CHINA BILLION RESOURCES LIMITED
中富資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

ANNUAL RESULTS

The board ("**Board**") of directors ("**Directors**") of China Billion Resources Limited ("**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as "**Group**") for the financial year ended 31 December 2011, together with the comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000* Restated
Continuing operations			
Turnover	*5&6*	**172,519**	108,726
Cost of sales and services rendered		**(141,918)**	(78,885)
Gross profit		**30,601**	29,841
Other income and gains		**1,353**	1,578
Selling and distribution expenses		**(25,904)**	(30,392)
Administrative expenses		**(66,406)**	(83,768)
Impairment loss on goodwill		**(322,458)**	(184,074)
Impairment loss on property, plant and equipment		**(455,341)**	(1,396)
Impairment loss on trade and other receivables		**(294,436)**	(11,639)

* *For identification only*

	Notes	2011 HK$'000	2010 HK$'000 Restated
Loss from operations		**(1,132,591)**	(279,850)
Finance costs	*7*	**(75,732)**	(45,661)
Loss before tax		**(1,208,323)**	(325,511)
Income tax (expense)/credit	*8*	**(27,141)**	1,035
Loss for the year from continuing operations		**(1,235,464)**	(324,476)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*9*	**256,446**	(1,448,413)
Loss for the year	*11*	**(979,018)**	(1,772,889)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**76,416**	90,744
Exchange reserve released upon disposal of subsidiaries		**(208,602)**	–
Other comprehensive income for the year, net of tax		**(132,186)**	90,744
Total comprehensive income for the year		**(1,111,204)**	(1,682,145)
Profit/(Loss) for the year attributable to:			
Owners of the Company			
– Continuing operations		**(1,176,046)**	(323,578)
– Discontinued operations		**244,728**	(1,413,343)
Loss attributable to owners of the Company		**(931,318)**	(1,736,921)
Non-controlling interests			
– Continuing operations		**(59,418)**	(898)
– Discontinued operations		**11,718**	(35,070)
Loss attributable to non-controlling interests		**(47,700)**	(35,968)
		(979,018)	(1,772,889)

	Notes	2011 HK$'000	2010 HK$'000 Restated
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,082,461)**	(1,649,052)
Non-controlling interests		**(28,743)**	(33,093)
		(1,111,204)	(1,682,145)
Loss per share *(HK cents)*			
From continuing and discontinued operations			
Basic	*12(a)*	**(18.02)**	(46.75)
Diluted	*12(a)*	**N/A**	N/A
From continuing operations			
Basic	*12(b)*	**(22.76)**	(8.71)
Diluted	*12(b)*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000 Restated
Non-current assets			
Property, plant and equipment		**96,293**	713,843
Prepaid land lease payments		**–**	9,895
Investment properties		**–**	34,948
Goodwill		**–**	322,458
Intangible assets	*13*	**1,547,277**	1,430,839
Deposits for property, plant and equipment		**–**	71,000
Other deposits and club debenture		**–**	350
		1,643,570	2,583,333
Current assets			
Prepaid land lease payments		**–**	331
Inventories		**7,008**	51,166
Trade and other receivables	*14*	**15,362**	89,681
Financial assets at fair value through profit or loss		**–**	3,688
Current tax assets		**–**	727
Bank and cash balances		**18,946**	78,396
		41,316	223,989
Assets of disposal group classified as held for sale		**–**	150,240
		41,316	374,229
Current liabilities			
Trade and other payables	*15*	**61,053**	75,998
Borrowings		**37,444**	209,893
Convertible bonds	*16*	**290,191**	–
		388,688	285,891
Liabilities of disposal group classified as held for sale		**–**	90,240
		388,688	376,131

	Notes	2011 HK$'000	2010 HK$'000 Restated
Net current liabilities		**(347,372)**	(1,902)
Total assets less current liabilities		**1,296,198**	2,581,431
Non-current liabilities			
Convertible bonds	*16*	**–**	328,820
Deferred tax liabilities		**344,543**	302,191
		344,543	631,011
NET ASSETS		**951,655**	1,950,420
Capital and reserves			
Share capital	*17*	**523,530**	487,530
Reserves		**241,814**	1,247,836
Equity attributable to owners of the Company		**765,344**	1,735,366
Non-controlling interests		**186,311**	215,054
TOTAL EQUITY		**951,655**	1,950,420

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2811, 28th Floor, China Merchants Tower, No. 168-200 Connaught Road, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and have been suspended for trading since 29 June 2011.

The Company is an investment holding company. The Company, through its major subsidiaries, is principally engaged in:

(i) gold exploration, development and mining;

(ii) provision of beauty treatment services and manufacture and trading of cosmetic and skincare products; and

(iii) manufacture of household and industrial products.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$931,318,000 for the year ended 31 December 2011 and as at 31 December 2011 the Group had net current liabilities of approximately HK$347,372,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has breached certain covenants of the convertible bonds. It is the Directors' belief that the Company is not liable to repay the convertible bonds because such convertible bonds will be converted into shares and the Directors have also been advised that a major shareholder of the Company has indicated his intention to provide financial support to the Group. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on (i) the successful outcome that the convertible bonds will be converted into shares of the Company and (ii) the availability of funding from the major shareholder of the Company to the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. RETROSPECTIVE RESTATEMENTS

There were retrospective restatements in the consolidated financial statements for the year ended 31 December 2010 as follows:

(a) Omission in calculating the deferred taxation liabilities of approximately HK$302,125,000 on the fair value adjustment of the mining right acquired on a business combination and a corresponding understatement of goodwill. Such goodwill arising from the business combination was considered to have been fully impaired upon the acquisition of the business;

(b) Overstatement of prepaid lease payments for land under operating leases of approximately HK$918,000 and a corresponding understatement of intangible assets due to wrong accounting classification;

(c) Understatement of the mining right of approximately HK$76,493,000 and a corresponding overstatement of administrative expenses of approximately HK$8,165,000 due to misapplication of accounting treatment;

(d) Overstatement of goodwill of approximately HK$186,138,000 and a corresponding understatement of impairment on goodwill due to incorrect assessment for impairment;

(e) Understatement of loan borrowings due to other entities and a corresponding overstatement of other payable of approximately HK$58,761,000 due to wrong accounting reclassification;

(f) Understatement of finance costs and a corresponding understatement of accruals of approximately HK$2,087,000 due to omission of accrued loan interest;

(g) Understatement of receipt in advance of approximately HK$6,504,000 and a corresponding overstatement of sales due to calculation errors; and

(h) Understatement of depreciation for property, plant and equipment of approximately HK$97,000.

Accordingly, retrospective restatements have been made by restating the comparative information.

The financial impact of the adjustments described above resulted in an increase in consolidated accumulated losses at 31 December 2010 by approximately HK$369,695,000 and on the results and financial position are as follows:

The financial effects of the restatements on the consolidated statement of comprehensive income for the year ended 31 December 2010:

	For the year ended 31.12.2010 *HK$'000* (originally stated)	Prior year adjustments *HK$'000*	Subtotal *HK$'000*	Restatement of discontinued operations *HK$'000*	For the year ended 31.12.2010 *HK$'000* (restated)
For continuing operation:					
Turnover *(note g)*	331,099	(6,504)	324,595	(215,869)	108,726
Cost of sales and services rendered	(262,163)	–	(262,163)	183,278	(78,885)
Other income and gains	44,885	–	44,885	(43,307)	1,578
Selling and distribution expenses	(41,517)	–	(41,517)	11,125	(30,392)
Impairment loss on goodwill *(notes a and d)*	(403,570)	(370,212)	(773,782)	589,708	(184,074)
Impairment loss on property, plant and equipment	(1,396)	–	(1,396)	–	(1,396)
Impairment loss on trade and other receivables	(98,888)	–	(98,888)	87,249	(11,639)
Impairment loss on intangible assets	(12,940)	–	(12,940)	12,940	–
Impairment loss on deposits for property, plant and equipment	(222,475)	–	(222,475)	222,475	–
Administrative expenses *(notes c and h)*	(170,233)	8,068	(162,165)	78,397	(83,768)
Finance costs *(note f)*	(50,253)	(2,087)	(52,340)	6,679	(45,661)
Income tax (expense)/credit *(note a)*	(5)	1,040	1,035	–	1,035
Loss for the year from discontinued operations	(515,738)	–	(515,738)	(932,675)	(1,448,413)
Loss for the year	(1,403,194)	(369,695)	(1,772,889)	–	(1,772,889)
Consolidated Statement of comprehensive income for the year ended 31 December 2010					
Total comprehensive income for the year	(1,312,450)	(369,695)	(1,682,145)	–	(1,682,145)

The financial effects of the restatements on the Group's basic loss for the continuing and discontinued operations per share for the year ended 31 December 2010:

Impact on basic loss per share	*HK cents*
Reported figure before adjustments	(36.82)
Prior year adjustments	(9.93)
Restated	(46.75)

The financial effects on the restatements on the consolidated statement of financial position as at 31 December 2010:

	As at 31.12.2010 *HK$'000* (originally stated)	Prior year adjustments *HK$'000*	As at 31.12.2010 *HK$'000* (restated)
Effect on non-current assets:			
Property, plant and equipment *(note h)*	713,940	(97)	713,843
Prepaid lease payment for land use right *(note b)*	9,907	(12)	9,895
Goodwill *(note d)*	508,596	(186,138)	322,458
Intangible assets *(notes b and c)*	1,345,263	85,576	1,430,839
Effect on current assets:			
Prepaid lease payments on land use rights *(note b)*	1,237	(906)	331
Effect on current liabilities:			
Trade and other payables *(notes e, f and g)*	(126,168)	50,170	(75,998)
Loans and borrowings due to other entities *(note e)*	(151,132)	(58,761)	(209,893)
Effect on non-current liabilities:			
Deferred tax liabilities *(note a)*	(1,106)	(301,085)	(302,191)
Effect on equity:			
Reserves	(1,616,886)	369,050	(1,247,836)
Non-controlling interests	(257,257)	42,203	(215,054)

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

5. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Mining products segment – engaged in gold exploration, development and mining;

Cosmetics and skincare products segment – provision of beauty treatment services and manufacture and trading of cosmetics and skincare products to authorised distributors and retailers in the general consumer market (including discontinued operations); and

Household and industrial products segment – manufacture of household and industrial products to manufacturers, traders, wholesalers and retailers in the general consumer market (discontinued operations).

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment profits or losses do not include gains or losses from investments and derivative instruments. Segment assets do not include investments and derivative instruments. Segment liabilities do not include convertible bonds.

Information about reportable segment profits or losses, assets and liabilities:

	Mining products	Cosmetics and skincare products (Including discontinued operations)	Household and industrial products (Discontinued operations)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2011				
Revenue from external customers	**2,375**	**176,185**	**95,757**	**274,317**
Segment loss	**(68,332)**	**(34,251)**	**(28,176)**	**(130,759)**
Depreciation	**3,503**	**1,453**	**473**	**5,429**
Income tax (expense)/credit	**(27,699)**	**36**	**–**	**(27,663)**
Additions to segment non-current assets	**5,357**	**771**	**–**	**6,128**
As at 31 December 2011				
Segment assets	**1,605,499**	**35,227**	**–**	**1,640,726**
Segment liabilities	**380,616**	**47,169**	**–**	**427,785**
For the year ended 31 December 2010				
Revenue from external customers	3,792	122,077	215,870	341,739
Segment loss	(39,147)	(600,081)	(546,400)	(1,185,628)
Depreciation	778	49,224	45,790	95,792
As at 31 December 2010				
Segment assets	1,531,696	309,234	1,027,272	2,868,202
Segment liabilities	346,280	116,972	215,070	678,322

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**274,317**	341,739
Elimination of discontinued operations	**(101,798)**	(233,013)
Consolidated revenue from continuing operations	**172,519**	108,726
Profit or loss		
Total profit or loss of reportable segments	**(130,759)**	(1,185,628)
Impairment on goodwill	**(322,458)**	(184,074)
Impairment loss on property, plant and equipment	**(453,655)**	(1,396)
Impairment loss on trade and other receivables	**(294,436)**	(11,639)
Other profit or loss	**(79,202)**	(390,152)
Elimination of discontinued operations	**45,046**	1,448,413
Consolidated loss for the year from continuing operations	**(1,235,464)**	(324,476)
Assets		
Total assets of reportable segments	**1,640,726**	2,868,202
Other assets	**44,160**	89,360
Consolidated total assets	**1,684,886**	2,957,562
Liabilities		
Total liabilities of reportable segments	**427,785**	678,322
Convertible bonds	**290,191**	328,820
Other liabilities	**15,255**	–
Consolidated total liabilities	**733,231**	1,007,142

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information:

(a) *Revenue from external customers*

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**170,144**	104,934
PRC	**2,375**	3,792
	172,519	108,726

(b) *Non-current assets*

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**2,008**	322,808
PRC	**1,641,562**	2,260,525
	1,643,570	2,583,333

In presenting the geographical information, revenue is based on the locations of the customers.

6. TURNOVER

The Group's turnover which represents sales of goods to customers are as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sales of goods:		
– Household and industrial products	**95,757**	215,870
– Cosmetics and skincare products	**176,185**	122,077
– Mining products	**2,375**	3,792
	274,317	341,739
Representing:		
Continuing operations	**172,519**	108,726
Discontinued operations	**101,798**	233,013
	274,317	341,739

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Finance leases charges	**–**	1
Convertible bond interests	**73,810**	43,337
Bank loan interests	**–**	6,678
Other borrowings costs		
– Wholly repayable within five years	**10,566**	6,380
	84,376	56,396
Representing:		
Continuing operations	**75,732**	45,661
Discontinued operations	**8,644**	10,735
	84,376	56,396

8. INCOME TAX (EXPENSE)/CREDIT

	2011	2010
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Under-provision in prior years	**(245)**	(5)
Current tax – PRC Enterprise Income Tax		
– Under-provision in prior years	**(23)**	–
Subtotal	**(268)**	(5)
Deferred tax	**(26,873)**	1,040
	(27,141)	1,035
Representing:		
Continuing operations	**(27,141)**	1,035
Discontinued operations	**–**	–
	(27,141)	1,035

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

The applicable income tax rate for the subsidiaries of the Group's in the People's Republic of China ("**PRC**") in the current year is 15% - 25% (2010: 15% - 25%).

The reconciliation between income tax expense and the product of loss before tax multiplied by the applicable tax rate is as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before tax		
Continuing operations	**(906,831)**	(325,511)
Discontinued operations	**(45,046)**	(1,448,413)
	(951,877)	(1,773,924)
Tax at the domestic income tax rate	**(157,060)**	(292,698)
Tax effect of income that is not taxable	**(1)**	(66,705)
Tax effect of expenses that are not deductible	**196**	359,403
Tax effect of tax losses not recognized	**156,865**	–
Under-provision in prior years	**268**	5
Income tax expense	**268**	5

9. DISCONTINUED OPERATIONS

During the year, the Group entered into a debt restructuring agreement with third party lenders ("**Lenders**") to dispose of the Group's PRC household and industrial products manufacturing business ("**Household and Industrial Products Business**"). The disposal was completed on 26 May 2011 and the Group discontinued its Household and Industrial Products Business.

On 18 April 2011, the Group entered into a sales and purchase agreement with a third party to dispose of the Group's PRC cosmetic products manufacturing business ("**Cosmetic Products Business**").

The profit/(loss) for the year from the discontinued operations is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss from discontinued operations	**(45,046)**	(1,448,413)
Gain on disposal of subsidiaries *(note 10)*	**301,492**	–
	256,446	(1,448,413)

The results of the discontinued operations for the period from 1 January 2011 to the completion date, which have been included in consolidated profit or loss, are as follows:

	Household and Industrial Products Business 2011 *HK$'000*	**Cosmetic Products Business 2011** *HK$'000*	**Total 2011** *HK$'000*	Household and Industrial Products Business and Cosmetic Products Business Total 2010 *HK$'000*
Turnover	**95,757**	**6,041**	**101,798**	233,013
Cost of sales and services rendered	**(88,589)**	**(3,427)**	**(92,016)**	(225,067)
Gross profit	**7,168**	**2,614**	**9,782**	7,946
Other income and gains	**16,426**	**–**	**16,426**	60,956
Selling and distribution expenses	**(5,107)**	**(582)**	**(5,689)**	(22,950)
Provision for loss on re-measurement to fair value less estimate cost to sell in respect of disposal group held for sale	**–**	**–**	**–**	(80,690)
Impairment loss on goodwill	**–**	**–**	**–**	(589,708)
Impairment loss on property, plant and equipment	**–**	**–**	**–**	(318,536)
Impairment loss on prepaid lease payments for land use rights	**(14,422)**	**–**	**(14,422)**	(63,964)
Impairment loss on intangible asset	**–**	**–**	**–**	(12,940)
Impairment loss on trade and other receivables	**–**	**–**	**–**	(90,923)
Impairment loss on deposits for property, plant and equipment	**–**	**–**	**–**	(222,475)
Administrative expenses	**(24,176)**	**(18,323)**	**(42,499)**	(104,394)
Loss from operations	**(20,111)**	**(16,291)**	**(36,402)**	(1,437,678)
Finance costs	**(8,065)**	**(579)**	**(8,644)**	(10,735)
Loss for the period/year	**(28,176)**	**(16,870)**	**(45,046)**	(1,448,413)

No tax charge or credit arose on loss on disposal of the discontinued operations.

10 DISPOSAL OF SUBSIDIARIES

The Group announced on 27 June 2011 that the indebtedness (including interest element) due to third party lenders ("**Lenders**") has been defaulted. The shares of Global Chemical (China) Company Limited ("**Global Chemical China**") and Global Power and Energy Company Limited ("**Global Power**") (collectively referred to as "**Disposal Entities I**") were used to secured the above loans granted to the Group. Global Chemical China and Global Power are wholly owned subsidiaries of the Group. The Lenders had exercised the share charges on the two of the subsidiaries under the respective deeds.

On 30 June 2011, the Group entered into a debt restructuring agreement with the Lenders to dispose of the Disposal Entities I together with several lots of plant and equipment. The disposal was completed on 26 May 2011 and the Group discontinued its Household and Industrial Products Business.

On 18 April 2011, Global Chemical Investment Limited, an indirectly held subsidiary of the Group, entered into an agreement with an independent third party to dispose of its entire interests in Global Cosmetics (Hong Kong) Company Limited and its subsidiary, Global Cosmetics (China) Company Limited (collectively referred to as "**Disposed Entities II**"). The disposal was completed on 18 April 2011.

Net assets at the date of disposal were as follows:

	Disposed Entities I	**Disposed Entities II**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	74,756	69,077	143,833
Prepaid land lease payments	10,342	16,265	26,607
Investment properties	35,552	–	35,552
Deposits for property, plant and equipment	71,000	–	71,000
Other deposit and club debenture	350	–	350
Inventories	41,051	24,695	65,746
Trade and other receivables	484,631	3,488	488,119
Financial assets at fair value through profit or loss	3,688	–	3,688
Current tax assets	940	–	940
Bank and cash balances	23,003	16,094	39,097
Borrowings	(58,392)	(11,906)	(70,298)
Trade and other payables	(629,429)	(65,206)	(694,635)
Net assets disposed of	57,492	52,507	109,999
Settlement by transferring property, plant and equipment to lenders	90,275	–	90,275
Release of foreign currency translation reserve	(107,579)	(101,023)	(208,602)
Provision for loss on re-measurement to fair value less estimated cost to sell in respect of disposal group held for sale	–	(80,690)	(80,690)
Gain on disposal of subsidiaries *(note 9)*	112,286	189,206	301,492
Consideration	152,474	60,000	212,474

	Disposed Entities I	Disposed Entities II	Total
	HK$'000	*HK$'000*	*HK$'000*
Satisfied by:			
Cash consideration	–	60,000	60,000
Loans and accrual interest due to the lenders	152,474	–	152,474
Consideration	152,474	60,000	212,474
Net cash inflow/(outflow) arising on disposal:			
Cash consideration received	–	60,000	60,000
Cash and cash equivalents disposed of	(23,003)	(16,094)	(39,097)
	(23,003)	43,906	20,903

11. LOSS FOR THE YEAR

The Group's loss from continuing operations for the year is stated after charging the followings:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations:		
Auditor's remuneration	**600**	3,446
Amortisation of intangible assets	**1,209**	4,161
Cost of sales and services rendered*	**141,918**	78,885
Research and development expenditure	**–**	8
Write-down of inventories	**–**	490
Loss on disposal of property, plant and equipment	**70,958**	–
Depreciation	**4,962**	6,505
Operating lease charges	**14,938**	9,012
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**31,245**	33,173
Equity-settled share-based payments	**–**	23,851
Retirement benefits scheme contributions	**2,077**	2,550
	33,322	59,574

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK$15,358,000 (2010: approximately HK$16,411,000) which are included in the amounts disclosed separately above.

12. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2011 is based on the loss for the year attributable to owners of the Company of approximately HK$931,318,000 (2010: approximately HK$1,736,921,000) and the weighted average number of ordinary shares of 5,167,248,000 (2010: 3,714,954,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2011 and 2010.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to owners of the Company for the year ended 31 December 2011 is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$1,176,046,000 (2010: HK$323,578,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2011 and 2010.

(c) From discontinued operations

Basic earnings/(loss) per share

Basic earnings (2010: loss) per share from the discontinued operations for the year ended 31 December 2011 is HK4.74 cents per share (2010: HK38.04 cents per share), based on the profit for the year from discontinued operations attributable to the owners of the Company of approximately HK$244,728,000 (2010: loss for the year from discontinued operations attributable to owners of the Company of approximately HK$1,413,343,000) and the denominator used is the same as that detailed above for basic loss per share.

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2011 and 2010.

13. INTANGIBLE ASSETS

	Mining right *HK$'000*	Licenses *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2010	–	108,909	108,909
Arising on acquisitions of subsidiaries, as restated	1,435,000	–	1,435,000
Exchange differences	–	3,777	3,777
At 31 December 2010 and 1 January 2011, as restated	1,435,000	112,686	1,547,686
Written-off	–	(112,686)	(112,686)
Exchange differences	118,021	–	118,021
At 31 December 2011	1,553,021	–	1,553,021
Accumulated amortisation and impairment			
At 1 January 2010	–	96,706	96,706
Amortisation for the year, as restated	4,161	–	4,161
Impairment loss for the year	–	12,940	12,940
Exchange differences	–	3,040	3,040
At 31 December 2010 and 1 January 2011, as restated	4,161	112,686	116,847
Amortisation for the year	1,209	–	1,209
Written back on write-off	–	(112,686)	(112,686)
Exchange differences	374	–	374
At 31 December 2011	5,744	–	5,744
Carrying amount			
At 31 December 2011	1,547,277	–	1,547,277
At 31 December 2010, as restated	1,430,839	–	1,430,839

Mining right includes the cost of acquiring mining licenses, costs transferred from exploration right and exploration and evaluation assets upon determination that an exploration property is capable of commercial production and land compensation costs. Land compensation costs represent the compensation paid to inhabitants for relocating them from the areas nearby the mining sites so that the Group can use the land as leaching piles and dumping areas for waste ores. The mining right will expire in 2015 and in the opinion of the directors of the Company, the Group will be able to renew the mining right with the relevant government authority continuously at insignificant cost. Mining right is amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the units of production method.

14. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**4,703**	60,490
Bills receivables	**–**	7,146
Loan receivables	**–**	2,000
Prepayments, deposits and other receivables	**10,659**	53,212
	15,362	122,848
Less: Allowance for doubtful debts	**–**	(33,167)
	15,362	89,681

The Group normally allows credit terms to customers except for retail customers ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**1,721**	19,291
31 – 60 days	**372**	7,189
61 – 90 days	**1**	6,382
Over 90 days	**2,609**	34,774
	4,703	67,636
Less: Allowance for trade and bills receivables	**–**	(4,711)
	4,703	62,925

As at 31 December 2010, an allowance was made for estimated irrecoverable trade and bills receivables of approximately HK$4,711,000.

Reconciliation of allowance for trade and bills receivables:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**4,711**	30,727
Allowance for the year	**–**	1,939
Allowance written back	**–**	(28,465)
Disposal of subsidiaries	**(4,711)**	–
Exchange differences	**–**	510
At 31 December	**–**	4,711

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

15. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**2,536**	32,466
Accrued liabilities and other payables	**58,517**	43,532
	61,053	75,998

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**170**	14,099
31 – 60 days	**727**	4,202
61 – 90 days	**250**	7,230
Over 90 days	**1,389**	6,935
	2,536	32,466

16. CONVERTIBLE BONDS

On 31 March 2010, the Company issued HK$895,191,200 zero coupon convertible bonds as part of the consideration for the acquisition 100% equity interest of Westralian Resources Pty. Ltd. and its subsidiary (collectively referred to as "**Westralian Resources Group**") with a maturity date of 30 March 2013.

The principal terms of the convertible bonds ("**Bonds**") are as follows:

Each Bond will, at the option of the holders ("**Bondholders**"), be convertible (unless previously redeemed, converted, purchased or cancelled) after 31 March 2010 up to and including 30 March 2013 into fully paid ordinary shares of the Company with a par value of HK$0.1 each at an initial conversion price ("**Conversion Price**") of HK$0.4 per share, subject to adjustments in accordance with the terms and conditions of the Bonds agreement as a result of dilutive events.

Pursuant to the Bonds agreement, the Bondholder has the rights to give notice to the Company that the Bonds are immediately due and repayable in the event that the shares of the Company are suspended for trading for a period of 30 consecutive trading days (other than any suspension of trading pending the release of any announcement as required under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**")) or listing of the shares on the Stock Exchange are being revoked or withdrawn.

Upon any such notice being given to the Company, the Bonds will become due and are repayable on the business day falling seven business days of the date of such notice at their principal amount.

Unless previously redeemed, converted, purchased or cancelled, the Bonds will be automatically converted into new shares of the Company upon maturity date at the then prevailing Conversion Price.

The movement of the liability component of the Bonds for the year is set out below:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**328,820**	–
Fair value of Bonds issued upon acquisition of Westralian Resources Group	**–**	895,191
Equity component	**–**	(277,526)
Liability component	**328,820**	617,665
Converted during the year	**(112,439)**	(332,182)
Interest charged	**73,810**	43,337
At 31 December	**290,191**	328,820

Trading in the Company's shares on the Stock Exchange has been suspended at the request of the Company since 29 June 2011 and therefore has triggered the Company's early redemption obligation. The Company is liable to repay the Bonds to the Bondholders and therefore the liability component of the Bonds as at 31 December 2011 is reclassified as current liabilities.

The interest charged for the year is calculated by applying an effective interest rate of 13.17% to the liability component for the 12-month period since the Bonds were issued.

17. SHARE CAPITAL

	Notes	**Number of shares** *'000*	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2010, 31 December 2010 and 31 December 2011		8,000,000	800,000
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2010		2,620,781	262,078
Issue of shares	*(a)*	762,022	76,202
Issue of shares on placement	*(b)*	340,000	34,000
Issue of shares upon conversion of convertible bonds	*(c)*	1,152,500	115,250
At 31 December 2010		4,875,303	487,530
Issue of shares upon conversion of convertible bonds	*(c)*	360,000	36,000
At 31 December 2011		5,235,303	523,530

(a) On 31 March 2010, the Company issued 762,022,000 ordinary shares as part of the consideration of acquisition of the Westralian Resources Group.

(b) On 12 November 2010, the Company completed a placing of 340,000,000 shares of the Company at a price of HK$0.12 per shares to not less than six independent institutional and professional investors. All new ordinary shares issued during the year rank pari passu in all respects with the existing shares.

(c) During the year, 360,000,000 (2010: 1,152,500,000) shares of HK$0.1 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.4 per share.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less bank and cash balances. Total equity represents the equity as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2011 and 2010 are as follows:

	2011	2010
	HK$'000	*HK$'000*
Total debt	**733,231**	1,007,142
Less: bank and cash balances	**(18,946)**	(78,396)
Net debt	**714,285**	928,746
Total equity	**951,655**	1,950,420
Gearing ratio	**75.06%**	47.62%

The increase in gearing ratio during the year ended 31 December 2011 resulted primarily from the decrease of equity by impairment loss on assets.

The Group is not subject to any externally imposed capital requirements.

18. CHANGE OF NAME

At an annual general meeting of the shareholders of the Company held on 30 June 2011, a special resolution was passed to change the name of the Company from Global Green Tech Group Limited to China Billion Resources Limited.

19. EVENTS AFTER THE REPORTING PERIOD

(i) On 31 December 2013, the Company and a third party entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to dispose of the machinery of Dongguan Polygene Biotech R&D Co., Limited, an indirectly held subsidiary of the Group, at the consideration of RMB35,000,000 (approximately HK$44,765,000).

(ii) On 17 October 2014, the Company entered into a loan agreement ("**Loan Agreement**") with a third party ("**Lender**"), pursuant to which the Lender agreed to lend the Company a loan in the principal amount of HK$10 million with a simple interest rate of 11% per annum ("**Loan**") with a term of one year. The principal amount of the Loan together with the relevant accrued interest under the Loan Agreement is repayable on the maturity date, i.e. 16 October 2015. The Loan is not secured by any of the assets of the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

ZHONGHUI ANDA CPA Limited has expressed a disclaimer of opinion on the consolidated financial statements of our Group for the financial year ended 31 December 2011, an extract of which is as follows:

Basis for disclaimer of opinion

1) Opening balances and corresponding figures

   The consolidated financial statements of the Group for the year ended 31 December 2010 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. There were no satisfactory audit procedures for us to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures shown in the current year's consolidated financial statements.

2) Retrospective restatements

   The consolidated financial statements for the year ended 31 December 2010 were retrospectively restated. However, the consolidated financial statements for the year ended 31 December 2011 do not include the consolidated statement of financial position as at 1 January 2010 which is required by Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements".

3) Transactions, income and expense items for the year

   No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the transactions of the Group for the year ended 31 December 2011 as follows:

	HK$'000
Cost of sales and services rendered	22,383
Other income and gains	1,348
Administrative expenses	49,395
Finance costs	1,519
Income tax expense	26,873
Profit for the year from discontinued operations	256,446
Exchange differences on translating foreign operations	76,416
Exchange reserve released upon disposal of subsidiaries	208,602

   There are no other satisfactory audit procedures that we could adopt to satisfy ourselves that the income and expense items are properly accounted for in the consolidated statement of comprehensive income for the year ended 31 December 2011 and that these items are properly disclosed in the consolidated financial statements.

4) Impairment loss on goodwill

No sufficient evidence has been received by us up to the date of this report in respect of whether the impairment loss on goodwill of approximately HK$322,458,000 were properly accounted for in the consolidated financial statements for the year ended 31 December 2011.

5) Impairment loss on trade and other receivables

No sufficient evidence has been received by us up to the date of this report in respect of whether the impairment loss on trade and other receivables of approximately HK$294,436,000 were properly accounted for in the consolidated financial statements for the year ended 31 December 2011.

6) Loss from discontinued operations and gain on disposal of subsidiaries

Certain subsidiaries of the Company were disposed of by the Group during the year. No sufficient evidence has been provided to satisfy ourselves as to the loss for the year from discontinued operations of approximately HK$45,046,000 and the gain on disposal of subsidiaries of approximately HK$301,492,000 for the year ended 31 December 2011 as disclosed in notes to the consolidated financial statements respectively.

7) Property, plant and equipment

No sufficient evidence has been provided to satisfy ourselves as to the appropriateness of making impairment loss on property, plant and equipment of approximately HK$455,341,000 in the consolidated statement of comprehensive income for the year ended 31 December 2011 and the carrying amount of property, plant and equipment of approximately HK$76,114,000 as included in the property, plant and equipment of approximately HK$96,293,000 in the consolidated statement of financial position as at 31 December 2011.

8) Intangible assets

No sufficient evidence has been provided to satisfy ourselves as to the carrying amount of intangible assets of approximately HK$1,547,277,000 in the consolidated statement of financial position as at 31 December 2011.

9) Inventories

We were initially appointed as auditor of the Company subsequent to the end of the reporting period. As a result, we were unable to attend the physical count of the Group's inventories as at 31 December 2011. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the existence, quantities, conditions and valuation of the inventories of approximately HK$7,008,000 in the consolidated statement of financial position as at 31 December 2011.

10) Trade and other receivables

No sufficient evidence has been provided to satisfy ourselves as to the carrying amount of the trade and other receivables of approximately HK$7,842,000 as included in the trade and other receivables of approximately HK$15,362,000 in the consolidated statement of financial position as at 31 December 2011.

11) Bank and cash balances

No sufficient evidence has been provided to satisfy ourselves as to the bank and cash balances of approximately HK$3,285,000 as included in the bank and cash balances of approximately HK$18,946,000 in the consolidated statement of financial position as at 31 December 2011.

12) Trade and other payables

No sufficient evidence has been provided to satisfy ourselves as to the carrying amount of the trade and other payables of approximately HK$30,907,000 as included in the trade and other payables of approximately HK$61,053,000 in the consolidated statement of financial position as at 31 December 2011.

13) Borrowings

No sufficient evidence has been provided to satisfy ourselves as to the carrying amount of the borrowings of approximately HK$32,114,000 as included in the borrowings of approximately HK$37,444,000 in the consolidated statement of financial position as at 31 December 2011.

14) Deferred tax liabilities

No sufficient evidence has been provided to satisfy ourselves as to the deferred tax expense of approximately HK$26,873,000 for the year ended 31 December 2011 and the deferred tax liabilities of approximately HK$344,543,000 in the consolidated statement of financial position as at 31 December 2011.

15) Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2011.

16) Related party transactions and balances

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the year ended 31 December 2011 and the balances as at that date as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

17) Other disclosures in the consolidated financial statements

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the disclosures in relation to the segment, turnover, other income and gains, finance costs, income tax expense/credit, loss for the year, Directors' and the five highest paid individual remuneration, the movement of property, plant and equipment, the movement of prepaid land lease payments, the movement of investment properties, the movement of intangible assets, inventories, trade and other receivables, trade and other payables, borrowings and share-based payments as disclosed in notes to the consolidated financial statements.

Any adjustments to the figures as described from points 1 to 17 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 31 December 2011 and 2010 and the financial positions of the Group as at 31 December 2011 and 2010, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements that the Directors believe the Company is not liable to repay the convertible bonds because such convertible bonds will be converted into shares and the Directors have also been advised that a major shareholder of the Company has indicated his intention to provide financial support to the Group.

The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on (i) the successful outcome that the convertible bonds will be converted into shares of the Company and (ii) the availability of funding from the major shareholder of the Company to the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. The consolidated financial statements do not include any adjustments that would be necessary if the Company fails to convert the convertible bonds and the Group fails to obtain financial support from the major shareholder of the Company. We consider that adequate disclosures have been made. However, the uncertainties surrounding the successful conversion of the Company's convertible bonds and the availability of funding from the major shareholder of the Company raise significant doubt about the Company's ability to continue as a going concern. We therefore disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Disclaimer of opinion

Because of the significance of the matters described in the sections headed "Basis for disclaimer of opinion" and "Material uncertainty relating to the going concern basis" as described above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the financial year under review, the Group's major business segments were namely sales of household and industrial products, sales of cosmetic and skincare products and sales of mining products which they contributed revenues in the amount of approximately HK$95.8 million, approximately HK$176.2 million and approximately HK$2.4 million respectively. However, due to the default in the indebtedness owed by the Group (referring to the Company's announcements dated 27 June 2011, 5 March 2012 and 14 March 2012) which triggered the debt restructuring in 2011 ("**Debt Restructuring**"), and an agreement of debt restructuring ("**Agreement**") was entered into on 30 June 2011. Pursuant to the Agreement, the subsidiaries of the Company mainly under the household and industrial products business segment were disposed of during 2011 in order to repay the indebtedness. After the exclusion of these discontinued operations, the turnover from continuing operations for the financial year ended 31 December 2011 was approximately HK$172.5 million, among which approximately HK$170.1 million was contributed by the cosmetic and skincare products business segment, and approximately HK$2.4 million was contributed by the mining business segment located in Hunan, the PRC. The losses of the Group for the year ended 31 December 2011 reduced to approximately HK$979 million compared to the corresponding figure of last year of approximately HK$1,772.9 million.

During the financial year under review, the Group also incurred certain significant impairment losses which were impairment loss on property, plant and equipment of approximately HK$455.3 million and impairment loss on trade and other receivables of approximately HK$294.4 million. Both the impairment loss on property, plant and equipment and impairment loss on trade and other receivables arose from the misconduct of certain then executive Directors during the Debt Restructuring arrangement with the lenders of the Group. According to the findings of the Investigation Committee of the Company (referring to the Company's announcement dated 4 December 2013), the acts of misconduct include:

I. failure to act in the best interest of the Company in negotiating the terms of the Debt Restructuring;
II. failure to provide adequate information to the auditors during the audit for the year ended 31 December 2010;
III. executing documents and publication of announcement without proper approval by the Board;
IV. failure to keep proper books and records of the Company; and
V. being un-cooperative in assisting the Company with the investigation.

Besides the misconduct by the certain then executive Directors during the Debt Restructuring, the auditor of the Company was unable to obtain sufficient evidence during the course of audit for the financial year ended 31 December 2011 due to the frequent changes in Directors and finance staff, the inability to obtain relevant documents from the certain then executive Directors, loss of control of the then subsidiaries of the Company after the Debt Restructuring such that the then management cannot gain access to the relevant documents (referring to auditor's opinion set out in the section headed "Basis for disclaimer of opinion" above). The internal control system of the Company has apparent weaknesses, in particular those relating to financial and accounting system.

As a result, the current Board is taking or has taken the following actions to address the abovementioned weaknesses:

I. provide training on compliance with the Listing Rules, corporate governance and accounting and finance issues to the executive Directors and staff of the Group in order to strengthen the reporting and internal control system of the Group;
II. engage an independent professional firm to conduct regular internal control review in order to identify any potential weakness for future improvement;
III. discuss with the Company's legal adviser on the follow up action regarding the misconduct of the abovementioned certain then executive Directors;
IV. discuss with the Company's legal adviser on whether any legal action should be taken in relation to the unfavorable terms arising from the Debt Restructuring; and
V. review the structure of the Board in order to diversify its expertise into different areas in particular in the areas of accounting, finance and risk management.

During the financial year under review, certain plant and equipment of the Group under the cosmetics and skincare business segment in the PRC, which suffered continual losses, have been rendered redundant as a result of the Debt Restructuring. To better channel its resources into its principal business and to prepare for any new lucrative investments should they arise, the Company has disposed of these plants and equipment to an independent third party with a consideration of RMB35 million on 31 December 2013. The sale proceeds of RMB35 million has been utilized to settle the rental payment of approximately RMB34.9 million payable under the tenancy agreement dated 28 March 2011 in respect of the factory located in Dongguan, PRC (referring to the Company's announcement dated 3 January 2014). In view of continual loss making in the cosmetics and skincare business segment of the Group, there was an impairment of goodwill amounting to approximately HK$322.5 million incurred during the financial year under review.

Other than the existing business segments of the Group, the management is actively looking for other investment opportunities to broaden the sources of income of the Group and to create greater value for the shareholders of the Company. Up to the date of the announcement, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

The Group is currently focusing on seeking the resumption of trading in the shares of the Company ("**Resumption**") and significant amount of resources of the Group have been applied to preparing the proposal for Resumption. Except for the household and industrial products business segment which has been disposed of during the financial year under review, the Group is still conducting the operations under the cosmetic and skincare business in Hong Kong and the mining business located in the PRC.

OPERATIONAL REVIEW

Household and industrial products business segment. The revenue contributed by this business segment for the financial year ended 31 December 2011 was approximately HK$95.8 million, representing an approximate 55.6% decrease compared to the same period last year of approximately HK$215.9 million. Under the Debt Restructuring, the subsidiaries of the Company mainly under the household and industrial products business segments have been disposed of in order to repay the indebtedness such that the entire household and industrial products business segment has been removed from the Group since the completion of disposal of this business segment.

Cosmetic and skincare products business segment. The revenue contributed by this business segment, part of which included the discontinued operations, for the financial year ended 31 December 2011 was approximately HK$176.2 million, representing an approximate 44.3% increase compared to the same period last year of approximately HK$122.1 million. The revenue contributed by the continuing operations under this business segment for the financial year ended 31 December 2011 was approximately HK$170.1 million, representing an approximate 62.1% increase compared to the same period last year of approximately HK$104.9 million. The increase in the revenue was mainly due to the continual high growth in the economy in Asia and increasing number of visitors from mainland China, which together, increased demand for cosmetic and skincare products. With increasing demand for cosmetic and skincare products, the loss including discontinued operations for this segment for the financial year ended 31 December 2011 was significantly reduced to approximately HK$34.3 million compare to the same period last year of approximately HK$600.1 million, which represented a decrease of approximate 94.3%.

Mining business segment. The revenue contributed by this business segment for the financial year ended 31 December 2011 was approximately HK$2.4 million, representing an approximate 36.8% decrease compared to the same period last year of approximately HK$3.8 million. As the mining business segment is still at the input stage, the management of the Company will continue its investment in the basic structural infrastructure and expertise in gold mining business in order to diversify the Group's business portfolio.

PROSPECTS

In order to diversify our business portfolio, we will also continue our investment in the gold mining business by investing more funds to the basic structural infrastructure and expertise in gold mining.

Looking forward, we target to complete the Resumption in 2015. At the same time, the management of the Company is actively looking for other investment opportunities to broaden the sources of income of the Group in order to create greater value for the shareholders of the Company. Up to the date of the announcement, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2011, the Group had unpledged cash and bank balances of approximately HK$18.9 million (2010: approximately HK$78.4 million). The gearing ratio for the Group was approximately 75.06% (2010: approximately 47.62%) and the borrowings and convertible bonds of the Group together was approximately HK$327.6 million (2010: borrowings were approximately HK$538.7 million). The Group reported net current liabilities of approximately HK$347.4 million as at 31 December 2011 (2010: approximately HK$1.9 million).

CONTINGENT LIABILITY

As at 31 December 2011, the Group did not have any significant contingent liability.

DEBT RESTRUCTURING EVENT

FACILITY OF HK$60,000,000.00

1) On 25 April 2010, Sino Measure Limited ("**Sino Measure**") and the Company signed a loan agreement which was subsequently amended by an addendum dated 1 November 2010 ("**Loan Agreement**") signed by Sino Measure as the lender and the Company as the borrower, under which Sino Measure agreed to make available to the Company a loan facility of up to the principal amount of HK$60,000,000.00 ("**Loan**").

2) On 25 April 2010, Sino Measure as lender and Global Success Properties Limited ("**Global Success**") as the holding company of Global Chemicals China as chargor ("**chargor**") signed a deed of charge over the shares in Global Chemicals China ("**Deed**") in supplement to the Loan Agreement. It is a condition of the Loan Agreement that the Chargor would enter into the Deed in favour of Sino Measure.

3) On 19 January 2011, Sino Measure issued a letter to the Company declaring that an event of default has occurred pursuant to the Loan Agreement, and demanding the immediate repayment of the principal amount of the Loan together with interest accrued thereon calculated up to and including 19 January 2011 and further interest on the outstanding amount at the default rate from 19 January 2011 until full repayment of the Loan.

4) On 9 May 2011, Sino Measure through its then solicitors issued a letter to the Company informing that the security constituted by the Loan Agreement has become immediately enforceable and notifying the Company that steps were then being taken to enforce the security without further notice. On the same day, Global Chemicals China acting as the vendor entered into a non-binding memorandum of understanding with Dongguan Bo Shing Environmental Investment Co., Limited ("**Dongguan Bo Shing**"), for the proposed disposal of Dongguan Proamine Chemical Co. Limited ("**Dongguan Proamine**"), a wholly owned subsidiary of the Company at the time (referring to the Company's announcement dated 9 May 2011).

5) On 26 May 2011, Sino Measure enforced its rights under the Deed and transferred the shares of Global Chemicals China from Global Success to Sino Measure.

6) On 10 June 2011, Sino Measure through its solicitors issued a letter to the Company to formally notify the Company that it has exercised and enforced the said share charge under the Deed, and demanded the immediate delivery of the items, including but not limited to the books, records and computers, common seal, rubber chops, statutory books and secretarial record, available copies of the memorandum and articles of association, share certificate books and the registers of directors, members, transfers and mortgages of Global Chemicals China.

FACILITY OF RMB100,000,000.00

1) On 25 May 2010, a lending agreement up to the maximum sum of RMB100,000,000.00 was made between Dongguan Proamine and Dongguan Branch of China CITIC Bank Corporation Limited ("**CITIC Bank**"). Dongguan Proamine borrowed a short term loan of RMB80,000,000.00 and a bank loan against bills of exchange of RMB20,000,000.00 from CITIC Bank.

2) On 25 May 2010, a Chinese instrument was made between Dongguan Proamine as borrower, Dongguan Bo Shing and Dongguan Bi Shing Energy Technology Co., Limited ("**Dongguan Bi Shing**"), as mortgagors ("**Mortgagors**") and CITIC Bank as lender as attested by Dongguan Chang Ping District Land Reserve Centre ("**Chinese Instrument**"), the Mortgagors have created in favour of the lender a mortgage over two pieces of land as security for repayment of advances made or to be made by the lender to the borrower up to the maximum principal sum of RMB50,000,000.00. Sino Measure is the Security Agent acting for the Mortgagors.

3) On 1 November 2010, a deed of charge over the shares in Global Power and Energy Company Limited ("**Global Power and Energy**"), a wholly owned subsidiary of the Company at the time, was made by the Company as one party, and Sino Measure as the other party ("**1 November 2010 Deed**").

4) On 6 May 2011, CITIC Bank issued a letter to Dongguan Proamine to demand repayment of the loan of RMB50,000,000.00 on or before 9 May 2011. However, Dongguan Proamine and the Company have defaulted on the repayment of the said loan and interest, and the Mortgagors have to honour their obligations as sureties to CITIC Bank.

5) On 26 May 2011, Sino Measure acting as the security agent for the Mortgagors enforced its rights under the 1 November 2010 Deed and transferred the shares of Global Power and Energy from the Company to Sino Measure.

6) On 10 June 2011, Sino Measure through its solicitors, issued a letter to the Company notifying that it had exercised and enforced the said share charge under the 1 November 2010 Deed, and demanded the immediate delivery of items, including but not limited to the books, records and computers, common seal, rubber chops, statutory books and secretarial record, available copies of the memorandum and articles of association, including the share certificate books and the register of directors, members, transfers and mortgages of Global Power and Energy.

SETTLEMENT OF THE INDEBTEDNESS OWED BY THE COMPANY IN RESULTING DEBT RESTRUCTURING

1) Given that Sino Measure had formally notified the Company that it has exercised and enforced the share charges under the Deed and the 1 November 2010 Deed respectively, the then Board appointed the then Executive Directors, Mr. Yip Chung Wai, David and Mr. Jia Xuelei, to negotiate with Sino Measure, the Mortgagors and other related parties in relation to the settlement of the indebtedness owed by the Group.

2) From 27 June 2011 onwards, the Group, Sino Measure and the Mortgagors participated in the process of Debt Restructuring. During this process, the relevant parties tried to restructure their debts, interest in the debts and assets in order to settle the debt owed by the Company to Sino Measure and the Mortgagors. The relevant parties made a series of restructuring contracts including contract for concurrent transfer of assets and debt, contract for assets replacement, contract for transfer of indebtedness and debt restructuring agreement. All these contracts were part of the Debt Restructuring and were executed.

EMPLOYEES AND REMUNERATION

As at 31 December 2011, the Group employed 269 staff (2010: no information can be located). The remuneration of employees was in line with the market trend and commensurate with the level of pay in the industry and to the performance of individual employees that are regularly reviewed every year.

OTHER INFORMATION

After the reporting period, the business and financial performance of the Group for the following years have been negatively affected to varying degrees by the events leading to the suspension of trading in the shares of the Company.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2011 (2010: HK$ Nil).

ANNUAL GENERAL MEETING

The Board has not yet fixed the date of the annual general meeting of the Company ("**AGM**"). Further announcement will be made by the Company regarding the AGM as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of the listed securities of the Company, and neither the Company nor any of its subsidiaries has purchased or sold such securities during the financial year ended 31 December 2011.

REVIEW OF THE FINAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of this final results announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2011. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the final results announcement.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee ("**Audit Committee**") which was established in accordance with the requirements of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 of the Listing Rules. Currently, the Audit Committee comprises three independent non-executive Directors, namely Mr. Jin Shunxing, Ms. Liu Shuang and Mr. Chiang Tsung-Nien.

The Audit Committee has reviewed with the management of the Group the accounting principles, the CG Code as adopted by the Company and the practices of the Group and approved the internal control and financial reporting matters including the consolidated financial statements for the financial year ended 31 December 2011.

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in enhancing shareholders' value. The Group is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this announcement, the Company has adopted the CG Code to regulate the corporate governance issues of the Group. The existing Board has reviewed the Company's corporate governance practices for the financial year under review, and has formed the opinion that the existing Board was unable to comment on or to ensure compliance of certain of the then provisions of the CG Code for the year ended 31 December 2011 due to the loss of the records of the Company. The existing Board is of the view that its first priority in the year 2015 is to improve the corporate governance of the Group.

The then CG Code provisions	Non-compliance and the reason for the deviation	Improvement actions taken or to be taken
A.1.5	Non-compliance	Since August 2013, minutes of the Company have been kept in the registered office of Hong Kong by a designated officer and will be open to all members of the Board for inspection upon reasonable notice being given
B.1.4	Non-compliance	A new terms of reference for the remuneration committee was adopted by the Board on 30 January 2015 and was uploaded on Company's website at the same date
C.3.4	Non-compliance	A new terms of reference for the Audit Committee was adopted by the Board on 30 January 2015 and was uploaded on Company's website at the same date

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("**Model Code**") as the code of conduct governing Director's securities transactions. Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 29 June 2011. All the then Directors who are still on the Board currently have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the financial year ended 31 December 2011.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk as well as the website of the Company at www.chinabillion.net respectively. The annual report of the Company for the financial year ended 31 December 2011 will be dispatched to the shareholders of the Company and will be published on the aforementioned websites in due course.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 29 June 2011.

Further announcement(s) will be made by the Company as and when appropriate to update the shareholders of the Company and the investing public regarding the progress of the Resumption.

APPRECIATION

On behalf of the Board, I am grateful for the perseverance and resilience of our staff shown during suspension of trading in the shares of the Company and I thank them all for their unswerving efforts. I would also take this opportunity to express my sincere appreciation to all shareholders of the Company, investors and business partners for their patience, understanding and continued support during this period of difficult time.

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

Hong Kong, 9 February 2015

As at the date of this announcement, the Board comprises 6 Directors, namely,

Executive Directors:
Mr. Long Xiaobo *(Chairman)*
Mr. Zuo Weiqi *(Chief executive officer)*
Mr. Chen Yi Chung

Independent non-executive Directors:
Mr. Jin Shunxing
Ms. Liu Shuang
Mr. Chiang Tsung-Nien