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China Zhongsheng Resources Holdings Limited

中國中盛資源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 02623)

PROPOSED SHARE SUBDIVISION, CHANGE OF BOARD LOT SIZE AND PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE

PROPOSED SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in share capital of the Company be subdivided into 20 Subdivided Shares of HK\$0.0005 each. The Share Subdivision is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares. The Subdivided Shares will rank pari passu with each other in all respects and the Share Subdivision will not result in any changes in the relative rights of the Shareholders.

CHANGE OF BOARD LOT SIZE

The Board proposes to change the board lot size of trading in the Shares from 2,000 Shares to 10,000 Subdivided Shares immediately upon the Share Subdivision becoming effective.

PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE

Reference is made to the announcement of the Company dated 17 July 2014 in relation to the placing of the Unlisted Warrants under the Existing General Mandate. The placing was completed on 17 July 2014 and 144,000,000 units of the Unlisted Warrants have been issued and allotted. If the Unlisted Warrants are fully exercised, it represents approximately 19.98% of the existing issued share capital of the Company. Accordingly, the Existing General Mandate has been substantially utilized. The Directors consider that the granting of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole as it will provide the Company with more flexibility in raising funds through the issue of new Shares for its general working capital and business development as and when the Directors consider appropriate in the future. Therefore, the Board proposes to seek the approval of Independent Shareholders to refresh the Existing General Mandate at the EGM.

GENERAL

An EGM will be convened to consider and, if thought fit, approve, among other things, the proposed Share Subdivision and the proposed refreshment of the Existing General Mandate.

A circular containing, among other things, details of the Share Subdivision, the change of board lot size, the trading arrangements in respect of the Subdivided Shares, the procedure for the free exchange of the Existing Share Certificates, the refreshment of the Existing General Mandate, together with the notice of the EGM will be despatched to the Shareholders on or before Friday, 3 October, 2014.

PROPOSED SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in share capital of the Company be subdivided into 20 Subdivided Shares of HK\$0.0005 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out in paragraph headed “Conditions of the Share Subdivision” below.

As at the date of this announcement, the authorised share capital of the Company is HK\$30,000,000 divided into 3,000,000,000 Shares, of which 720,871,584 Shares are in issue and fully paid. Immediately upon the Share Subdivision becoming effective, the authorized share capital of the Company will be HK\$30,000,000 divided into 60,000,000,000 Subdivided Shares.

The Subdivided Shares will rank pari passu with each other in all respects and the Share Subdivision will not result in any changes in the relative rights of the Shareholders.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM approving the Share Subdivision; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

Application for listing of Subdivided Shares

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares on the Stock Exchange.

CHANGE OF BOARD LOT SIZE

The Board proposes to change the board lot size of trading in the Shares from 2,000 Shares to 10,000 Subdivided Shares immediately upon the Share Subdivision becoming effective. Based on the closing price of the Shares as at the date of this announcement of HK\$4.33 per Share, the current board lot value amounting to HK\$8,660. The proposed new board lot of 10,000 Subdivided Shares, together with the Share Subdivision, will effectively reduce the board lot value to approximately HK\$2,165 (calculated based on the closing price of the date of this announcement and adjusted for the effect of Share Subdivision). The Share Subdivision and the change in board lot size are not expected to result in any odd lots other than those already exist.

OUTSTANDING WARRANTS

As at the date of this announcement, there are outstanding Unlisted Warrants to subscribe for 144,000,000 Shares. Pursuant to the terms of the instrument creating the Unlisted Warrants, the subscription price is subject to adjustment in the event of, among others, the Share Subdivision. Further announcement will be made by the Company upon the adjustment becoming effective.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

REASONS FOR THE PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Share Subdivision will decrease the nominal value and increase the total number of shares in issue. The Share Subdivision will result in downward adjustment to the trading price of the Shares. The Board believes that the Share Subdivision will decrease the trading spread and improve the liquidity in trading of the Company's Subdivided Shares and thereby would attract more investors and widen the Shareholder base. The Board also considers that the proposed change of board lot size will result in Subdivided Shares being traded in a more reasonable board lot size and value.

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Subdivision and the proposed change in board lot size, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the shareholdings, rights and interests of the Shareholders. The Board considers that the Share Subdivision and the proposed change of board lot size are in the interests of the Company and the Shareholders as a whole.

FREE EXCHANGE OF SHARE CERTIFICATES

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Friday, 28 November 2014 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of 1 Share for 20 Subdivided Shares.

The Existing Share Certificates will be exchanged free of charge for the New Share Certificates for Subdivided Shares between 9:00 a.m. and 4:30 p.m. on any business day from Tuesday, 21 October 2014 to Friday, 28 November 2014 (both dates inclusive) at the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. It is expected that New Share Certificates will be available for collection within 10 business days after the submission of the Existing Share Certificates for exchange. The New Share Certificates will be blue in color so as to be distinguished from the Existing Share Certificates which are yellow in color.

TRADING ARRANGEMENT FOR SUBDIVIDED SHARES

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on Tuesday, 21 October 2014 at 9:00 a.m.. Parallel trading in the Subdivided Shares (in the forms of Existing Share Certificates and New Share Certificates) will be operated from Tuesday, 4 November 2014 to Monday, 24 November 2014 (both dates inclusive). Full details of the expected timetable and trading arrangement of the Shares are set out in the section headed "Expected Timetable for the Proposed Share Subdivision and Change of Board Lot Size" in this announcement.

EXPECTED TIMETABLE FOR THE PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The expected timetable relating to the Share Subdivision and change of board lot size and the associated trading arrangements are as follows:

<i>Event</i>	<i>2014 (Hong Kong time)</i>
Latest time for lodging the form of proxy for the EGM.	10:00 a.m. on Saturday, 18 October
EGM	10:00 a.m. on Monday, 20 October
Publication of announcement on poll results of the EGM	Monday, 20 October
<i>The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision</i>	
Effective date of the Share Subdivision	Tuesday, 21 October
Dealing in the Subdivided Shares commence.	9:00 a.m. on Tuesday, 21 October
Original counter for trading in existing Shares in board lots of 2,000 Shares temporarily closes	9:00 a.m. on Tuesday, 21 October
Temporary counter for trading in board lots of 40,000 Subdivided Shares (in the form of Existing Share Certificates) opens	9:00 a.m. on Tuesday, 21 October
Free exchange of Existing Share Certificates for the New Share Certificates for the Subdivided Shares commences.	Tuesday, 21 October
Original counter for trading in Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of New Share Certificates) re-opens	9:00 a.m. on Tuesday, 4 November
Parallel trading in Subdivided Shares (in the forms of Existing Share Certificates and New Share Certificates) commences.	9:00 a.m. on Tuesday, 4 November
Temporary counter for trading in board lots of 40,000 Subdivided Shares (in the form of Existing Share Certificates) closes	4:00 p.m. on Monday, 24 November
Parallel trading in Subdivided Shares (in the forms of Existing Share Certificates and New Share Certificates) ends	4:00 p.m. on Monday, 24 November
Free exchange of Existing Share Certificates for the Shares for New Share Certificates for the Subdivided Shares ends	Friday, 28 November

Further announcement will be made by the Company for changes, if any, in the expected timetable for implementation of the Share Subdivision and change of board lot size and the associated trading arrangements.

PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE

Reference is made to the announcement of the Company dated 17 July 2014 in relation to the placing of the Unlisted Warrants under the Existing General Mandate. The placing was completed on 17 July 2014 and 144,000,000 units of Unlisted Warrants have been issued and allotted. If the Unlisted Warrants are fully exercised, it represents approximately 19.98% of the existing issued share capital of the Company. Accordingly, the Existing General Mandate has been substantially utilized. The Directors consider that the granting of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole as it will provide the Company with more flexibility in raising funds through the issue of new Shares for its general working capital and business development as and when the Directors consider appropriate in the future. Therefore, the Board proposes to seek the approval of Independent Shareholders to refresh the Existing General Mandate at the EGM.

As at the date of this announcement, the Company has 720,871,584 Shares in issue. Assuming there is no further issue or repurchase of Shares from the date of this announcement and up to the date of the EGM, the aggregate of 20% of the issued share capital of the Company, amount to a maximum of 144,174,316 new Shares (equivalent to 2,883,486,320 Subdivided Shares), can be issued under the Refreshed General Mandate.

The refreshment of the Existing General Mandate before the next annual general meeting is subject to the approval of the Independent Shareholders at the EGM, pursuant to rule 13.36(4) of the Listing Rules. Any controlling Shareholders and their respective associate(s) or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associate(s) are required to abstain from voting in favour of the proposed resolution approving the refreshment of the Existing General Mandate.

The Independent Board Committee has been formed to advise the Independent Shareholders of the proposed refreshment of the Existing General Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders of the Refreshed General Mandate.

Details of the Refreshed General Mandate, the letters from the Independent Board Committee and the Independent Financial Adviser and the relevant resolutions to be proposed at the EGM will be set out in the circular to be despatched to the Shareholders.

GENERAL

An EGM will be convened to consider and, if thought fit, approve, among other things, the proposed Share Subdivision and the refreshment of the Existing General Mandate.

A circular containing, among other things, details of the Share Subdivision, the change of board lot size, the trading arrangements in respect of the Subdivided shares, the procedure for the free exchange of the Existing Share Certificates, the refreshment of the Existing General Mandate, together with the notice of the EGM will be despatched to the Shareholders on or before Friday, 3 October, 2014.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	China Zhongsheng Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the proposed Share Subdivision and the refreshment of Existing General Mandate
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 May 2014 to allot, issue and deal with the Shares of not exceeding the aggregate of 20% of the issued share capital of the Company as at the date of the said annual general meeting
“Existing Share Certificate(s)”	existing form of certificate(s) of the Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising the independent non-executive Directors to advise the Independent Shareholders on the Refreshed General Mandate
“Independent Financial Adviser”	Amasse Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than any controlling Shareholders or their associates or, where there are no controlling Shareholders, any Directors who shall hold Shares as at the date of the EGM and their respective associates Shareholders other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates who shall hold Shares as at the date of the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Certificate(s)”	form of certificate(s) of the Subdivided Shares

“Refreshed General Mandate”	the refreshment of the Existing General Mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with the shares or other securities of the Company, representing not exceeding the aggregate of 20% of the issued share capital of the Company as at the EGM
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) or the Subdivided Share(s) of the Company, as the case may be
“Share Subdivision”	the proposed subdivision of each Share into 20 Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.0005 each in the issued and unissued share capital of the Company upon the Share Subdivision becoming effective
“Unlisted Warrants”	144,000,000 unlisted warrants issued by the Company on 17 July 2014 attaching with the right to subscribe up to a maximum of 144,000,000 Shares by the holders of the Unlisted Warrants at an initial subscription price of HK\$1.69 per Share, subject to adjustments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
China Zhongsheng Resources Holdings Limited
Li Yunde
Chairman

Hong Kong, 19 September 2014

As at the date of this announcement, the executive Directors are Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo; and the independent non-executive Directors are Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Mr. Lin Chu Chang.