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## **CHINA BILLION RESOURCES LIMITED**

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

**(Stock Code: 274)**

### **ISSUE OF CONVERTIBLE BONDS**

The Board announces that on 12 April 2012, the Company and China Minerals Holdings Limited entered into the Settlement Deed, pursuant to which the Company will issue the Convertible Bonds to China Minerals Holdings Limited or its nominee for the settlement of the Debt.

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.10 per Share, a total of approximately 500,000,000 Conversion Shares will be issued, representing approximately 9.55% of the existing issued share capital of the Company and approximately 8.72% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

#### **INTRODUCTION**

The Board announces that on 12 April, 2012, the Company entered into the Settlement Deed with China Minerals Holdings Limited pursuant to which the Company will issue the Convertible Bonds to China Minerals Holdings Limited or its nominee for the settlement of the Debt.

#### **THE SETTLEMENT DEED**

Date : 12 April 2012

Parties : the Company; and

China Minerals Holdings Limited, a company incorporated in the Hong Kong.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, China Minerals Holdings Limited and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons.

## **CONVERSION SHARES**

Assuming full conversion of the Conversion Bonds at the Conversion Price, the Convertible Bonds will be convertible into approximately 500,000,000 Conversion Shares, representing approximately 9.55% of the existing issued share capital of the Company and approximately 8.72% of the enlarged issued share capital of the Company as enlarged by the issue of the Conversion Shares.

## **CONVERSION PRICE**

The Conversion Price of HK\$0.10 per Conversion Share was arrived at after arm's length negotiation between China Minerals Holdings Limited and the Company and represents a premium of approximately 14.94% of the closing price of HK\$0.087 per Share as quoted on the Stock Exchange on 28 June 2011, being the last trading day immediately before the date of the Settlement Deed, and a premium of approximately 8.93% to the average closing price of HK\$0.0918 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 28 June 2011.

The Conversion Price will be subject to adjustment, the details of which are summarised in the "Terms of the Convertible Bonds" of this announcement.

## **CONDITIONS OF THE PROPOSED ISSUE**

Completion of the Proposed Issue is conditional upon the Company having complied with the Listing Rules and other requirements of the Stock Exchange.

If the above condition has not been fulfilled by 30 September 2012 (or such later date as the Company and China Minerals Holdings Limited may agree), the Settlement Deed will lapse and become null and void and the Company shall immediately repay the Debt to China Minerals Holdings Limited.

Application will be made by the Company to the Listing Committee for the grant of the listing of and permission to deal in the Conversion Shares.

## **COMPLETION**

Completion of the issue of the Convertible Bonds will take place within 7 Business Days upon the fulfillment of the condition of the Proposed Issue (or such other date as the parties may agree).

## **TERMS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds are arrived after arm's length negotiation between the Company and China Minerals Holdings Limited and are summarised as follows:

**Principal Terms:**

Principal amount	:	HK\$50,000,000
Conversion Price	:	HK\$0.10 per Conversion Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue
Interest rate	:	zero
Maturity	:	The first anniversary date of the issue of the Convertible Bonds
Conversion period	:	The Convertible Bonds are convertible in whole or in part into new Shares by the Bondholders at any time from the issue date of the Convertible Bonds at the Conversion Price provided that the Convertible Bonds may not be converted, to the extent if following such conversion, the Bondholder and parties acting in concert (as defined in the Takeovers Code) with it, taken together, will directly or indirectly, control or be interested in more than 25% of the entire issued Shares. Any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 and no fraction of a Share shall be issued on conversion
Conversion Shares	:	The Conversion Shares will be issued free from any encumbrances or third party rights of any kind and will rank pari passu in all respects with the existing issued Shares together with all rights to dividends and other distributions declared, made or paid on or after the date on which the name of the Bondholder is entered into the Company's register of Shareholders as holder of the relevant Conversion Shares

Redemption by the Company : The Company has the right at any time during the term of the Convertible Bonds to redeem the whole or part of the outstanding Convertible Bonds at the redemption amount which shall equal to 100% of the principal amount of the outstanding bonds to be redeemed together with the interest accrued

Redemption by the Bondholders and final redemption : Upon the occurrence of an event of default, the Bondholder may, unless such event of default has been waived in writing by it, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bonds at the redemption amount which shall equal to 100% of the principal amount of the outstanding Convertible Bonds to be redeemed together with the interest accrued.

Unless the Conversion Rights have been exercised in full during the conversion period in accordance with the terms of the Convertible Bonds, the Company is obliged to redeem any Convertible Bonds which remains outstanding on the Maturity Date at the redemption amount which shall equal to 100% of the principal amount of the outstanding Convertible Bonds to be redeemed together with the interest accrued

Voting rights at general meeting : The Bondholder shall not be entitled to attend or vote at any general meeting of the Company by reason only of it being a Bondholder

Transferability : The Convertible Bonds may be assigned or transferred in whole or in part to any third party provided that any transfer of the Convertible Bonds to any connected persons of the Company shall be subject to the requirements (if any) that the Stock Exchange may impose from time to time

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other securities exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds

## **EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PROPOSED ISSUE**

Set out below is the table for the shareholding in the Company before and after completion of the Proposed Issue:

<b>Shareholders</b>	<b>Shareholding as at the date of this announcement</b>		<b>Shareholding after full conversion of the Convertible Bonds (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement)</b>	
	<i>Shares</i>	<i>% of shareholding</i>	<i>Shares</i>	<i>% of shareholding</i>
Star Sino International Limited	762,022,000	14.56%	762,022,000	13.28%
Double Chance Investment Limited	569,046,976	10.87%	569,046,976	9.92%
China Minerals Holdings Limited	0	0	500,000,000	8.72%
Other public shareholders	<u>3,904,234,324</u>	<u>74.57%</u>	<u>3,904,234,324</u>	<u>68.08%</u>
<b>Total</b>	<u><b>5,235,303,300</b></u>	<u><b>100%</b></u>	<u><b>5,735,303,300</b></u>	<u><b>100%</b></u>

The Company issued share option of 198,757,985 Shares as disclosed in the Company's announcement dated 7 July 2009. As at the date of this announcement, the outstanding share option is the said share option of 10,000,985 Shares.

The Company issued share option of 262,078,130 Shares as disclosed in the Company's announcement dated 25 February 2010. As at the date of this announcement, the outstanding share option is the said share option of 262,078,130 Shares.

The Company issued convertible bonds in the principal amount of HK\$895,191,200 as disclosed in the Company's announcement dated 31 March 2010. As at the date of this announcement, the outstanding amount of the said convertible bonds is HK\$290,191,200.

Save as disclosed above, as at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

## **FUND RAISING ACTIVITIES DURING PAST 12 MONTHS**

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

## **REASONS FOR THE PROPOSED ISSUE**

The Company is an investment holding company. The principal activities of the Group are the sale of cosmetics and skincare products and mining business.

The Directors consider that the Proposed Issue is a cost-effective means to set-off the Debt that it owes to China Minerals Holdings Limited and to reduce the debts of the Company.

Given that the Conversion Price was at an approximately 14.94% premium to the closing price of the Shares on 28 June 2011, being the last trading day immediately before the date of the Settlement Deeds, the Directors (including the independent non-executive Directors) consider that the terms of the Settlement Deed (including the Conversion Price) are fair and reasonable under the current market conditions and in the best interest of Shareholders and the Company as a whole.

## **DEFINITIONS**

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

“Board”	Board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds

“Business Day(s)”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong
“Company”	China Billion Investments Limited 中富資源有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	zero coupon convertible bonds due 2013 in an aggregate principal amount of HK\$50,000,000 proposed to be issued to China Minerals Holdings Limited pursuant to the Settlement Deed
“Debt”	the indebtedness in the aggregate amount of HK\$50,000,000 owed by the Company to China Minerals Holdings Limited as at 12 April 2012
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the first anniversary date of issue of the Convertible Bonds
“Proposed Issue”	the proposed issue of the Convertible Bonds pursuant to the Settlement Deed
“Settlement Deed”	the settlement deed dated 12 April 2012 entered into between the Company and China Minerals Holdings Limited in relation to the settlement of the Debt by the Convertible Bonds, subject to the terms and conditions contained therein
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”            The Stock Exchange of Hong Kong Limited

“%”                            per cent.

By order of the Board of  
**China Billion Resources Limited**  
中富資源有限公司  
**Zuo Weiqi**  
*Executive Director*

Hong Kong, 12 April 2012

As at the date hereof, the Board comprises the following members:

*Executive Directors*

Mr. Long Xiaobo (Chairman)  
Mr. Zuo Weiqi (Chief executive officer)  
Mr. Yip Chung Wai, David  
Mr. Ng Ka Hong  
Mr. Wu Jun  
Mr. Jia Xuelei

*Independent non-executive Directors*

Mr. Jin Shunxing  
Dr. Zhu Jing  
Mr. Chiang Tsung-Nien