Timber Exploration JV by stages.

The Timber Business Loan so provided will be unsecured, interest free and have a term of ten years, and will only be repaid under the conditions that profit has been generated from the Timber Exploration JV and there is sufficient working capital for the Timber Exploration JV. Although the level of such working capital is not specified in the Subscription Agreement, the board of directors of the Timber Exploration JV will, after considering the business performance, development plan and the then working capital requirement of the Timber Exploration JV from time to time, determine the repayment (amount and schedule) of the Timber Business Loan. In the event that there remains any outstanding Timber Business Loan payable to Subscribers B, D and E upon its expiry, the term of the Timber Business Loan will be extended for another 10 years and the terms will remain unchanged, and if there still remains any outstanding amount, it will become due and payable upon expiry of the second 10-year period.

LETTER FROM THE BOARD

Based on the Group's preliminary estimation, the capital expenditures and working capital requirement of the Timber Exploration JV will amount to approximately HK\$38 million for the period ending October 2017 including approximately HK\$20 million for establishment of an additional plant and purchase of machinery and approximately HK\$18 million as general working capital. As such, the Timber Business Loan is expected to be sufficient for the aforementioned funding requirement.

2. *Guaranteed profit of the Timber Exploration JV and undertaking*

Subscribers B, D and E have guaranteed and undertaken that for the six-month period after completion of the Subscription Agreement, the six-month period commencing on the seventh month after completion of the Subscription Agreement and the twelve-month period commencing on the thirteen month after completion of the Subscription Agreement (collectively, the "Guaranteed Periods"), the Timber Exploration JV's audited net profit after tax derived from the timber logging business will not be less than HK\$5 million, HK\$5 million and HK\$10 million, respectively (collectively, the "Guaranteed Profit"). Assuming completion of the Subscription Agreement will take place in September 2016, the above-mentioned Guaranteed Periods will commence in September 2016, March 2017 and September 2017, respectively.

Subscribers B, D, and E further guarantee and undertaken that unless with prior consent by the Vendor, (i) there will not be any change in the legal owner, beneficial owner or shareholding structure (including but not limited to issue of any new shares, grant of options, share redemption and buyback) of the Timber Exploration JV, JV1 and SPV1; (ii) there will not be any change in the director(s) of the Timber Exploration JV, JV1 and SPV1 nominated by them respectively; and (iii) they will neither carry out any business and make borrowings nor dispose of, transfer or pledge any of their respective equity interest in the Timber Exploration JV, JV1 and SPV1. In addition, the beneficial owners of Subscribers B, D, and E undertake that without the prior consent of the Vendor, they will not dispose of, transfer or pledge their respective equity interest in Subscribers B, D, and E and will not appoint new director(s) and change the respective directors of Subscribers B, D, and E.

Each of Subscribers B, D and E shall execute a share charge, pursuant to which Subscriber E shall charge its 22.5% equity interest in SPV1, Subscriber D shall charge its 33.3% equity interest in JV1, and Subscriber B shall charge its 40% equity interest in the Timber Exploration JV, in favour of the Vendor as a security for the fulfilment of the Guaranteed Profit and the above guarantee and undertaking. The aforesaid share charges shall be released if, at the discretion of the Vendor, there is no adverse change in the business and financial performance of the Timber

LETTER FROM THE BOARD

Exploration JV during the period of 24 months following the end of the Guaranteed Periods. In addition, Subscribers D and A shall execute a voting right assignment to assign the voting right of their respective 33.3% and 39.2% equity interests in JV1 and JV2 to the Vendor.

If the relevant Guaranteed Profit cannot be met during any of the Guaranteed Periods or there is a breach of any of the above guarantees or undertakings, Subscribers D, B and E shall unconditionally transfer their respective 33.3%, 40% and 22.5% equity interest in JV1, the Timber Exploration JV and SPV1 to the Vendor pursuant to the share charges. The decision on whether to exercise the rights under the share charges will be made by the board of directors of the Vendor. In determining whether its rights under the share charges are to be exercised, the Group will consider a number of factors, including the amount of shortfall of the relevant Guaranteed Profit during the relevant Guaranteed Period; whether the profit guarantee(s) for the preceding Guaranteed Period(s) has/have been met, and if yes, by which amount; the underlying reasons leading to such shortfall (such as whether they are within the control of the Subscribers), the Group's then working relationship with Subscribers B, D and E, etc.. In the event that the Group determines not to execute the share charge when the Guaranteed Profit(s) during the relevant Guaranteed Period(s) is not met, the Group, after assessing the then situation as a whole, will negotiate with Subscribers B, D and E for remedial actions (including but not limited to compensation payable by Subscribers B, D and E or extension of the Guaranteed Periods). The Company will issue announcement(s) or make disclosure in its quarterly, interim or annual reports regarding details of the fulfillment/non-fulfillment of the Guaranteed Profit during the relevant Guaranteed Period and whether any of the aforesaid share charges is exercised in accordance with the GEM Listing Rules. Upon occurrence of the event that the respective equity interests of Subscribers D, B and E in JV1, the Timber Exploration JV and SPV1 are transferred to the Vendor pursuant to the share charges, there will be no change to the terms of the Timber Business Loan and employment of the members of the management team of the Timber Exploration JV.

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

The Subscribers have undertaken to establish a management team of the Timber Exploration JV for carrying out the timber business.

4. *Contribution of general working capital to the Plantation JV and share charges*

Subscribers A, B and C have unconditionally and irrevocably undertaken to the Vendor respectively that they will provide the Plantation JV Loan to the Plantation JV following completion of the Subscription Agreement. The Plantation JV Loan will be provided as to HK\$3.5 million, HK\$7.5 million and HK\$8 million by

LETTER FROM THE BOARD

Subscribers A, B and C, respectively. The Plantation JV Loan so provided will be unsecured, interest free and have a term of ten years, and will only be repaid under the conditions that profit has been generated from the Plantation JV and there is sufficient general working capital for the Plantation JV. Although the level of working capital is not specified in the Subscription Agreement, the board of directors of the Plantation JV will, after considering the business performance, the development plan and the then working capital requirements of the Plantation JV from time to time, determine the repayment (amount and schedule) of the Plantation JV Loan. In the event that there remains any outstanding Plantation JV Loan payable to Subscribers A, B and C upon its expiry, the Plantation JV Loan will remain to be unsecured and interest free and its term will be extended for another 10 years.

Subscribers A, B, and C further guarantee and undertaken that unless with prior consent by the Vendor, (i) there will not be any change in the legal owner, beneficial owner or shareholding structure (including but not limited to the issue of any new shares, nor grant of options, share redemption and buyback) of JV2 and the Plantation JV; (ii) there will not be any change in the director(s) of JV2 and the Plantation JV nominated by them respectively; and (iii) they will neither carry out any business and make borrowings nor dispose of, transfer or pledge any of their respective equity interest in JV2 and the Plantation JV. In addition, each of the beneficial owners of Subscribers A, B, and C undertake that without the prior consent of the Vendor, they will not dispose of, transfer or pledge their respective equity interest in Subscribers A, B, and C, and will not appoint new director(s) and change their respective director(s) of Subscribers A, B, and C. The Vendor also undertakes that unless with the prior consent by the beneficial owners of Subscribers C and E, it will not dispose, transfer or pledge any of its equity interest in SPV1 and JV2; or demand SPV1 and JV2 to issue new shares, grant of options, share redemption or buyback.

In addition, Subscribers A, B and C shall charge their respective equity interest in JV2 and the Plantation JV in favour of the Vendor as a security for fulfilment of the above guarantees and undertakings, the release of which is at the Vendor's sole discretion based on a number of factors including the level of satisfaction of the Cambodian government and/or the Group about the plantation progress of the Plantation JV during the first 48-month period after completion of the Plantation Agreement, the surviving rate and the harvesting level of the produce planted, etc.. If there is a breach of any of the above guarantees or undertakings or the Vendor is not satisfied about the progress of the plantation business, Subscribers A, B and C shall unconditionally transfer their respective 39.2%, 20% and 29% equity interest in JV2 and the Plantation JV to the Vendor pursuant to the share charges. Nevertheless, the release/non-release of the aforesaid share charges shall have no impact of the Plantation JV Loan. The Company will make announcement(s) or disclosure(s) in its quarterly, interim or annual report as to the release or non-release of the aforesaid share charges pursuant to the GEM Listing Rules.

LETTER FROM THE BOARD

In the event that there is any penalty imposed (the amount as determined by the Cambodian government) or any of the Economic Land Concessions of the Three Forests is confiscated by the Cambodian government for reason that the annual plantation volume of the Three Forests is not met, Subscribers A, B and C will compensate the loss incurred by the Group. On the other hand, so long as Subscriber B remains as a shareholder of the Group's plantation business, the controlling interest and the legal representative of the Cambodian Subsidiary holding the Economic Land Concession in respect of the Forest where the Group's wood processing plant is located cannot be transferred/changed to any other third parties without Subscriber B's consent.

In addition to the Plantation JV Loan, Subscribers A, B and C shall, as long as they remain as shareholders of JV2 and the Plantation JV, in addition to external borrowings (if any), contribute additional fund to the Plantation JV proportional to their effective shareholdings in the Plantation JV. Such funds to be contributed by Subscribers A, B and C represent their long term investment in the Group's plantation business and the amount will depend on the then financial needs of the plantation business and the amount of external borrowings available. Based on the Group's current estimation, approximately HK\$16 million will be provided by the Group based on its effective interest in the plantation business as working capital of the Group's plantation business till end of 2017 and the Company intends to use proceeds of the rights issue of the Company completed in May 2016 allocated for purpose of general working capital for such use.

5. *Non-competition*

The ultimate beneficial owners of the Subscribers will not and will procure (i) the relevant Subscribers; (ii) and their respective subsidiaries or associate companies; (iii) companies controlled by them; or (iv) the management, the core employees or their spouses, children and relatives of the companies in (i) to (iii) above; (v) their spouses, children and relatives; and (vi) the companies jointly/solely controlled by any of (i) to (v) above (collectively, "Associates"), not to engage in business(es) which will compete or potentially compete with the Group's business(es) during the time when each of the them remains as a shareholder of any member of the Group.

In the event that an ultimate beneficial owner of a Subscriber or their Associates has been introduced with business opportunities which will compete or potentially compete with the Group's businesses, they shall and procure their Associates to (as the case may be) promptly introduce such business opportunities to the Group and shall not take up the opportunities even if the Group forgoes such opportunities.

LETTER FROM THE BOARD

Management team of the Group's timber business

Set out below are the profiles of the existing and proposed senior management of the Group's timber business as at the Latest Practicable Date:

Wong Sai Wu will be the proposed head of the operation committee of the Group's timber business and the profile is set out in the paragraph headed "Background of the Subscribers" above.

Mr. Li Manting has been stationed in Cambodia and responsible for the Group's timber business for 7 years including developing and maintaining relationship with the government departments in Cambodia. He will continue to be responsible for the administrative function of the Group's timber and plantation business and liaison with the Cambodian government.

Mr. Ho Chi Ming will be responsible for the daily operation of the wood processing factory of the Group. He was the head of the wood processing division of a wood processing company and has become a management and technical expert in the wood processing and timber business through his 25-year work experience at the wood processing company where he has gained substantial management experience from timber logging, timber selection, wood processing to marketing of wood products.

Mr. Wong Lok Man has over 10 years of experience in the wooden furniture business in the PRC and 3 years of experience in the timber business in Cambodia. He was the head of the design department and the logistics department of a wooden furniture company in the PRC. Mr. Wong will be responsible for the product design, sales and marketing and logistics of the Group's timber business.

In view of the above profiles of the existing and proposed senior management of the Group, the Company considers that the management team possesses the skills and expertise to operate the Group's timber business.

PLANTATION AGREEMENT

Date:

27 November 2015 (as supplemented on 19 September 2016)

Parties to the Plantation Agreement

- (i) Environment Capital, as the vendor;
- (ii) Plantation Partner, as the purchaser

LETTER FROM THE BOARD

The Plantation Partner will acquire and Environment Capital will dispose of 49% equity interest in each of CCR and FG.

To the best of the Directors' knowledge, information and belief, having made reasonable enquiry, the Plantation Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The Plantation Partner has an operating history of more than 15 years in the forestry business in Vietnam, Cambodia and Lao. The Plantation Partner is a member of a private group engaged in construction, retail, forestry and natural resources businesses. The Plantation Partner is experienced in plantation of rubber trees, palm trees, cassava and eucalyptus in Cambodia and maintains a good relationship with MAFF. The Plantation Partner shall assist the Group in establishing a management and advisory team (as detailed below) to operate the plantation business.

Conditions Precedent

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

On part of Environment Capital:

- (i) the Plantation Partner being satisfied with the results of the due diligence conducted on Environment Capital;
- (ii) completion of the Subscription Agreement;
- (iii) Environment Capital and its subsidiaries (together, the "Environment Capital Group"), having obtained all the necessary consents and approvals in relation to the transactions contemplated under the Plantation Agreement (including the consents and approvals from the regulatory authorities (such as the Stock Exchange) and the Shareholders);
- (iv) there being no matters facts or circumstance which would constitute or may constitute in the breach of the warranties provided by Environment Capital under the Plantation Agreement;
- (v) the below warranties provided by Environment Capital under the Plantation Agreement remain true and accurate and not misleading until completion of the Plantation Agreement;
 - (a) Environment Capital has the full capacity to execute the Plantation Agreement and perform its obligation thereunder;

LETTER FROM THE BOARD

- (b) the Plantation Agreement constitutes a legal, valid and binding obligations of Environment Capital; and
- (c) there will be no material change to the Environment Capital Group before completion of the Plantation Agreement.

On part of the Plantation Partner:

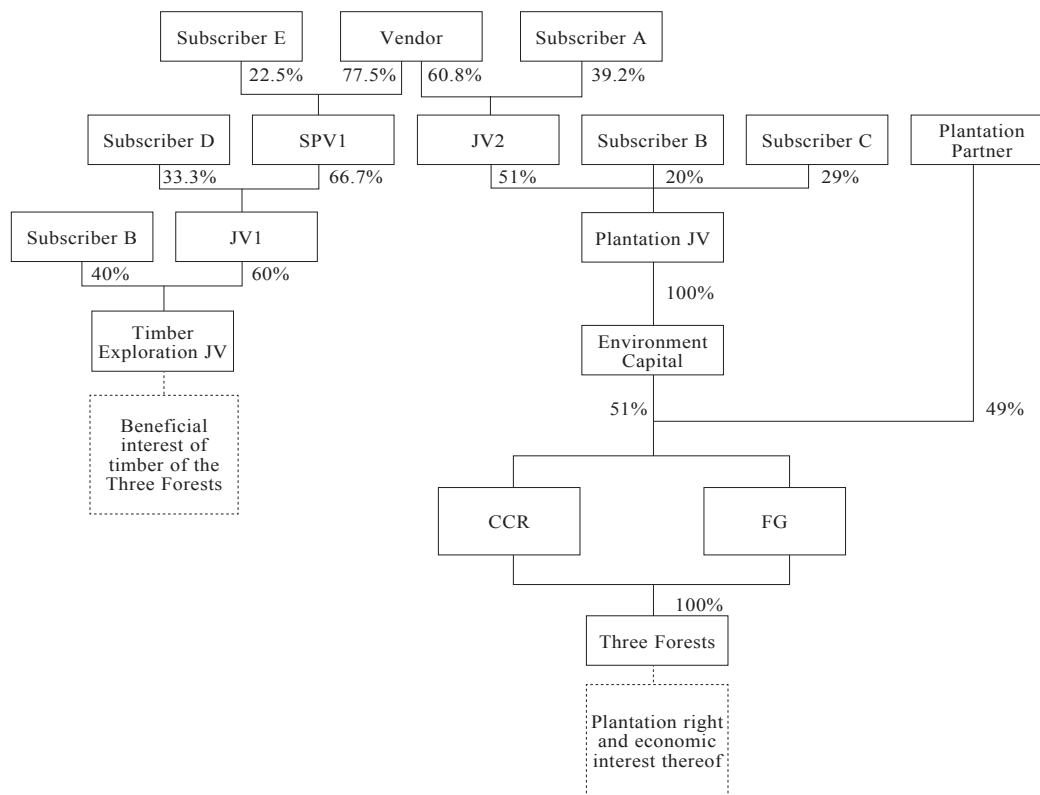
- (vi) Environment Capital being satisfied with the results of the due diligence conducted on the Plantation Partner;
- (vii) the Plantation Partner having obtained all the necessary consents and approvals from its board of directors in relation to the transactions contemplated under the Plantation Agreement;
- (viii) there being no matters facts or circumstance which would constitute or may constitute in the breach of the warranties provided by the Plantation Partner under the Plantation Agreement;
- (ix) the below warranties provided by the Plantation Partner under the Plantation Agreement remain true and accurate and not misleading until completion of the Plantation Agreement;
 - (a) the Plantation Partner is an entity incorporated and legally subsisting under the laws of Vietnam;
 - (b) the Plantation Partner has the full capacity to execute the Plantation Agreement; and
 - (c) the Plantation Agreement constitutes a legal, valid and binding obligations of the Plantation Partner.

As at the Latest Practicable Date, condition (vii) has been satisfied. If the conditions set out above are not fulfilled or as the case may be, waived by Environment Capital (in respect of conditions numbered (vi), (viii) and (ix) or by the Plantation Partner (in respect of conditions numbered (i), (iv) and (v)) on or before 31 October 2016, or such other date as Environment Capital and the Plantation Partner may agree, the obligation of the parties to the Plantation Agreement shall cease and neither party to the Plantation Agreement shall have any claims under the Plantation Agreement against the others, save in respect of antecedent breaches of the Plantation Agreement. It is expected that the Plantation Agreement will be completed on or before the Long Stop Date.

LETTER FROM THE BOARD

Completion

Following completion of the Plantation Agreement, CCR and FG will become non wholly-owned subsidiaries of the Vendor. Set out below is the structure of the Group following completion of the Subscription Agreement and the Plantation Agreement.



Consideration for the Plantation Agreement

The consideration for the acquisition of the 49% equity interest of each of CCR and FG shall be US\$1 each, and was determined based on arm's length negotiation between the Group and the Plantation Partner and the undertakings and the funding to be provided by the Plantation Partner as described below.

Board of directors

Following completion of the Plantation Agreement, each of the boards of directors of CCR and FG will comprise 5 directors, of which 3 directors (including the chairman of the board) will be nominated by Environment Capital and the remaining 2 directors will be nominated by the Plantation Partner.

LETTER FROM THE BOARD

Undertaking by the Plantation Partner

(i) Contribution of plantation business development fund

Pursuant to the Plantation Agreement, so long as the Plantation Partner remains a shareholder of CCR and FG, it shall contribute funding proportional to its shareholding in CCR and FG for developing the plantation business of the Plantation JV. Such fund will be contributed by Plantation Partner by stages and the amount will depend on the then financial needs of the Group's plantation business and the then amount of external borrowings available. Based on the current estimation of the Group that the working capital requirement of the Group's plantation business till end of 2017 is expected to be approximately HK\$100 million, of which the Group, Subscriber A, Subscriber B, Subscriber C and the Plantation Partner will contribute HK\$15.8 million, HK\$10.2 million, HK\$10.2 million, HK\$14.8 million and HK\$49.0 million, respectively. Such fund represents the investment of the shareholders of CCR and FG in the Group's plantation business and may be contributed in the form of shareholders' loan or equity. There is no pre-set amount to be contributed and the actual amount will be determined and agreed amongst the parties to the Plantation Agreement.

(ii) Establishment of a management team for the Group's plantation business

The Plantation Partner shall establish a management team for the management and daily operation of the plantation business (including overseeing the plantation progress) of the Plantation JV and an advisory team for provision of technical support to the Group's plantation business (including but not limited to plantation skills, sourcing of plantation materials, sales network, etc.).

(iii) Annual plantation volume

The Plantation Partner will use its commercially reasonable endeavour to procure that the annual plantation volume shall not be less than (i) 1,200 hectares for 2016/2017; (ii) 1,800 hectares for 2017/2018; (iii) 2,500 hectares for 2018/2019; and (iv) 3,000 hectares for 2019/2020 and each year from 2021 to 2023, and has undertaken that in any event, the annual plantation volume shall not be less than those required by the Cambodian government from 2016 to 2023.

LETTER FROM THE BOARD

(iv) *Share charge*

The Plantation Partner shall charge its 49% equity interest in CCR and FG in favour of Environment Capital, the release of which is at the Company's sole discretion with reference to the level of satisfaction of the Cambodian government and/or the Group about the progress of the plantation business during the first 48-month period after completion of the Plantation Agreement, the surviving rate of the produce planted and the harvesting level of produce planted. The Company will make announcement(s) or disclosure in its quarterly, interim or annual reports pursuant to the GEM Listing Rules on the release or non-release of the aforesaid share charge as and when appropriate.

(v) *Compensation for failure in meeting the required plantation volume*

In the event that there is any penalty imposed (the amount as determined by the Cambodian government) or any of the Economic Land Concession of the Three Forests is confiscated by the Cambodian government for reason that the annual plantation volume for the Three Forests is not met, the Plantation Partner will compensate Environment Capital for such loss. As advised by the legal advisers to the Group as to the Cambodian laws, the Cambodian government in general will only withdraw or confiscate those Economic Land Concessions do not take any logging and plantation actions at all for years or intentionally log the timber without taking any plantation activity at all. As long as the holders of the Economic Land Concessions have made efforts to log the timber and conduct plantation activity (even the required plantation volume is not met for reasons acceptable to the Cambodian government), it is not likely that the Cambodian government will withdraw or confiscate the Economic Land Concessions and, as at the Latest Practicable Date, there is no written indication received that the Cambodian government would withdraw or confiscate the Economic Land Concessions.

The Plantation Partner has a plan on the annual plantation volume and has undertaken to the Group that it will achieve annual plantation volume of not less than those required by the Cambodian government till 2023.

Management team of the Group's plantation business

The management team of the Group's plantation business to be established by the Group, the relevant Subscribers and the Plantation Partner shall comprise the following personnel:

Mr. Trinh Van Trien has been working in the plantation business for over 30 years and has been in-charge of a number of plantation bases in Southeast Asia including Vietnam, Lao and Cambodia. His substantial experience in the plantation industry has made him a

LETTER FROM THE BOARD

management and technical expert in plantation. Mr. Trinh is currently the deputy general manager of the Plantation Partner and is responsible for the management of the Plantation Partner's plantation business in Cambodia, including planning, sourcing, plantation, maintenance and sales. Mr. Trinh will be responsible for the overall management of the Group's plantation business.

Mr. Luc Hue Minh possesses more than 10 years of experience in the plantation and timber business in Vietnam and Cambodia. He was the person in charge of the cultivation of rubber trees and palm trees in two plantation bases in Cambodia and supervised the overall production cycle.

Mr. Le Van Sang is a plantation expert and has been engaged in plantation business in Vietnam for over 40 years. He was the senior management and was responsible for the management of a number of plantation bases in Vietnam. With his decades of working history in plantation business, he has developed substantial experience in the management of plantation bases, and possesses in-depth knowledge in plantation planning and an established sourcing network. Mr. Le has been engaged in the plantation business in Cambodia since 2010 and currently managing a plantation base with plantation area of over 1,500 hectares.

In view of the profiles of the above personnel and the experience of the Plantation Partner in plantation business, the Company considers that the management team of the Group's plantation business possesses the skills and experience to operate the business. Since the entering into of the Plantation Agreement in November 2015, the Group, the relevant Subscribers and the Plantation Partner have been working on a feasible plantation plan and, following the entering into of the plantation co-operation agreement in May 2016, the Plantation Partner has been engaging in the nursery of young shoots for field planting, making arrangements for plantation activities and collaborating workforce. Although the field planting was yet to commence as at the Latest Practicable Date, given the preparatory work for field planting currently under way, it is expected that the plantation volume for 2016 as committed by the Plantation Partner would be met. In addition, taking into account the background and the plantation experience of the Plantation Partner and the management team of the Group's plantation business as mentioned above, the Company considers that the Plantation Partner will be able to meet its annual plantation volume commitment from 2017 to 2023.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE TRANSACTIONS UNDER THE SUBSCRIPTION AGREEMENT AND THE PLANTATION AGREEMENT

According to the audited financial information of the Group, the Environment Capital Group (including the financial information of all the Cambodian subsidiaries) recorded (i) loss before and after taxation of HK\$72.9 million and HK\$72.9 million for the year ended 31 December 2014, respectively; and (ii) loss before and after taxation of HK\$65.7 million and HK\$65.7 million for the year ended 31 December 2015, respectively. As at 31 December 2015, the net liabilities of the Environment Capital Group amounted to HK\$762.1 million (comprising an inter-company balance of HK\$956.2 million). For illustration purpose, the net asset value of SPV1 and the net liability value of JV2 would have been approximately HK\$289.8 million and HK\$114.7 million respectively if the Restructuring had been completed as at 31 December 2015. After completion of the Subscription Agreement and the Plantation Agreement, each of SPV1, JV1, JV2, the Timber Exploration JV, the Plantation JV, CCR and FG will be accounted for as non wholly-owned subsidiaries of the Group (in which the Group's effective interest will be 77.5%, 51.7%, 60.8%, 31.0%, 31.0%, 15.8% and 15.8% respectively) and their financials will remain to be consolidated in the Group's consolidated financial statements, As such, the transactions contemplated under the Subscription Agreement and the Plantation Agreement will effectively result in (i) the disposal of 69.0% of the Group's interest in the timber business to be carried out by the Timber Exploration JV and (ii) the disposal of 84.2% in the Group's interest in the plantation business to be carried out by the Plantation JV. It is estimated that the Group will incur a loss (as represented by a debit balance in the Group's equity) of approximately HK\$103 million.

BENEFIT OF AND REASONS FOR THE SUBSCRIPTION AGREEMENT AND THE PLANTATION AGREEMENT

The Group is principally engaged in (i) forestry and agricultural businesses (sale of wood products and agricultural produce) and (ii) resources and logistics business.

Although the Group will incur an one-off substantial loss as a result of the Subscription Agreement and the Plantation Agreement, the Company considers that a greater weight should be put on the benefit of the Subscription Agreement and the Plantation Agreement. The Subscription Agreement and the Plantation Agreement will, as a whole, represent a business restructuring of the Group and enable it to make alliance with a group of interested investors with substantial experience and business network in the timber and plantation businesses to ramp up the business scale of the Group such that the Group will be able to fulfil the plantation commitment required by the Cambodian government.

LETTER FROM THE BOARD

Based on its preliminary estimation, the Group expects the revenue, gross profit and net profit of the Group's timber and plantation businesses will amount to HK\$170.2 million, HK\$52.8 million and HK\$23.3 million, respectively, for the period ending 31 October 2017. In addition, both the Subscribers and the Plantation Partner have offered a number of undertakings, including (i) the provision of the Guaranteed Profit; (ii) the provision of the Timber Business Loan and the Plantation JV Loan; (iii) the establishment of management teams for the Group's timber and plantation businesses; and (iv) the provision of funding for the Group's plantation business.

Based on the above, the Company is of the view that the transactions contemplated under the Subscription Agreement and the Plantation Agreement are fair and reasonable and the entering into of the Subscription Agreement and the Plantation Agreement is in the interest of the Company and the Shareholders as a whole.

IMPLICATION OF THE GEM LISTING RULES

As the applicable ratios (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Subscription Agreement and the Plantation Agreement are more than 25% but less than 75%, the transactions contemplated under the Subscription Agreement and the Plantation Agreement will together constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. Since the beneficial owner of Subscriber B and two of his associates have become the directors of certain subsidiaries of the Group, the transactions contemplated under the Subscription Agreement will constitute a connected transaction of the Company. However, given that (i) the transactions contemplated under the Subscription Agreement represent a connected transaction between the Group and its connected persons at the subsidiary level of the Group and have been approved by the Board; and (ii) the independent non-executive Directors have confirmed that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms and the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole, the transactions contemplated under the Subscription Agreement will be exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

LETTER FROM THE BOARD

THE SGM

The notice of SGM convening the SGM to be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 1:30 p.m, on Friday, 7 October 2016 is set out on pages 40 to 41 of this circular. A form of proxy for use at the SGM is enclosed with this circular. If you are not able to attend the SGM, you may complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same at the office of the Company at 36th floor, Times Tower, 391-407, Jaffe Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed revoked.

To the best knowledge, information and belief of the Directors, having made reasonable enquiries, no Shareholder has a material interest in the Subscription Agreement and the Plantation Agreement. Therefore, no Shareholder is required to abstain from voting for the resolution to be proposed at the SGM to approve the Subscription Agreement and the Plantation Agreement.

RECOMMENDATION

Given the above, the Directors consider that the terms of the Subscription Agreement and the Plantation Agreement are fair and reasonable and the entering into of the Subscription Agreement and the Plantation Agreement are in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the Plantation Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the further information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Yu Xiao Min
Chairperson of the Board

1. THREE-YEAR FINANCIAL INFORMATION

Details of the financial information of the Group for the years ended 31 December 2013, 2014 and 2015 have been set out in the Company's annual reports for the respective years and published on the websites of the Company (www.irresources.com.hk) and the Stock Exchange (<http://www.hkexnews.hk>). The links to the above-mentioned annual reports are as follows:

<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0225/GLN20160225019.pdf>

<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0225/GLN20160225035.pdf>

<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0311/GLN20160311075.pdf>

2. INDEBTEDNESS OF THE GROUP**Borrowing**

As at 31 July 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Circular of the Company dated 22 September 2016, the Group had the following outstanding borrowing:

According to the timber logging and processing cooperation agreement signed on 9 May 2016, Subscriber B agreed to provide funding for operations of the Group's timber processing factory and such loan will become part of the Timber Business Loan to be provided by Subscriber B upon the completion of the Subscription Agreement. As at 31 July 2016, the outstanding amount of approximately HK\$10 million provided by Subscriber B is unsecured, interest-free and has a term of ten years and will only be repaid under the conditions that profit has been generated from the Timber Exploration JV and there is sufficient working capital for Timber Exploration JV.

Debt securities

As at 31 July 2016, the Group did not have any debt securities.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 July 2016.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 31 July 2016.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are satisfied after due and careful enquiry and taking into account (i) the present internal financial resources available to the Group; (ii) the expected availability of the Timber Business Loan and the Plantation JV Loan in the aggregate amount of approximately HK\$51.75 million and HK\$19 million, respectively, from the relevant subscribers which are unsecured, interest-free and have a term of 10 years; and (iii) the contribution of the business development capital from the relevant subscribers and the plantation partner for plantation business, the Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

It is expected that following completion of the Subscription Agreement and the Plantation Agreement, the Group will be able to accelerate the development of its timber business and plantation business. Going forward, the Group will seek appropriate investment/business opportunities to enhance its business portfolio.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

(i) As at the Latest Practicable Date	<i>HK\$</i>
Authorised:	
<u>20,000,000,000</u> Shares	<u>200,000,000</u>
Issued and fully-paid or credited as fully paid:	
<u>3,463,606,061</u> Shares	<u>34,636,060</u>

3. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors were as follows:

Long position in the Shares and underlying Shares of the Company

Name of Director	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the total issued share capital of the Company
Ms. Yu	Interest of controlled corporation (<i>Note</i>)	12,000,000	0.35%

Note: these Shares are held by a company wholly-owned by Ms. Yu.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors.

(ii) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the directors or chief executive of the Company, had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meetings of the Company:

Name	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the total issued share capital of the Company
China Wah Yan Healthcare Limited	Corporate owner	845,568,863	24.4%

Save as disclosed above, the Directors were not aware of any other person who, as at the Latest Practicable Date, had or was deemed to have interests or short positions in the Shares or underlying Shares, which were recorded in the register required to be kept by the Company under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meetings of the Company.

4. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by the members of the Group within two years immediately preceding the date of this circular, which are or may be material:

- (i) the Subscription Agreement;
- (ii) the Plantation Agreement;
- (iii) the placing agreement entered into between the Company and Nuada Limited (as the placing agent) in respect of the placing of up to 577,260,000 new Shares under the general mandate; and
- (iv) the underwriting agreement entered into between the Company and Convoy Securities Limited (as the underwriter) in respect of the Company's rights issue on the basis of 10 rights shares for 1 existing share held.

5. INTERESTS IN CONTRACTS AND ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, there is no service contract or proposed service contract between the Directors and any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors nor their respective close associates had any business or interest, which competes or may compete with the business of the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Fung Wing Sang, a member of the Hong Kong Institute of Certified Public Accountants.
- (ii) The compliance officer of the Company is Ms. Yu Xiao Min.
- (iii) The audit committee of the Board (the “Audit Committee”) is established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee’s primary duties include (i) review of the Group’s annual reports and quarterly financial reports and provision of advice and comments thereon to the Board; and (ii) review and supervision of the Group’s financial reporting and internal control procedures. The Audit Committee currently comprises of three independent non-executive Directors, namely, Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Kenneth Hung, and their biographical details are detailed as below:

Ms. Pang King Sze, Rufina, aged 40, has been appointed as an independent non-executive Director since 2014. Ms. Pang has 15 years of experience in the areas of audit, financial management and internal control. She is currently the co-founder and a partner of a certified public accountants firm in Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants and a member of the New Zealand Institute of Chartered Accountants and holds a bachelor’s degree in business. Ms. Pang did not hold directorship in any other listed companies in the past three years.

Mr. Hong Bingxian, aged 49, has been appointed as an independent non-executive Director since 2012. Mr. Hong has more than 20 years of experience in production and logistics management. He is the founder and managing director of a manufacturing group in the PRC. Mr. Hong did not hold directorship in any other listed companies in the past three years.

Mr. Kenneth Hung, aged 44, has been appointed as an independent non-executive Director since 2015. Mr. Hung has extensive experience in the entertainment industry in Hong Kong and the PRC. Mr. Hung is presently an executive director of Interactive Entertainment China Cultural Technology Investments Limited and an independent non-executive director of China Demeter Investments Limited and DX.com Holdings Limited, all of whose shares are listed on GEM. Mr. Hung holds a bachelor’s degree in science. Save as disclosed above, Mr. Hung did not hold directorship in any other listed companies in the past three years.

- (iv) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is 36th Floor, Times Tower, 391-407, Jaffe Road, Wanchai, Hong Kong.

10. GENERAL

In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 9:00 a.m. to 6:00 p.m. and at the registered office of the Company in Hong Kong at 36th Floor, Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong from the date of this circular to 7 October 2016 (both day inclusive):

- (a) the bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2014 and 2015;
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (d) the circulars of the Company dated 22 March 2016, 31 May 2016 and 21 June 2016;
- (e) the prospectus of the Company dated 5 May 2016; and
- (f) this circular.

NOTICE OF SPECIAL GENERAL MEETING



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of IR Resources Limited (the “**Company**”) will be held at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 7 October 2016 at 1:30 p.m., for the purpose of considering and, if thought fit, passing the following resolution as a ordinary resolution. Capitalised terms defined in the circular dated 22 September 2016 issued by the Company shall have the same meanings used herein unless otherwise operated.

ORDINARY RESOLUTION

- (a) the Subscription Agreement and the Plantation Agreement (the “**Agreements**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the implementation of and giving effect to the Agreements and the transactions contemplated thereunder PROVIDED THAT such further documents or agreements will be of administrative nature and ancillary to the implementation of the Agreements.

On behalf of the Board
IR Resources Limited
Yu Xiao Min
Chairperson

Hong Kong, 22 September 2016

NOTICE OF SPECIAL GENERAL MEETING

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place of
business in Hong Kong:*
36th Floor, Times Tower
391-407 Jaffe Road
Wanchai, Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or if he holds two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be lodged to the office of the Company at 36th Floor, Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.