
THIS OFFERING CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Offering Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Billion Resources Limited, you should at once hand the Offering Document to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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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)

OPEN OFFER OF 5,235,303,300 OFFER SHARES AT HK\$0.03 PER OFFER SHARE ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

Financial adviser to the Company



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Underwriter of the Open Offer

Gain Faith Investments Limited

Terms used in this cover page have the same meanings as defined in this Offering Circular.

The latest time for application and payment for the Offer Shares is at 4:00 p.m., on Monday, 16 May 2016. The procedures for application and payment for the Offer Shares are set out on page 20 of this Offering Circular.

The Underwriting Agreement contains provisions which entitle the Underwriter by notice in writing, to terminate the Underwriting Agreement prior to 9:00 a.m. on 19 May 2016 on the occurrence of certain events. These events are set out under the section headed "Termination of the Underwriting Agreement" on page 9 of this Offering Circular. **If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.**

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Monday, 25 April 2016 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before Tuesday, 24 May 2016) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

29 April 2016

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DEFINITIONS

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

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| “2010 Convertible Bonds” | the zero coupon convertible bonds issued by the Company on 31 March 2010 with aggregate outstanding principal amount of HK\$290,191,200 as at the Latest Practicable Date |
| “Acceptance Date” | latest time for acceptance and payment of the Open Offer |
| “acting in concert” | having the meaning ascribed thereto under the Takeovers Code |
| “Announcement” | the announcement of the Company dated 16 December 2015 in relation to, among others, the Capital Reorganisation, the Open Offer, the Debt Settlement Agreements and the Whitewash Waiver |
| “Application Form(s)” | the form(s) of application for the Offer Shares proposed to be issued to the Qualifying Shareholders under the Open Offer in such usual form as may be agreed between the Company and the Underwriter |
| “associate(s)” | having the meaning ascribed thereto under the Listing Rules |
| “Billion Glory” | Billion Glory Capital Investment Limited, one of the share settlement creditors and a company wholly and beneficially owned by Mr. Long |
| “Board” | the board of Directors |
| “business day(s)” | a day (other than a Saturday, Sunday, public holidays or day on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business |
| “Capital Reorganisation” | the capital reorganisation which involves the capital reduction, the capital cancellation, the share consolidation, the increase in authorised share capital and the share premium reduction as described in the Circular |

DEFINITIONS

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| “CB Settlement Agreements” | the convertible bonds settlement agreements dated 9 November 2015 entered into between the Company and the convertible bonds settlement creditors |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Chairman” | the chairman of the Board |
| “China” or “PRC” | the People’s Republic of China, but for the purposes of this Offering Circular and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan |
| “Circular” | the circular containing, among others, details of (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Debt Settlement Agreements; (iv) the Whitewash Waiver; (v) the proposed change of board lot size; (vi) all the transactions contemplated thereunder; (vii) the letter from the independent board committee; and (viii) the letter from the independent financial adviser which has been despatched by the Company to the Shareholders on 29 January 2016 |
| “Companies Law” | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “Company” | China Billion Resources Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange |
| “Completion” | completion of the Debt Settlement Agreements |
| “Concert Group” | Mr. Long and the parties acting in concert with him (including Star Sino, Billion Glory and the Underwriter) |
| “connected person(s)” | has the same meaning ascribed to it in the Listing Rules |
| “Conversion Price” | initially, HK\$0.10 per Conversion Share (subject to adjustments) |

DEFINITIONS

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| “Conversion Shares” | the Shares that fall to be issued on exercise of the conversion rights attached to the Settlement Convertible Bonds |
| “Creditors” | the share settlement creditors and the convertible bonds settlement creditors |
| “Debt Settlement Agreements” | the Share Settlement Agreements and the CB Settlement Agreements |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company held on 22 February 2016 approving, among others, the resolutions in relation to the Capital Reorganisation, the Open Offer, the Debt Settlement Agreements, the Whitewash Waiver and all the transactions contemplated thereunder |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or his delegate |
| “Group” | the Company and its subsidiaries |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Last Trading Day” | 28 June 2011, being the last full trading day immediately before the suspension of trading in the shares of the Company |
| “Latest Practicable Date” | 26 April 2016, being the latest practicable date prior to the printing of this Offering Circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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| “Long-stop Date” | in respect of each Debt Settlement Agreement and the Underwriting Agreement, 31 May 2016 or such later date as the parties to that agreement may agree |
| “Model Code” | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules |
| “Mr. Long” | Mr. Long Xiaobo, the Chairman and as at the Latest Practicable Date, a substantial Shareholder interested in 381,011,000 Shares, representing approximately 14.56% of the issued share capital of the Company and the 2010 Convertible Bonds in the principal amount of HK\$139,191,200 |
| “Offer Shares” | new Shares to be allotted and issued under the Open Offer, being 5,235,303,300 new Shares |
| “Offering Circular” | this circular to be despatched to the Shareholders on the Posting Date in connection with the Open Offer in such form as may be agreed between the Company and the Underwriter |
| “Offering Documents” | the Offering Circular and the Application Form(s) |
| “Open Offer” | the proposed issue of the Offer Shares on the basis of two (2) Offer Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price |
| “Overseas Shareholder(s)” | Shareholders with registered addresses as shown in the register of members of the Company on the Record Date which are outside of Hong Kong |
| “Posting Date” | the date for the despatch of the Offering Documents to the Qualifying Shareholders |
| “Qualifying Shareholders” | the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date |
| “Record Date” | the date by reference to which assured entitlements under the Open Offer to be determined |

DEFINITIONS

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| “Resumption” | the resumption of trading in the shares of the Company on the Stock Exchange |
| “Settlement Convertible Bonds” | the unsecured 10% convertible bonds in the aggregate principal amount of approximately HK\$53,417,356 with a term of three years to be issued by the Company to the convertible bonds settlement creditors pursuant to the terms of the CB Settlement Agreements |
| “Settlement Date” | the expected date of allotment of the Offer Shares, currently expected to be on or around 24 May 2016 |
| “Settlement Share Price” | HK\$0.05 per Settlement Share |
| “Settlement Shares” | a maximum of 9,692,022,458 Shares to be issued by the Company to the share settlement creditors at the Settlement Share Price pursuant to the Share Settlement Agreements |
| “SFC” | Securities and Futures Commission of Hong Kong |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) |
| “Share Registrar” | the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited |
| “Share Settlement Agreements” | the share settlement agreements dated 9 November 2015 and 23 November 2015 entered into between the Company and the share settlement creditors, details of which are set out in the Circular |
| “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) |
| “Star Sino” | Star Sino International Limited, one of the share settlement creditors and a company wholly and beneficially owned by Mr. Long |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.03 for each of the Offer Shares |

DEFINITIONS

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| “Successful Era” | Successful Era Investments Limited, one of the share settlement creditors and an independent third party as at the date of the Latest Practicable Date |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
| “UK” | the United Kingdom of Great Britain and Northern Ireland |
| “Underwriter” | Gain Faith Investments Limited, a Hong Kong incorporated company with limited liability and wholly and beneficially owned by Mr. Long |
| “Underwriting Agreement” | the underwriting agreement dated 9 November 2015 entered into between the Company and the Underwriter in relation to the underwriting of the Offer Shares and as amended by a side letter dated 26 April 2016 to reflect the current expected timetable and arrangements with respect to excess application and fractional shares arising from the Open Offer |
| “Underwritten Shares” | the total number of Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, being 4,473,281,300 Offer Shares |
| “Whitewash Waiver” | a waiver obtained on 18 February 2016 pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Mr. Long and parties acting in concert with him to make a general offer under Rule 26 of the Takeovers Code for all the shares of the Company not already owned or agreed to be acquired by Mr. Long and parties acting in concert with him as a results of the completion of the issuance of the Offer Shares and the Settlement Shares |
| “%” | per cent |

EXPECTED TIMETABLE

The expected timetable for the Open Offer and the associated trading arrangement set out below is indicative only and has been prepared on the assumption that all the conditions set out under the paragraph headed “Conditions precedent to the Underwriting Agreement” in this Offering Circular will be fulfilled.

Despatch of the Offering Documents Friday, 29 April 2016

Latest time for application and payment for
the Offer Shares 4:00 p.m., Monday, 16 May 2016

Latest time for termination of the
Underwriting Agreement 9:00 a.m., Thursday, 19 May 2016

Announcement of the allotment results of the Open Offer Tuesday, 24 May 2016

Certificates for the Settlement Shares available for
collection by the relevant Creditors (*note 1*). Tuesday, 24 May 2016

Completion of all the Resumption conditions. Tuesday, 24 May 2016

Despatch of share certificates for the Offer Shares
(or refund cheques for the Open Offer,
if the Open Offer is terminated) Wednesday, 25 May 2016

Expected date of the Resumption. Monday, 30 May 2016

Effective date of change in board lot size 9:00 a.m., Monday, 30 May 2016

Dealings in the Shares, Offer Shares and
the Settlement Shares commence 9:00 a.m., Monday, 30 May 2016

Odd lot matching arrangement (*note 2*) Monday, 30 May 2016 to
Monday, 20 June 2016
(both dates inclusive)

Latest time for free exchange of share certificates
for the Shares 4:30 p.m., Wednesday, 22 June 2016

Notes:

- (1) The share certificates for the Settlement Shares will be made available for collection at the principal place of business of the Company in Hong Kong at Room 2811, 28th Floor, China Merchants Tower, No. 168-200 Connaught Road Central, Hong Kong.

EXPECTED TIMETABLE

- (2) Upon Resumption, in order to facilitate the trading of odd lots of the Shares arising from the Capital Reorganisation, the change in board lot size, the Open Offer and the Debt Settlement Agreements, the Company will appoint an agent to arrange for matching services regarding the sale and purchase of odd lots of the Shares, on a best effort basis, to those Shareholders who wish to top-up to a full board lot or sell their shareholdings of odd lots of the Shares. Holders of the Shares in odd lots should note that the matching of sale and purchase of odd lots of the Shares is on best effort basis and successful matching of sale and purchase of odd lots of the Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further announcement in respect of the details of the agent and the matching services will be made by the Company in due course.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION AND PAYMENT FOR THE OPEN OFFER

If there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date, the latest time for application and payment for the Offer Shares will not take place at 4:00 p.m. on the Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date, the latest time for application and payment for the Offer Shares will not take place on the Acceptance Date, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for application and payment for the Offer Shares does not take place on the Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this Offering Circular may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 9:00 a.m. on 19 May 2016 if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the opinion of the Underwriter, acting reasonably, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If, at or prior to 9:00 a.m. on 19 May 2016:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification pursuant to, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated pursuant to the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (iii) the Company shall, after any matter or event referred to in the relevant provision of the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Offering Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not be bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

LETTER FROM THE BOARD



CHINA BILLION RESOURCES LIMITED

中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

Executive Directors:

Mr. Long Xiaobo (*Chairman*)
Mr. Zuo Weiqi (*Chief executive officer*)
Mr. Chen Yi-chung
Mr. Xiao Jie

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Ms. Liu Shuang
Mr. Chiang Tsung-Nien

Principal place of business:

Room 2811, 28/F
China Merchants Tower
No. 168-200 Connaught Road Central
Hong Kong

29 April 2016

To the Shareholders

Dear Sir or Madam,

**OPEN OFFER OF 5,235,303,300 OFFER SHARES
AT HK\$0.03 PER OFFER SHARE
ON THE BASIS OF TWO (2) OFFER SHARES
FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among others, the Capital Reorganisation, the Open Offer, the Debt Settlement Agreements and the Whitewash Waiver.

The purpose of this Offering Circular is to provide you with, inter alia, further details of the Open Offer, including the information on procedures for application and payment for the Offer Shares and certain financial information in respect of the Group.

LETTER FROM THE BOARD

THE OPEN OFFER

Subject to the effective of the Capital Reorganisation, the Board proposed to raise approximately HK\$157.1 million (before expenses) by way of an Open Offer involving the issue of 5,235,303,300 Offer Shares at the Subscription Price (i.e. HK\$0.03 per Offer Share) on the basis of two (2) Offer Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. The Capital Reorganisation has become effective on 19 April 2016 (Hong Kong time).

On 9 November 2015, the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Open Offer. Further details of the Open Offer and the Underwriting Agreement are set out below:

Issue statistics

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| Basis of the Open Offer: | Assured entitlements to two (2) Offer Shares for every one (1) Share held on the Record Date |
| Number of Shares in issue as at the Latest Practicable Date: | 2,617,651,650 Shares |
| Number of Offer Shares: | 5,235,303,300 Offer Shares |
| Total number of Shares in issue immediately upon completion of the Open Offer: | 7,852,954,950 Shares |
| Subscription price: | HK\$0.03 per Offer Share |
| Underwriter: | Gain Faith Investments Limited |
| Number of Underwritten Shares fully underwritten by the Underwriter: | 4,473,281,300 Offer Shares (after deducting the 762,022,000 Offer Shares to be taken up by Star Sino as a Qualifying Shareholder pursuant to its irrevocable undertaking as described below) |

LETTER FROM THE BOARD

Offer Shares

5,235,303,300 Offer Shares represent:

- (a) 200.00% of the issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 66.67% of the issued share capital of the Company as enlarged by the issuance of the Offer Shares;
- (c) approximately 29.84% of the issued share capital of the Company as enlarged by the issuance of the Offer Shares and the Settlement Shares; and
- (d) approximately 28.96% of the issued share capital of the Company as enlarged by the issuance of the Offer Shares, the Settlement Shares and the Conversion Shares.

Subscription Price

The subscription price being HK\$0.03 for each of the Offer Shares represents:

- (a) a discount of approximately 82.76% to the theoretical closing price of HK\$0.174 per Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.087 per share of the Company as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 83.66% to the average theoretical closing price of HK\$0.1836 per Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0918 per share of the Company as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 84.36% to the average theoretical closing price of HK\$0.1918 per Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0959 per share of the Company as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Subscription Price has been determined after arm's length negotiations between the Company and the Underwriter having regard to the financial position of the Company, the prolonged suspension of trading in the shares of the Company on the Stock Exchange, the prevailing stock market conditions and the prospects of the business operations of the Group. In order to give incentive to the Shareholders to participate in the Open Offer, the Subscription Price is fixed at a lower level than the Settlement Share Price and the Conversion Price.

LETTER FROM THE BOARD

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue on the date of allotment of the Offer Shares in all respects. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Open Offer will be available to the Qualifying Shareholders. The Company will send the Offering Documents to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date.

Rights of Overseas Shareholders

The Offering Documents will not be registered or filed under the applicable securities legislation of any jurisdiction.

As at the Latest Practicable Date, there are three Overseas Shareholders whose addresses as shown on the register of members of the Company are in the PRC, the UK and Japan, with an aggregate shareholding of 172,000 Shares, representing approximately 0.01% of the issued share capital of the Company.

In compliance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders and has been advised by its legal advisers on the laws of the PRC, the UK and Japan that (i) there is no legal restriction or approval, registration or filing requirements under the PRC laws for the Company to extend the Open Offer to the Overseas Shareholder residing in the PRC; (ii) the Company would be exempt from obtaining approval from, and/or registration of the Offering Documents with, the relevant regulatory authorities under the applicable laws and regulations of the UK since the Company would meet the relevant requirements for exemption under the relevant UK laws and regulations; and (iii) there is no legal restriction for the Company to extend the Open Offer to the Overseas Shareholder residing in Japan and for such Shareholder to accept the Open Offer under the laws and regulations of Japan and given the number of Shareholders residing in Japan and the Shares held by such Shareholder as at the Latest Practicable Date, there is no requirement of any regulatory body or stock exchange in Japan for the Company to extend the Open Offer to such Shareholder and the Company is not required to submit any registration statement to the relevant authority in Japan. Therefore, the Directors have decided to extend the Open Offer to the Overseas Shareholders with registered addresses in the PRC, the UK and Japan.

It is the responsibility of the Shareholders, including such Overseas Shareholders, to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Offer Shares issued pursuant to the Open Offer.

LETTER FROM THE BOARD

Closure of register of members

The register of members of the Company was closed from Wednesday, 27 April 2016 to Thursday, 28 April 2016, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfers of Shares were registered during this period.

Basis of assured entitlement

Each Qualifying Shareholders will have the assured entitlement to two (2) Offer Shares for every one (1) Share held on the Record Date. Application for Offer Shares comprised in all or any part of a Qualifying Shareholder's assured entitlement should be made by completing the Application Form(s) and lodging the same with a remittance for the Offer Shares being applied for with the Share Registrar on or before 4:00 p.m., Monday, 16 May 2016.

No transfer of entitlements and no application for excess Offer Shares

The invitation to subscribe for Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in the assured entitlements on the Stock Exchange. The Company has also decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Share in excess of their respective assured entitlements. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for their respective assured entitlements under the Open Offer, the Company considers it appropriate not to put in additional effort and costs to administer the excess application procedures. Any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of Offer Shares

No fractional entitlements to the Offer Shares will arise under the Open Offer on the basis of assured entitlements of two (2) Offer Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date.

Application for Listing

Upon the Capital Reorganisation became effective on 19 April 2016, the board lot size for trading of the shares on the Stock Exchange has been changed from 2,000 shares to 1,000 Shares. As the theoretical trading amount of each board lot became HK\$50 each based on the Settlement Share Price of HK\$0.05 per Settlement Share, the Company proposed to change the board lot size for trading in the Shares on the Stock Exchange from 1,000 Shares to 40,000 Shares. Based on the Settlement Share Price of HK\$0.05, the value of each board lot of 40,000 Shares, upon the change in board lot size becoming effective, would be HK\$2,000.

The Company has applied to and obtained the conditional approval from the Listing Committee for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 40,000 Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

None of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is proposed to be sought.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Share certificates and refund cheques for the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for all fully paid Offer Shares are expected to be posted to the Qualifying Shareholders who have successfully applied and paid for them on or before Wednesday, 25 May 2016 by ordinary post and at their own risk. If the Open Offer is terminated, refund cheques are expected to be posted on or before Wednesday, 25 May 2016 by ordinary post to the applicants at their own risk.

One share certificate will be issued in respect of all the fully-paid Offer Shares allotted and issued to each of the Qualifying Shareholders entitled pursuant to the Open Offer.

Irrevocable Undertaking

Star Sino (being a substantial Shareholder, wholly and beneficially owned by Mr. Long) has irrevocably undertaken to each of the Company and the Underwriter as follows:

- (i) to take up and pay for the 762,022,000 Offer Shares which will constitute its assured entitlement of Offer Shares in respect of the Shares beneficially owned by it pursuant to the terms of the Open Offer or procure they are taken up and paid for on the terms of the Open Offer;
- (ii) that the shares referred to in paragraph (i) above will remain registered in its name or beneficially owned by it at the close of business on the Record Date as they are on the date of the Underwriting Agreement; and
- (iii) to procure that the application for the aforesaid Offer Shares is lodged with the Share Registrar, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the Acceptance Date.

If Star Sino should fail to comply with the undertakings given above, it has irrevocably authorised the Company in its discretion to treat the undertaking as its application for such 762,022,000 Offer Shares comprised in its assured entitlement on the terms of the Offering Documents (save as regards the time for application and payment) and against payment therefor to allot and issue the same in its name and to procure the registration of the same in its name.

LETTER FROM THE BOARD

In the event that the Underwriting Agreement does not become unconditional in accordance with its terms, the undertaking given by Star Sino shall lapse.

Conditions for the Open Offer

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the paragraph below headed “Conditions precedent to the Underwriting Agreement” in this section. Therefore, the Open Offer may or may not proceed.

The Underwriting Agreement

| | |
|----------------------|--|
| Date: | 9 November 2015 |
| Issuer: | the Company |
| Underwriter: | Gain Faith Investments Limited (being wholly and beneficially owned by Mr. Long) |
| Underwritten Shares: | the Offer Shares other than the 762,022,000 Offer Shares to be taken up by Star Sino as a Qualifying Shareholder pursuant to the irrevocable undertaking described above, i.e. 4,473,281,300 Underwritten Shares |
| Commission: | 3% of the aggregate Subscription Price of the Underwritten Shares together with all costs, fees and out-of pocket expensed properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares and agreed in advance by the Company in writing but excluding sub-underwriting fees and expenses relating to the sub-underwriting |
| Fees and Expenses: | The Company shall pay all reasonable costs, charges and expenses (if any) howsoever of or incidental to the Open Offer and the arrangements hereby contemplated, printing and translation charges, any capital duty, the fees of the Company’s auditors, solicitors and registrar, and the fees payable to the Stock Exchange, but excluding sub-underwriting fees and expenses relating to any sub-underwriting |

The underwriting commission rate is determined after arm’s length negotiation between the Company and the Underwriter with reference to, among others, the existing financial position of the Company, the size of the Open Offer, the long suspension status of the Shares, the prevailing market rate for the underwriting commission. The Directors consider that the

LETTER FROM THE BOARD

terms of the Underwriting Agreement including the underwriting commission rate are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The ordinary business of the Underwriter does not include underwriting.

Conditions precedent to the Underwriting Agreement

The Underwriting Agreement is subject to the following conditions:

- (i) the posting of copies of the Offering Documents to the Qualifying Shareholders on the Posting Date;
- (ii) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn and no indication being received before 9 :00 a.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Open Offer or in connection with the terms of the Underwriting Agreement or for any other reason;
- (iii) resolutions being passed by the Shareholders in general meeting (other than those who are required to abstain from voting or to vote in favour of the relevant resolutions) as required by the Companies Law, the Listing Rules and the Takeovers Code (as applicable) to approve the Capital Reorganisation, the issuance of the Settlement Shares or (as the case may be) in respect of the Settlement Convertible Bonds and the Conversion Shares (falling to be issued upon conversion thereof) pursuant to the Debt Settlement Agreements, the Offer Shares, and the Whitewash Waiver;
- (iv) the Executive granting the Whitewash Waiver and any other necessary consent and/or approval under the Takeovers Code;
- (v) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares, the Offer Shares, the Settlement Shares and Conversion Shares and not having withdrawn or revoked such listing and permission on or before 9:00 a.m. on the Settlement Date;
- (vi) the Stock Exchange granting permission for the resumption of trading in the Shares, the Offer Shares and the Settlement Shares on the Stock Exchange no later than the trading day on the Stock Exchange next following Completion and (to the extent that such permission is subject to conditions) the fulfilment all such conditions that needs to be fulfilled prior to Completion;
- (vii) the Capital Reorganisation becoming effective at or before the Long-stop Date; and
- (viii) completion of the Debt Settlement Agreements on the Settlement Date.

LETTER FROM THE BOARD

If the conditions (i) to (vii) above have not been satisfied on or before the Posting Date or in the event that the conditions (viii) have not been satisfied on or before 9:00 a.m. on the Settlement Date (or, in each case, such later date as the Underwriter and the Company may agree), all liabilities of the parties hereto shall cease and determine and neither party shall have any claim against the other (save in respect of any antecedent breaches and claims) save that all such reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter (excluding the underwriting commission, sub-underwriting fees and related expenses) shall, to the extent agreed by the Company, be borne by the Company. Both the Company and the Underwriter will not waive the above conditions.

As at the Latest Practicable Date, conditions (iii), (iv) and (vii) above have been fulfilled and with respect to condition (v), the Stock Exchange has granted conditional approval for the listing of and permission to deal in the Shares and the Offer Shares. Condition (i) will be fulfilled on the Posting Date.

With respect to condition (vi) above, on 14 December 2015, the Company received the conditional approval from the Stock Exchange that the Resumption is allowed subject to the completion of the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 9:00 a.m. on 19 May 2016 if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the opinion of the Underwriter, acting reasonably, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

LETTER FROM THE BOARD

If, at or prior to 9:00 a.m. on 19 May 2016:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification pursuant to, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in under the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated pursuant to the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer; or
- (iii) the Company shall, after any matter or event referred to in the relevant provision of the Underwriting Agreement has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Offering Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not be bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the paragraph headed "Conditions precedent to the Underwriting Agreement" above. Therefore, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of the Offering Documents up to the date on which all the conditions of the Underwriting Agreement are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

Despatch of the Offering Documents does not necessarily mean that trading in the Shares on the Stock Exchange will resume.

LETTER FROM THE BOARD

PROCEDURES FOR APPLICATION AND PAYMENT FOR THE OFFER SHARES

If you are a Qualifying Shareholder, you will find the Application Form enclosed with this Offering Circular which entitles you to apply for the number of Offer Shares in your assured entitlement shown thereon. If you wish to apply for such Offer Shares or any lesser number of such Offer Shares, you must complete, sign and lodge the same in accordance with the instructions printed thereon, together with the remittance for the full amount payable on application with the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. (Hong Kong time) on Monday, 16 May 2016. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "China Billion Resources Limited" and crossed "Account Payee Only".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Share Registrar, by no later than 4:00 p.m. (Hong Kong time) on Monday, 16 May 2016 by the Qualifying Shareholder, the relevant assured entitlement thereunder will be deemed to have been declined and the relevant Offer Shares will be aggregated and taken up by the Underwriter in accordance with the Underwriting Agreement.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to apply for Offer Shares comprised in the whole or part of their assured entitlement. All cheques and/or banker's cashier orders accompanying duly completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a banker's cashier order, will constitute a warranty by the relevant Qualifying Shareholder that the cheque and/or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any Application Form in respect of which the accompanying cheque and/or banker's cashier order is dishonoured on first presentation, and, in such event, the relevant assured entitlement given will be deemed to have been declined.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any monies received under the Open Offer. If the Underwriting Agreement is terminated before 9:00 a.m. on Thursday, 19 May 2016, the Open Offer will not proceed and the monies received in respect of application for the Offer Shares will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter on or before Wednesday, 25 May 2016. No receipt will be issued in respect of any application monies received.

Those Qualifying Shareholders who do not apply for the Offer Shares comprised in their assured entitlements in full should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

LETTER FROM THE BOARD

REASONS FOR THE OPEN OFFER

The Group is principally engaged in the provision of beauty treatment and trading of cosmetic and skincare products in Hong Kong, and gold mining, exploration and trading of gold products in the PRC.

On 31 March 2010, the Company issued the 2010 Convertible Bonds in the total principal amount of HK\$895,191,200 as part of the consideration for the acquisition of the entire issued share capital of Westralian Resources Pty Ltd.. The 2010 Convertible Bonds which matured on 1 April 2013 bore no interest up to the maturity date. Trading in the Shares on the Stock Exchange has been suspended since 29 June 2011, constituted an event of default under the 2010 Convertible Bonds such that the Company is required to redeem them pursuant to the terms of the 2010 Convertible Bonds. Therefore, the 2010 Convertible Bonds has been reclassified as current liabilities of the Company since the financial year ended 31 December 2011.

As set out in the Company's annual results announcement for the year ended 31 December 2015, as the Group incurred a loss attributable to the owners of the Company of approximately HK\$34 million for the year ended 31 December 2015, and had net current liabilities and net liabilities of approximately HK\$481 million and HK\$335 million respectively as at 31 December 2015, the auditors of the Company have included an emphasis of matter paragraph in respect of the material uncertainty relating to the going concern basis.

The Board believes that the proposed Open Offer, together with the entering into the Debt Settlement Agreements, will strengthen the financial position of the Group. The Open Offer will provide the Group with new funds to enhance the Group's existing business and flexibility to make investments in any new business when suitable opportunity arise in the future. In addition, the Open Offer can give the Qualifying Shareholders the opportunities to maintain their pro rata shareholding interests in the Company and participate in the potential growth of the Company.

LETTER FROM THE BOARD

USE OF PROCEEDS FROM THE OPEN OFFER

The gross proceeds from the Open Offer are approximately HK\$157.1 million, and the net proceeds from the Open Offer are estimated to be approximately HK\$150.0 million, the net proceeds will be applied by the Company as follows:

- (i) approximately HK\$35.0 million for the possible early redemption of the Settlement Convertible Bonds by the Company and settlement of current liabilities, and in the event that no early redemption of the Settlement Convertible Bonds occurs, such amount should be used as approximately HK\$20.0 million as future investments fund for possible potential merger and acquisition projects and HK\$15.0 million as working capital for the existing business of the Group;
- (ii) approximately HK\$45.0 million as capital investment in the mining products segment;
- (iii) approximately HK\$33.0 million as a future investments fund for possible potential merger and acquisition projects. As at the Latest Practicable Date, the Company was not involved in any negotiation or discussion and had not identified any acquisition targets in this regard; and
- (iv) approximately HK\$37.0 million as working capital for the existing business of the Group.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the 12 months immediately prior to the date of the Announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in shareholding structure of the Company arising from the issuance of the Offer Shares, the Settlement Shares and the Conversion Shares are set out in the following tables for illustrative purpose only.

LETTER FROM THE BOARD

Scenario A:

Assuming all the Qualifying Shareholders take up their respective assured entitlements to the Offer Shares under the Open Offer

| Name of the Shareholders | As at the Latest Practicable Date | | Upon the issuance of the Offer Shares | | Upon the issuance of the Offer Shares and the Settlement Shares | | Upon the issuance of the Offer Shares, the Settlement Shares and the Conversion Shares | |
|---|-----------------------------------|----------------|---------------------------------------|----------------|---|----------------|--|----------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| | | | | | | | | |
| Mr. Long and parties acting in concert with him | | | | | | | | |
| Star Sino (note 1) | 381,011,000 | 14.56% | 1,143,033,000 | 14.56% | 4,310,109,482 | 24.57% | 4,310,109,482 | 23.84% |
| Mr. Long (note 2) | - | - | - | - | 1,046,720,224 | 5.97% | 1,046,720,224 | 5.79% |
| Billion Glory (note 3) | - | - | - | - | 1,247,689,528 | 7.11% | 1,247,689,528 | 6.90% |
| Underwriter (note 4) | - | - | - | - | - | - | - | - |
| Sub total | <u>381,011,000</u> | <u>14.56%</u> | <u>1,143,033,000</u> | <u>14.56%</u> | <u>6,604,519,234</u> | <u>37.65%</u> | <u>6,604,519,234</u> | <u>36.53%</u> |
| Other Shareholders | | | | | | | | |
| Successful Era | - | - | - | - | 1,934,041,095 | 11.02% | 1,934,041,095 | 10.70% |
| Public Shareholders | 2,236,640,650 | 85.44% | 6,709,921,950 | 85.44% | 9,006,417,079 | 51.33% | 9,540,590,639 | 52.77% |
| Sub total | <u>2,236,640,650</u> | <u>85.44%</u> | <u>6,709,921,950</u> | <u>85.44%</u> | <u>10,940,458,174</u> | <u>62.35%</u> | <u>11,474,631,734</u> | <u>63.47%</u> |
| Total | <u>2,617,651,650</u> | <u>100.00%</u> | <u>7,852,954,950</u> | <u>100.00%</u> | <u>17,544,977,408</u> | <u>100.00%</u> | <u>18,079,150,968</u> | <u>100.00%</u> |

LETTER FROM THE BOARD

Scenario B:

Assuming none of the Qualifying Shareholders take up their respective assured entitlements to the Offer Shares under the Open Offer (other than Star Sino who has undertaken to take up its assured entitlement of 762,022,000 Offer Shares)

| Name of the Shareholders | As at the Latest Practicable Date | | Upon the issuance of the Offer Shares | | Upon the issuance of the Offer Shares and the Settlement Shares | | Upon the issuance of the Offer Shares, the Settlement Shares and the Conversion Shares | |
|---|-----------------------------------|----------------|---------------------------------------|----------------|---|----------------|--|----------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| | | | | | | | | |
| Mr. Long and parties acting in concert with him | | | | | | | | |
| Star Sino (note 1) | 381,011,000 | 14.56% | 1,143,033,000 | 14.56% | 4,310,109,482 | 24.57% | 4,310,109,482 | 23.84% |
| Mr. Long (note 2) | - | - | - | - | 1,046,720,224 | 5.97% | 1,046,720,224 | 5.79% |
| Billion Glory (note 3) | - | - | - | - | 1,247,689,528 | 7.11% | 1,247,689,528 | 6.90% |
| Underwriter (note 4) | - | - | 4,473,281,300 | 56.96% | 4,473,281,300 | 25.50% | 4,473,281,300 | 24.74% |
| Sub total | 381,011,000 | 14.56% | 5,616,314,300 | 71.52% | 11,077,800,534 | 63.15% | 11,077,800,534 | 61.27% |
| Other Shareholders | | | | | | | | |
| Successful Era | - | - | - | - | 1,934,041,095 | 11.02% | 1,934,041,095 | 10.70% |
| Public Shareholders | 2,236,640,650 | 85.44% | 2,236,640,650 | 28.48% | 4,533,135,779 | 25.83% | 5,067,309,339 | 28.03% |
| Sub total | 2,236,640,650 | 85.44% | 2,236,640,650 | 28.48% | 6,467,176,874 | 36.85% | 7,001,350,434 | 38.73% |
| Total | 2,617,651,650 | 100.00% | 7,852,954,950 | 100.00% | 17,544,977,408 | 100.00% | 18,079,150,968 | 100.00% |

Notes:

- Star Sino, being one of the share settlement creditors, is wholly and beneficially owned by Mr. Long and its principal activity is investment holding.
- Mr. Long is an executive Director.
- Billion Glory, being one of the share settlement creditors, is wholly and beneficially owned by Mr. Long and its principal activity is investment holding.
- Gain Faith Investments Limited, being the Underwriter to the Open Offer, is wholly and beneficially owned by Mr. Long and its principal activity is investment holding.

LETTER FROM THE BOARD

SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Company had a total of 2,617,651,650 Shares of HK\$0.01 each in issue, and 2010 Convertible Bonds with outstanding principal amount of HK\$290,191,200. Trading in the Shares on the Stock Exchange has been suspended since 29 June 2011, constituted an event of default under the 2010 Convertible Bonds such that the Company is required to redeem them pursuant to the terms of the 2010 Convertible Bonds. Therefore, the 2010 Convertible Bonds has been reclassified as current liabilities since the financial year ended 31 December 2011. Saved as disclosed above, the Company has no other class of relevant securities in issue.

CONDITIONS FOR RESUMPTION

Trading in the Shares on the Stock Exchange has been suspended since 29 June 2011 and shall remain suspended until further notice.

On 14 December 2015, the Company received conditional approval from the Stock Exchange that the Resumption is allowed subject to the completion of the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Offering Circular.

Yours faithfully,
By order of the Board of
China Billion Resources Limited
Long Xiaobo
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for the three years ended 31 December 2013, 2014 and 2015 is set out in the annual reports of the Company for the two years ended 31 December 2013 (pages 36 to 86) and 31 December 2014 (pages 35 to 76) and the Company's annual results announcement dated 29 March 2016 for the year ended 31 December 2015 respectively. The annual reports and the annual results announcement of the Company are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinabillion.net).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following liabilities:

(a) Borrowings

As at the close of business on 31 March 2016, the Group had outstanding borrowings of approximately HK\$225,310,000, comprising unsecured borrowings from third parties of approximately HK\$119,462,000, unsecured borrowings from a related party of approximately HK\$53,512,000 and unsecured borrowings from a director of HK\$52,336,000.

(b) Convertible bonds

As at the close of business on 31 March 2016, the Company had outstanding amount of unsecured convertible bonds of approximately HK\$290,191,000.

(c) Contingent liabilities

As at the close of business on 31 March 2016, the Company had contingent convertible bonds interest payable of approximately HK\$37,473,000.

Save as above and apart from normal trade payables in the ordinary course of the business, the Group did not have any other outstanding indebtedness as at the close of business on 31 March 2016 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts or loans, or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, following the completion of the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer, and after taking into account the financial resources available to the Group, including internally generated fund, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Offering Circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2015, the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in provision of beauty treatment services and trading of cosmetic and skincare products in Hong Kong, and gold mining, exploration and trading of gold products in the PRC.

The cosmetic and skincare products segment has maintained a stable performance during the period since 31 December 2015 and up to the date of the Latest Practicable Date. Facing the intense competition in this industry, the management of the Company strived to control the operation cost to attain a profitable and financially healthy position in this sector.

Since 31 December 2015 and up to the Latest Practicable Date, as the mining products business segment continues to generate revenue and the management of the Company also believed that, the gold price may continue to increase, the production of the gold mine would become more profitable when the Company allocates sufficient time and resources into the mining products business segment.

For better operational efficiency and cost control effectiveness, the Group is also undertaking reorganization by reducing redundant manpower and rehiring more talent middle management for seeking and developing potential profitable businesses of the Group. Once the proceeds from the Open Offer are received, the Company is ready to make an effective use of the proceeds to shine the business and give a good account for the Shareholders.

In November 2015, GCC Finance Company Limited, a wholly-owned subsidiary of the Company, has secured the money lender licence following its reapplication, which allows the Company to further diversify its business. The management of the Company has already started preparing the relevant policy and searching for potential clients.

Looking forward, the Company targets to complete the Resumption in the first half of 2016. At the same time, the management of the Company is looking for other investment opportunities to broaden the sources of income of the Group in order to create greater value for the Shareholders.

This unaudited pro forma financial information of the Group is prepared based on the audited consolidated net tangible assets of the Group derived from the audited consolidated statement of financial position of the Group as at 31 December 2015, as extracted from the annual results announcement of the Company for the year ended 31 December 2015 and is adjusted for the effects of the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer.

| | Consolidated net tangible liabilities attributable to owners of the Group as at 31 December 2015 HK\$'000 (note 1) | Estimated effect from the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer HK\$'000 (notes 2 and 3) | Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Group after the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer HK\$'000 |
|--|---|---|---|
| Based on the subscription price of HK\$0.03 per Offer Share | <u>(511,000)</u> | <u>643,661</u> | <u>132,661</u> |
| | | | <i>HK\$</i> <i>(note 4)</i> |
| Consolidated net tangible liabilities attributable to owners of the Group per Share as at 31 December 2015 | | | <u>(0.098)</u> |
| | | | <i>HK\$</i> <i>(note 5)</i> |
| Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Group per Share as at 31 December 2015 | | | <u>0.007</u> |

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (1) The consolidated net tangible liabilities attributable to owners of the Group of approximately HK\$511,000,000 as at 31 December 2015 is based on the consolidated net liabilities attributable to owners of the Group of approximately HK\$311,537,000 and the excluding of consolidated mining right of HK\$199,463,000 as extracted from the annual results announcement of the Company for the year ended 31 December 2015.
- (2) This adjustment represents the effect of the Capital Reorganisation which involves, among others, capital reduction and share consolidation:
- (i) Capital reduction: the par value of every share has been reduced from HK\$0.1 to HK\$0.005. As a result, the issued share capital of the Company after capital reduction has been reduced from approximately HK\$523,530,330 divided into 5,235,303,300 shares of HK\$0.1 each to approximately HK\$26,176,517 divided into 5,235,303,300 shares of HK\$0.005 each. The decrease in the issued share capital of the Company of approximately HK\$497,353,813 has been credited to the accumulated losses of the Company; and
- (ii) Share consolidation: after completion of the capital reduction, every two issued shares of the Company of par value of HK\$0.005 each has been then consolidated into one consolidated share of par value of HK\$0.01 each and become a reorganised share. As a result, the issued share capital of the Company has been consolidated from approximately HK\$26,176,517 divided into 5,235,303,300 Shares of HK\$0.005 each to approximately HK\$26,176,517 divided into 2,617,651,650 reorganised shares of HK\$0.01 each.

As there is no proceeds to be derived from the Capital Reorganisation, there is no effect to unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Group.

- (3) This adjustment represents the effect of the Debt Settlement Agreements and the Open Offer:

| | <i>HK\$'000</i> |
|--|-----------------|
| (i) The Open Offer | 153,033 |
| (ii) Use of net proceeds of the Open Offer | (7,000) |
| (iii) Settlement of the 2010 Convertible Bonds under the Share Settlement Agreements | 272,191 |
| (iv) Settlement of the borrowings under the Share Settlement Agreements | 172,917 |
| (v) Settlement of the borrowings under the CB Settlement Agreements | 52,520 |
| | <u>643,661</u> |

- (i) This adjustment represents the issue of 5,235,303,300 Offer Shares under the Open Offer in the proportion of two Offer Shares for every one reorganised share to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the open offer Record Date at the Subscription Price of HK\$0.03 per Offer Share with the par value of HK\$0.01 each. As a result of the Open Offer, the Group will raise net proceeds of approximately HK\$153,033,000 after deducting commission of approximately HK\$4,026,000 relating to the Open Offer.
- (ii) This adjustment represents the proposed application of the aggregate cash proceeds from the Open Offer (after deducting the commission for the Open Offer) for payment of approximately HK\$52,000,000, of which (a) an amount of approximately HK\$7,000,000 as restructuring fee which is to be recognised as expenses and (b) an amount of approximately HK\$45,000,000 as capital investment in mining products segment which is to be capitalised.
- (iii) This adjustment represents the settlement of the outstanding 2010 Convertible Bonds of the Group by the issuance of 6,193,281,959 reorganised shares under the Share Settlement Agreements to the Qualifying Convertible Bonds holders at the Settlement Share Price of HK\$0.05 per Settlement Share with the par value of HK\$0.01 each. As a result, the Convertible Bonds will be settled by net amount of approximately HK\$272,191,000 after deducting interests of approximately HK\$37,473,000.

- (iv) This adjustment represents the settlement of the indebtedness and liabilities of the Group owing to the loan holders by the issuance of 3,498,740,499 reorganised shares under the Share Settlement Agreement to the qualifying loan holders at the Settlement Share Price of HK\$0.05 per Settlement Share with the par value of HK\$0.01 each. As a result, the indebtedness and liabilities will be settled by net amount of approximately HK\$172,917,000 after deducting interests of approximately HK\$2,020,000.
- (v) This adjustment represents the settlement of the indebtedness and liabilities of the Group owing to the other loan holders by the issuance of convertible bonds under the CB Settlement Agreement to the qualifying loan holders. The 534,173,560 new shares will be issued at the Conversion Price of HK\$0.1 per Conversion Share with the par value of HK\$0.01 each if convertible bonds settlement creditors convert in whole of the convertible bonds into Conversion Shares in the future. As a result, the indebtedness and liabilities will be settled by net amount of approximately HK\$52,520,000 after deducting interests of approximately HK\$897,000.
- (4) The calculation of consolidated net tangible liabilities attributable to owners of the Group per Share as at 31 December 2015 is based on the consolidated net tangible liabilities attributable to owners of the Group of approximately HK\$511,000,000 (as stated in the Company's annual results announcement for the financial year ended 31 December 2015) divided by 5,235,303,300 Shares.
- (5) The calculation of unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Group per Share as at 31 December 2015 is based on the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Group after the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer of approximately HK\$132,661,000 divided by 18,079,151,000 reorganised shares.
- (6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

**ZHONGHUI ANDA CPA Limited**

Certified Public Accountants

29 April 2016

The Board of Directors
China Billion Resources Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Billion Resources Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group as at 31 December 2015 as set out in Appendix II of the Offering Circular issued by the Company dated 29 April 2016 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed open offer of ordinary shares on the basis of two Offer Shares to be allotted and issued for every one share of the Company (the “Open Offer”) on the Group’s financial position as at 31 December 2015 as if the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer had taken place at 31 December 2015. As part of this process, information about the Group’s financial position as at 31 December 2015 has been extracted by the Directors from the annual results announcement of the Group for the year ended 31 December 2015.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 29 April 2016

1. RESPONSIBILITY STATEMENT

This Offering Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 Offering 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 Offering Circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately following the completion of the Open Offer are as follows:

As at the Latest Practicable Date

| | |
|---|----------------|
| <i>Authorised share capital:</i> | <i>HK\$</i> |
| 25,000,000,000 Shares of HK\$0.01 each | 250,000,000.00 |
| <i>Issued and fully paid or credited as fully paid:</i> | |
| 2,617,651,650 Shares of HK\$0.01 each | 26,176,516.50 |

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

Immediately following the completion of the Open Offer and the Debt Settlement Agreements

| | |
|--|-----------------------|
| <i>Authorised share capital:</i> | <i>HK\$</i> |
| 25,000,000,000 Shares of HK\$0.01 each | 250,000,000.00 |
| <i>Issued and fully paid or credited as fully paid:</i> | |
| 2,617,651,650 Shares of HK\$0.01 each in issue as at the Latest Practicable Date | 26,176,516.50 |
| 5,235,303,300 Offer Shares of HK\$0.01 each to be allotted and issued | 52,353,033.00 |
| 9,692,022,458 Settlement Shares of HK\$0.01 each to be allotted and issued | 96,920,224.58 |
| <u>17,544,977,408</u> | <u>175,449,774.08</u> |

Note: A total of 534,173,560 Conversion Shares of HK\$0.01 each may fall to be issued at the initial conversion price of HK\$0.10 per Conversion Share (subject to adjustments) upon exercise of the conversion right attaching to the Settlement Convertible Bonds.

Save for the share consolidation, there has been no issuance of Shares since the end of the last financial year of the Company, being 31 December 2015.

When fully paid (or credited as fully paid) and allotted, the Offer Shares, the Settlement Shares and the Conversion Shares, which will be allotted and issued under a specific mandate which has been approved by the independent Shareholders at the EGM, will rank *pari passu* in all aspects, including all rights as to dividend, voting and interest in capital, among themselves and with the Shares then in issue.

The Shares in issue are listed on the main board of the Stock Exchange. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

3. MARKET PRICE

Trading in the Shares has been suspended since 29 June 2011 and the closing price on the Last Trading Day (i.e. 28 June 2011) was HK\$0.087.

4. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange:

| Name of Director | Capacity | Number of Shares held | Approximate percentage of shareholding as at the Latest Practicable Date |
|------------------|------------------------------------|----------------------------|--|
| Long Xiaobo | Interest of controlled corporation | 10,031,080,310 (note 1) | 127.74% (note 2) |
| | Beneficial owner | 1,046,720,224 (note 3) | 39.99% (note 4) |

Notes:

1. The 10,031,080,310 Shares comprise (i) 381,011,000 Shares directly held by Star Sino, a company wholly and beneficially owned by Mr. Long, as at the Latest Practicable Date; (ii) 3,167,076,482 Shares representing the number of Settlement Shares to be issued and allotted to Star Sino pursuant to the Share Settlement Agreement; (iii) 762,022,000 Shares representing the number of Offer Shares irrevocably committed to be taken up by Star Sino; (iv) 1,247,689,528 Shares represents the number of the maximum Settlement Shares to be issued and allotted to Billion Glory, a company wholly and beneficially owned by Mr. Long, pursuant to the Share Settlement Agreements; and (v) 4,473,281,300 Shares represents the Underwritten Shares which may be issued and allotted to Gain Faith Investments Limited, a company wholly and beneficially owned by Mr. Long, pursuant to the Underwriting Agreement.
2. The number of total Shares used as the denominator was 7,852,954,950 Shares which was enlarged by the issue and allotment of the Offer Shares.
3. The 1,046,720,224 Shares represent the number of Settlement Shares to be issued and allotted to Mr. Long pursuant to the Share Settlement Agreement.
4. The number of total Shares used as the denominator was 2,617,651,650 Shares, being the number of issued shares of the Company as at the Latest Practicable Date.

5. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES

Save as disclosed below, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Substantial Shareholders of the Company

| Name of substantial Shareholders | Capacity | Number of Shares held | Approximately percentage of shareholding as at the Latest Practicable Date |
|--|------------------|----------------------------------|--|
| Star Sino International Limited | Beneficial owner | 4,310,109,482 <i>(note 1)</i> | 54.89% <i>(note 2)</i> |
| Billion Glory Capital Investment Limited | Beneficial owner | 1,247,689,528 <i>(note 3)</i> | 47.66% <i>(note 4)</i> |
| Gain Faith Investments Limited | Beneficial owner | 4,473,281,300 <i>(note 5)</i> | 56.96% <i>(note 2)</i> |
| Successful Era Investments Limited | Beneficial owner | 1,934,041,095 <i>(note 6)</i> | 73.88% <i>(note 4)</i> |

Notes:

1. The 4,310,109,482 Shares comprise (i) 381,011,000 Shares directly held by Star Sino as at the Latest Practicable Date; (ii) 3,167,076,482 Shares representing the number of Settlement Shares to be issued and allotted to Star Sino pursuant to the Share Settlement Agreement; and (iii) 762,022,000 Shares representing the number of Offer Shares irrevocably committed to be taken up by Star Sino.
2. The number of total Shares used as the denominator was 7,852,954,950 Shares which was enlarged by the issue and allotment of the Offer Shares.
3. The 1,247,689,528 Shares represent the number of the maximum Settlement Shares to be issued and allotted to Billion Glory pursuant to the Share Settlement Agreements.
4. The number of total Shares used as the denominator was 2,617,651,650 Shares, being the number of issued shares of the Company as at the Latest Practicable Date.
5. The 4,473,281,300 Shares represent the Underwritten Shares which may be issued and allotted to Gain Faith Investments Limited pursuant to the Underwriting Agreement.
6. The 1,934,041,095 Shares represent the number of the Settlement Shares to be issued and allotted to Successful Era pursuant to the Share Settlement Agreement.

Substantial shareholder of the subsidiary of the Company

| Name of the subsidiary | Name of the substantial shareholder | Capacity | Percentage of ownership interests and voting rights held by the substantial shareholder as at the Latest Practicable Date |
|---|--|------------------|--|
| 湖南西澳礦業有限公司 (Hunan Westralian Mining Co., Limited*) | 湖南省地質礦產勘查開發局407隊 (No. 407 Geological Brigade of Hunan Bureau of Geological Exploration and Development of Mineral Resources*) | Beneficial owner | 20% |

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors and their respective close associates were considered to have an interest in a business which competes or is likely to complete, either directly or indirectly, with the business of the Group.

* *for identification purposes only*

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with the Company or any of its subsidiaries which is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

8. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

Save for the Underwriting Agreement, the irrevocable undertaking given by Star Sino to take up its assured entitlements in the Open Offer and the 4 sets of Share Settlement Agreements entered into by the Company and Mr. Long, Star Sino and Billion Glory respectively, no contracts or arrangements of significance in relation to the business of the Group in which a Director had a material interest, either directly or indirectly, subsisted as at the Latest Practicable Date. Please refer to the Circular for the details of such Share Settlement Agreements.

9. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance which were pending or threaten against any member of the Group.

10. MATERIAL CONTRACTS

The following contracts had been entered into by the Group (not being contracts entered into in the ordinary course) after the date falling on two years immediately preceding the date of this Offering Circular, which are or may be material:

- (i) the Debt Settlement Agreements entered into between the Company and 12 Creditors to settle the outstanding debts, together with the accrued interest, owed by the Company to the Creditors, in the total amount of HK\$538,018,479; and
- (ii) the Underwriting Agreement.

11. EXPENSES

The expenses in connection with the Open Offer, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges and other related expenses are estimated to be approximately HK\$7.1 million, which are payable by the Company.

12. EXPERT AND CONSENT

The following is the qualification of the expert who have given opinions or advice which are contained in this Offering Circular:

| Name | Qualification |
|---------------------------|------------------------------|
| ZHONGHUI ANDA CPA Limited | Certified Public Accountants |

ZHONGHUI ANDA CPA Limited has given and has not withdrawn its consent to the issuance of this Offering Circular with the inclusion of its report or letter, as the case may be, dated 29 April 2016 and reference to its names and/or its advice in the form and context in which it respectively appears.

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited did not have any shareholding, directly or indirectly, in any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been, since 31 December 2015 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

| Name | Address |
|----------------------------|--|
| <i>Executive Directors</i> | |
| Long Xiaobo | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Zuo Weiqi | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Chen Yi-chung | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Xiao Jie | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |

| Name | Address |
|--|--|
| <i>Independent non-executive Directors</i> | |
| Liu Shuang | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Chiang Tsung-Nien | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| <i>Company Secretary</i> | |
| Cheung Yuk Chuen | Flat 2512, Lee Fung House Lee On Estate Ma On Shan New Territories Hong Kong |

Brief biographical information of Directors and senior management

Executive Directors

Mr. Long Xiaobo, aged 50, joined the Group on 22 November 2010, is the Chairman and an executive Director. He is also a chairman of the nomination and resumption committees, and a member of the remuneration committee of the Company. He is currently a director and general manager of Shenzheng City Boien Investment Limited Liability Company (深圳市柏恩投資有限責任公司). Mr. Long has served as the vice president of Dapeng Securities Company Limited, and was in charge of investment banking, asset management and the research business. He was also the founder and the first general manager of Dacheng Fund Management Company Limited. Mr. Long has more than 24 years of experience in the capital market business, and has specialised in asset management, securities investment, merger and acquisition, corporate reorganisation, financial consulting and real estate investment and integration. Mr. Long has obtained a Master of Economics degree and a Bachelor of Engineering degree from Fudan University, the PRC. Mr. Long is also a director of Star Sino International Limited, Billion Glory Capital Investment Limited and Gain Faith Investments Limited.

Mr. Zuo Weiqi, aged 50, joined the Group on 3 August 2011, is an executive Director and the chief executive officer of the Company. Mr. Zuo is currently a member of the nomination and resumption committees of the Company. Mr. Zuo has years of experiences in property management, private equity investment and industrial investment. Mr. Zuo is currently an executive director and general manager of China High-tech Investment Management Co., Ltd. Mr. Zuo has obtained a Master of Business Administration degree from China Academy of Social Sciences, PRC.

Mr. Chen Yi-chung, aged 42, joined the Group on 27 July 2012 as deputy manager of the Company prior to his appointment as an executive Director. Mr. Chen is also a member of the resumption committee of the Company. Mr. Chen has obtained a Bachelor of Business Administration degree from National Taiwan University, Taiwan. Mr. Chen has work experiences in various international financial institutions, such as Citigroup Asia-Pacific and the Principal Finance Group of the Standard Chartered Group.

Mr. Xiao Jie, aged 49, joined as chairman in Hunan Westralian Mining Company Limited, a subsidiary of the Company in 2013 prior to his appointment as an executive Director. Mr. Xiao graduated from Department of Civil Engineering of Hunan University, PRC and major in Industrial and Civil Construction Professional. He has obtained a Construction Quality Control Engineer qualification in 1997. Mr. Xiao has years' experience of team management and organisation leadership in the road and bridge construction in China especially in the area of design, construction and on-site management.

Independent Non-Executive Directors

Ms. Liu Shuang, aged 44, joined the Group on 28 April 2014, is an independent non-executive Director. Ms. Liu is currently a chairman of the audit, remuneration and investigation committees, and a member of the nomination and resumption committees of the Company. Ms. Liu has obtained a Bachelor of Business Law degree from Beijing Technology and Business University, PRC and a Master of Laws degree from Northwest University of Politics & Law, PRC and has over 20 years' experience in practicing law, specializing in overseas listing, merger and acquisition, private equity and overseas investment.

Mr. Chiang Tsung-Nien, aged 57, joined the Group on 19 January 2012, is an independent non-executive Director. Mr. Chiang is currently a member of audit, remuneration, nomination and investigation committees of the Company. Mr. Chiang has obtained a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, the United States of America and a Bachelor of Art degree, major in Economics, from the National Cheng-chi University, Taiwan. Mr. Chiang specializes in corporate finance, initial public offerings, real estate and large trade and other services for clients. He has worked in several banks in the United States of America such as Citibank N.A., China Trust Bank USA, UBS N.Y., Continental Illinois Bank Chicago, and Chase Manhattan Bank N.Y. He also served as the chief financial officer of China Aerospace International Investment Corporation, the managing director of China Link Investment Ltd. and the managing director of Asia Pacific Capital Partners Ltd.

Company Secretary

Mr. Cheung Yuk Chuen, aged 42, has been engaged as the company secretary of the Company since 14 August 2013. His primary contact person at the Company is Mr. Chen Yi-chung, executive Director. Mr. Cheung holds a bachelor's degree in business administration in accounting from the Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. He possesses over 13 years of experience in the fields of accounting, auditing and tax consultancy.

14. CORPORATE INFORMATION

| | |
|---|---|
| Principal place of business of the Company in Hong Kong | Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Registered office | Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| Auditors | ZHONGHUI ANDA CPA Limited Unit 701, 7/F., Citicorp Centre 18 Whitfield Road, Causeway Bay Hong Kong |
| Principal bankers | The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong |
| Principal share registrar and transfer agent | Royal Bank of Canada Trust Company (Cayman) Limited 4/F., Royal Bank House 24 Shedden Road George Town Grand Cayman, KY1-1110 Cayman Islands |
| Hong Kong branch share registrar and transfer office | Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong |
| Company secretary | Cheung Yuk Chuen |

| | |
|----------------------------|---|
| Authorised representatives | Chen Yi-chung Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| | Zuo Weiqi Room 2811, 28/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |

15. PARTIES INVOLVED IN THE OPEN OFFER

| | |
|---|--|
| Underwriter | Gain Faith Investments Limited Room 3111, 31/F. China Merchants Tower No. 168-200 Connaught Road Central Hong Kong |
| Financial adviser to the Company in respect of the Open Offer | Asian Capital (Corporate Finance) Limited Suite 601, Bank of America Tower 12 Harcourt Road, Central Hong Kong |
| Legal advisers to the Company | <i>As to Hong Kong Law</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road, Central Hong Kong |
| | <i>As to Cayman Islands Law</i> Conyers Dill & Pearman Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands |
| Certified Public Accountants | ZHONGHUI ANDA CPA Limited Unit 701, 7/F., Citicorp Centre 18 Whitfield Road, Causeway Bay Hong Kong |

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday (Monday to Friday, except public holidays) at the principal office of business of the Company in Hong Kong at Room 2811, 28/F., China Merchants Tower, No. 168-200 Connaught Road Central, Hong Kong from 29 April 2016 up to and including 19 May 2016:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2013 and 2014, and the annual results announcement of the Company dated 29 March 2016 for the financial year ended 31 December 2015;
- (c) the report from ZHONGHUI ANDA CPA Limited on the unaudited pro forma financial information of the Group, the text of which is appended to this Offering Circular as Appendix II;
- (d) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (e) the material contracts as referred to in the paragraph headed “Material Contracts” in this appendix.