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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)**

### **ANNOUNCEMENT –**

### **FINAL SETTLEMENT FOR THE DISPUTE OVER THE COMPANY'S OWNERSHIP IN A SUBSIDIARY ENGAGED IN MEDICAL EQUIPMENT BUSINESS IN CHINA**

In settlement of the Unauthorised Disposal with the Chinese Partner, on 1 September 2010, the Company executed the Settlement Agreements with each of the Chinese Partner and the First New Shareholder (for which the PRC court has endorsed on 2 September 2010), pursuant to which the Company would withdraw the application for the administrative review in the PRC on the Unauthorised Disposal within 10 days from the date of the Settlement Agreements in consideration of RMB4,000,000 payable to the Company by the Chinese Partner. The consideration will be payable in two stages, RMB2,000,000 of which will be payable after the Company's application for withdrawal of the administrative review and the other RMB2,000,000 of which will be payable after the issue of this announcement and obtaining the relevant board resolution for approving the Settlement Agreements by the Company. The PRC court will act as stakeholder of the said RMB4,000,000 before the Company's fulfillment of its obligations thereunder, and will release the sums to the Company after fulfillment of its obligations.

The Company has submitted the application for withdrawal of the administrative review and obtained the board resolution for approving the Settlement Agreements on 9 September 2010 and 12 August 2010 respectively. After publication of this announcement, all the obligations of the Company under the Settlement Agreements have been fulfilled. According to the advice of the Company's PRC legal advisers, the Chinese Partner has already deposited the said RMB4,000,000 to the PRC court, for which the Company can now apply for payment as a result of the fulfillment of Company's obligations as mentioned above. It is expected that the Company will receive the RMB4,000,000 by end of September 2010.

Moreover, under the Settlement Agreements, each of the Company on the one hand and the Chinese Partner and the First New Shareholder on the other hand has undertaken to not to claim or pursue against the other in relation to the Dispute. Hence, both the administrative review and the Civil Claim are settled in full pursuant to the Settlement Agreements.

This announcement is made pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Board wishes to provide the shareholders of the Company and the investing public of the latest development of the dispute (the “**Dispute**”) on the Company’s 65% equity interest in Sinnowa Medical Science and Technology Co., Ltd. (南京神州英諾華醫療科技有限公司) (the “**Medical Equipment Subsidiary**”).

Reference is made to the Company’s announcements (the “**Announcements**”) dated 2 August 2010, 6 June 2009 and 26 March 2009 respectively and the paragraph headed “Litigation” in Appendix IV of the open offer prospectus of the Company dated 25 March 2010, in relation to the Unauthorised Disposal of the Medical Equipment Subsidiary. Unless otherwise stated, terms used herein shall have the same meanings as those used in the Announcements.

## **Background of the Dispute**

As mentioned in the Company’s announcement dated 26 March 2009, there were two unauthorised sale and purchase agreements (the “**Unauthorised Sale and Purchase Agreements**”) dated 10 November 2007 entered into in the name of the Company, pursuant to which the Company agreed to dispose of its entire 65% equity interest in the Medical Equipment Subsidiary as to 30% to Innova Science & Technology Co., Ltd. (南京英諾華科技有限公司) (the “**Chinese Partner**”) and as to 35% to Great Profits Enterprises Limited (the “**First New Shareholder**”), at a consideration of RMB14.00 million (equivalent to approximately HK\$15.88 million) and RMB1.00 million (equivalent to approximately HK\$1.13 million), respectively. The Unauthorised Sale and Purchase Agreements were duly registered with PRC authorities to the effect that the Medical Equipment Subsidiary was owned as to 65% by the Chinese Partner and as to the remaining 35% by the First New Shareholder. However, the Company has denied that the execution of the two Unauthorised Sale and Purchase Agreements was duly authorised, and all the Directors denied that they had executed such Unauthorised Sale and Purchase Agreements for and on behalf of the Company.

The Company has already lodged a formal request for administrative review for scrutinizing the governmental approval of the Unauthorised Disposal and registration of the Unauthorised Sale and Purchase Agreements in relation thereto. In the midst of the administrative review, the Company was notified in October 2009 that the Chinese Partner filed a civil claim (the “**Civil Claim**”) against the Company in the courts of Nanjing, PRC so as to seek the court’s declaration that the transfer of the Company’s 65% interest in the Medical Equipment Subsidiary is legal and valid.

## **Execution of Settlement of the dispute**

As mentioned in the Company’s announcement dated 2 August 2010. The Company preliminarily intends to propose to settle the dispute with the counterparty, in consideration of the counterparty paying a sum of RMB4,000,000 to the Company.

In settlement of the Unauthorised Disposal with the Chinese Partner, on 1 September 2010, the Company executed the Settlement Agreements with each of the Chinese Partner and the First New Shareholder (for which the PRC court has endorsed on 2 September 2010), pursuant to which the Company would withdraw the application for the administrative review in the PRC on the Unauthorised Disposal within 10 days from the date of the Settlement Agreements in consideration of RMB4,000,000 payable to the Company by the Chinese Partner. The consideration will be payable in two stages, RMB2,000,000 of which will be payable after the Company’s application for withdrawal of the administrative review and the other RMB2,000,000 of which will be payable

after the issue of this announcement and obtaining the relevant board resolution for approving the Settlement Agreements by the Company. The PRC court will act as stakeholder of the said RMB4,000,000 before the Company's fulfillment of its obligations thereunder, and will release the sums to the Company after fulfillment of its obligations.

The Company has submitted the application for withdrawal of the administrative review and obtained the board resolution for approving the Settlement Agreements on 9 September 2010 and 12 August 2010 respectively. After publication of this announcement, all the obligations of the Company under the Settlement Agreements have been fulfilled. According to the advice of the Company's PRC legal advisers, the Chinese Partner has already deposited the said RMB4,000,000 to the PRC court, for which the Company can now apply for payment as a result of the fulfillment of Company's obligations as mentioned above. It is expected that the Company will receive the RMB4,000,000 by end of September 2010.

Moreover, under the Settlement Agreements, each of the Company on the one hand and the Chinese Partner and the First New Shareholder on the other hand has undertaken to not to claim or pursue against the other in relation to the Dispute. Hence, both the administrative review and the Civil Claim are settled in full pursuant to the Settlement Agreements.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 9 September 2010

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Leung Sze Yuan, Alan and Mr. Zhang Zhenzhong, one non-executive Director, namely 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 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>".*