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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: 08186)

DISCLOSEABLE TRANSACTION – DISPOSAL OF SUBSIDIARIES ENGAGED IN MEDICAL BUSINESS

Financial adviser

AmCap

Ample Capital Limited

豐盛融資有限公司

THE DISPOSAL AGREEMENT

On 2 March 2010, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire, the Disposed Group Sale Shares at the cash consideration of HK\$12,000,000. The consideration of the Disposal of HK\$12,000,000 represents a discount of approximately 35.14% to the Disposed Group Attributable NTAV. The gross proceeds of HK\$12,000,000 (before deducting expenses) from the Disposal will be applied for future development of the Group's natural resources business in the Kingdom of Cambodia and as the Group's general working capital.

LISTING RULES IMPLICATIONS

Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL AGREEMENT

Date

2 March 2010

Parties to the Disposal Agreement

- (i) The Company, as the vendor
- (ii) The Purchaser, as the purchaser

To the best of the Directors' knowledge, belief, and having made all reasonable enquiries, the Group has not had any prior transactions with the Purchaser during the 12 months immediately prior to the date of the Disposal Agreement which should be aggregated with the Disposal under Rule 19.22 of the GEM Listing Rules, and the Purchaser is an Independent Third Party.

Asset to be disposed of

The entire registered capital of CBP and 75% of the entire issued share capital of Medical China Technology.

CBP, a wholly-owned subsidiary of the Company, is principally engaged in the manufacture and sale of medicine and drugs in China. According to the financial information of CBP included in the audited consolidated financial statements of the Group for the year ended 31 December 2008, CBP did not record any revenue, and net losses before and after taxation were approximately RMB341,000 (equivalent to approximately HK\$387,000). According to the unaudited management accounts of CBP for the year ended 31 December 2009, CBP did not record any revenue, and net losses before and after taxation were approximately RMB1,029,000 (equivalent to approximately HK\$1,169,000). The unaudited net assets value of CBP as at 31 December 2009 amounted to approximately RMB35,032,000 (equivalent to approximately HK\$39,793,000) (comprising an unaudited amount due from the Group of RMB9,000,000 (equivalent to approximately HK\$10,223,000) as explained under the paragraph headed "Waiver of inter-company balances" below).

Medical China Technology, a 75% non wholly-owned subsidiary of the Company, is an investment holding company whose principal asset is the entire paid-in and registered capital of CBD. CBD is principally engaged in the research and development of medicine and drugs (such as anti-cancer medical products) in China. According to the unaudited consolidated financial statements of Medical China Technology for the year ended 31 December 2008, Medical China Technology recorded revenue and net losses before and after taxation of approximately RMB30,000 (equivalent to approximately HK\$34,000) and RMB6,649,000 (equivalent to approximately HK\$7,553,000) respectively. For the year ended 31 December 2009, Medical China Technology recorded unaudited consolidated revenue and net profit before and after taxation of approximately RMB3,180,000 (equivalent to approximately HK\$3,612,000) and RMB1,213,000 (equivalent to approximately HK\$1,378,000) respectively. As at 31 December 2009, Medical China Technology recorded an unaudited consolidated net liabilities of approximately HK\$75,583,000 (comprising an unaudited net amount due to the Group of approximately HK\$78,167,000 as explained under the paragraph headed "Waiver of inter-company balances" below).

Waiver of inter-company balances

As at 31 December 2009, (i) the Company had unaudited outstanding receivables owed by Medical China Technology in the amount of approximately HK\$84,468,000; (ii) CBP had unaudited outstanding receivables owed by Tat Lung Medical Treatment (Shenzhen) Limited (達隆醫學技術(深圳)有限公司), a wholly-owned subsidiary of the Company in the amount of RMB9,000,000 (equivalent to approximately HK\$10,223,000); and (iii) CBD had unaudited outstanding receivables owed by the Company in the amount of approximately RMB5,539,000 (equivalent to approximately HK\$6,292,000). Pursuant to three deed of waivers entered into on 2 March 2010, all of the liabilities and obligations arising out of these inter-company balances (together with interest) have been unconditionally and irrevocably waived by the Company, CBP and CBD respectively.

Conditions precedent to completion of the Disposal Agreement

Completion of the Disposal Agreement is subject to all necessary consents and approvals (including but not limited to the approval from the relevant Chinese authorities) required to be obtained on part of the Purchaser and the Group in respect of the transactions contemplated under the Disposal Agreement having been obtained.

If the condition set out above is not fulfilled on or before on 30 June 2010 or such later date as the Purchaser and the Company may agree from time to time, the obligations of the parties to the Disposal Agreement shall cease and determine and neither party shall have any claim against the other save in respect of any antecedent breaches. In this case, the Company shall refund the Deposit (defined below) and any other amount already paid by the Purchaser in full without interest to the Purchaser within ten days therefrom. The above condition precedent may not be waived by any of the parties to the Disposal Agreement.

Completion of the Disposal Agreement

Completion of the Disposal Agreement is expected to take place on the third business day after fulfillment of the above condition or such other date as may be agreed in writing between the parties to the Disposal Agreement.

Following completion of the Disposal, CBP, Medical China Technology and CBD will no longer be subsidiaries of the Company and their respective assets, liabilities and financial results will no longer be consolidated in the financial statements of the Company.

Consideration

The consideration of HK\$12,000,000 for the Disposed Group Sale Shares is payable by the Purchaser in cash in the following manner:

- (i) a deposit (the “**Deposit**”) of HK\$7,500,000 before signing of the Disposal Agreement;
- (ii) an amount of HK\$1,500,000 on or before 31 March 2010; and
- (iii) the remaining balance of HK\$3,000,000 on or before 31 December 2010.

In the event that completion of the Disposal Agreement cannot take place, the Deposit of HK\$7,500,000 (together with the second installment of HK\$1,500,000, if already paid) will be returned to the Purchaser within ten days after termination of the Disposal Agreement.

The consideration for the Disposal of HK\$12,000,000 was arrived at after arm's length negotiation between the Group and the Purchaser, with reference to the Disposed Group Attributable NTAV and having taken into account the aggregate losses incurred by both CBP and Medical China Technology during the two years ended 31 December 2008 and 2009. The consideration of the Disposal represents a discount of approximately 35.14% to the Disposed Group Attributable NTAV.

Having considered (i) the significant aggregate losses incurred by the CBP and Medical China Technology for the two years ended 31 December 2008 and 2009; (ii) the negative business outlook of the CBP, Medical China Technology and CBD in the foreseeable future in the view of the Company's management and the uncertainty as to when these subsidiaries of the Company will be able to post consistent profitability; (iii) the amount of additional investment to be incurred in the clinical development of the experimental cancer drug by CBD, and the completion and maintenance of the pharmaceutical factory owned by CBP; and (iv) the Group's development strategy to divest its medical and pharmaceutical assets and business in China, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions (including the consideration for the Disposal) of the Disposal Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Based on the Disposed Group Attributable NTAV and the Group's share of 75% of the intangible asset of approximately HK\$17,400,000 as included in the Medical China Technology's unaudited consolidated financial statements for the year ended 31 December 2009, the Group is expected to record a loss of approximately HK\$19,552,000 as a result of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

After completion of the acquisition of the two forests in 2007 and 2008 in the Kingdom of Cambodia which have an aggregate site area of approximately 19,500 hectares with estimated timber reserves of over 5 million cubic metres, the Group has expanded its business from the provision of medical services to natural resources business in the Kingdom of Cambodia.

As described in the third quarterly report of the Company for the nine months ended 30 September 2009 and the announcement of the Company dated 26 November 2009, the Group has completed its maiden export shipment of timber products from the Kingdom of Cambodia and expects a gradual ramp up of export volume in the coming months. The Group has also completed the construction of a self owned and operated sawn timber factory with an annual capacity of 10,000 cubic metres. A sawn timber and wood flooring material factory, owned by subcontractors, with a capacity of 15,000 cubic metres is under construction. In January 2009, the relevant permits for the domestic and export sale of wood products were granted by the government of the Kingdom of Cambodia. For the year ended 31 December 2008, the segmental profit of the Group's natural resources business amounted to approximately HK\$113.50 million, in comparison with the segmental loss of approximately HK\$0.67 million, HK\$12.48 million and HK\$17.15 million for the Group's businesses in medical services, sale of medical equipment and medical research and development, respectively.

As also stated in the interim report of the Company for the six months ended 30 June 2009, in light of the global financial turmoil and economic recession, the management of the Company, after reviewing the Group's portfolio of businesses, has decided to focus the Group's financial and management resources on the developing its forestry business in the Kingdom of Cambodia and intended to divest its medical and pharmaceutical assets and business in China. As such, the Disposal represents an opportunity for the Group to streamline its business focus by divesting its medical and pharmaceutical assets and businesses which registered aggregate losses in the

two years ended 31 December 2008 and 2009, whilst at the same time, allow the Group to obtain additional capital for future development of its natural resource business in the Kingdom of Cambodia. The Group will consider further disposal of its remaining medical business when suitable opportunities arise.

The gross proceeds of HK\$12 million (before deducting expenses) from the Disposal will be applied for future development of the Group's natural resources business in the Kingdom of Cambodia and as the Group's general working capital.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) the natural resources business in the Kingdom of Cambodia; and (ii) the provision of medical equipment services and related accessories and the provision of medical research and development services in the PRC.

LISTING RULES IMPLICATIONS

Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the aggregate of the Disposal are greater than 5% but less than 25%, the Disposal constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“CBD”	China Best Drugs Research (Nanjing) Ltd. (神州佳美藥物研究(南京)有限公司), a wholly-owned subsidiary of the Medical China Technology established in China with limited liability
“CBP”	CB Pharmaceutical (Nanjing) Co., Ltd. (南京神州佳美製藥有限公司), a wholly-owned subsidiary of the Company established in China with limited liability
“China”	the People's Republic of China, which for the purpose of this announcement, excludes The Hong Kong Special Administrative Region of China, The Macau Special Administrative Region of China and Taiwan
“Company”	China Asean Resources Limited, a company with limited liabilities incorporated in Bermuda, the issued shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Disposal”	the disposal of the Group's entire equity interest in the Disposed Group

“Disposal Agreement”	the master conditional sale and purchase agreement entered into between the Company and the Purchaser dated 2 March 2010, together with two agreements for the respective disposal of the 100% and 75% of the paid-in and registered capital of CBP and issued share capital of Medical China Technology, the completion of which are inter-conditional with each other, to effect the Disposal
“Disposed Group”	collectively, (i) CBP and (ii) Medical China Technology and its wholly-owned subsidiary, CBD
“Disposed Group Attributable NTAV”	the unaudited net tangible assets value of the Disposed Group attributable to the Company as at 31 December 2009 of approximately HK\$18,500,000 which is calculated based on the aggregate of (i) 100% of the unaudited net assets value of CBP of approximately RMB35,032,000 (equivalent to approximately HK\$39,793,000) less the unaudited inter-company balance of RMB9,000,000 (equivalent to approximately HK\$10,223,000) due from the Group; and (ii) 75% of the aggregate of unaudited consolidated net liabilities of Medical China Technology of approximately HK\$75,583,000 adding the unaudited net inter-company balance of approximately HK\$78,167,000 due to the Company and less the unaudited intangible asset of approximately HK\$17,400,000
“Disposed Group Sale Shares”	the entire paid-in and registered capital of CBP and 75% of the entire issued share capital of Medical China Technology
“GEM Listing Rules”	the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“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, any director, chief executive, management shareholder or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Medical China Technology”	Medical China Technology Limited, a company incorporated in British Virgin Islands with limited liability, whose issued share capital is beneficially owned as to 75% by the Company
“Purchaser”	Mr. Chen Guoqiang (陳國強), an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of The Hong Kong Special Administrative Region of China

“RMB” Reminbi, the lawful currency of China

“%” per cent.

All amounts in RMB have been translated in HK\$ at a rate of RMB1 = HK\$1.1359 in this announcement for illustration purpose only.

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

Hong Kong, 2 March 2010

As at the date of this announcement, the board of Directors of the Company comprises two executive directors, namely, Mr. Leung Sze Yuan, Alan and Mr. Zhang Zhenzhong; two non-executive directors, namely Mr. Li Nga Kuk, James and Mr. Li Tai To, Titus; and three independent non-executive directors, namely Mr. Fan Wan Tat, Mr. Tam Wai Leung, Joseph and Mr. Chan Kim Chung, Daniel.

This announcement, for which the Directors collectively and individually accept full responsibilities, include 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: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumption that are fair and reasonable.

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>”.

* for identification only