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China Asean Resources Limited

神州東盟資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

MAJOR AND CONNECTED TRANSACTION:

ACQUISITION OF ADDITIONAL INTEREST IN A COMPANY ENGAGED IN THE DESIGN AND MANUFACTURE OF PLASTIC PRODUCTS

THE ACQUISITION AGREEMENT

On 6 March 2012, the Company entered into the Acquisition Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares (representing 20% of the equity interest in the Target Company) for a consideration of HK\$80 million which will be satisfied entirely by the allotment and issue of the Consideration Shares to the Vendor at the Issue Price.

Since the Group has owned 30% equity interest in the Target Company, the acquisition of the further 20% equity interest by the Group under the Acquisition Agreement will result in the Target Company being owned as to 50% by the Company and accounted for as a jointly controlled entity of the Company.

IMPLICATIONS OF THE GEM LISTING RULES

Since the Vendor is a substantial shareholder of the Company, the Vendor is a connected person of the Company as defined under the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition, when aggregated with the acquisition of the initial 30% equity interest of the Target Company owned by the Company (as disclose in the Company's announcement dated 28 July 2011), are greater than 25% but less than 100%, the Acquisition will also constitute a major transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

SGM

The SGM will be convened at which resolution(s) will be proposed to seek the approval of the independent shareholders of the Company for, among other things, the transaction contemplated under the Acquisition Agreement (including the allotment and issue of the Consideration Shares) by way of a poll. An independent board committee of the Company comprising all the independent non-executive Directors will be established to consider the transaction(s) contemplated under the Acquisition Agreement (including the allotment and issue of the Consideration Shares) and an independent financial adviser will be appointed to advise the independent board committee and the independent shareholders of the Company in this regard. Since the Vendor is interested in 446,370,967 Shares (representing approximately 17.0% of the existing share capital of the Company), the Vendor, the Guarantor and their respective associates will be required to abstain from voting at the SGM in respect of the relevant resolution(s) approving the Acquisition. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Vendor, no other shareholder of the Company has material interests in the Acquisition Agreement and, therefore, no other shareholder is required to abstain from voting at the SGM to approve the relevant resolution(s) regarding the Acquisition.

GENERAL

A circular containing, among other things, further details regarding (i) the Acquisition Agreement; (ii) the accountants' report on the Target Company; (iii) the unaudited pro-forma financial information of the Enlarged Group; (iv) the letter of recommendation from the independent board committee of the Company containing its advice to the independent shareholders of the Company regarding the Acquisition; (v) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to the Acquisition; (vi) a notice convening the SGM; and (vii) other disclosure requirements under the GEM Listing Rules will be despatched to the shareholders of the Company. Since additional time is required for the preparation of the above-mentioned documents, it is expected that the circular will be despatched to the shareholders of the Company on or before 30 April 2012.

BACKGROUND

On 28 July 2011, the Company entered into an acquisition agreement with the Vendor to acquire 30% equity interest of the Target Company (as detailed in the Company's announcement dated 28 July 2011). On 6 March 2012, the Company entered into the Acquisition Agreement with the Vendor to acquire 20% further equity interest in the Target Company from the Vendor. Details of the Acquisition Agreement are set out as below.

THE ACQUISITION AGREEMENT

Date

6 March 2012

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

As at the date of this announcement, the Vendor holds 446,370,967 Shares (representing approximately 17.0% of the existing issued share capital of the Company) and is a substantial shareholder of the Company (as defined under 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 20% of the issued share capital of the Target Company.

Conditions precedent

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

- (i) all necessary consents 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;
- (ii) the warranties given by the Vendor under the Acquisition Agreement remaining true and accurate in all material respects;
- (iii) the Purchaser being reasonably satisfied with the results of the due diligence review on the Target Group;
- (iv) all necessary consents, licences and approvals required to be obtained on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated thereby having been obtained;

- (v) the passing by the independent shareholders of the Company at the SGM to be convened and held of an ordinary resolution to approve (among other things) the Acquisition Agreement and the transactions contemplated thereby, including but not limited to the allotment and issue of the Consideration Shares and all other consents and acts required under the GEM Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange; and
- (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.

If the conditions set out above are not fulfilled or, as the case may be, waived (in respect of conditions numbered (ii), (iii) and (iv)) by the Company on or before 4:00 p.m. on 30 September 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. The Company does not have any current intention to waive any of the conditions.

Completion

Completion of the Acquisition shall take place within five business days 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 be owned as to 50% by the Company with its board of directors comprising an equal number of directors nominated by the Vendor and the Company. Accordingly, the Target Company will be accounted for as the Company's jointly controlled entity using proportionate consolidation such that 50% of the financial results, assets and liabilities of the Target Company will be consolidated in the consolidated financial statements of the Group.

Consideration

The Consideration of HK\$80,000,000 was determined after arm's length negotiation between the Company and the Vendor with reference to, in particular, the consideration of the Company's first acquisition of 30% equity interest of the Target Company in July 2011 at a consideration of HK\$150 million as well as the prospects of the PRC's plastic products/components industry and the Guaranteed Profit (as defined below). The Consideration will be satisfied by the allotment and issue of 470,588,235 new Shares to the Vendor at the Issue Price of HK\$0.17 upon completion of the Acquisition Agreement.

The Consideration Shares represent (i) approximately 17.9% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 15.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price of HK\$0.17 per Consideration Share 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) represents a premium of approximately 86.8% to the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on 6 March 2012, the last trading day prior to the release of this announcement (the "Last Trading Day"); and

(ii) represents a premium of approximately 80.9% to the average closing price of HK\$0.094 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 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.

An ordinary resolution will be proposed at the SGM to seek, among other things, a specific mandate for the allotment and issue of the Consideration Shares.

Application will be made by the Company to the Stock Exchange for the listing of and the 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”).

Under the Acquisition Agreement, in the event that the Actual Profit falls short of the Guaranteed Profit, the Company will be entitled to receive a compensation equivalent to 20% of 5 times the shortfall between the Guaranteed Profit and the Actual Profit, subject to a cap of HK\$80 million.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Acquisition:

		As at the date of this announcement		Immediately after completion of the Acquisition	
		<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Directors	<i>(Note 1)</i>	453,278,917	17.3%	453,278,917	14.7%
The Vendor		446,370,967	17.0%	916,959,202	29.6%
Public		1,724,301,081	65.7%	1,724,301,081	55.7%
Total		<u>2,623,950,965</u>	<u>100.00%</u>	<u>3,094,539,200</u>	<u>100.00%</u>

Note:

1. *Comprising the Shares held by (i) existing Directors, namely Mr. Gong Ting and Mr. Leung Sze Yuan, Alan; and (ii) Mr. Zhang Zhenzhong, a former Director.*

INFORMATION ON THE GROUP

The Group is engaged in the businesses of wood products manufacturing and plantation business, mineral resources and plastic products manufacturing.

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 described in the circular of the Company dated 3 August 2011, the Target Group is 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 in the PRC. As advised by the Vendor, following completion of the acquisition of 30% equity interest of the Target Company in October 2011, the Target Group has completed the acquisition of the relevant injection and molding machines and is in the course for preparing for commercial production which is expected to commence during the second quarter of 2012. Since its incorporation in July 2011 and up to 31 December 2011, the Target Group had not recorded any revenue and recorded unaudited net loss before and after tax of approximately HK\$0.01 million with unaudited net asset value of approximately of HK\$100 million as at 31 December 2011.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Plastic products/components are widely applied in a spectrum of industries including automobile, packaging, construction, decoration products and industrial engineering, etc. With the recent gradual recovery of the global economy following the financial turmoil in late 2008, the demand for plastic products/components has been gradually expanding which in turn provides impetus for the growth of the plastic product industry. According to the National Bureau Statistics of the PRC, the production volume of plastic products increased by approximately 22% from 44.8 million tonnes in 2009 to 54.7 million tonnes in 2011.

As described in the Company's third quarterly report for the nine-month ended 30 September 2011, during 2011, the Group had cleared 1,500 hectares of forest land in the Kingdom of Cambodia and began field planting of rubber seedling on the cleared land in June 2011. However, the widespread flooding in Cambodia has caused delay in the delivery of rubber seedling and resulted in the Group having recorded a low level of revenue mainly from the domestic sale of low-grade sawn timber. In order to mitigate the adverse impacts due to, among other things, weather and other environmental risks that are beyond the Group's control, on the Group's forestry and plantation business, it has been the intention of the management of the Company to diversify the Group's income stream. Given that the Group, following the Acquisition, will gain a greater control in the Target Company and participation in the formulation of the Target Group's future development strategies to create a greater business synergy between the Group and the Target Group's (such as the Target Group's future development of manufacturing of wooden household products), together with (i) the positive business prospects of the Target Company attributable to the increase in popularity for medium- to high-end household products resulting from, among other things, the changing consumer preferences,

increasing disposable incomes and improving living standards in the PRC; and (ii) the Guaranteed Profit of HK\$80 million for the year ended 31 December 2012 and the relevant compensation mechanism, the management of the Company has considered the Acquisition beneficial to the future business and financial performance of the Group. Accordingly, the Directors (excluding the independent non-executive Directors whose view will be rendered after having considered the advice from the independent financial adviser) have considered that the entering into of the Acquisition Agreement is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

Since the Vendor is a substantial shareholder of the Company, the Vendor is a connected person of the Company as defined under the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition, when aggregated with the acquisition of the initial 30% equity interest of the Target Company owned by the Company, are greater than 25% but less than 100%, the Acquisition will also constitute a major transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

SGM

The SGM will be convened at which resolution(s) will be proposed to seek the approval of the independent shareholders of the Company for, among other things, the transaction contemplated under the Acquisition Agreement (including the allotment and issue of the Consideration Shares) by way of a poll. An independent board committee of the Company comprising all the independent non-executive Directors will be established to consider the transaction(s) contemplated under the Acquisition Agreement (including the allotment and issue of the Consideration Shares) and an independent financial adviser will be appointed to advise the independent board committee and the independent shareholders of the Company in this regard. Since the Vendor is interested in 446,370,967 Shares (representing approximately 17.0% of the existing share capital of the Company), the Vendor, the Guarantor and their respective associates will be required to abstain from voting at the SGM in respect of the relevant resolution(s) approving the Acquisition. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Vendor, no other Shareholder of the Company has material interests in the Acquisition Agreement and therefore, no other Shareholder is required to abstain from voting at the SGM to approve the relevant resolution(s) regarding the Acquisition.

GENERAL

A circular containing, among other things, further details regarding (i) the Acquisition Agreement; (ii) the accountants' report on the Target Company; (iii) the unaudited pro-forma financial information of the Enlarged Group; (iv) the letter of recommendation from the independent board committee of the Company containing its advice to the independent shareholders of the Company regarding the Acquisition; (v) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to the Acquisition; (vi) a notice convening the SGM; and (vii) other disclosure requirements under the GEM Listing Rules, will be despatched to the shareholders of the Company. Since additional time is required for the preparation of the above-mentioned documents, it is expected that the circular will be despatched to the shareholders of the Company on or before 30 April 2012.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 6 March 2012 and entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
“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\$80 million for the Acquisition
“Consideration Shares”	470,588,235 new Shares to be allotted and issued by the Company at the Issue Price upon completion of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition
“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\$0.17 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”	20 shares in the issued share capital of the Target Company, representing 20% 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
“SGM”	the special general meeting of the Company to be convened and held for the shareholders of the Company to consider and approve, among other matters, the transactions contemplated under the Acquisition Agreement (including the allotment and issue of the Consideration Shares), by way of poll
“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
Gong Ting
Executive Director

Hong Kong, 6 March 2012

As at the date of this announcement, the board of the Company comprises five executive Directors, namely Mr. Chultemsuren Gankhuyag, Mr. Gong Ting, Mr. Leung Sze Yuan, Alan, Ms. Yu Xiao Min 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>”.