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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)**

## **UPDATE ON BUSINESS OF THE GROUP**

References are made to the announcements (the “Announcements”) of the Company dated 3 and 17 March 2014 relating to the tentative timetable for the publication of the outstanding financial results and reports of the Company and the letter received from the Lender in connection with the exercise of his rights to transfer the equity interest under the Share Charge. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

### **UPDATE ON BUSINESS OF THE GROUP**

Following the completion of the disposal transaction of the coal logistics and trading business, the sole and only principal business of the Group will be its timber logging, wood product manufacturing and plantation business as its principal business.

For the year ended 31 December 2013, timber logging, wood product manufacturing and plantation business of the Group in Cambodia recorded unaudited revenue of approximately US\$920,000. As disclosed in the Company’s announcement dated 3 December 2013, all production activities of the Group in Cambodia were suspended and have remained so pending improvement of the Group’s cash flow situation. In order to further reduce the administrative costs, the Group has been progressively laying off support and administration staff located in the forest sites.

Although the Group had signed an agreement with a plantation contractor to subcontract the planting of rubber seedling, the Group, due to the lack of funds, was unable to pay the contractor resulting in no increase in planted area during 2013 and 2014. For the aforesaid reasons and as also detailed in the circular of the Company dated 8 July 2013, the Group was not able to meet the plantation commitment made to the Cambodian Government for 2013 and resulting in the Group being at risk of having its economic land concessions cancelled by the Cambodian Government without compensation. The Cambodian Government carried out a field audit in March 2014 and has yet to issue the official report.

## THE SECURED LOAN ARRANGMENT

The Company is assessing alternatives in respect of the Group's outstanding amount due to the Lender, including negotiation with the Lender on restructuring of the Loan such as conversion of the outstanding amount into shares of the Company and discussion with relevant parties on the possibility of conducting fund raising exercise so as to repay the outstanding amount and provide funding for the forestry business.

In the event that no agreement can be reached in respect of the aforesaid negotiation between the Company and the Lender and the Lender had enforced his right under the Share Charge, the Company would lose its control and interests over its subsidiaries holding the economic land concessions for all of its three forests in Cambodia and it would lead to the Group not being able to satisfy the requirement under Rule 17.26 of the GEM Listing Rules.

## TENTATIVE TIMETABLE FOR RESUMPTION

Since the Lender had exercised his right to transfer equity interest under the Share Charge and has stopped providing additional funding to the Company, the Company is not able to ascertain whether the production activities of the Group in Cambodia could be resumed or when it will be resumed. As a result of the above and given that the relevant technical reports and valuation of the forestry assets in Cambodia have not been finalized, the amount of potential impairment is not able to be determined amongst the Company, the auditors and the valuers. In addition, the finalisation of the audits for the years ended 31 December 2012 and 2013 will depend on, amongst others, the outcome of the Company's negotiation with the Lender as mentioned above.

Subject to the above-mentioned events, the tentative timetable of resumption of trading of shares of the Company is revised and set out as follows:

	<i>Estimated timing 2014</i>
1. Finalisation of the engagement with the auditors of the Company and other professional parties required for the carrying out of the audit for the year ended 31 December 2013	May
2. Circulation of the draft valuation report, technical report and legal opinion in respect of the Group's forestry business in Cambodia and the audit report of the Company for review and (if required) further discussion with the audit committee and the board of directors of the Company	July
3. Publication of announcements on the audited financial results for the years ended 31 December 2012 and 2013, and the interim results for the six months ended 30 June 2013 and the first quarterly results for the three months ended 31 March 2013 and the three months ended 31 March 2014 and the third quarterly results for the nine months ended 30 September 2013	August

4. Resumption of trading of the shares of the Company September

Shareholders of the Company and potential investors should note that the dates specified for the events set out in the tentative table above are indicative only and will be subject to changes.

## UNAUDITED FINANCIAL INFORMATION

Set out below is a summary of the unaudited financial information of the Group for the year ended 31 December 2013. However, the relevant financial information is pending for the further review by the Company, its auditors and valuers, and will be subject to changes resulting from the outcome of the negotiation between the Company and the Lender, the technical report and the valuation relating to the forest assets of the Group in Cambodia and the related potential impairment to be made and the relevant tax impact, as well as the potential adjustments that might be proposed by the auditors.

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>For the year ended 31 December 2012 HK\$'000</b>
<b>CONTINUING OPERATIONS</b>	
Turnover	6,313
Cost of sales	<u>(5,055)</u>
<b>Gross Profit</b>	1,258
Other income and gains	46,232
Selling and distribution costs	(2,387)
Administrative expenses	<u>(47,048)</u>
<b>LOSS BEFORE TAX FROM CONTINUING OPERATION</b>	(1,945)
Taxation	<u>—</u>
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATION</b>	(1,945)
<b>DISCONTINUED OPERATIONS</b>	
Loss/(profit) for the year from a discontinued operation	<u>(2,869)</u>
<b>LOSS FOR THE YEAR</b>	<u><u>(4,814)</u></u>
Loss attributable to equity holders of the Company	<u><u>(4,814)</u></u>

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>For the year ended 31 December 2012 HK\$ '000</b>
<b>Non-current assets</b>	
Property, plant and equipment	33,242
Forestry related and other assets	1,013,358
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Total non-current assets	1,046,600
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<b>Current Assets</b>	
Inventories	5,737
Prepayments, deposits and other receivables	9,037
Cash at bank and on hand	7,157
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	21,931
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Assets of disposal groups classified as held for sale	32,281
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Total current assets	54,212
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<b>Current liabilities</b>	
Other payables and accruals	62,066
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	62,066
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Liabilities of disposal groups classified as held for sale	5,660
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<b>Total current liabilities</b>	67,726
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<b>NET CURRENT LIABILITIES</b>	(13,514)
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<b>NET ASSETS</b>	1,033,086
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<b>EQUITY</b>	
Issued Capital	131,198
Reserves	901,891
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Total equity attributable to:	
Equity holders of the Company	1,033,089
Non-controlling interests	(3)
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<b>TOTAL EQUITY</b>	1,033,086
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Shareholders and potential investors should note that the above unaudited financial information has not been reviewed and/or audited by the auditors of the Company and have not taken into account of the potential impairment and the potential adjustment that might be proposed by the auditors of the Company, whereby the adjustments could have significant impact on the overall financial results of the Group for the year ended 31 December 2012 resulting on the audited consolidated results and positions of the Group being substantially deviated from the above.

## **SUSPENSION OF TRADING**

Trading in the shares of the Company will remain suspended.

Shareholders and potential investors should note that the above-mentioned tentative timetable does not indicate or imply that the shares of the Company will be resumed.

In addition, Rule 17.26 of the GEM Listing Rules requires the listed issuer should have sufficient assets and operations so as to warrant the continued listing of its shares on the Stock Exchange. If the Company lost its control and interests over its principal subsidiaries engaging in the timber logging, wood product manufacturing and plantation business in Cambodia, it would lead to the Group not being able to satisfy the requirement under Rule 17.26 of the GEM Listing Rules.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the shares of the Company.

By order of the Board  
**China Asean Resources Limited**  
**Zeng Lingchen**  
*Executive Director*

Hong Kong, 14 May 2014

*As at the date of this announcement, the Board 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. Hong Bingxian, 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at <http://www.chinaaseanresources.com>.*