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## **CHINA BILLION RESOURCES LIMITED**

中富資源有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 274)**

### **PROPOSED ISSUE OF SUBSCRIPTION SHARES UNDER THE GENERAL MANDATE**

#### **PROPOSED ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE**

On 9 November 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Subscription Shares at the subscription price of HK\$0.09918 per Subscription Share. The Subscription Shares represent approximately 12.42% of the total number of Shares in issue as at the date of this announcement and approximately 11.05% of the total number of Shares in issue as enlarged by the issue of the Subscription Shares (assuming there will be no other change in the total number of Shares from the date of this announcement and up to the date of Completion).

The net proceeds from the issue of the Subscription Shares, after the deduction of the relevant expenses, will be approximately HK\$13.7 million. The Group intends to apply the net proceeds as to HK\$5 million towards the settlement of its outstanding payment obligation under the Capital Increase Agreement which is the subject of the announcement of the Company dated 2 September 2019 and the remainder approximately HK\$8.7 million towards the general working capital of the Group.

The issue of the Subscription Shares will be pursuant to the General Mandate and is not subject to Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the subscription and the issue of the Subscription Shares is subject to the condition precedent under the Subscription Agreements and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## SUBSCRIPTION AGREEMENTS

On 9 November 2020 (after trading hours), the Company entered into one Subscription Agreement with each Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Subscription Shares, being 139,500,000 new Shares, at the subscription price of HK\$0.09918 per Subscription Share.

Save for the parties to the Subscription Agreements and the number of the Subscription Shares being subscribed for, the principal terms of the Subscription Agreements are substantially the same and are summarised below:

### Date

9 November 2020

### Parties

#### *Parties to the Subscription Agreement A*

Issuer:	The Company
Subscriber:	Mr. Liu Jie (劉傑先生) (as Subscriber A)
Number of Subscription Shares to be subscribed for:	40,000,000

#### *Parties to the Subscription Agreement B*

Issuer:	The Company
Subscriber:	Mr. Wang Baoli (汪保利先生) (as Subscriber B)
Number of Subscription Shares to be subscribed for:	60,000,000

#### *Parties to the Subscription Agreement C*

Issuer:	The Company
Subscriber:	Mr. Zhou Hongliang (周宏亮先生) (as Subscriber C)
Number of Subscription Shares to be subscribed for:	39,500,000

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers is a third party independent of the Company and its connected persons.

### Subscription Shares

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for the Subscription Shares, being 139,500,000 new Shares in total, representing:

- (1) approximately 12.42% of the total number of Shares in issue as at the date of this announcement; and
- (2) approximately 11.05% of the total number of Shares in issue immediately upon Completion as enlarged by the issue of the Subscription Shares (assuming there will be no other change in the total number of Shares in issue from the date of this announcement and up to the date of Completion).

Based on the closing price of the Shares of HK\$0.12 per Share on the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK\$16,740,000. The aggregate nominal value of the Subscription Shares is HK\$1,395,000.

### **Subscription Price**

The subscription price of HK\$0.09918 per Subscription Share represents:

- (1) a discount of 17.35% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (2) a discount of 5.0% to the average closing price of HK\$0.10440 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers with reference to a 5% discount to the average closing price per Share for the five trading days immediately preceding the date of the Subscription Agreement. The total Subscription Price for the subscriptions of the Subscription Shares will be paid by the Subscribers to the Company in cash at Completion.

The net proceeds from the issue of the Subscription Shares, after the deduction of the relevant expenses, will be approximately HK\$13.7 million, representing a net issue price of approximately HK\$0.09821 per Subscription Share.

### **Ranking of the Subscription Shares**

The Subscription Shares will rank *pari passu* in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date therefor falls on or before the Completion.

### **Condition precedent**

The obligations of the Company and the Subscribers to effect the Completion are conditional upon the listing of, and permission to deal in, the Subscription Shares being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to Completion) on or before 31 December 2020 (or such later date as the parties may agree). Completion of each Subscription Agreement is not inter-conditional.

### **Completion**

Completion of the Subscription will take place within 10 Business Days immediately following the fulfilment of the condition under the Subscription Agreements, whereupon the Subscription Shares will be issued and allotted as fully paid at the Subscription Price in the name of the Subscribers or their nominees.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon Completion (assuming that there will be no other change to the share capital of and shareholding in the Company other than the issue and allotment of the Subscription Shares pursuant to the Subscription Agreements):

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<b>Substantial Shareholders</b>				
Mr. Wang Tao ( <i>Note</i> )	170,963,489	15.22%	170,963,489	13.54%
Ms. Wang Juan	165,101,665	14.70%	165,101,665	13.08%
<b>Subscribers</b>				
Subscriber A	-	0.00%	40,000,000	3.17%
Subscriber B	-	0.00%	60,000,000	4.75%
Subscriber C	-	0.00%	39,500,000	3.13%
<b>Public Shareholders</b>	787,148,228	70.08%	787,148,228	62.33%
<b>Total</b>	<b>1,123,213,382</b>	<b>100.00%</b>	<b>1,262,713,382</b>	<b>100.00%</b>

*Note:* 27,540,000 Shares are held by Mr. Wang Tao beneficially and 143,423,489 Shares are held by Chunda International Technology Development Co., Limited, which is a company wholly-owned by Mr. Wang Tao.

## REASONS FOR, AND THE BENEFITS OF, THE ISSUE OF THE SUBSCRIPTION SHARES

The Group is principally engaged in (i) gold mining, exploration and trading of gold products in the PRC; (ii) provision of money lending services in Hong Kong; (iii) trading of coal in the PRC; and (iv) wholesale and trading of frozen meat products in the PRC.

As announced by the Company on 2 September 2019, China Billion International as subscriber entered into the Capital Increase Agreement with Dexing Efine Nonferrous Metal Regeneration Co., Limited\*(德興市益豐再生有色金屬有限責任公司) as target company, and the other shareholders of the target company at that time, pursuant to which the Group agreed to make capital contribution in an aggregate amount of HK\$55,000,000 to and acquire a minority stake (initially approximately 13.01% which was subsequently diluted to approximately 12.41% as a result of further capital injection by another shareholder) in the target company. As at the date of this announcement, HK\$5 million of the Group's payment obligation under the Capital Increase Agreement remains outstanding and payable.

The Subscription can provide the Company with additional funds to settle its committed payment obligations under the Capital Increase Agreement. Upon completion of the Subscription, the Group intends to apply the net proceeds as to HK\$5 million towards the settlement of the outstanding capital contribution mentioned above and the remainder approximately HK\$8.7 million towards the general working capital of the Group.

The Directors consider that the issue of Subscription Shares can provide the Company with additional funds, enhance its working capital and strengthen its capital base and financial position. The terms of the Subscription Agreements (including the Subscription Price) were arrived at after arm's length negotiations between the Company and the Subscribers, taking into account the market price of the Shares. The Directors are of the view that the Subscription Agreements are entered into upon normal commercial terms and that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Amount of fund raised (approximately)</b>	<b>Intended use of the proceeds</b>	<b>Actual use of the proceeds</b>
27 November 2019, 4 December 2019	Private placement of Shares under general mandate	HK\$36.5 million (net of proceeds)	For repayment of existing indebtedness and as general working capital of the Group	All of the net proceeds have been utilised as intended
31 August 2020, 9 October 2020	Private placement of Shares under general mandate	HK\$9.95 million	For settlement with a creditor of the Company	There is no actual cash inflow into the Company as the issuance of Shares was to settle the indebtedness of the Company

## GENERAL MANDATE

The Subscription Shares will be issued pursuant to the General Mandate and is not subject to Shareholders' approval. Save for the 70,789,074 Shares issued under the General Mandate on 9 October 2020, the Company has not allotted and issued any other Shares pursuant to the General Mandate. After such issuance, the Board is authorised to issue a further of 139,695,787 Shares under the General Mandate and the General Mandate is therefore sufficient to cover the issuance of the Subscription Shares.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business

“Capital Increase Agreement”	the agreement dated 2 September 2019 entered into between China Billion International, as subscriber, Dexing Efine Nonferrous Metal Regeneration Co., Limited*(德興市益豐再生有色金屬有限責任公司), as target company, and the other shareholders of the target company at that time, pursuant to which the Group agreed to make capital contribution in the aggregate amount of HK\$55,000,000 to and acquire approximately 13.01% equity interest in the target company
“China Billion International”	China Billion International Environmental Resources Limited (formerly known as China Billion International Engineering Management Limited), a wholly-owned subsidiary of the Company
“Company”	China Billion Resources Limited (中富資源有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the issue and subscription of the Subscription Shares pursuant to the Subscription Agreements
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 12 June 2020 pursuant to which a maximum of 210,484,861 Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Liu Jie (劉傑先生)
“Subscriber B”	Mr. Wang Baoli (汪保利先生)

“Subscriber C”	Mr. Zhou Hongliang (周宏亮先生)
“Subscribers”	Subscriber A, Subscriber B and Subscriber C collectively
“Subscription Agreement A”	the subscription agreement dated 9 November 2020 entered into between the Company and Subscriber A in respect of the subscription of 40,000,000 new Shares at the Subscription Price
“Subscription Agreement B”	the subscription agreement dated 9 November 2020 entered into between the Company and Subscriber B in respect of the subscription of 60,000,000 new Shares at the Subscription Price
“Subscription Agreement C”	the subscription agreement dated 9 November 2020 entered into between the Company and Subscriber C in respect of the subscription of 39,500,000 new Shares at the Subscription Price
“Subscription Agreements”	Subscription Agreement A, Subscription Agreement B and Subscription Agreement C collectively
“Subscription Price”	HK\$0.09918 per Subscription Share
“Subscription Share(s)”	an aggregate of 139,500,000 new Shares to be issued by the Company and subscribed for by the Subscribers pursuant to the Subscription Agreements
“substantial shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“%”	per cent

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

*Chairman of the Board and Chief Executive Officer*

Hong Kong, 9 November 2020

As at the date this announcement, the Board comprises the following Directors:

<u>Executive directors:</u>	<u>Non-executive director:</u>	<u>Independent non-executive directors:</u>
Mr. Qiao Bingya (Chairman of the Board and Chief Executive Officer)	Mr. Sun Aimin	Mr. Cai Jianhua
Mr. Xie Qiangming		Mr. Ho Wing Chung
Mr. Zhang Yiwen		Mr. Yan Xiaotian

*In this announcement, if there is any inconsistency between the Chinese name of the entity or enterprise established in the PRC and its English translation, the Chinese name shall prevail. The English translation of name or any description in Chinese which marked with \* is for identification purpose only.*