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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 THE SECURED LOAN ARRANGEMENT

Reference is made to the announcement of the Company dated 31 July 2014 (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

Keen Wood has received a letter dated 21 August 2014 from a law firm acting for the Lender, which alleged that the Lender had declared the Loans provided by the Lender to Keen Wood in the aggregate sum of HK\$59,520,638 (including the interest accrued thereon) as at 31 July 2014 calculated in accordance with the relevant terms of the Loan Agreement and still accumulating to be forthwith due and payable immediately. In addition, the Lender has also declared to enforce the security under the Share Charges.

The Company is seeking legal advice in respect of the aforesaid letter and has required the Lender to provide evidence to substantiate the above-mentioned amount declared by the Lender. The Company is also considering alternatives to tackle with the situation including discussing settlement proposal with the Lender.

If the Lender successfully enforces his right under the Share Charge to transfer the legal title of the Charged Securities, the Company would lose its control and interests over its subsidiaries holding the economic land concessions for all of its three forests in Cambodia, probably resulting in the Group not being able to satisfy the requirement under Rule 17.26 of the GEM Listing Rules. The Company is evaluating alternatives to tackle with the situation including continuation of its principal business in timber and related industry through cooperation with an independent third party for engaging in timber business such that the Group will be able to continue to leverage on its network and business contacts in the timber industry with a view to improving its business and financial performance.

The Company will make further announcement(s) to keep its shareholders and investors posted for any material development in this regard as and when appropriate in compliance with the GEM Listing Rules.

Trading in the Shares on the Stock Exchange remains suspended until further notice.

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

Hong Kong, 2 September 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. Hung 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>.