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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

#### **THE PLACING**

On 29 December 2010 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place up to 106,680,000 Placing Shares, which is the maximum number of Shares allowed by the Board to issue under the General Mandate, at the Placing Price of HK\$0.6 per Placing Share through the Placing Agent on a best effort basis.

The 106,680,000 Placing Shares represent (i) approximately 13.70% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 12.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.6 represents (i) a premium of approximately 3.45% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 5.26% to the average closing price of HK\$0.57 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee having granted the listing of, and permission to deal in, the Placing Shares which will be allotted and issued under the General Mandate.

The gross and net proceeds from the Placing will amount to approximately HK\$64 million and HK\$62 million, respectively and is intended to be used for the Group's future investment in natural resources business and general working capital.

## **THE PLACING AGREEMENT**

### **Date**

29 December 2010 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent is an Independent Third Party and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, none of the Placing Agent, its ultimate beneficial owners and associates are interested in any of the Shares.

### **Places**

The Placing Agent will place up to 106,680,000 Placing Shares, which is the maximum number of Shares allowed by the Board to issue under the General Mandate, to not fewer than six institutional, corporate or individual investors who are Independent Third Parties.

### **The Placing Shares**

Pursuant to the Placing Agreement, a total of up to 106,680,000 Placing Shares will be placed by the Placing Agent on a best effort basis. The 106,680,000 Placing Shares represent (i) approximately 13.70% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 12.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank pari passu in all respects among themselves and with all other existing Shares in issue on the date of their allotment and issue, including the right as to any dividend or distribution on or after the date of their issue.

### **Placing Commission**

The Placing Agent will receive a placing commission based on 2.5% of the gross proceed raised from the Placing. The Directors are of the view that such percentage of placing commission is fair and reasonable.

### **Placing Price**

The Placing Price of HK\$0.6 is determined after arm's length negotiation among the Company and the Placing Agent with reference to the recent market price of the Shares and represents:

- (i) a premium of approximately 3.45% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 5.26% to the average closing price of HK\$0.57 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the date of the Placing Agreement.

Based on the above, the Directors consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **The Placing Shares**

Since no Shares have been issued under the General Mandate up to the date of this announcement, the Company is allowed to issue up to 106,680,000 new Shares. The 106,680,000 Placing Shares will be issued under the General Mandate and no Shareholder's approval is required for the issue and allotment of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,334,000.

## **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee having granted or agreeing to grant the approval for the listing of, and permission to deal in all of the Placing Shares; and
- (ii) the obligations of the Placing Agent under this Placing Agreement not being terminated in accordance with the terms hereof, including provisions regarding force majeure event.

If the above conditions are not satisfied and/or waived in whole or in part by the Placing Agent prior to 10:00 a.m. on 31 January 2011 or such later date to be agreed between the Company and the Placing Agent, the Placing will be terminated and the Placing will not be proceeded and all obligations and liabilities of the parties to the Placing Agreement will forthwith, cease and determine and no party will have any claim against the others (save for any antecedent breaches of the Placing Agreement).

## **Completion of the Placing**

Completion of the Placing will take place within five business days after the fulfillment of the conditions as set out in the section headed "Conditions of the Placing Agreement" above, but not later than 10:00 a.m. on 31 January 2011 or such other later date to be agreed between the Company and the Placing Agent.

## **USE OF PROCEEDS FROM THE PLACING**

The Group is principally engaged in natural resources business in Cambodia.

It is expected that the gross and net proceeds from the Placing will amount to approximately HK\$64 million and HK\$62 million, respectively. The net proceeds from the Placing is intended to be used for future investment in natural resources business and as general working capital. The net proceeds raised per Share upon the completion of the Placing is estimated to be approximately HK\$0.58 per Share.

The Directors have considered a number of fund raising alternatives and consider that the Placing is the most efficient way in term of costs for the Company, whilst at the same time, allows the Company to further strengthen its capital base.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company completed an open offer of two offer shares for five existing shares of the Company held on hand at the price of HK\$0.02 per Share in April 2010, which raised net proceeds of approximately HK\$14.61 million and was applied as the general working capital of the Group and for payment of operating costs.

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the 12 months prior to the date of this announcement.

## SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) are set out as below:

	As at the date of this announcement		Immediately after the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
United Sky Investments Limited	114,458,514	14.70%	114,458,514	12.93%
Directors ( <i>Note 1</i> )	52,068,972	6.69%	52,068,972	5.88%
	166,527,486	21.39%	166,527,486	18.81%
<b>Public Shareholders</b>				
Placees	–	–	106,680,000	12.05%
Others	612,012,846	78.61%	612,012,846	69.14%
<b>Total</b>	<u>778,540,332</u>	<u>100.00%</u>	<u>885,220,332</u>	<u>100.00%</u>

*Note 1:* comprising (i) 27,328,000 Shares and 10,950,918 Shares held by two existing Directors, namely, Mr. Zhang Zhenzhong and Mr. Leung Sze Yuan, Alan, respectively, and (ii) 4,599,027 Shares and 9,191,027 Shares held by two former Directors, namely, Mr. Li Tai To, Titus and Mr. Li Nga Kuk, James, respectively.

## GENERAL

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

**Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions of the Placing Agreement” and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## TERMS AND DEFINITIONS

“Board”	the board of Directors
“Company”	China Asean Resources Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Placing
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 27 May 2010 to allot, issue and deal with up to 106,680,000 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected person(s)
“Listing Committee”	the listing sub-committee of the board of the Growth Enterprise Market of the Stock Exchange
“Placing”	the placing of up to 106,680,000 Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Goldyard Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 December 2010 in relation to the Placing
“Placing Price”	HK\$0.6 per Placing Share
“Placing Share(s)”	a maximum of 106,680,000 new Share(s) to be placed pursuant to the Placing Agreement

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**China Asean Resources Limited**  
**Leung Sze Yuan, Alan**  
*Chairman of the Board*

Hong Kong, 29 December 2010

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Gong Ting, Mr. Leung Sze Yuan, Alan, Mr. Zhang Zhenzhong and Mr. Zeng Lingchen; and four independent non-executive Directors, namely Mr. Chan Kim Chung, Daniel, Mr. Tam Wai Leung, Joseph, Ms. Wen Huiying and Mr. Zhang Ying.*

*This announcement, for which the Director 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, have 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 in this announcement misleading.*

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