

CHINA RESOURCES DEVELOPMENT INC  
Form S-4  
September 24, 2004

As filed with the Securities and Exchange Commission on September 24, 2004.

Registration No. 333-\_\_\_\_\_

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**CHINA RESOURCES DEVELOPMENT, INC.**

*(Exact name of Registrant as specified in charter)*

**Nevada**

**5190**

**87-0263643**

*(State or Other Jurisdiction)*

*(Primary Standard Industrial*

*(I.R.S. Employer*

*of Incorporation)*

*Classification Code Number)*

*Identification No.)*

**AND**

**BILLION LUCK COMPANY LTD**

*(Exact name of Registrant as specified in charter)*

**British Virgin Islands**

**5190**

**Not Applicable**

*(State or Other Jurisdiction*

*(Primary Standard Industrial*

*(I.R.S. Employer*

*of Incorporation)*

*Classification Code Number)*

*Identification No.)*

**Room 2105, West Tower, Shun Tak Centre**

**200 Connaught Road C, Sheung Wan, Hong Kong**

**011-852-2810-7205**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Ching Lung Po, President**

**Room 2105, West Tower, Shun Tak Centre**

**200 Connaught Road C, Sheung Wan, Hong Kong**

**011-852-2810-7205**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

*with copies to:*

**David A. Ficksman, Esq.**

**Loeb & Loeb LLP**

**10100 Santa Monica Boulevard, Suite 2200**

**Los Angeles, California 90067-4164**

**(310) 282-2000**

**Approximate date of proposed sale to the public:**

**As soon as practicable after the effective date of this Registration Statement.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

#### CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be registered	Amount to be Registered	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price	Amount of registration fee
Common Shares	1,247,823 (1)	\$4.11	\$5,133,544	\$655

(1)

Represents the maximum number of shares of common stock of Billion Luck Company Ltd ( Billion Luck ), a British Virgin Islands corporation, which is a wholly-owned subsidiary of China Resources Development, Inc. ( CRD or the Company ). These shares will be issued upon the exchange of shares of CRD for Billion Luck shares pursuant to the proposed Merger described herein.

(2)

The price of \$4.11 per share was the average of the high and low bid prices of the China Resources common stock on the Nasdaq Small Cap Market on September 17, 2004 which will be cancelled in connection with the Merger. This price is solely for the purposes of calculating the registration fee in accordance with Rule 457(f)(1) of the Securities

Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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**JOINT INFORMATION STATEMENT**

**CHINA RESOURCES DEVELOPMENT, INC.**

**and**

**BILLION LUCK COMPANY LTD**

**Room 2105, West Tower, Shun Tak Centre**

**200 Connaught Road C, Sheung Wan, Hong Kong**

**011-852-2810-7205**

**NOTICE OF ACTION TAKEN BY WRITTEN CONSENT**

**October 15, 2004**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY. THE ACTION, DEFINED BELOW, HAS ALREADY BEEN APPROVED BY THE WRITTEN CONSENT OF HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES ENTITLED TO VOTE ON THIS MATTER. A VOTE OF THE REMAINING STOCKHOLDERS IS NOT NECESSARY.

**General**

This Joint Information Statement/Prospectus along with our Form 10-KSB for the fiscal year ended December 31, 2003 and our Form 10-QSB for the quarter ended June 30, 2004 are being furnished on or about October 15, 2004 to stockholders of record at the close of business on August 15, 2004 (the Record Date) of both common stock, par value \$0.001 (the Common Stock) and the Series B Preferred Stock (Preferred Stock) of China Resources Development, Inc. (CRD, China Resources or the Company) in connection with the following (the Action):

-

Changing the Company's corporate domicile, or place of incorporation, from the State of Nevada to the British Virgin Islands (the "BVI"). The change of our domicile from the State of Nevada to the BVI will be accomplished through a merger (the "Merger") of the Company into our wholly-owned subsidiary, Billion Luck Company Ltd ("Billion Luck"), a company organized under the laws of the BVI.

### **Voting Procedures**

The Board of Directors has approved, and a majority of the stockholders (the "Consenting Stockholders") representing 50.3% of the outstanding voting power as of the Record Date have consented in writing to the Action. Such approval and consent constitute the approval and consent of a majority of the total number of shares entitled to vote on this matter and is sufficient under the Nevada Revised Statutes ("NRS") to approve the Action. Accordingly, the Action will not be submitted to the other stockholders.

The Board of Directors of Billion Luck and the sole stockholder of Billion Luck have consented in writing to the Action. Such approval and consent constitute the approval and consent of a majority of the total number of shares entitled to vote on this matter and is sufficient under the laws of the British Virgin Islands to approve the Action.

CRD will pay all costs associated with the distribution of this Information Statement/Prospectus and the filing of the Registration Statement, including the costs of printing and mailing. CRD will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending this Joint Information Statement/Prospectus to the beneficial owners of CRD's Common Stock.

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The Merger will be effective when Articles of Merger are filed with the Registrar of Corporate Affairs in the British Virgin Islands and with the Department of Commerce, Division of Corporations of the State of Nevada. Under federal securities laws, the Articles of Merger cannot be filed until at least 20 days after the mailing of this Joint Information Statement/ Prospectus.

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**PROSPECTUS**

**BILLION LUCK COMPANY LTD**

**Room 2105, West Tower, Shun Tak Centre**

**200 Connaught Road C, Sheung Wan, Hong Kong**

**011-852-2810-7205**

**1,247,823 Common Stock**

This Joint Information Statement/Prospectus relates to up to 1,247,823 shares of common stock, no par value of Billion Luck which will be issued to the stockholders of China Resources in exchange for their shares of China Resources, upon consummation of the proposed Merger between Billion Luck and CRD with Billion Luck being the surviving corporation. As a result of the Merger, the corporate domicile of CRD, will effectively be changed from the State of Nevada to the British Virgin Islands.

CRD is a holding company and Billion Luck its wholly-owned subsidiary and most of CRD's operations are conducted through Billion Luck. Therefore there is no separate discussion of the operations or financial results of Billion Luck, as management has determined that it would be unduly confusing and duplicative. References to us, our and the Company refer to both Billion Luck and CRD.

THIS JOINT INFORMATION STATEMENT/PROSPECTUS AND THE ACCOMPANYING FORMS OF INFORMATION ARE FIRST BEING MAILED ON OR ABOUT OCTOBER 15, 2004.

INVESTING IN THE COMMON STOCK INVOLVES CERTAIN RISKS. SEE RISK FACTORS BEGINNING ON PAGE 6 FOR A DISCUSSION OF THESE RISKS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT INFORMATION STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Joint Information Statement/Prospectus is October 15, 2004.

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## QUESTIONS AND ANSWERS ABOUT THE MERGER

**Q.**

**HOW WILL THE MERGER BE EFFECTED?**

**A.**

CRD will merge into Billion Luck. Billion Luck will be the surviving company of the Merger and as a result of the Merger, CRD will no longer exist. The Merger Agreement is attached to this Notice as Annex C.

**Q.**

**WHAT WILL THE NAME OF THE COMPANY BE AFTER THE MERGER?**

**A.**

Pursuant to the Merger Agreement, Billion Luck will change its name to China Natural Resources, Inc.

**Q.**

**WHAT WILL HAPPEN TO THE ASSETS, LIABILITIES AND CONTRACTS OF CRD IN THE MERGER?**

**A.**

All of the assets, liabilities and contracts of CRD will, through the Merger with Billion Luck, become the assets, liabilities and contracts of Billion Luck.

**Q:**

**WHAT WILL HAPPEN TO MY SHARES OF CRD?**

**A:**

As a result of the Merger, all your shares will be automatically converted into shares of Billion Luck on a one-for-one basis. For example, if you currently own 10,000 shares of Common Stock of CRD, after the Merger you will own 10,000 shares of Common Stock of Billion Luck. If you own 10,000 Shares of CRD Preferred Stock, after the Merger you will own 10,000 shares of Preferred Stock of Billion Luck. After the Merger, you will no longer own any shares of CRD. As a result of the Merger, all of the stockholders of CRD will become stockholders of Billion Luck and CRD will no longer exist.

**Q: ARE PREFERRED SHARES ALSO BEING REGISTERED?**

**A:** No. There is currently only one holder of CRD Preferred Stock. The shares of Preferred Stock to be issued by Billion Luck at the effective time of the Merger will be issued pursuant to an exemption provided by Section 4(2) of

the Securities Act of 1933, as amended.

**Q.**

**WILL THE MERGER RESULT IN A CHANGE OF STOCKHOLDER CONTROL?**

**A.**

No, the Merger will not, on its own, result in a change of control. There are currently, 1,247,823 shares of Common Stock and 320,000 shares of Preferred Stock issued to our stockholders. After giving effect to the Merger, there will be 1,247,823 shares of Billion Luck's Common Stock and 320,000 shares of Billion Luck's Preferred Stock outstanding. No person, except for the stockholders of CRD, will be issued shares of Billion Luck as part of the Merger.

**Q.**

**WHAT ARE THE BENEFITS TO THE COMPANY OF COMPLETING THIS REORGANIZATION?**

**A.**

Most of our operations are conducted through Billion Luck. A key objective of the reorganization is to consolidate all of our operations through one holding company, Billion Luck, to make the operating structure more efficient, which will improve cash flow and enable us to maximize existing business growth and which we believe will allow us to be more competitive in the global marketplace. Further, by eliminating CRD from the structure, certain United States corporate and tax reporting and compliance obligations are avoided. For example, while CRD owns Billion Luck, Billion Luck is considered a controlled foreign corporation ( CFC ) for United States federal income tax purposes. Billion Luck's foreign subsidiary corporations are also CFCs. CRD, as the direct, and indirect, sole shareholder of CFCs, is subject to U.S. tax compliance obligations and potential tax liabilities. Billion Luck and its foreign subsidiaries will not be CFCs after the Merger, and will not again become CFCs so long as no more than fifty percent (50%) of their equity, by vote or value, is owned or considered owned by U.S. persons owning ten percent (10%) or more of their stock. Under current United States federal income tax rules, the Merger avoids future exposure to U.S. tax liability and tax compliance obligations that could occur if Billion Luck were to continue to

qualify as a CFC. However, it should be noted that several members of the United States Congress have introduced legislation that, if enacted, may reduce or eliminate the anticipated tax benefits. Differing versions of the proposed legislation have been passed by both houses of Congress. It is possible that the two competing versions may be reconciled and adopted as law.

**Q. WHAT EFFECT WILL THE MERGER HAVE ON MANAGEMENT OF THE COMPANY?**

**A.** In connection with the Merger, the current management of China Resources will become the management of Billion Luck.

**Q.**

**WHAT EFFECT WILL THIS CHANGE HAVE ON ME AS A STOCKHOLDER?**

**A.**

Your rights as a stockholder of newly merged company will be governed by the laws of the BVI and Billion Luck's Memorandum of Association and Articles of Association in the form attached as Annexes A and B to this Information Statement/Prospectus, as opposed to the laws of the Nevada and our existing Articles of Incorporation and Bylaws. See Comparison of Rights of Stockholders for a more detailed description of the differences between Nevada law and the laws of the BVI.

**Q:**

**WHAT ARE THE TAX CONSEQUENCES TO CRD STOCKHOLDERS OF CHANGING CRD'S PLACE OF INCORPORATION?**

**A:**

CRD believes that, under *current* United States federal income tax rules, the Merger will be treated as a tax-free reorganization with respect to the CRD stockholders. Therefore, you should not recognize any gain or loss on the exchange of your CRD shares for Billion Luck shares. CRD believes the Merger will be a taxable transaction with respect to CRD. However, it should be noted that several members of the United States Congress have introduced legislation that, if enacted, may change the tax consequences of the Merger. Differing versions of the proposed legislation have been passed by both houses of Congress. It is possible that the two competing versions may be reconciled and adopted as law. **WE STRONGLY URGE YOU TO CONSULT YOUR TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES OF THE REORGANIZATION.** See United States Income Tax Consequences for a more detailed summary of the United States federal income tax consequences of the Merger.

**Q:**

**WILL THE SHARES BEING ISSUED BY INFORMATION STATEMENT/PROSPECTUS BE LISTED ON THE NASDAQ SMALL CAP MARKET?**

**A:**

Yes. After the applicable merger documents have been filed with the Nevada Secretary of State and the Articles of Merger have been filed with the Registrar of Companies in the BVI, Billion Luck will apply for a new CUSIP Number and send a notice of the Merger to the Nasdaq. Nasdaq will reflect the change on its records and issue Billion Luck a new trading symbol.

**Q:**

**ARE THERE DISSENTERS' RIGHTS?**

**A:**

Yes. If you were not asked to consent to the Merger, you are entitled to receive the fair market value of your shares. Please review the section of this Notice entitled Dissenters' Rights under Nevada law for a more detailed description of how to exercise your dissenters' rights. See Dissenters' Rights for a more detailed explanation of your dissenters rights.

**Q:**

**WHO CAN HELP ANSWER MY QUESTIONS?**

**A:**

If you have additional questions about the Merger, you should contact:

Ching Lung Po

China Resources Development, Inc.

Room 2105, West Tower, Shun Tak Centre

200 Connaught Road C, Sheung Wan, Hong Kong

011-852-2810-7205



### **ABOUT THIS INFORMATION STATEMENT/PROSPECTUS**

This Information Statement/Prospectus is part of a registration statement we have filed with the Securities and Exchange Commission. You should read this Information Statement/Prospectus with the additional information described under the heading **Where You Can Find More Information**. We are proposing a change of our domicile or place of incorporation from the State of Nevada to the British Virgin Islands. In transactions in which a U.S. corporation changes its domicile from one U.S. state to another U.S. state, through a merger, no registration of the shares to be issued in the Merger is required under Rule 145 as promulgated under the Securities Act of 1933, as amended. However, we are proposing that our domicile be changed to the British Virgin Islands and therefore, registration of the shares of Billion Luck Company Ltd., our wholly-owned subsidiary which will be issued in connection with the Merger, must be registered.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Information Statement/Prospectus contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as **may, will, expect, anticipate, believe, estimate, plan, intend, continue** or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial condition or state other forward-looking information. The sections captioned **Risk Factors** as well as any cautionary language in this Information Statement / Prospectus, provide examples of risks, uncertainties, and events that may cause our actual results to differ materially from the expectations. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We qualify any forward-looking statements entirely by these cautionary factors.

## SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS DOCUMENT AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. FOR A MORE COMPLETE UNDERSTANDING AND DESCRIPTION OF THE MERGER, YOU SHOULD CAREFULLY READ THIS ENTIRE DOCUMENT, THE OTHER AVAILABLE INFORMATION REFERRED TO IN WHERE YOU CAN FIND MORE INFORMATION AND THE DOCUMENTS ATTACHED TO THIS INFORMATION STATEMENT/PROSPECTUS.

### Overview

The Merger, as approved by our Board of Directors and the Consenting Stockholders, will result in the change of CRD's domicile from the State of Nevada to the British Virgin Islands.

### Parties to the Merger

CHINA RESOURCES DEVELOPMENT, INC.

Room 2105, West Tower, Shun Tak Centre

200 Connaught Road C, Sheung Wan, Hong Kong

011-852-2810-7205

BILLION LUCK COMPANY LTD.

Room 2105, West Tower, Shun Tak Centre

200 Connaught Road C, Sheung Wan, Hong Kong

011-852-2810-7205

The proxy rules promulgated under the Securities Exchange Act of 1934, as amended, require that this Joint Information Statements/Prospectus present information regarding the operations and financial condition of both parties to the Merger. However, because China Resources is a holding company and Billion Luck is our wholly-owned subsidiary, and most of our operations are conducted through Billion Luck, we have not included a separate discussion of the operations or financial results of Billion Luck, as management has determined that it would be unduly confusing and duplicative.

### Terms of the Merger Agreement

The Merger Agreement is attached to this Information Statement as Annex C. You should read the Merger Agreement in its entirety. It is the legal document that governs the Merger. The Merger Agreement provides that CRD will be

merged with and into Billion Luck, with Billion Luck being the surviving corporation. As a CRD stockholder, each share of your Common Stock and Preferred Stock will automatically be converted into the same number of common stock and preferred stock of Billion Luck. You will be sent written instructions for surrendering your certificates after we have completed the Merger.

### **Comparison of Corporate Law**

The corporate governing documents of Billion Luck and the corporate laws of the British Virgin Islands are similar to, but not identical with the corporate governing documents of CRD and the corporate laws of Nevada. A more detailed description of the comparison of corporate governing documents and corporate laws is set forth later in this Information Statement/Prospectus.

### **United States Federal Income Tax Consequences**

CRD believes that, under current United States federal income tax rules, the Merger will be treated as a tax-free reorganization with respect to the CRD stockholders. However, the Merger will be a taxable transaction with respect to CRD, under which CRD will recognize taxable gain to the extent the fair market value of its assets exceeds the assets' adjusted carrying cost (i.e., tax basis), as calculated for United States tax purposes. However, it

should be noted that several members of the United States Congress have introduced legislation that, if enacted, may change the tax consequences of the Merger. Differing versions of the proposed legislation have been passed by both houses of Congress. It is possible that the two competing versions may be reconciled and adopted as law. See "Tax Consequences" for more detail on the federal income tax consequences. **YOU SHOULD CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES OF THE MERGER THAT ARE PARTICULAR TO YOU.**

### **Governmental Filings**

CRD and Billion Luck are required to file Articles of Merger with the State of Nevada, Division of Corporations and the Registrar of Corporate Affairs of the British Virgin Islands in connection with the Merger.

### **Dissenter's Rights**

Stockholders are entitled to demand appraisal of their shares in the case of mergers or consolidations, except where: (i) they are stockholders of the surviving corporation and the merger did not require their approval under Nevada law; (ii) the corporation's shares are either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by The National Association of Securities Dealers, Inc.; or (iii) the corporation's shares are held of record by more than 2,000 stockholders. You have Dissenter's Rights because our shares are quoted on the Nasdaq Small Cap Market which, by definition, is not a national market system and our stock is held by fewer than 2,000 stockholders of record.

## **RISK FACTORS**

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS, AS WELL AS ALL OF THE OTHER INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS INFORMATION STATEMENT/PROSPECTUS. IF ANY OF THE RISKS DISCUSSED IN THIS INFORMATION STATEMENT/PROSPECTUS ACTUALLY OCCUR, OUR BUSINESS, FINANCIAL CONDITION AND OPERATING RESULTS COULD BE ADVERSELY AFFECTED.

**After the Merger, Billion Luck will be a foreign private issuer and will have disclosure obligations that are less stringent than those of CRD and other U.S. domestic reporting companies.**

After the merger, Billion Luck will be a foreign private issuer and, as a result, obtains relief from certain of the requirements the SEC imposes upon U.S. domestic issuers like CRD. For example, Billion Luck will not be required to issue quarterly reports or proxy statements. Billion Luck will be allowed six months to issue annual reports instead of three, and Billion Luck will not be required to disclose executive compensation reports that are as detailed as U.S. domestic issuers. Billion Luck's directors and officers will not be required to report equity holdings under Section 16 of the Securities Exchange Act, although Billion Luck will file reports under Section 13 of the Securities Exchange Act of 1934, if and when applicable. In general, because various disclosure obligations of Billion Luck as a foreign private issuer are less stringent than those required of CRD, stockholders will no longer receive an equivalent amount of disclosure from Billion Luck which they have received in the past from CRD.

### **Amendments to Governing Documents.**

Under the laws of the British Virgin Islands and under the Memorandum of Association of Billion Luck, the Articles of Association and Memorandum of Association of Billion Luck may be amended by resolution of the Board of Directors without stockholder approval. Such amendments may include, but are not limited to, amendments to change our authorized capital, including authorizing a class of preferred stock, and amendments to change our name. Under Nevada law, amendments to our Articles of Incorporation require stockholder approval.

**After the Merger, your rights as a stockholder will be governed by the laws of the British Virgin Islands.**

By changing our place of incorporation, CRD will experience changes in governing corporate law and our governing documents. As a result of the Merger, CRD will be incorporated in the British Virgin Islands and will no longer be incorporated in the State of Nevada. On the date we change our place of incorporation we will be subject to the laws of the British Virgin Islands. These changes are highlighted under the section Comparison of Rights of Stockholders .

**One of the benefits of the reorganization could be reduced or eliminated if there are unfavorable changes in or interpretations of tax laws.**

Several members of the United States Congress have introduced legislation that, if enacted, might reduce or eliminate the anticipated United States federal income tax benefits of the transaction. The proposed legislation is generally directed at somewhat different transactions (e.g., the United States-to-foreign restructuring of United States corporations with substantial operations, employees, and assets in the United States), rather than at transactions

involving United States corporations, such as CRD, that function merely as holding companies for foreign assets and operations in foreign subsidiary entities, such as Billion Luck. However, there appears to be a risk that the broad legislative proposals could, if enacted, apply to the Merger. Therefore, those legislative proposals should be noted.

In 2003, Senator Charles Grassley, as Chairman of the Senate Finance Committee, along with Senator Max Baucus, as Ranking Minority Member of the Senate Finance Committee, introduced legislation (S. 1637), which was passed by the Senate on May 11, 2004. The 2004 Senate Legislation is proposed to apply to transactions completed after March 20, 2002. This 2004 Senate Legislation, for United States federal income tax purposes, would treat a foreign corporation that undertakes a covered corporate inversion transaction as a domestic

corporation. On June 4, 2004, Representative Thomas introduced legislation that deviates substantially the 2004 Senate Legislation (H. 4520). The House passed this proposed legislation on June 17, 2004. The 2004 Thomas Legislation would not treat a foreign corporation that undertakes a covered corporate inversion transaction as a domestic corporation. Instead, the corporate level gain and resulting federal income tax that generally applies to such inversions could not be offset by tax attributes such as net operating losses and foreign tax credits. The 2004 Thomas Legislation would be effective for inversion transactions completed after March 4, 2003. The Senate and the House currently are planning to hold conference negotiations on S. 1637 and H. 4520. If either of the current legislative proposals were enacted, maintained their effective dates and were applicable to this Merger, it could vitiate the United States federal income tax benefits and reduce United States tax compliance burdens anticipated as a result of the Merger. If the 2004 Senate Legislation were enacted and applied to the Merger, CRD would not recognize any gain on the Merger, but Billion Luck would be treated as a domestic corporation after the Merger. Billion Luck would be subject to United States federal income tax on its worldwide income and its foreign subsidiaries in which it owns, directly or indirectly, more than 50% of its equity, by vote or value, would be CFCs after the Merger. If the 2004 House Legislation were enacted and applied to the Merger, CRD would recognize any gain, and the tax related thereto, could not be offset by its tax attributes, such as its net operating losses. Billion Luck would not be treated as a domestic corporation for U.S. tax purposes.

The United States Congress has included similar corporate inversion provisions in several legislative proposals over the past few years, but none of these proposals were ever passed by either house of Congress. The history illustrates, however, that many members of Congress believe that the taxation of certain corporate inversion transactions should be modified. On March 6, 2002, Representative Richard E. Neal (along with 18 co-sponsors) introduced legislation (H.R. 3884) that was substantially similar to the 2004 Senate Legislation and would treat a foreign corporation that undertakes a covered corporate expatriation transaction as a domestic corporation and, thus, such foreign corporation would be subject to United States federal income tax after the transaction. The Neal Legislation was proposed to be effective for corporate expatriation transactions completed after September 11, 2001. Representative James H. Maloney also introduced legislation that was substantially similar to the 2004 Senate Legislation, including a September 11, 2001 effective date (H.R. 3922). Representative Scott McInnis also introduced legislation that was substantially similar to the 2004 Senate Legislation, except that it was proposed to apply to transactions completed after December 31, 2001 (H.R. 3857). Representative Nancy Johnson also introduced legislation that was substantially similar to the 2004 Senate Legislation, except that it was proposed to apply to transactions completed after September 11, 2001 and beginning before December 31, 2003 (H.R. 4756). Furthermore, Senator Charles Grassley, as Ranking Minority Member of the Senate Finance Committee, along with Senator Max Baucus, as Chairman of the Senate Finance Committee, also introduced legislation that was substantially similar to the 2004 Senate Legislation, except that it was proposed to apply to transactions completed after March 20, 2002, and it may have allowed stockholders to qualify for tax-free treatment with respect to a corporate expatriation transaction (S. 2119). Subsequent to June 18, 2002, Representative Bill Thomas, Chairman of the House Committee on Ways and Means, introduced legislation that was substantially similar to the 2004 Senate Legislation, except that it was proposed to apply to transactions completed after March 20, 2002 and before March 21, 2005 (H.R. 5095). The late Senator Paul Wellstone also introduced legislation that was substantially similar to the 2004 Senate Legislation, except that it was proposed to apply to tax years beginning after December 31, 2002 without regard to when such transactions were completed (S. 2050).

Several other members of the United States Congress and the Treasury Department are currently investigating corporate inversion transactions such as the Merger. On May 17, 2002, the Office of Tax Policy of the Department of the Treasury issued their preliminary report on off-shore merger transactions which concluded:

We must work to ensure that our tax system does not operate to place U.S.-based companies at a competitive disadvantage in the global marketplace. The tax policy issues raised by the recent inversion activity are serious issues. Further work is needed to develop and implement an appropriate and effective long-term response. As an immediate matter, careful attention should be focused on ensuring that an inversion transaction, or any other transaction resulting in a new foreign parent, cannot be used to reduce inappropriately the U.S. tax on income from U.S. operations. A comprehensive review of the U.S. tax system, particularly the international tax rules, is both appropriate and timely. Our overreaching goal must be to maintain the position of the United States as the most desirable location in the world for place of incorporation, location of headquarters, and transaction of business.



As a result of the increased scrutiny of such transactions, changes in the tax laws or tax regulations may occur, with prospective or retroactive effect, which could eliminate or substantially reduce the anticipated tax benefits of the Merger. If, in response to any such changes, the reorganized company or its subsidiaries undertake a corporate restructuring, such restructuring could result in additional material tax liability to the company or its stockholders.

**If you are a U.S. shareholder, you could be taxed as a result of the reorganization merger if the IRS successfully challenges the tax-free treatment of the reorganization merger.**

Apart from any changes in U.S. tax laws like those described above, the IRS or other taxing authority could disagree with our assessment of the effects or interpretation of existing laws and regulations, or with certain factual determinations upon which the contemplated tax treatment of the reorganization merger depends. If the IRS were to challenge successfully the tax treatment of the reorganization merger, this could result in U.S. shareholders being taxed on their receipt of Billion Luck shares in exchange for their CRD common stock pursuant to the Merger. The tax would be imposed on the excess, if any, of the trading price of the Billion Luck Shares received by U.S. shareholder in exchange for CRD common stock in the reorganization merger over the shareholder's adjusted tax basis in the shares of CRD common stock exchanged therefore. Generally, any such gain would be capital gain.

**The enforcement of judgments in stockholder suits against Billion Luck may be more difficult.**

Billion Luck is a British Virgin Islands company. As a result, it may be difficult for you to affect service of process within the United States or to enforce judgments obtained against Billion Luck in United States courts. However, Billion Luck will irrevocably agree that it may be served with process with respect to actions based on offers and sales of securities made in the United States by having CRD's office be its United States agent appointed for that purpose.

Billion Luck has been advised by its British Virgin Islands counsel, Walkers, that a judgment for the payment of money rendered by a court in the United States based on civil liability would not be automatically enforceable in the British Virgin Islands because there is no British Virgin Islands law or treaty between the United States and the British Virgin Islands providing for the enforcement in the British Virgin Islands of a monetary judgment entered by a U.S. court. Billion Luck has also been advised that a final and conclusive judgment not subject to a stay of execution obtained in a court of competent jurisdiction in the United States under which a sum of money is payable as compensatory damages may be the subject of an action in the High Court of the British Virgin Islands under common law doctrine, by action on the judgment debt evidenced by the court's judgment.

Such an action should be successful upon proof that the sum of money is due and payable, and without having to prove the facts supporting the underlying judgment, as long as: the court that gave the judgment was competent to hear the action in accordance with private international law principles as applied by the courts in the British Virgin Islands; Billion Luck was only served; the amount is not in respect of penalties, taxes, fines or other fiscal obligations and the judgment is not contrary to public policy in the British Virgin Islands, was not obtained by fraud or in proceedings contrary to natural justice of the British Virgin Islands and is not based on an error in British Virgin Islands law.

The costs and timing of such an action are difficult to estimate and may increase depending on the willingness of the parties to cooperate so as to ensure that pre-hearing procedural matters are completed efficiently. The action would involve filing a claim for the amount due on the basis of the debt as evidenced by the U.S. judgment. There would be a period for filing any defense, and a period in which hearings would be held in order to deal with discovery or any other preliminary issues before the matter is set down for a hearing on the merits. The date for a hearing on the merits would be entirely dependent on the court's timetable. It could take from 4 to 24 months from the filing of the court proceedings to the court's ruling following the hearing on the merits.

As a general matter, under British Virgin Islands law a United States court has jurisdiction to render a judgment binding against an individual or corporation capable of enforcement in the following cases: if the person against whom the judgment was rendered was present at the time that the proceedings were instituted in the United States; if the person against whom the judgment was rendered was a claimant or counter-claimant in the proceedings

in the U.S. court; if the person against whom the judgment was rendered being a defendant in the U.S. court consented to the jurisdiction of that court by voluntarily appearing in the proceedings; or if the person against whom the judgment was rendered, being a defendant in the U.S. court, had before commencement of the proceedings agreed to submit to the jurisdiction of that court or to the courts of that country in respect of the subject matter of the proceedings.

Under British Virgin Islands law, a foreign judgment can be considered obtained by fraud, either due to fraud on the part of the party in whose favor the judgment is given or on the part of the court which pronounced the judgment. There are few cases in British Virgin Islands in which the courts have considered the issue of denying the enforcement of a foreign judgment for reasons of public policy. In those cases, the British Virgin Islands courts applied U.K. common law, as determined by U.K. cases. Examples of such U.K. cases include courts denying the enforcement of a foreign judgment awarding perpetual maintenance against the estate of a deceased father; and a claim by a foreign daughter against her father for the provision of a dowry on her marriage, as required by the relevant foreign law. A foreign judgment would be considered obtained in opposition to natural justice, for example, if a court of competent jurisdiction gave notice to a litigant that it was about to proceed to determine the rights between that litigant and the other litigants and then did so without affording the litigant the opportunity of substantially presenting the litigant's case before the court.

A British Virgin Islands court may impose civil liability on Billion Luck or its directors or officers in a suit brought in the High Court of British Virgin Islands against Billion Luck or such persons with respect to facts that constitute a violation of U.S. federal securities laws, provided that the facts surrounding such violation would constitute or give rise to a cause of action under British Virgin Islands law.

Because of the difference in British Virgin Islands law and Nevada law and differences in the governing documents of Billion Luck and CRD, your rights as a stockholder may be adversely changed if the reorganization is completed. For a description of these differences, See [Comparison of Rights of Stockholders](#) .

## THE MERGER

### General

Our Board of Directors and the Consenting Stockholders have approved the change of our domicile from the State of Nevada to the British Virgin Islands. In order to change our domicile to the British Virgin Islands, we will merge with our wholly-owned subsidiary Billion Luck Company Ltd., a British Virgin Islands Company. The Merger will be effected by an exchange of shares on a one-for-one basis. For each share of CRD exchanged, a stockholder will receive one share of Billion Luck.

As a result of the Merger, we will be a British Virgin Islands corporation. Once the Merger is completed, your rights as a stockholder will cease to be governed by Nevada law and you will be governed by British Virgin Islands law (the International Business Companies Act of 1984).

Once the Merger is completed, instead of our current Articles of Incorporation and Bylaws, we will be governed by a Memorandum of Association and by Articles of Association. Both of these documents have been filed with the corporation authorities in the British Virgin Islands. See [Annex A](#) and [Annex B](#) attached to this Information Statement/Prospectus.

When the Articles of Merger are filed with the Nevada Division of Corporations and the Registrar of Corporate Affairs in the British Virgin Islands, the Merger will be effective.

The new corporate structure should give us greater flexibility in seeking to lower our worldwide tax liability and effective tax rate. It is important to note that several senior members of the United States Congress have introduced legislation that, if enacted, may have the effect of reducing or eliminating the benefits anticipated as a result of the Merger. Differing versions of the proposed legislation have been passed by both houses of Congress. It is possible that the two competing versions may be reconciled and adopted as law. In addition, several other members of the United States Congress and the Treasury Department have recently announced the intent to investigate transactions such as the reorganization. As a result of the increased scrutiny of such transactions, changes in the tax laws or tax regulations may occur, with prospective or retroactive effect, which could eliminate or substantially reduce the anticipated benefits of the Merger. If, in response to any such changes, the reorganized company or its subsidiaries undertake a corporate restructuring, such restructuring could result in additional material adverse tax consequences to the Company or its stockholders.

### Stock Compensation Plans and Employment Agreements

Once the Merger is completed, we will amend and revise our employee and director stock option and other stock-based plans and arrangements to (1) provide that Billion Luck will assume sponsorship of the employee and director stock options plans, (2) provide that common shares of Billion Luck will be issued upon the exercise of any options or the payment of any other stock-based awards under the plans and arrangements, and (3) otherwise appropriately reflect the substitution of common shares of Billion Luck for common stock of CRD under the plans and arrangements and related agreements. In addition, CRD will amend or obtain waivers with respect to employment agreements with certain executive officers to provide that the reorganization does not constitute a change of control under such agreements, and Billion Luck will agree to assume the rights and obligations of CRD under such agreements. Such executive officers have agreed to such amendments and waivers in principle, subject to mutual

agreement on documentation.

**Quotation**

CRD's Common Stock is currently quoted on the Nasdaq Small Cap Market under the symbol **CHRB**. After the Merger we will apply for a new symbol to reflect the new name of the Company.

## **Accounting Treatment of the Reorganization**

The reorganization will be accounted for as a reorganization of entities under common control which will not result in changes in our historical consolidated carrying amounts of assets, liabilities and stockholders' equity.

## **The Merger Agreement**

CRD and Billion Luck have entered into a Merger Agreement which is the legal document that governs the Merger between the companies. We recommend that you read carefully the complete Merger Agreement for the precise legal terms of the Merger and other information that may be important to you. The Merger Agreement is included in this Information Statement/Prospectus as Annex C.

## **Terms of Merger Agreement**

The description of the Merger Agreement set forth below describes the material terms, but does not purport to describe all of the terms of the Merger Agreement. The full text of the Merger Agreement is attached as Annex C to this document and is incorporated by reference herein. All stockholders are urged to read the Merger Agreement in its entirety.

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*Structure of the Merger.* At the time the Merger becomes effective, CRD will merge with and into its wholly-owned subsidiary, Billion Luck, as the surviving corporation.

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*Merger Consideration.* Each outstanding share of CRD Common Stock will be converted into one (1) common share of Billion Luck and each share of CRD Preferred Stock will be converted into one (1) share of Billion Luck preferred stock.

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*Completion of the Merger.* The Merger will become effective when we file Articles of Merger with the Division of Corporations of the State of Nevada and the Registrar of Corporate Affairs in the British Virgin Islands.

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*Procedures for Exchange of Certificates.* After the completion of the Merger, Billion Luck will deliver certificates representing the number of shares of Billion Luck to be issued in the Merger to the Transfer Agent ( OTC Stock Transfer, Inc. ). The Transfer Agent will deliver to CRD stockholders shares of Billion Luck Common Stock or Preferred Stock.

The Transfer Agent will mail to each CRD stockholder a letter of transmittal and instructions to surrender his or her certificates representing CRD Common Stock or Preferred Stock in exchange for certificates representing shares of Billion Luck Common Stock or Preferred Stock. After a CRD stockholder surrenders his or her stock certificate along

with a duly executed and properly completed letter of transmittal and other required documents, the Transfer Agent will deliver to such stockholder a certificate representing the number of shares of Billion Luck Common Stock or Preferred Stock, as the case may be, to which such stockholder is entitled.

CRD stockholders should not forward their CRD Common Stock or Preferred Stock certificates at this time, nor should they forward their CRD Common Stock or Preferred Stock certificates to the Transfer Agent until they have received the packet of information, including a letter of transmittal, described above.

There are currently 1,247,823 shares of Common Stock and 320,000 shares of Preferred Stock of CRD issued to our stockholders. As a result of the Merger, all of these shares will be automatically converted into 1,247,823 shares of Common Stock and 320,000 shares of Preferred Stock of Billion Luck. No person, except for the stockholders of CRD, will be issued shares of Billion Luck as part of the Merger. Therefore, if you own 1% of CRD before the Merger, you will own 1% of Billion Luck immediately following the Merger.

Approval of the Merger by the Consenting Stockholders was deemed approval of the Billion Luck Articles of Association and Memorandum of Association which will be our governing corporate documents in place of our current Articles of Incorporation and Bylaws. In addition, as stockholders of a BVI corporation, the rights of stockholders of Billion Luck will be governed by British Virgin Islands corporate law rather than Nevada law.

The Merger will not be completed unless, among other things, the following conditions are satisfied or, if allowed by law, waived:

None of the parties to the Merger Agreement is subject to any governmental decree, order or injunction that prohibits the consummation of any of the steps in the reorganization.

The Registration Statement of which this Information Statement/Prospectus is a part is declared effective by the Securities and Exchange Commission, and no stop order is in effect.

All consents and approvals required by any governmental or regulatory agency and all other material third-party consents are received.

In the event the conditions to the Merger are not satisfied, the Merger may be abandoned or delayed even after the Merger Agreement has been approved by CRD's stockholders. In addition, the Merger may be abandoned or delayed for any reason by the board of directors of CRD or Billion Luck at any time prior to its becoming effective, even though the Merger Agreement has been approved by CRD's stockholders and all conditions to the Merger have been satisfied.

## **COMPARISON OF RIGHTS OF STOCKHOLDERS**

As a result of the Merger, CRD will be incorporated in the British Virgin Islands and will no longer be incorporated in the State of Nevada. On the date we change our place of incorporation we will be subject to the laws of the British Virgin Islands. We will not, however, be relieved of any obligations or liabilities we incurred before changing our place of incorporation because our existence as a corporation will be deemed to have commenced on the date we were incorporated in the State of Nevada.

The following description of certain differences between Nevada corporate law and British Virgin Islands corporate law is only a summary and does not purport to be complete or to address every applicable aspect of such laws. The following description is qualified in its entirety by references to (i) Nevada law; (ii) British Virgin Islands law; (iii) the CRD Articles of Incorporation and Bylaws; and (iv) the Billion Luck Articles of Association and Memorandum of Association.

### **Capital Structure and Voting**

CRD's authorized capital consists of 200,000,000 shares of Common Stock, \$.001 par value, and 10,000,000 shares of Preferred Stock, of which 320,000 are designated as Series B Preferred Stock, \$.001 par value. There currently are 1,247,823 shares of Common Stock issued and outstanding and 320,000 shares of Series B Preferred Stock issued and outstanding.

Billion Luck has unlimited authorized capital which has no par value. As of the date of this Information Statement/Prospectus, Billion Luck has 7,100,000 shares of stock issued and outstanding. Billion Luck has designated 320,000 shares as Series B Preferred Stock which rights and preferences are set forth on Annex B. In connection with the merger the 7,100,000 shares of Billion Luck which are currently held by China Resources will be cancelled. After the Merger is effective, there will be 1,247,823 shares of common stock and 320,000 shares of Series B Preferred Stock of Billion Luck issued and outstanding. Fractional shares may be issued under British Virgin Islands law.



The owners of a Nevada corporation's shares are referred to as stockholders. Each stockholder of record is entitled to vote the shares registered in his or her name. However, shares of public companies are frequently held in nominee names, including clearing agencies, broker-dealers or banks, and are voted through a series of proxies.

The owners of a British Virgin Islands company's shares are referred to under British Virgin Islands law as members but for purposes of this Notice, we have continued to refer to the share owners as stockholders. Under the Memorandum of Association of Billion Luck, shares of Billion Luck may only be issued as registered shares.

Under Nevada law, increasing a Nevada corporation's authorized capital requires stockholder and director approval of an amendment to the corporation's Articles of Incorporation.

Under British Virgin Islands law and the Memorandum of Association of Billion Luck, changes to the corporation's authorized capital, including the authorization of a class of preferred stock, as well as other capital changes, may be made through amendments to the Memorandum of Association approved only by the directors and stockholder approval is not required unless existing class rights are being varied. However, an amendment to the Memorandum and Articles of Association is not effective until it is filed at the Companies Registry in the British Virgin Islands.

### **Directors and Officers**

CRD's Articles of Incorporation require that the number of its directors shall be between three (3) and twenty-five (25) approximately one-third of whom shall be classified as Class I, one-third as Class II and one-third as Class III. Directors will be elected at any stockholder meeting duly called and held for such purpose at which a quorum is present by a majority of the votes of the shares present in person or represented by proxy at the meeting. Vacancies on the CRD board are filled by the majority vote of the remaining directors, although less than a quorum, or by a sole remaining director or by unanimous written consent of the directors. Officers are appointed by directors.

Under the Articles of Association of Billion Luck, the minimum number of directors is three (3) and the maximum is twenty-five (25). Directors will be elected at any stockholder meeting duly called and held for such purpose at which a quorum is present by a majority of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote or by a written resolution consented to by the holders of a majority of the shares entitled to vote thereon. Vacancies on the Billion Luck board will be filled by the majority vote of the remaining directors, although less than a quorum, or by a sole remaining director or by unanimous written consent of the directors and hold office until the next occurring annual meeting. Officers are appointed by directors. Further, directors of a BVI Corporation may be corporate entities. A majority of the total number of Billion Luck board members will constitute a quorum, unless there are only two directors in which case a quorum is two.

### **Removal of Directors**

CRD's Articles of Incorporation provide that directors may be removed, with or without cause, in the manner provided by the laws of the State of Nevada or at a special stockholder meeting duly called and held for such purpose, at which a quorum is present, by a majority of the votes of the shares present in person or represented by proxy at the meeting. Under Nevada law, directors may be removed, with or without cause, by the holders of not less than two-thirds of the shares entitled to vote. Directors also may be removed by a judicial proceeding brought by the corporation or by the owners of 10% or more of the corporation's common stock if the court finds that (a) the director engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the corporation, and (b) removal is in the best interest of the corporation.

Under British Virgin Islands law, and subject to the organizational documents of Billion Luck, directors may be removed by a resolution of directors, or by a resolution of stockholders. The organizational documents of Billion Luck permit the removal of directors by resolution of other directors only with cause. Such removal requires a resolution of directors (approved by a simple majority of directors present at a duly convened and constituted meeting who voted and did not abstain or by all directors in writing). The holders of a majority of the shares entitled to vote may remove directors with or without cause.

**Actions by Written Consent of Stockholders**

CRD's Articles of Incorporation provide that, except with respect to the election of directors, the stockholders of CRD may act by written consent so long as such action is approved by at least a majority of the stockholders entitled to vote thereon.

Under British Virgin Islands law, and subject to the organizational documents of Billion Luck, stockholders may act by written consent of a majority of the stockholders without holding a meeting. However, unless the written consent is unanimous, a copy of the resolution shall immediately be sent to the stockholders not consenting.

### **Mergers, Consolidations and Sales of Assets**

Under Nevada law, with certain exceptions, any merger, consolidation or sale of all or substantially all of the corporation's assets must be approved by the board and a majority of the outstanding shares entitled to vote.

Under British Virgin Islands law, and subject to the organizational documents of Billion Luck, the board and the stockholders must approve a merger, consolidation or substantial sale of assets.

### **Rights of Dissenting Stockholders**

Generally, stockholders of a Nevada corporation are entitled to appraisal rights and payment for the fair value of their shares when they dissent in a vote for a merger or consolidation or are not asked to give their consent in such a vote. There are, however, generally no statutory rights of appraisal with respect to stockholders of a Nevada corporation whose shares of stock are of any class or series of shares which either were listed on a national securities exchange, included in the national market system by the National Association of Securities Dealers, Inc., or were held of record by more than 2,000 stockholders at the time of the vote.

British Virgin Islands law provides for compulsory appraisal of the interests of a stockholder (and payment of the fair market value of his or her shares) who dissents from a merger of a corporation (except where such corporation is the surviving corporation and the stockholder continues to hold the same or similar shares), a consolidation or a sale or other disposition of more than 50% of the corporation's assets not made in the usual or regular course of the corporation's business or a redemption.

### **Dissolution**

Under Nevada law, a corporation may voluntarily dissolve if a majority of the board adopts a resolution to that effect and the holders of a majority of outstanding stock entitled to vote thereon vote for such dissolution or all stockholders entitled to vote thereon consent in writing to such dissolution.

Under British Virgin Islands law, and the organizational documents of Billion Luck, the corporation may dissolve voluntarily by a resolution of stockholders.

### **Inspection of Stockholder List and Books and Records**

Nevada law allows any person who has been a stockholder of record of a corporation for at least 6 months immediately preceding his or her demand, or any person holding, or authorized in writing by the holders of, at least 5% of the corporation's outstanding shares, to inspect the stockholder list and the corporation's books and records for a purpose related to such person's interests as a stockholder upon 5 day's written demand.

British Virgin Islands law provides that a stockholder may, for a proper purpose (being a purpose reasonably related to such person's interests as a stockholder), inspect the share register books, records, minutes and consents kept by a corporation and make extracts or copies thereof. However, British Virgin Islands law also provides that a corporation such as Billion Luck may refuse such a request if it is determined by a resolution of directors not to be in the best interests of the corporation or any other stockholders to comply with such request. Upon the corporation's refusal of a request, the stockholder may, before the expiration of a 90-day period after receiving notice of the refusal, apply to a

court for an order to allow inspection.

**Amendment of Articles of Incorporation/Amendment of Memorandum of Association**

Nevada law requires that every amendment to a corporation's articles of incorporation be adopted by a resolution of directors setting forth the amendment proposed and the affirmative vote of the holders of a majority of all outstanding shares entitled to vote thereon taken at either a duly noticed and held special meeting or next annual meeting of the stockholders. Under the Articles of Incorporation of CRD, an amendment requires an affirmative vote of not less than 50% of the issued and outstanding shares of CRD.