

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA BILLION RESOURCES LIMITED

中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 274)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF EQUITY INTEREST IN TARGET CO

THE CAPITAL INCREASE AGREEMENT

The Board announces that on 2 September 2019, the Group has entered into a Capital Increase Agreement with Target Co, pursuant to which the Subscriber, the wholly-owned subsidiary of the Company, has agreed to make a capital contribution in the amount of HK\$55,000,000 in cash to the registered capital and the capital reserve of Target Co. Upon Completion, the Subscriber will own approximately 13.01% of Target Co's enlarged issued share capital.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Proposed Capital Increase are more than 5% but less than 25%, the Proposed Capital Increase under the Capital Increase Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 2 September 2019, the Group has entered into the Capital Increase Agreement with Target Co, pursuant to which the Subscriber, the wholly-owned subsidiary of the Company, has agreed to make a capital contribution in the amount of HK\$55,000,000 in cash to the registered capital and the capital reserve of Target Co. The total capital contribution of HK\$55,000,000 to be made by the Subscriber will be converted into Renminbi based on the Central Parity Rate of People's Bank of China on the day of payment of which approximately RMB10,800,000 will be recorded in the registered capital, representing approximately 13.01% of Target Co's enlarged issued share capital, and the remaining fund will be recorded in the capital reserve of Target Co.

The funding of the Proposed Capital Increase may be financed by the Company's internal resources, issuing shares under the general mandate, loan arrangement or the combination of the above subject to the market conditions and the outcomes of the negotiations with potential investors.

THE CAPITAL INCREASE AGREEMENT

- Date: 2 September 2019
- Parties:
- (i) Subscriber, a wholly-owned subsidiary of the Company newly incorporated in Hong Kong with limited liability, is principally engaged in investment holding
 - (ii) Target Co
 - (iii) Existing Shareholders

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Target Co and the Existing Shareholders is an Independent Third Party.

Capital Increase: The Subscriber will own approximately 13.01% of the entire enlarged issued capital of Target Co upon Completion.

Total consideration: The consideration of HK\$55,000,000 was arrived at after arm's length negotiations amongst the parties and determined with reference to the independent valuation referred to below and the audited net asset value of Target Co in the amount of approximately RMB109,960,000 as at 31 July 2019.

According to an independent valuation carried out by Beijing Zhuoxin Dahua Appraisal Company Limited* (北京卓信大華資產評估有限公司), an independent certified public valuer in the PRC, the appraised value of the entire equity interest in Target Co as at 31 July 2019 was approximately RMB330,000,000, based on the market approach. Such valuation was issued in accordance with the relevant valuation standards in the PRC.

Payment terms: The Group shall pay the amount of the capital contribution of HK\$55,000,000 in cash, subject to a provisional hazardous waste treatment licence to be obtained by Target Co, on or before 31 December 2019.

Other term(s): In addition to the normal and usual representations and undertakings provided to the Company, Target Co shall submit applications to the relevant Chinese industry and commerce administration authorities to update the relevant registration, including the amended articles of association of Target Co, within three business days following the entering into of the Capital Increase Agreement.

INFORMATION OF THE GROUP

The Company was incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in: (i) gold mining, exploration and trading of gold products in the PRC and (ii) provision of money lending services in Hong Kong.

INFORMATION ON TARGET CO

Target Co is a limited liability company incorporated in the PRC in 2007 with a registered capital of RMB72,200,000 as at the date of this announcement. Target Co is principally engaged in: (i) comprehensive utilization of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials. Target Co's processing and production facilities are located in Dexing City, Jiangxi Province, PRC.

Target Co owns a number of patents and an engineering and technology research center. Target Co is building a harmless waste residue and polymetallic comprehensive recycling manufacturing plant with an annual treatment capacity up to approximately 300,000 tons in Dexing Economic Development Zone in Jiangxi Province by two phases. The first phase of the manufacturing plant construction work is substantially completed.

Based on the audited financial statements of Target Co, (i) its net asset value as at 31 July 2019 stood at approximately RMB109,960,000; and (ii) its net loss before and after taxation for the year ended 31 December 2018 were approximately RMB18,745,000. Based on the unaudited financial statements of Target Co, its net loss before and after taxation for the year ended 31 December 2017 were approximately RMB18,469,000.

CHANGES IN SHAREHOLDING STRUCTURE OF TARGET CO

The shareholding structure of Target Co as at the date of this announcement and immediately after Completion is illustrated in the following table.

	As at the date of this announcement	Immediately after Completion
	<i>Approximate %</i>	<i>Approximate %</i>
The Group	0.00	13.01
Existing Shareholder A	83.10	72.29
Existing Shareholder B	14.13	12.29
Existing Shareholder C	2.77	2.41
Total:	<u>100.00</u>	<u>100.00</u>

According to the Disclosure of Interests Form filed by OP Financial in respect of the Company, OP Financial held a security interest in 8,647,536,796 Shares representing 49.29% of the issued Shares as at 5 December 2018.

Existing Shareholder B is a wholly-owned subsidiary of the OP Financial.

REASONS FOR, AND BENEFITS OF, THE PROPOSED CAPITAL INCREASE

The Board is of the view that the Proposed Capital Increase is beneficial to the Group as it enables the Company to explore more business opportunities in the downstream business of the Group and expects to generate more profit in the future. Depending on the future performance of Target Co, the Company may consider investing more funds and/or resources in Target Co with a view to improving the financial condition of the Group.

The Board has approved the Capital Increase Agreement and the Proposed Capital Increase contemplated thereunder. The Directors (including the INEDs) consider the terms of the Capital Increase Agreement are on normal commercial terms and the transaction contemplated thereunder, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Proposed Capital Increase are more than 5% but less than 25%, the Proposed Capital Increase under the Capital Increase Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Increase Agreement”	the capital increase agreement dated 2 September 2019 entered into by and between the Subscriber and Target Co
“Company”	China Billion Resources Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the Proposed Capital Increase pursuant to the terms set out the Capital Increase Agreement
“connected person(s)”	with meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Shareholder A”	Hangzhou Efine Investment Limited Partnership* (杭州鐮沃益伴投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC, is principally engaged in investment holding
“Existing Shareholder B”	OP Felicity Limited, a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding

“Existing Shareholder C”	Gold Rush Limited, a company incorporated in Hong Kong with limited liability, is principally engaged in general trading, trading in electronic products and investment holding
“Existing Shareholders”	collectively Existing Shareholder A, Existing Shareholder B and Existing Shareholder C
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and its connected persons pursuant to the Listing Rules
“INED(s)”	independent non-executive director(s) of the Company
“NED(s)”	non-executive director(s) of the Company
“OP Financial”	OP Financial Limited (formerly known as OP Financial Investments Limited) is a company incorporated in the Cayman Islands with limited liability, which shares are traded on the Main Board of the Stock Exchange
“Target Co”	Dexing Efine Nonferrous Metal Regeneration Co., Limited*(德興市益豐再生有色金屬有限責任公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Proposed Capital Increase”	the proposed capital contribution by the Subscriber in the amount of HK\$55,000,000 to the registered capital and the capital reserve of Target Co pursuant to the Capital Increase Agreement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber” China Billion International Engineering Management Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong

“%” per cent

By order of the Board of
China Billion Resources Limited
Qiao Bingya
Chairman of the Board

Hong Kong, 2 September 2019

As at the date of this announcement, the Board comprises:

Executive directors:

Mr. Qiao Bingya (*Chairman of the Board*)

Mr. Zhang Yiwen (*Chief executive officer*)

Mr. Zhang Li

Non-executive directors:

Mr. Zhang Jing

Mr. Zhang Wei

Independent non-executive directors:

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Xie Qiangming

** for identification purposes only*