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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)

DISCLOSEABLE TRANSACTION

THE ACQUISITION AGREEMENT

On 28 July 2011, the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration, which will be satisfied by the allotment and issue of the Consideration Shares to the Vendor and/or its nominee(s) at the Issue Price upon completion of the Acquisition.

Upon completion of the Acquisition, the Target Company will become an associated company of the Company.

IMPLICATIONS OF THE GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

THE ACQUISITION AGREEMENT

Date

28 July 2011

Parties to the Acquisition Agreement

- (i) The Company, as the purchaser;
- (ii) The Vendor, as the vendor; and
- (iii) The Guarantor, as the guarantor for the performance by the Vendor of its obligations under the Acquisition Agreement

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

Assets to be acquired

The Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 30% of the issued share capital of the Target Company.

Conditions precedent

Completion of the Acquisition is subject to the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having been reasonably satisfied with the results of a due diligence review on the Target Group;
- (ii) all necessary consents, licenses and approvals required to be obtained on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents, licenses and approvals required to be obtained on the part of the Company in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) having been obtained;
- (iv) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) from a firm of PRC legal advisers appointed by the Company in relation to such part(s) of the Establishment which relate(s) to the PRC issues;
- (v) the warranties given by the Vendor under the Acquisition Agreement remaining true and accurate in all material respects;
- (vi) the Listing Committee of the Growth Enterprise Market of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares; and

(vii) completion of the Establishment (including, inter alia, the Target Group having established production lines to carry out the manufacture of household and related products) in such manner to the reasonable satisfaction of the Company and the obtaining of all necessary consents and approvals required to be obtained from relevant authorities in such regards.

If the conditions set out above are not fulfilled or, as the case may be, waived (in respect of conditions numbered (i), (ii), (iv) and (v) by the Company) on or before 4:00 p.m. on 31 March 2012, or such other date as the Company and the Vendor may agree, neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms of the Acquisition Agreement.

Completion

Completion of the Acquisition shall take place on the date falling on the third business day after all the conditions as set out above have been fulfilled or waived (as the case may be) or such later date as may be agreed between the parties.

Upon completion of the Acquisition, the Target Company will become an associated company of the Company and its financial results will be accounted for using the equity method.

Consideration

The consideration for the Acquisition of HK\$150 million was determined after arm's length negotiations between the Company and the Vendor with reference to, among other things, the profit guarantee provided by the Vendor (as detailed under the paragraph headed "Profit guarantee") and the positive prospects of the Target Group and will be satisfied by the allotment and issue of 483,870,967 Consideration Shares to the Vendor and/or its nominee(s) at the Issue Price upon completion of the Acquisition.

The Consideration Shares represents (i) approximately 22.61% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 18.44% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Issue Price is determined after arm's length negotiations between the Company and the Vendor with reference to the recent market price of the Shares and:

- (i) is equivalent to the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on 28 July 2011, the last trading day prior to the release of this announcement (the "Last Trading Day"); and
- (ii) represents a discount of approximately 4.91% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day.

The Consideration Shares will rank *pari passu* in all respects with all other shares of the Company in issue on the date of their allotment and issue, including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Profit guarantee

The Vendor has warranted that the actual consolidated audited profit after tax of the Target Group calculated in accordance with Hong Kong Financial Reporting Standards for the year ending 31 December 2012 (the “Actual Profit”) shall be no less than HK\$80 million (the “Guaranteed Profit”).

In the event that the Actual Profit falls short of the Guaranteed Profit, the Company will be entitled to receive a compensation equivalent to 30% of 6.25 times the shortfall between the Guaranteed Profit and the Actual Profit subject to a cap of HK\$150 million.

Option to acquire further interest in the Target Company

The Company shall have the right to acquire an additional equity interest of up to 50% in the Target Company at a purchase price calculated based on 6.25 times of the Guaranteed Profit at any time within two years from the date of the Acquisition Agreement. Should the exercise of such right constitute a notifiable transaction of the Company, the Company will timely comply with the applicable requirements of the GEM Listing Rules.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Acquisition; and (iii) immediately after completion of the Acquisition (assuming completion of the acquisition of Global Trade Enterprises Group Limited

(“Global Trade”) by the Group, details of which are disclosed in the announcement of the Company dated 10 July 2011):

	As at the date of this announcement		Immediately after completion of the Acquisition		Immediately after completion of the Acquisition (assuming completion of the acquisition of Global Trade) (Note 3)	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
		%		%		%
The Directors (Note 1)	517,068,972	24.16%	517,068,972	19.71%	517,068,972	17.10%
Mr. Ding Yin Fei	254,545,454	11.89%	254,545,454	9.70%	254,545,454	8.42%
China Alliance Enterprise Investment Limited (Note 2)	—	—	—	—	400,000,000	13.23%
The Vendor	—	—	483,870,967	18.44%	483,870,967	16.00%
Public	<u>1,368,465,572</u>	<u>63.94%</u>	<u>1,368,465,572</u>	<u>52.15%</u>	<u>1,368,465,572</u>	<u>45.25%</u>
Total	<u><u>2,140,079,998</u></u>	<u><u>100.00%</u></u>	<u><u>2,623,950,965</u></u>	<u><u>100.00%</u></u>	<u><u>3,023,950,965</u></u>	<u><u>100.00%</u></u>

Note:

1. These Shares comprise the Shares held by (i) existing Directors, namely Mr. Gong Ting and Mr. Leung Sze Yuan, Alan; and (ii) three former Directors, namely Mr. Zhang Zhenzhong, Mr. Li Tai To and Mr. Li Nga Kuk, James.
2. Pursuant to the agreement contemplating the acquisition of Global Trade by the Group, the Company shall allot and issue a total of 400,000,000 new Shares to China Alliance Enterprise Investment Limited (as the vendor) upon completion of the transaction.
3. This scenario is presented for illustrative purpose only. As at the date of this announcement, the acquisition of Global Trade by the Group has not been completed.

INFORMATION ON THE GROUP

The Group is principally engaged in two principal business lines, namely (i) forestry, wooden product manufacturing and plantation business; and (ii) mineral resources related business.

INFORMATION ON THE TARGET COMPANY

The Target Company is wholly-owned by the Vendor, which in turn is an investment holding company wholly-owned by the Guarantor. As at the date of the Acquisition Agreement, the Target Company did not hold any material asset. Upon completion of the Acquisition, the Target Group will be principally engaged in the design and manufacture of medium-to-high end plastic household and related products, industrial product components as well as research and development of new plastic materials. Depending on the results of the business review to be conducted by the Target Group, the Target Group may also be engaged in the manufacture of wooden household products (such as hangers and chopping boards, etc.). Prior to completion of the Acquisition, the Target Group shall have acquired production lines (the aggregate value of the equipments, accessories and raw materials to be acquired is estimated to be between HK\$100 million and HK\$120 million) for the commencement of commercial production. The Target Company recorded net loss before and after tax of approximately HK\$0.01 million since its incorporation on 5 July 2011 up to the date of this announcement and accordingly net asset value of approximately of HK\$0.01 million as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Driven by the changing consumer preferences, increasing disposable incomes and improving living standards, medium-to-high end household products have become increasingly popular in the PRC. The Group intends to acquire the Target Group for the manufacture of medium-to-high end plastic household and related products to satisfy the growing demand of this market. In addition, in view of the growing trend of the consumption of wooden household products in the PRC, the Target Group's potential engagement in the manufacture of wooden household products in the PRC may further enhance its profitability and thus the Group's financial result. It is therefore expected that the Acquisition will allow the Group to capitalise on the growth engine of the domestic demand market which has been encouraged by the PRC government and broaden its income stream.

Having considered the positive prospects of the Target Group, the Directors believe that the Acquisition represents an attractive investment and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Acquisition Agreement”	the agreement dated 28 July 2011 and entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
“Company”	China Asean Resources Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Consideration”	the consideration of HK\$150 million for the Acquisition
“Consideration Shares”	483,870,967 new Shares to be allotted and issued by the Company to the Vendor and/or its nominee(s) at the Issue Price upon completion of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Establishment”	the establishment of the Target Group and the steps to be taken by the Target Group for the purpose of, inter alia, enabling it to commence operations (including commercial production)
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lo Hung Pan, being the sole beneficial owner of the Vendor
“Issue Price”	HK\$0.31 per Consideration Share
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“Sale Shares”	30 shares in the issued share capital of the Target Company, representing 30% of the issued share capital of the Target Company
“Shares(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Live Rise Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor “	Better Day International Ltd., an investment holding company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the PRC

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

Hong Kong, 28 July 2011

As at the date of this announcement, the board of directors of the Company comprises four executive Directors, namely Mr. Chultemsuren Gankhuyag, Mr. Gong Ting, Mr. Leung Sze Yuan, Alan, and Mr. Zeng Lingchen; and three independent non-executive Directors, namely Mr. Tam Wai Leung, Joseph, Ms. Wen Huiying and Mr. Zhang Ying.

This announcement, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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