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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

**CHINA ASEAN RESOURCES LIMITED****神州東盟資源有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

**DISCLOSEABLE TRANSACTION
INVOLVING THE ISSUE OF CONSIDERATION SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting (the “SGM”) to be held at 10:00 a.m. on 18 August 2011 at 8th Floor, Teda Building, 87 Wing Lok Street, Hong Kong is set out on pages 12 to 14 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as practicable, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

The circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for 7 days from the date of its posting.

3 August 2011

CHARACTERISTICS OF GEM

Growth Enterprise Market (“GEM”) has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited. 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 of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition Agreement”	the agreement dated 28 July 2011 and entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
“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
“Consideration”	the consideration of HK\$150 million for the Acquisition
“Consideration Shares”	483,870,967 new Shares to be allotted and issued by the Company to the Vendor and/or its nominee(s) at the Issue Price upon completion of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Establishment”	the establishment of the Target Group and the steps to be taken by the Target Group for the purpose of, inter alia, enabling it to commence operations (including commercial production)
“GEM”	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
“Guarantor”	Mr. Lo Hung Pan, being the sole beneficial owner of the Vendor
“Issue Price”	HK\$0.31 per Consideration Share

DEFINITIONS

“Latest Practicable Date”	29 July 2011, being the latest practicable day for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	30 shares in the issued share capital of the Target Company, representing 30% of the issued share capital of the Target Company
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder and the Specific Mandate
“Shares(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought at the SGM to grant to the Director(s) to allot, issue and deal with the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Live Rise Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor “	Better Day International Ltd., an investment holding company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the PRC



CHINA ASEAN RESOURCES LIMITED

神州東盟資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

Executive Directors:

CHULTEMSUREN Gankhuyag
GONG Ting
LEUNG Sze Yuan, Alan (*Chairman*)
ZENG Lingchen

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent non-executive Directors:

TAM Wai Leung, Joseph
WEN Huiying
Zhang Ying

Principal place of business:

8th Floor
Teda Building
87 Wing Lok Street
Hong Kong

3 August 2011

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION
INVOLVING THE ISSUE OF CONSIDERATION SHARES**

INTRODUCTION

Reference is made to the announcements of the Company dated 28 July 2011 and 29 July 2011. The purpose of this circular is to provide you with (i) details of the Acquisition Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the SGM.

LETTER FROM THE BOARD

THE ACQUISITION AGREEMENT

Date

28 July 2011

Parties to the Acquisition Agreement

- (i) The Company, as the purchaser;
- (ii) The Vendor, as the vendor; and
- (iii) The Guarantor, as the guarantor for the performance by the Vendor of its obligations under the Acquisition Agreement

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Guarantor and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be acquired

The Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 30% of the issued share capital of the Target Company.

Conditions precedent

Completion of the Acquisition is subject to the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having been reasonably satisfied with the results of a due diligence review on the Target Group;
- (ii) all necessary consents, licenses and approvals required to be obtained on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained;

LETTER FROM THE BOARD

- (iii) all necessary consents, licenses and approvals required to be obtained on the part of the Company in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) having been obtained;
- (iv) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) from a firm of PRC legal advisers appointed by the Company in relation to such part(s) of the Establishment which relate(s) to the PRC issues;
- (v) the warranties given by the Vendor under the Acquisition Agreement remaining true and accurate in all material respects;
- (vi) the Listing Committee of the GEM having granted the listing of and permission to deal in the Consideration Shares;
- (vii) completion of the Establishment (including, inter alia, the Target Group having established production lines to carry out the manufacture of household and related products) in such manner to the reasonable satisfaction of the Company and the obtaining of all necessary consents and approvals required to be obtained from relevant authorities in such regards; and
- (viii) the passing of an ordinary resolution by the Shareholders at the SGM approving the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares under the Specific Mandate).

If the conditions set out above are not fulfilled or, as the case may be, waived (only in respect of conditions numbered (i), (ii), (iv) and (v) by the Company) on or before 4:00 p.m. on 31 March 2012, or such other date as the Company and the Vendor may agree, neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms of the Acquisition Agreement.

Completion

Completion of the Acquisition shall take place on the date falling on the third business day after all the conditions as set out above have been fulfilled or waived (as the case may be) or such later date as may be agreed between the parties.

Upon completion of the Acquisition, the Target Company will become an associated company of the Company and its financial results will be accounted for using the equity method.

LETTER FROM THE BOARD

Consideration

The consideration for the Acquisition of HK\$150 million was determined after arm's length negotiations between the Company and the Vendor with reference to, among other things, the prospects of the Target Group (such as its potential operating scale, growth potential, future earnings, etc.) and the industry as well as the Guaranteed Profit (as defined below). The Consideration will be satisfied by the allotment and issue of 483,870,967 Consideration Shares to the Vendor and/or its nominee(s) at the Issue Price upon completion of the Acquisition.

The Consideration Shares represents (i) approximately 22.61% of the issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 18.44% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Issue Price is determined after arm's length negotiations between the Company and the Vendor with reference to the recent market price of the Shares and:

- (i) represents a discount of approximately 6.06% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) is equivalent to the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on 28 July 2011, the last trading day prior to the release of the Company's announcement relating to the Acquisition dated 28 July 2011 (the "Last Trading Day"); and
- (iii) represents a discount of approximately 4.91% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day.

The Consideration Shares will rank *pari passu* in all respects with all other shares of the Company in issue on the date of their allotment and issue, including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

LETTER FROM THE BOARD

Consideration adjustment

The Vendor has warranted that the actual consolidated audited profit after tax of the Target Group calculated in accordance with Hong Kong Financial Reporting Standards for the year ending 31 December 2012 (the “Actual Profit”) shall be no less than HK\$80 million (the “Guaranteed Profit”).

In the event that the Actual Profit falls short of the Guaranteed Profit not as a result of force majeure events, the Company will be entitled to receive a compensation equivalent to 30% of 6.25 times the shortfall between the Guaranteed Profit and the Actual Profit in cash subject to a cap of HK\$150 million.

Announcement(s) will be made by the Company in the event that the Guaranteed Profit is not achieved.

Option to acquire further interest in the Target Company

The Company shall have the right to acquire an additional equity interest of up to 50% in the Target Company at a purchase price calculated based on 6.25 times of the Guaranteed Profit at any time within two years from the date of the Acquisition Agreement. Should the exercise of such right constitute a notifiable transaction of the Company, the Company will timely comply with the applicable requirements of the GEM Listing Rules.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Acquisition; and (iii) immediately after completion of the Acquisition (assuming completion of the acquisition of Global Trade Enterprises Group Limited (“Global Trade”) by the Group, details of which are disclosed in the announcement of the Company dated 10 July 2011):

	As at the date of this circular		Immediately after completion of the Acquisition		Immediately after completion of the Acquisition (assuming completion of the acquisition of Global Trade) (Note 3)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Directors (Note 1)	517,068,972	24.16%	517,068,972	19.71%	517,068,972	17.10%
Mr. Ding Yin Fei	254,545,454	11.89%	254,545,454	9.70%	254,545,454	8.42%
China Alliance Enterprise Investment Limited (Note 2)	—	—	—	—	400,000,000	13.23%
The Vendor	—	—	483,870,967	18.44%	483,870,967	16.00%
Public	1,368,465,572	63.94%	1,368,465,572	52.15%	1,368,465,572	45.25%
Total	2,140,079,998	100.00%	2,623,950,965	100.00%	3,023,950,965	100.00%

Notes:

- These Shares comprise the Shares held by (i) existing Directors, namely Mr. Gong Ting and Mr. Leung Sze Yuan, Alan; and (ii) three former Directors, namely Mr. Zhang Zhenzhong, Mr. Li Tai To and Mr. Li Nga Kuk, James.
- Pursuant to the agreement contemplating the acquisition of Global Trade by the Group, the Company shall allot and issue a total of 400,000,000 new Shares to China Alliance Enterprise Investment Limited (as the vendor) upon completion of the transaction.
- This scenario is presented for illustrative purpose only. As at the Latest Practicable Date, the acquisition of Global Trade by the Group has not been completed.

INFORMATION ON THE GROUP

The Group is principally engaged in two principal business lines, namely (i) forestry, wooden product manufacturing and plantation business; and (ii) mineral resources related business.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET COMPANY

The Target Company is wholly-owned by the Vendor, which in turn is an investment holding company wholly-owned by the Guarantor. As at the date of the Acquisition Agreement, the Target Company did not hold any material asset. The Target Company recorded net loss before and after tax of approximately HK\$0.01 million since its incorporation on 5 July 2011 up to the Latest Practicable Date and net asset value of approximately of HK\$0.01 million as at the Latest Practicable Date.

Upon completion of the Acquisition, the Target Group will be principally engaged in the design and manufacture of medium-to-high end plastic household and related products (such as bottles, kitchen utensils, etc.), industrial product components (such as automobile and logistics components) as well as research and development of new plastic materials. The Target Group intends to lease premises in Foshan, Guangdong Province, the PRC to carry out its business. Depending on the results of the business review to be conducted by the Target Group and subject to the procurement of sufficient demand of wooden household products, the Target Group may also be engaged in the manufacture of wooden household products (such as hangers and chopping boards, etc.). As part of the conditions imposed on the Vendor, the Target Group shall have set up new production lines comprising new and used injection machines, molding machines (such as CNC machining centers and drilling machines, etc.), accessories and raw materials, etc. sourced from different vendors and with an estimated aggregate value between HK\$100 million and HK\$120 million (of which approximately 50% is for the injection machineries and 25% is for the molding machineries). Commencement of commercial production of plastic household and related products is expected to take place before the end of this year. The manufacture of wooden household products is expected to commence in the first half of 2012 (subject to the results of business review and procurement of sufficient demand as mentioned above).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Driven by the changing consumer preferences, increasing disposable incomes and improving living standards, medium-to-high end household products have become increasingly popular in the PRC. The Group intends to acquire the Target Group for the manufacture of medium-to-high end plastic household and related products to meet the growing demand of this market. In addition, in view of the growing trend of the consumption of wooden household products in the PRC, the Target Group's potential engagement in the manufacture of wooden household products in the PRC may further enhance its profitability and thus the Group's financial results. It is therefore expected that the Acquisition will allow the Group to capitalise on the growth engine of the domestic consumption market which has been encouraged by the PRC government and broaden its income stream.

LETTER FROM THE BOARD

Having considered that (i) the prospect of the Target Group is positive given the promising outlook of the domestic consumption market in the PRC and (ii) the provision of profit guarantee by the Vendor as an additional assurance to the future performance of the Target Group, the Directors believe that the Acquisition represents an attractive investment and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

THE SGM

The notice convening the SGM to be held at 10:00 a.m. on 18 August 2011 at 8th Floor, Teda Building, 87 Wing Lok Street, Hong Kong for the Shareholders to consider and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares) by way of poll, is set out on pages 12 to 14 of this circular. Since to the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Acquisition Agreement, no Shareholder will be required to abstain from voting in respect of the resolution approving the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) at the SGM.

Form of proxy for use in the SGM is enclosed with this circular. If Shareholders are not able to attend the SGM, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjournment thereof should they wish to do so.

LETTER FROM THE BOARD

RECOMMENDATION

Based on the above, the Directors consider that the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) are in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Shareholders to vote in favor of the resolution in respect of the Acquisition Agreement at the SGM.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

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

NOTICE OF SPECIAL GENERAL MEETING



CHINA ASEAN RESOURCES LIMITED

神州東盟資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Asean Resources Limited (the “Company”) will be held at 10:00 a.m. on 18 August 2011 at 8th Floor, Teda Building, 87 Wing Lok Street, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution.

ORDINARY RESOLUTION

“**THAT**

- (a) subject to The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Consideration Shares (as defined below), the agreement (the “**Acquisition Agreement**”) dated 28 July 2011 entered into among the Company as the purchaser, Better Day International Ltd. (the “**Vendor**”) as the vendor and Mr. Lo Hung Pan as the guarantor in relation to the sale and purchase of 30% equity interest in Live Rise Technology Limited upon completion of the Acquisition Agreement (a copy of which is marked “A” and produced to the SGM and signed by the chairman of the SGM for identification purpose) be and is hereby ratified, confirmed and approved and any one or more director(s) of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents which he/they consider(s) necessary, desirable or expedient for the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder; and

NOTICE OF SPECIAL GENERAL MEETING

- (b) subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Consideration Shares (as defined below), the allotment and issue of 483,870,967 new shares of HK\$0.05 each in the share capital of the Company (the “**Consideration Shares**”) to the Vendor and/or its nominee(s) at the issue price of HK\$0.31 per share be and is hereby approved and any one or more directors of the Company be and is/are hereby authorized to allot and issue the Consideration Shares in accordance with the terms of the Acquisition Agreement and to take all steps necessary, desirable or expedient in his/their opinion to implement or give effect to the allotment and issue of the Consideration Shares.

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

Hong Kong, 3 August 2011

Registered office:
Canon’s Court,
22 Victoria Street,
Hamilton HM 12,
Bermuda

*Head office and principal place
of business in Hong Kong:*
8th Floor,
Teda Building,
87 Wing Lok Street,
Hong Kong

Notes:

1. A form of proxy to be used for the meeting is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

NOTICE OF SPECIAL GENERAL MEETING

4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. No shareholders will abstain from voting for the ordinary resolution.