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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)

STRATEGIC INVESTMENT AGREEMENT WITH POLY LONGMA

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Company is pleased to announce that on 23 January 2011, the Company entered into the legally binding Strategic Investment Agreement with Poly Longma, a professional asset management company and a subsidiary of Poly Communication (a group member of China Poly Group Corporation), for Poly Longma's exclusive cooperation with the Company to jointly invest in forest and/or mineral (including but not limited to coal, silver, iron and molybdenum, etc.) resources projects (which are approved by both parties through the Investment Committee) in China, Mongolia, East Asia, South Asia, Southeast Asia, Central Asia, the Commonwealth of Australia and/or New Zealand.

Unless otherwise agreed by other party, neither the Company nor Poly Longma may cooperate or negotiate with any other third parties to invest in or acquire the Resources Projects approved by the Investment Committee during the term of the Strategic Investment Agreement (save for the cooperation under the potential strategic investment agreement for which the Company is in the final stage of negotiation with a large state-owned enterprise in China).

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STRATEGIC INVESTMENT AGREEMENT

Date

23 January 2011

Parties to the Strategic Investment Agreement

Poly Longma (which and its ultimate beneficial owner(s) is an Independent Third Party) and the Company

Principal terms of the Strategic Investment Agreement

Term of the cooperation

The Strategic Investment Agreement is legally binding on each party and is for a term of three years from the date of execution.

Cooperation between the Company and Poly Longma in the investment of forest and mineral resources

Poly Longma will exclusively cooperate with the Company to jointly invest in forest and/or mineral (including but not limited to coal, silver, iron and molybdenum, etc.) resources projects (which are approved by both parties through the Investment Committee) (the “Resources Projects”) in China, Mongolia, East Asia, South Asia, Southeast Asia, Central Asia, the Commonwealth of Australia and/or New Zealand such that:

- (i) the Group will acquire directly from Poly Longma interests in those Resources Projects already owned and/or controlled by it or its affiliates; or
- (ii) Poly Longma will (subject to the approval of the Investment Committee as detailed below) acquire the interests in those Resources Projects not owned by it (or its affiliates) and the Group will subsequently acquire all or part of such interest from Poly Longma.

Approval by the Investment Committee

The Investment Committee will comprise five members, three of whom are appointed by the Company and the remaining two are appointed by Poly Longma. Resolutions relating to any Resources Projects should be passed unanimously by members of the Investment Committee who are present to cast their votes at the meeting.

Consideration payable by the Group

The consideration payable by the Group for acquisition of interests in the Resources Projects from Poly Longma, encompassing the costs born by Poly Longma in acquiring such interest in the Resources Projects, shall not be higher than 115% of the acquisition price paid by Poly Longma in respect of the Resources Projects. The Company may appoint a professional independent valuer to assess the value of the Resources Projects. In the event that the acquisition price paid by Poly Longma is higher than the value assessed by the valuer, the consideration payable by the Group will not be higher than 115% of such valuation.

Assistance

The Group shall, on a best effort basis, support Poly Longma in obtaining financing for acquiring the Resources Projects (including but not limited to providing guarantee to third parties by the Company).

Responsibilities of Poly Longma

Poly Longma will, among other things, (i) identify investment/acquisition opportunities in Resources Projects based on the Company's investment objectives and requirements; (ii) conduct preliminary due diligence work on the Resources Projects and report to the Investment Committee; and (iii) complete the relevant group reorganisation of the Resources Projects (whether already held or to be acquired by Poly Longma or its affiliates) so as to facilitate the subsequent acquisition by the Group for compliance with the relevant rules and regulations.

Responsibilities of the Group

Once an investment in a Resources Project is approved by the Investment Committee, except for such reasons as (i) failure to obtain internal approval from the Company's management; or (ii) failure to comply with the regulatory requirements applicable to the Company, the Company shall not unreasonably withhold or delay its investment in/acquisition of the interests in such Resources Project from Poly Longma; otherwise, the Group shall compensate the economic loss incurred by Poly Longma. If the Group has identified suitable Resources Projects, it may but is not obliged to propose such projects to the Investment Committee.

The Company will also pay a sum of RMB500,000 to Poly Longma to cover the upfront expenses for implementation of the Strategic Investment Agreement.

Preferential Rights and Exclusivity

Unless otherwise agreed by other party, neither the Company nor Poly Longma may cooperate or negotiate with any other third parties to invest in or acquire the Resources Projects approved by the Investment Committee during the term of the Strategic Investment Agreement (save for the cooperation under the potential strategic investment agreement for which the Company is in the final stage of negotiation with a large state-owned enterprise in China).

THE INVESTMENT COMMITTEE

The primarily responsibilities of the Investment Committee will include, among other things, (i) performing risk assessment on the Resources Projects and to decide whether the Group and Poly Longma should proceed with such investments/acquisitions; (ii) deciding on the size and structure of investment in the Resources Projects; (iii) deciding the level and forms of guarantee to be provided by the Company (if required); and (iv) assessing the profitability of the Resources Projects.

BACKGROUND OF POLY LONGMA

Poly Longma is principally engaged in strategic investment, asset management, restructuring of distressed assets and financial services and is a professional asset management company and a subsidiary of Poly Communication (a group member of China Poly Group Corporation), a conglomerate principally engaged in defense manufacturing, operations of cultural activities, property development and mining. China Poly Group Corporation is one of the 146 central enterprises under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of China with assets of over HK\$230 billion and is the controlling shareholder of two listed companies, namely Poly Real Estate Group Company Limited and Poly (Hong Kong) Investments Limited (Stock Code: 119) which are listed on the Shanghai Stock Exchange and the main board of the Stock Exchange, respectively.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE STRATEGIC INVESTMENT AGREEMENT

The Group is principally engaged in the natural resources businesses and holds 70-year economic land concessions measuring to approximately 31,000 hectares with timber reserve of approximately 7 million cubic metres in the Kingdom of Cambodia. The Company recorded consolidated loss of approximately HK\$49.76 million and HK\$6.26 million for the year ended 31 December 2009 and the six months ended 30 June 2010, respectively. In view of the continuous unsatisfactory financial results, the Group has been actively seeking appropriate investment opportunities to broaden its income stream and improve its results of operations.

As disclosed above, Poly Longma is a professional asset management company and a subsidiary of Poly Communication (a group member of China Poly Group Corporation). The directors of the Company considered that the entering into of the Strategic Investment Agreement with Poly Longma will allow the Company to leverage on the extensive network of Poly Longma in the resources industry and broaden its investment opportunities in forest and/or mineral projects with promising prospects (including those mineral resources owned by Poly Longma and its affiliates with proven track record) and thus enhance the Group's financial performance.

In addition, under the arrangement of the Strategic Investment Agreement, the Group's investment in/acquisition of the relevant interests from Poly Longma will be largely secured and facilitated by having Poly Longma to acquire the relevant interest in the Resources Projects and complete the necessary restructuring first prior to the Group's subsequent participation.

Given the above, the directors of the Company considered that the entering into of the Strategic Investment Agreement is in the interests of the Company and its shareholders as a whole.

TERMS AND DEFINITION

“China”	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan)
“Company”	China Asean Resources Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the knowledge of the Company's directors, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected person(s)
“Investment Committee”	an investment committee to be jointly established by the Company and Poly Longma in accordance with the terms of the Strategic Investment Agreement for purposes of formulating, monitoring and operating the investments in the Resources Projects

“Poly Communication”	保利通訊有限公司(Poly Communication Limited)*, a company incorporated in China with limited liability
“Poly Longma”	北京保利龍馬資產管理有限公司(Beijing Poly-LongMa Asset Management Co., Ltd.)*, a company incorporated in China with limited liability
“Strategic Investment Agreement”	the strategic investment agreement dated 23 January 2011 entered into between the Company and Poly Longma
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of China
“RMB”	Renminbi, the lawful currency of China

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

Hong Kong, 23 January 2011

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, Mr. Zhang Zhenzhong and Mr. Zeng Lingchen; and four independent non-executive Directors, namely Mr. Chan Kim Chung, Daniel, Mr. Tam Wai Leung, Joseph, Ms. Wen Huiying and Mr. Zhang Ying.

This announcement, for which the Director 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, have 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 in 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 publication and on the website of the Company at <http://www.chinaaseanresources.com>.

* for identification purpose only