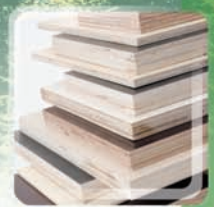




China Asean Resources Limited

(Incorporated in Bermuda with limited liability) Stock Code: 8186

(Formerly known as Medical China Limited)



2007

Third Quarterly Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of China Asean Resources Limited collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to China Asean Resources Limited. The directors of China Asean Resources Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief; (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



HIGHLIGHTS

- Turnover for the nine months ended 30 September 2007 amounted to approximately HK\$29,099,000, representing an increase of 9% compared to the corresponding period in 2006.
- For the nine months ended 30 September 2007, the Group's loss attributable to equity holders of the Company amounted to approximately HK\$7,069,000, compared to a profit of approximately HK\$2,128,000 recorded during the corresponding period in 2006. This represented a loss per share of 0.82 Hong Kong cents compared to earnings per share of 0.25 Hong Kong cents in 2006.
- Following the placement of 167,000,000 new shares on 14 August 2007, the share capital of the Company was increased to 1,002,000,000 shares.
- The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: HK\$Nil).

Reference is made to the circular document incorporating a notice (the "Notice") of a Special General Meeting (the "SGM") dated 7 September 2007 (the "Circular") of the Group. Unless otherwise defined herein, terms used shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that all resolutions set out in the Notice of the Special General Meeting (the "SGM") contained in the Circular were duly passed by the shareholders (or independent shareholders, as the case may be) on 2 October 2007.

Subsequent to the SGM, the Company increased its share capital by the allotment of 233,000,000 Top-up Shares, 400,000,000 Consideration Shares and 70,000,000 Convertible Shares on 22 October 2007, 22 October 2007 and 26 October 2007, respectively. The paid-up share capital as a result of these transactions currently stands at HK\$17,050,000, composed of 1,705,000,000 shares at HK\$0.01 each.

RESULTS (UNAUDITED)

The board of directors (the "Board") of China Asean Resources Limited (the "Company"), formerly known as Medical China Limited herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for each of the three months and nine months ended 30 September 2007, together with the comparative unaudited figures for the corresponding periods in 2006 as set out below:

CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
TURNOVER	2	12,473	9,779	29,099	26,675
Cost of services/sales		(6,482)	(3,298)	(15,603)	(11,356)
Gross profit		5,991	6,481	13,496	15,319
Other income		997	369	1,821	821
Selling and distribution expenses		(2,419)	(1,466)	(7,356)	(3,620)
Administrative expenses		(8,063)	(2,522)	(12,869)	(7,867)
Other operating expenses		(253)	(55)	(905)	(662)
Profit/(loss) from operations		(3,747)	2,807	(5,813)	3,991
Finance costs	3	(59)	(81)	(83)	(205)
Profit/(loss) before taxation		(3,806)	2,726	(5,896)	3,786
Taxation	4	-	-	-	-
Profit/(loss) for the period		(3,806)	2,726	(5,896)	3,786
Profit/(loss) attributable to:					
Equity holders of the Company		(4,613)	1,921	(7,069)	2,128
Minority interests		807	805	1,173	1,658
		(3,806)	2,726	(5,896)	3,786
Basic earning/(loss) per share (in Hong Kong cents)	5	(0.50)	0.23	(0.82)	0.25



Notes:

1. BASIS OF PREPARATION

The financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

The financial information has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

2. TURNOVER

Turnover represents service fees arising from the provision of medical equipment services and related accessories, net of respective taxes; the sale value of medical equipment, net of value-added tax; and service fees arising from the provision of medical research and development services, net of business tax.

Pursuant to various agreements with hospitals in the People's Republic of China (the "PRC"), the Group agrees to provide certain medical equipment at the relevant hospitals and, in return, share the medical service fees arising from the utilisation of such medical equipment after deducting the related direct expenses.

Turnover recognised during the period is analysed as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Medical equipment service fees and sales of related accessories	–	503	96	5,323
Sales of medical equipment	12,392	7,898	28,922	19,974
Research and development services	81	1,378	81	1,378
	12,473	9,779	29,099	26,675

3. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	59	81	83	205



4. TAXATION

(a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the three months and nine months ended 30 September 2007 (2006: HK\$Nil) as the Group did not have any assessable profits chargeable to Hong Kong Profits Tax for the periods.

(b) PRC Income Tax

The Company's subsidiary, Tat Lung Medical Treatment (Shenzhen) Ltd. ("Tat Lung Treatment"), located in the Shenzhen Special Economic Zone ("SSEZ") in the PRC, is subject to PRC income tax at the reduced rate of 15% (2006: 15%). Another subsidiary, Sinnowa Medical Science & Technology Company Ltd. ("Sinnowa"), is subject to PRC income tax of 33% (2006: 33%). According to the relevant income tax rules and regulations in the PRC, Tat Lung Treatment and Sinnowa obtained approval from the state tax bureau that they are entitled to 100% relief from PRC income tax in the first and second years and 50% relief for the third to fifth years, commencing from the first profitable year after the offset of deductible losses incurred in prior years, if any.

No provision for PRC income tax has been made for the Company's other subsidiaries, China Best Drugs Research (Nanjing) Ltd. ("China Best"), China Best Pharmaceutical (Nanjing) Company Ltd. ("CB Pharmaceutical") and Guilin Simei Biotechnology Ltd. ("Guilin Simei") as they did not have assessable profits for the three months and nine months ended 30 September 2007 determined in accordance with the relevant income tax rules and regulations in the PRC.

- (c) No provision for deferred taxation has been made as the Group did not have any material deductible or taxable temporary differences for the three months and nine months ended 30 September 2007 (2006: HK\$Nil).

5. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculations of basic earnings/(loss) per share for the three months and nine months ended 30 September 2007 are based on the loss attributable to equity holders of the Company of HK\$4,613,000 (2006: profit of HK\$1,921,000) and the loss of HK\$7,069,000 (2006: profit of HK\$2,128,000), respectively divided by the weighted average number of 863,750,916 (2006: 835,000,000) ordinary shares in issue during the relevant periods.

(b) Diluted earnings/(loss) per share

No diluted earnings per share for the three months and nine months ended 30 September 2006 have been presented because there were no dilutive ordinary shares in existence during the periods.



6. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: HK\$Nil).

7. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006	70,733	5,265	2,724	33,382	112,104	3,734	115,838
Exchange differences	-	-	1,777	-	1,777	115	1,892
Profit for the period	-	-	-	2,128	2,128	1,658	3,786
At 30 September 2006	70,733	5,265	4,501	35,510	116,009	5,507	121,516
At 1 January 2007	70,733	5,265	6,068	4,004	86,070	6,339	92,409
Premium on new placement	113,560	-	-	-	113,560	-	113,560
Exchange differences	-	-	3,092	-	3,092	233	3,325
Profit / (loss) for the period	-	-	-	(7,069)	(7,069)	1,173	(5,896)
At 30 September 2007	184,293	5,265	9,160	(3,065)	195,653	7,745	203,398

FINANCIAL REVIEW

The Group's turnover for the nine months ended 30 September 2007 amounted to approximately HK\$29,099,000, representing an increase of 9% as compared with the corresponding period last year. The increase was mainly attributable to the increase in the volume of sales of medical equipment by approximately HK\$8,948,000, but was partially offset by a decrease of approximately HK\$5,227,000 in medical equipment service fees and sales of related accessories.

The loss attributable to equity holders of the Company for the nine months ended 30 September 2007 amounted to approximately HK\$7,069,000, whereas a profit attributable to equity holders of approximately HK\$2,128,000 was reported for the corresponding period last year. The loss per share was 0.82 Hong Kong cents (2006: earnings per share of 0.25 Hong Kong cents).



The operating expenses for the nine months ended 30 September 2007 increased by 74% from HK\$12,149,000 to HK\$21,130,000 as compared with that of the corresponding period last year mainly due to the addition of fees payable for the placement of new shares. Other income for the nine months ended 30 September 2007 amounted to approximately HK\$1,821,000, representing an increase of 122% as compared with the corresponding period last year. The increase was mainly attributable to an increase in interest income and sales of raw materials during the period.

As at 30 September 2007, the Group had a bank loan outstanding in the amount of approximately HK\$3,098,000 (31 December 2006: HK\$3,447,000). The loan was obtained from a PRC Authorised Credit Union and was secured by the buildings and prepaid lease payments of the Group with an aggregate carrying value of HK\$6,752,000 at 30 September 2007.

Following the placement of 167,000,000 new shares on 14 August 2007, the share capital of the Company was increased to 1,002,000,000 shares as of 30 September 2007.

BUSINESS REVIEW

The Company, together with its subsidiaries (the "Group"), has been engaged in the research, development and provision of medical devices for cancer treatment, the promotion of anticancer drugs in the PRC and the sales of medical testing equipment in the PRC and overseas market.

The Group's sales of medical equipment reached HK\$12,392,000 for the third quarter of 2007, an increase by 57% as compared to that of the corresponding period in 2006. In order to strengthen sales, the Group has increased its budgets on research and development of particular principal products and initiated renovation on its existing factory in order to improve the effectiveness thereof. The construction of the new factory designed to manufacture drugs and medicines is in the final completion stages. Machine installation, equipment testing as well as interior decoration work will take place in the fourth quarter and it is anticipated that production will begin in early 2008.

The Group will continue its plantation development programs in the last quarter of 2007.



OUTLOOK

Following completion of the acquisition of (Cambodia) Tong Min in October 2007, the Group has expanded into the forestry business in Cambodia. (Cambodia) Tong Min will be responsible for the initial clearing of the existing Forest for the rubber plantation and the timber obtained from such initial clearing stage will be sold. The Forest is located in Kratie District, Kratie Province, Cambodia and has a site area of approximately 9,965 hectares (equivalent to approximately 100 million sq.m.) and, according to the Technical Report, currently contains more than 3 million cubic metres of timber. (Cambodia) Tong Min plans to log the existing trees (comprising timber of various grades) and clear the land for rubber plantation. The trees logged in this initial stage will be processed into sawn timber and other value-added wood products (such as floor materials) for export, particularly to the PRC. The Group is expected to receive the economic benefits derived from the initial clearing of the forest and, later, the operation of a rubber plantation for production of latex.

SUBSEQUENT EVENTS – UPON COMPLETION OF A VERY SUBSTANTIAL ACQUISITION

Reference is made to the circular document incorporating a notice (the “Notice”) of a Special General Meeting (the “SGM”) dated 7 September 2007 (“the Circular”) of the Group. Unless otherwise defined herein, terms used shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that all resolutions set out in the Notice of the SGM contained in the Circular were duly passed by the shareholders (or independent shareholders, as the case may be) on 2 October 2007.

On 12 October 2007, the Company granted Share Options for 40,000,000 shares to employees of the Group at an exercise price of HK\$0.45 per share during the period from 12 October 2008 to 12 October 2014 under its Share Option Scheme. The total share options granted included 4,000,000 to a director, Mr. Li Wo Hing.

Subsequent to the SGM, the Company increased its share capital by the allotment of 233,000,000 Top-up Shares, 400,000,000 Consideration Shares and 70,000,000 Convertible Shares on 22 October 2007, 22 October 2007 and 26 October 2007, respectively. The paid-up share capital as a result of these transactions currently stands at HK\$17,050,000, composed of 1,705,000,000 shares at HK\$0.01 each.

On 2 November 2007, the Company changed its name to China Asean Resources Limited, 神州東盟資源有限公司 pursuant to a special resolution passed at the SGM on 2 October 2007. Commencing from 9 November 2007, the shares will trade on the Stock Exchange under the new name. The English stock short name of the Company will be changed from “Medical Chi” to “China Asean Res” and the Chinese stock short name from “神州醫療” to “神州東盟資源”. The stock code: 08186, of the Company will remain unchanged. The change of Company name is to reflect its future business expansion into the resources business in Cambodia and the PRC.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Interests in the Company's shares:

Name	Number of ordinary shares of HK\$0.01 each in the share capital of the Company held	Nature of interests	Percentage of interest
Mr. Li Wo Hing	32,800,000	Personal (<i>Note 2</i>)	2.65%
	193,360,000	Corporate (<i>Notes 1, 2</i>)	15.66%
	226,160,000		18.31%
Dr. Li Nga Kuk, James	32,800,000	Personal	2.65%
Mr. Li Tai To, Titus	16,400,000	Personal (<i>Note 2</i>)	1.33%



Note 1: People Market Management Limited (“PMM”), holding 193,360,000 shares, is owned as to 70.60% by Mr. Li Wo Hing.

Note 2: As a result of the top-up placing on 14 August 2007, Mr. Li Wo Hing and PMM did not hold any shares and Mr. Li Tai To, Titus was holding 9,560,000 shares as at 30 September 2007, however, all three Vendors were, respectively, entitled to 32,800,000, 193,360,000 and 6,840,000 subscription shares pursuant to the Placing and Share Subscription Agreement. In calculating the directors’ interests and percentage interests, the granting of the 233,000,000 Top-up Shares has been included.

Save as disclosed above, as at 30 September 2007, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the minimum standards of dealings by directors, to be notified to the Company and the Stock Exchange.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

On 14 December 2001, the Company had conditionally approved and adopted a share option scheme pursuant to which any employees and directors of the Company and its subsidiaries may be granted options to subscribe for shares of the Company. As at 30 September 2007, none of the directors or the chief executive or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

At 30 September 2007, so far as is known to any of the directors or the chief executive of the Company, the following persons (other than a director or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	Number of shares held	Capacity	Percentage of interest
1. PMM (Note)	193,360,000	Beneficial owner	15.66%
2. UBS AG	66,550,000	Beneficial owner	5.39%
3. Keywise Capital Management (HK) Limited	60,650,000	Beneficial owner	4.91%
4. Keywise Greater China Master Fund	60,650,000	Beneficial owner	4.91%

Note: As at 30 September 2007, PMM owned 193,360,000 shares, representing approximately 15.66% of the issued share capital of the Company. The issued share capital of PMM is owned as to 70.6% by Mr. Li Wo Hing, as to 19.6% by Dr. Li Nga Kuk, James and as to 9.8% by Mr. Li Tai To, Titus. Mr. Li Wo Hing's indirect interest in the 226,160,000 shares through PMM are also disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". In calculating the number of shares held and percentage of interests, the granting of the 233,000,000 Top-up Shares has been included.

Save as disclosed above, as at 30 September 2007, so far as is known to any of the directors or the chief executive of the Company, no other person (other than a director or the chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.



DIRECTORS' INTERESTS IN CONTRACTS

No contracts, commitments or agreements of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the directors of the Company had a material interest, either directly or indirectly, subsisted during the nine months ended 30 September 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the directors, management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) have engaged in any businesses that compete or may compete with the business of the Group or have any other conflicts of interests with the Group.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

During the nine months ended 30 September 2007, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules.

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee (the "Committee") with written terms of reference which deal with its authority and duties. The Committee's primary duties are to review and to supervise the financial reporting process and internal control systems of the Group and to provide advice and comments to the directors.

The Committee comprises three independent non-executive directors, namely, Messrs. Fan Wan Tat, Tam Wai Leung, Joseph and Chan Kim Chung, Daniel.

During the nine months ended 30 September 2007, the Committee held three meetings for the purpose of reviewing the Company's reports and financial statements, and providing advice and recommendations to the board of directors.



The Committee members have reviewed the Company's quarterly report for the nine months ended 30 September 2007, and are of the opinion that the preparation of such results comply with applicable accounting standards.

The Company has adopted the required standards on dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' transactions in securities of the Company throughout the nine months ended 30 September 2007. The Company's directors confirmed that they have complied with such code of conduct and the required standards of dealings throughout the nine months ended 30 September 2007.

By order of the Board

Li Nga Kuk, James
Chairman

Hong Kong, 13 November 2007