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 2014

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 2014 ("**Reporting Period**"), together with the comparative figures for the previous financial year ended 31 December 2013 ("**Corresponding Period**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	4 & 5	**43,679**	30,166
Cost of sales and services rendered		**(11,606)**	(15,928)
Gross profit		**32,073**	14,238
Other income and gains		**5,722**	15,500
Selling and distribution expenses		**(1,316)**	(1,204)
Administrative expenses		**(72,351)**	(61,841)
Impairment loss on mining right		**(844,216)**	(475,813)
Impairment loss on property, plant and equipment		**(34,884)**	(48,945)

* *For identification only*

	Notes	2014 HK$'000	2013 HK$'000
Loss from operations		**(914,972)**	(558,065)
Finance costs	*6*	**(15,995)**	(28,675)
Loss on disposal of subsidiaries	*7*	**(26,732)**	(3,739)
Loss before tax		**(957,699)**	(590,479)
Income tax credit	*8*	**214,935**	116,678
Loss for the year	*9*	**(742,764)**	(473,801)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(12,413)**	17,478
Exchange reserve released upon disposal of a subsidiary		**–**	5,706
Other comprehensive income for the year, net of tax		**(12,413)**	23,184
Total comprehensive income for the year		**(755,177)**	(450,617)
Loss for the year attributable to:			
Owners of the Company		**(601,987)**	(386,735)
Non-controlling interests		**(140,777)**	(87,066)
		(742,764)	(473,801)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(612,075)**	(369,715)
Non-controlling interests		**(143,102)**	(80,902)
		(755,177)	(450,617)
Loss per share (HK cents)			
Basic	*10*	**(11.50)**	(7.39)
Diluted	*10*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**12,026**	37,211
Mining right	*11*	**214,361**	1,096,000
		226,387	1,133,211
Current assets			
Inventories		**371**	3,470
Trade and other receivables	*12*	**12,397**	10,336
Current tax assets		**–**	159
Bank and cash balances		**4,705**	3,908
		17,473	17,873
Current liabilities			
Trade and other payables	*13*	**44,491**	40,891
Borrowings		**167,150**	135,044
Convertible bonds	*14*	**290,191**	290,191
		501,832	466,126
Net current liabilities		**(484,359)**	(448,253)
Total assets less current liabilities		**(257,972)**	684,958
Non-current liabilities			
Deferred tax liabilities		**23,548**	239,349
NET (LIABILITIES)/ASSETS		**(281,520)**	445,609
Capital and reserves			
Share capital	*15*	**523,530**	523,530
Reserves		**(789,127)**	(177,052)
Equity attributable to owners of the Company		**(265,597)**	346,478
Non-controlling interests		**(15,923)**	99,131
TOTAL EQUITY		**(281,520)**	445,609

NOTES TO THE CONSOLIDATED 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 ("**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; and

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

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$601,987,000 for the year ended 31 December 2014 and as at 31 December 2014 the Group had net current liabilities and net liabilities of approximately HK$484,359,000 and HK$281,520,000 respectively. 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 and the convertible bonds became due and payable. It is the Directors' belief that the convertible bonds which has been reclassified as current liabilities since year ended 31 December 2011 will be converted into Shares and 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 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 mining permit of the Group's mine will expire on 11 September 2015. It is the Directors' belief that the Group will be able to renew the mining permit with Department of Land and Resources of Hunan Province, China, continuously at insignificant cost. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the renewal of the mining permit.

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 and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. 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 2014. 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.

4. SEGMENT INFORMATION

The Group has two reportable segments as follows:

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

Cosmetics and skincare products segment - provision of beauty treatment services and trading of cosmetics and skincare products to authorised distributors and retailers in the general consumer market.

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 liabilities do not include convertible bonds.

Information about reportable segment profit or loss, assets and liabilities:

	Mining products	Cosmetics and skincare products	Total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 December 2014			
Revenue from external customers	**20,091**	**23,588**	**43,679**
Segment loss	**(703,885)**	**(1,130)**	**(705,015)**
Depreciation	**2,427**	**930**	**3,357**
Income tax credit	**214,935**	**–**	**214,935**
Additions to segment non-current assets	**10,758**	**2,488**	**13,246**
As at 31 December 2014			
Segment assets	**225,514**	**17,005**	**242,519**
Segment liabilities	**154,614**	**31,492**	**186,106**
For the year ended 31 December 2013			
Revenue from external customers	8,266	21,900	30,166
Segment loss	(435,296)	(4,396)	(439,692)
Depreciation	3,759	874	4,633
Income tax credit	116,678	–	116,678
Additions to segment non-current assets	21,602	1,137	22,739
As at 31 December 2013			
Segment assets	1,138,446	11,640	1,150,086
Segment liabilities	351,125	27,262	378,387

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**43,679**	30,166
Profit or loss		
Total loss of reportable segments	**(705,015)**	(439,692)
Other profit or loss	**(37,749)**	(34,109)
Consolidated loss for the year	**(742,764)**	(473,801)
Assets		
Total assets of reportable segments	**242,519**	1,150,086
Other assets	**1,341**	998
Consolidated total assets	**243,860**	1,151,084
Liabilities		
Total liabilities of reportable segments	**186,106**	378,387
Convertible bonds	**290,191**	290,191
Other liabilities	**49,083**	36,897
Consolidated total liabilities	**525,380**	705,475

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

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**23,588**	21,900
PRC	**20,091**	8,266
	43,679	30,166

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**3,315**	1,802
PRC	**223,072**	1,131,409
	226,387	1,133,211

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

5. TURNOVER

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sales of goods:		
– Cosmetics and skincare products	**23,588**	21,900
– Mining products	**20,091**	8,266
	43,679	30,166

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Other borrowings costs		
– Wholly repayable within five years	**16,765**	31,109
Less: interests capitalised	**(770)**	(2,434)
	15,995	28,675

7. DISPOSAL OF SUBSIDIARIES

On 31 October 2014, the Group entered into an agreement with an independent third party to dispose of its entire interests in Global Success Properties Limited and its subsidiaries at a token nominal price. The disposal was completed on 31 October 2014.

On 29 December 2014, the Group entered into an agreement with an independent third party to dispose of its entire interests in Bio Beauty Group Limited and its subsidiaries, and Global Bio-Engineering Limited at a token nominal price. The disposal was completed on 29 December 2014.

Net liabilities at the date of disposal were as follows:

	HK$'000
Trade and other receivables	15
Trade and other payables	(1,331)
Net liabilities disposed of	(1,316)
Non-controlling interests	28,048
Loss on disposal of subsidiaries	(26,732)
Consideration	–
Net cash flow arising on disposal:	
Cash and cash equivalents disposed of	–

8. INCOME TAX CREDIT

	2014	2013
	HK$'000	*HK$'000*
Deferred tax	**214,935**	116,678

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the year.

The applicable income tax rate for the subsidiaries of the Group in the PRC in the current year is 25% (2013: 25%).

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

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(957,699)**	(590,479)
Tax at the domestic income tax rate	**(236,117)**	(144,347)
Tax effect of income that is not taxable	**–**	(214)
Tax effect of expenses that are not deductible	**6,424**	128
Tax effect of utilisation of tax losses not previously recognised	**(3)**	–
Tax effect of tax losses not recognised	**14,761**	27,755
Income tax credit	**(214,935)**	(116,678)

9. LOSS FOR THE YEAR

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

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**1,200**	800
Amortisation of mining right	**23,813**	8,292
Cost of sales and services rendered*	**11,606**	15,928
Depreciation	**3,406**	4,746
Loss on disposal of subsidiaries	**26,732**	3,739
Operating lease charges	**5,607**	14,521
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**21,757**	21,917
Retirement benefits scheme contributions	**1,768**	1,331
	23,525	23,248

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK$7,887,000 (2013: approximately HK$9,700,000) which are included in the amounts disclosed separately above.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2014 is based on the loss for the year attributable to owners of the Company of approximately HK$601,987,000 (2013: approximately HK$386,735,000) and the weighted average number of ordinary shares of 5,235,303,000 (2013: 5,235,303,000) 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 2014 and 2013.

11. MINING RIGHT

	HK$'000
Cost	
At 1 January 2013	1,553,021
Exchange differences	44,552
At 31 December 2013	1,597,573
Exchange differences	(10,532)
At 31 December 2014	1,587,041
Accumulated amortisation and impairment	
At 1 January 2013	10,231
Amortisation for the year	8,292
Impairment loss for the year	475,813
Exchange differences	7,237
At 31 December 2013	501,573
Amortisation for the year	23,813
Impairment loss for the year	844,216
Exchange differences	3,078
At 31 December 2014	1,372,680
Carrying amount	
At 31 December 2014	214,361
At 31 December 2013	1,096,000

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 permit will expire on 11 September 2015 and in the opinion of the Directors, the Group will be able to renew the mining permit with Department of Land and Resources of Hunan Province, China, 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.

The Group carried out reviews of the recoverable amount of its mining right in 2014. The review led to the recognition of an impairment loss of approximately HK$844,216,000 for mining right that have been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$214,361,000 has been determined on the basis of their fair value less costs of disposal using discounted cash flow method (level 3 fair value measurements). The discount rate used was 13.76%.

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**2,739**	2,129
Prepayments, deposits and other receivables	**9,658**	8,207
	12,397	10,336

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 receivables, based on the invoice date, and net of allowance, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**2,182**	783
31 – 60 days	**557**	1,346
	2,739	2,129

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

13. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**2,872**	806
Accrued liabilities and other payables	**41,619**	40,085
	44,491	40,891

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

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**230**	806
31 – 60 days	**690**	–
61 – 90 days	**360**	–
Over 90 days	**1,592**	–
	2,872	806

14. 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 Bondholders 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) 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.

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 is reclassified as current liabilities since the year ended 31 December 2011.

15. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK'000*
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 January 2013, 31 December 2013 and 31 December 2014	8,000,000	800,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1 January 2013, 31 December 2013 and 31 December 2014	5,235,303	523,530

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 ratio at 31 December 2014 and 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Total debt	**525,380**	705,475
Less: bank and cash balances	**(4,705)**	(3,908)
Net debt	**520,675**	701,567
Total equity	**(281,520)**	445,609
Gearing ratio	**N/A**	157.44%

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

16. EVENT AFTER THE REPORTING PERIOD

On 19 June 2015, 2 July 2015 and 16 July 2015, the Company entered into certain loan agreements ("**Loan Agreements**") with independent third parties ("**Lenders**"). The Loan Agreements are all of three years duration. Collectively, the Lenders agreed to lend the Company a total principal loan amounts of RMB42 million ("**Loans**") with simple rate of 10% per annum. The principal amount of the Loans together with relevant accrued interests under the Loan Agreements are repayable on the respective maturity dates. The Loans are not secured by any of the assets of the Group. The Loan Agreements are on normal business terms.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

ZHONGHUI ANDA CPA Limited, auditor of the Company ("**Auditor**"), has expressed a disclaimer of opinion on the consolidated financial statements of our Group for the Reporting Period, an extract of which is as follows:

"**Basis for disclaimer of opinion**

1) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2013 ("**2013 Financial Statements**"), which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 9 February 2015. Accordingly, we were then unable to form an opinion as to whether the 2013 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

2) Movement of mining right

Because of the matters as detailed in the paragraph headed "Opening balances and corresponding figures", we are unable to obtain sufficient evidence on the opening balance of the mining right. Thus, no sufficient evidence has been received by us up to the date of this report in respect of whether the amortisation and impairment loss on mining right of approximately HK$23,813,000 and HK$844,216,000 respectively charged to profit or loss were properly accounted for in the consolidated financial statements for the year ended 31 December 2014. However, we are satisfied that the mining right is fairly stated as at 31 December 2014.

3) Loss on disposal of subsidiaries

Because of the matters as detailed in the paragraph headed "Opening balances and corresponding figures", we are unable to obtain sufficient evidence on the opening balances of contingent liabilities and related party balances of certain subsidiaries being disposed of during the year ended 31 December 2014, as disclosed in note 26 to the consolidated financial statements. No sufficient evidence has been provided to satisfy ourselves as to the loss on disposal of subsidiaries of approximately HK$26,732,000 for the year ended 31 December 2014.

4) Deferred tax credit

Because of the matters as detailed in the paragraph headed "Opening balances and corresponding figures", we are unable to obtain sufficient evidence on the opening balance of the deferred tax liabilities. Thus, no sufficient evidence has been provided to satisfy ourselves as to the deferred tax credit of approximately HK$214,935,000 credited to profit or loss for the year ended 31 December 2014. However, we are satisfied that the deferred tax liabilities are fairly stated as at 31 December 2014.

Any adjustments to the figures as described from points 1 to 4 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 31 December 2014 and 2013 and the financial position of the Group as at 31 December 2013, 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:

(a) the directors believe the convertible bonds of which has been reclassified as current liabilities since year ended 31 December 2011 will be converted into shares of the Company 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.

(b) the directors believe the Group will be able to renew the mining permit with Department of Land and Resources of Hunan Province, China continuously at insignificant cost.

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, (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 and (iii) the successful renewal of the mining permit.

The consolidated financial statements do not include any adjustments that would be necessary if the Company fails to convert the convertible bonds, the Group fails to obtain financial support from the major shareholder of the Company and the Group fails to renew the mining permit. We consider that adequate disclosures have been made. However, the uncertainties surrounding (i) the successful conversion of the Company's convertible bonds, (ii) the availability of funding from the major shareholder of the Company and (iii) the successful renewal of mining permit 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 basis for disclaimer of opinion paragraphs and the 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 2014 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 AND FINANCIAL REVIEW

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

During the Reporting Period, the Group recorded a total turnover of approximately HK$43.7 million, which represented an approximately 44.7% increase as compared with approximately HK$30.2 million for the Corresponding Period.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK$20.1 million, representing an approximately 142.2% increase as compared with approximately HK$8.3 million in the Corresponding Period. During 2013 and 2014, the Management has gradually re-assessed the exploration process in order to identify the high potential gold-bearing areas in the existing gold mine. The Management studied the relevant geological data and the existing tunnel structure of the gold mine. During the Reporting Period, the Group had been continuingly making further investment in modifying the existing tunnel structure and exploration process of the gold mine. The improvement efforts accordingly generated a growing turnover in the mining products business segment for the Reporting Period.

The revenue contributed by the cosmetic and skincare products business segment for the Reporting Period was approximately HK$23.6 million, representing an approximately 7.8% increase as compared with approximately HK$21.9 million for the Corresponding Period. The increase in turnover in this segment was mainly due to the Group's diligent efforts in marketing and promotion through our beauty salon outlets in Hong Kong.

The gross profit for the Reporting Period was approximately HK$32.1 million, which represented an increase of approximately 126.1% as compared with approximately HK$14.2 million in the Corresponding Period. The growth in gross profit is mainly benefited by the considerable increase in the production of the mining products.

The loss for the Reporting Period for the Group was approximately HK$742.8 million as compared with approximately HK$473.8 million for the Corresponding Period. The significant increase in the losses during the Reporting Period was mainly due to the impairment loss on mining right and the impairment loss on property, plant and equipment, which amounted to approximately HK$844.2 million and HK$34.9 million respectively.

Although it is not mandatory for the Company to follow the new standards stated in the Chapter 18 of the Listing Rules updated in year 2010, the Board is of the view that for the sake of working towards better compliance results, the Board should have an updated technical report prepared in accordance with Chapter 18 pursuant to which other mineral companies are obligated to follow. The Company therefore voluntarily engaged SRK Consulting China Ltd. ("**SRK**") to prepare an updated and independent technical report for assisting the Management to assess the fair value of the mining right of the Group's Yuanling gold project in Hunan Province, the PRC ("**Gold Mine**"), in accordance with JORC Code 2012. Under the Chapter 18 of the Listing Rules, all the Inferred Resources (as defined thereof) and all sources of potential value in the preparation of the valuation should be excluded. The Chapter 18 prescribes that only those Indicated Resources (as defined thereof) of the gold mines could be recognized. The exclusion, in effect, means that a valuation may not meet the definition of Fair Market Value under the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 Edition ("**VALMIN Code 2005**") notwithstanding that any purchaser of a mine would normally consider the value of the Inferred Resources, which is subject to a high discount rate than Indicated Resources. Although the Gold Mine is currently producing gold, the limited funding resources caused by the long suspension of trading of Shares on the Stock Exchange, in turn, restricted the Group's capability in expanding channel sampling process at different levels and making in-fill holes for gathering information about the resource tonnage and the gold grading. Under such restrictions, the indicated gold reserve was reported to decrease dramatically. Apart from the above, the non-fully utilized production capacity and the sub-optimal rate in actual productions of the gold mines adversely affected the valuation of the gold mines. The continuing down trends of the gold price in the global market during the past few years, also played a significant role and caused a much distressed revaluation result. By reference to the SRK's technical report, the Management prepared the valuation of the mining right by adopting a conservative approach that the Management took into account an assessment of a mineral asset's future net economic benefit at the valuation date on a nominal basis, that is to say, accounting for inflation in costs and in gold prices under a set of assumptions deemed most appropriate by a relevant expert or specialist, and excluded any premium or discount to account for such factors (such as market or strategic considerations). The Management used the discounted cash flow method of the Income Based Approach as the valuation method, which is an estimation of the net present value of the forecast free cash flow produced by the Gold Mine. In order to present a more prudent and cautious fair value of the mining right, the median marketability discount for mining industry was also counted therein. The Management considered that the choice of the valuation methodology is appropriate in the circumstances, given that the development timing and the amount of capital expenditure can materially affect the project valuation.

All of above adverse factors were working together to significantly impair the value of the mining right. However, the Board is of the view that the gold reserves should be of greater amount, and the Gold Mines should be of greater value. The Board considers that the impairment loss and the valuation of the mining right could be adjusted if and when further funding resources are to be allocated for exploring the full potentials in a holistic manner.

The Board was informed that the fair value of the Gold Mine covered 100% Indicated Resources and 50% Inferred Resources was approximately HK$223,072,000. As mentioned above, in accordance with Chapter 18 of the Listing Rules, all the Inferred Resources and sources of potential value in the preparation of the valuation should be excluded under such a stricter approach, which means that the valuation does not meet the definition of Fair Market Value under the VALMIN Code 2005. However, the Board is of the view that as the Gold Mine is located in the PRC, and the value of 50% Inferred Resources is still within the level of confidence to the PRC extrapolated resources, it is justified to consider the Gold Mine to be in compliant with Chinese criteria within the range of significant reference.

The Auditor has reviewed and assessed the valuation, including but not limited to, its methodology and assumptions, and is of the view that such valuation is fairly stated.

As fully set out in auditor's report, the Board notes that the Auditor has given, among others, an opinion of material uncertainty regarding the Company's ability to continue as a going-concern, which mainly related to the convertible bonds ("**CB**") issued by the Company in March 2010. However, the Board believes that such going concern issue could be solved by the debt restructuring plan to be conducted later on. As at the date of this announcement, the Board already received the preliminary indication of consents from the majority of the CB holders, and if and when the debt restructuring plan is implemented, the majority (if not all) CB holders will convert their outstanding CB into Shares. Given that the outstanding CB are, under the accounting treatment, reclassified in the auditor's report as the current liabilities, the conversion of the CB will materially improve the financial outlook of the Company if and when the plan has fully implemented. The Company will conduct further negotiation with the CB holders with a view of entering into formal debt restructuring agreements as soon as practicable.

As set out in notes 2 and 10 to the consolidated financial statements, the mining permit will expire on 11 September 2015. The Group is in the processing applying for the renewal as the mining permit. According to a PRC legal opinion, given the records of the Company's compliance with the various PRC governments' requirements, there was no foreseeable legal impediment in obtaining the renewal approval, save for application timing and procedures.

The Management confirms that during the Reporting Period, in order to streamline the Group's structure and business operations, the Group entered into agreements with independence third party to dispose of its entire interests in certain dormant subsidiaries of the Group ("**Dormant Subsidiaries**") at a token nominal price. The Dormant Subsidiaries had no operation at the time of the disposal and they were inevitably incurring maintenance costs. As set out in the 2013 annual report, due to the loss of the most important records, the Auditor is unable to obtain sufficient evidence on the opening balances of the contingent liabilities and the related party balances of the Dormant Subsidiaries during the Reporting Period.

PROSPECTS

During the Reporting Period, as the mining products business segment began to generate revenue, the Management believed that, although the gold price may continue to decrease, the production of the gold mine would become profitable when the Company allocates sufficient time and resources into the mining products business segment.

In July 2015, GCC Finance Company Limited ("**GCCF**"), which is a wholly-owned subsidiary of the Company, re-applied for the money lender license, which GCCF held until year 2013. In view of the rapid economic growth in the PRC, the trend of globalisation and the unmet demand for financing, there are considerable PRC enterprises are experiencing various degrees of financing bottleneck problems for expanding their overseas business development. Some PRC enterprises are seeking financing from offshore entities, due to the stricter lending control policy imposed by the PRC government. Pending obtaining the approval for the money lending license, the Company will conduct further studies to explore the potential of the money lending business which show to be profitable business opportunities.

Looking forward, the Company targets to complete the resumption of trading in Shares on the Stock Exchange ("**Resumption**") as soon as practicable. At the same time, the Management is looking for other investment opportunities to broaden the sources of income of the Group in order to create greater value for the Shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had unpledged cash and bank balances of approximately HK$4.7 million (2013: approximately HK$3.9 million). The gearing ratio was not applicable to the Group (2013: approximately 157.4%) and the borrowings and convertible bonds of the Group together was approximately HK$457.3 million (2013: approximately HK$425.2 million). The Group reported net current liabilities of approximately HK$484.4 million as at 31 December 2014 (2013: approximately HK$448.3 million).

CONTINGENT LIABILITY

As at 31 December 2014, the Group did not have any significant contingent liability (2013: nil).

BANK BORROWINGS

As at 31 December 2014, the Group did not have any outstanding bank loan (2013: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2014, the Group employed 191 staff (2013: 202). The remuneration of employees was in line with the market trend and commensurate with the level of remuneration in the industry and the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group mainly generated sales revenue and incurred costs in both Hong Kong dollar and Renminbi. In view of the fluctuation of Renminbi, the Directors considered that the Group's exposure to fluctuation in foreign exchange rate was minimal and accordingly, the Group did not employ any financial instruments for hedging purpose.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the Reporting Period (2013: 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 Reporting Period.

REVIEW OF THE FINAL RESULTS ANNOUNCEMENT BY THE AUDITOR

The figures in respect of this final results announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Auditor 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 Auditor 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 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 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 Reporting Period.

CORPORATE GOVERNANCE

The Company acknowledges the need for and importance of corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with recommended practices. As at the date of this annual report, the Company has adopted the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("**CG Code**") to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices for the Reporting Period, and has formed the opinion that the Company, throughout the Reporting Period, has complied with the code provisions ("**Code Provisions**") as set out in the CG Code except for the following deviations:

The Code provisions	Non-compliance and the reason for the deviation	Improvement action taken or to be taken
A.1.1	Non-compliance	Regular Board meetings are scheduled to be held at approximately quarterly intervals, and starting from 30 January 2015 (the first regular Board meeting of 2015), the Board has already fully complied with this CG Provision
A.1.3	Non-compliance	Since 30 January 2015, due notices of all Board meetings have been given to all members of the Board
A.1.8	No insurance cover could be arranged since 1 November 2013 in view of the suspension in trading of the Company's shares	Directors' insurance will be arranged for each Director if and when such can be arranged or immediately upon the resumption of trading of the Company's shares
A.2.5	Non-compliance	The Chairman has confirmed that he has already took active action to improve and monitor the corporate governance practice of the Group
A.2.7	Non-compliance	The Chairman has confirmed that he will hold annual meeting with the non-executive Directors including the INEDs in the absence of the Executive Directors
A.4.2	During the Reporting Period, no general meeting was held to resolve on the rotation of Directors, amongst other issues	All Directors will be subject to rotation in accordance with the Articles of Association and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years

The Code provisions	Non-compliance and the reason for the deviation	Improvement action taken or to be taken
A.5.3	Non-compliance	A new terms of reference for the Nomination Committee was adopted by the Board on 30 January 2015 and was uploaded on the Stock Exchange and Company's website at the same date
A.5.6	Non-compliance	A board diversity policy was adopted by the Nomination Committee on 30 January 2015 and a summary of such policy is disclosed in this corporate governance report
A.6.1	Non-compliance	From 2015 onwards, a comprehensive, formal and tailored induction will be arranged for any new Director appointed on the first occasion of his/her appointment and regular updated information/training will be provided as necessary thereafter
A.6.5	Non-compliance	On 8 July 2015, the Company arranged a comprehensive training to all Directors
B.1.3	Non-compliance	A new terms of reference for the remuneration committee ("**Remuneration Committee**") was adopted by the Board on 30 January 2015 and was uploaded on the Stock Exchange and Company's website at the same date
C.1.2	Non-compliance	The Management have confirmed to the Board that monthly updates, or if agreed no less frequent than quarterly interval updates, will be given to all Directors. Since April 2015, timely monthly updates have already been provided to all Directors for their assessment
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 the Stock Exchange and Company's website at the same date

The Code provisions	Non-compliance and the reason for the deviation	Improvement action taken or to be taken
E.1.1	During the Reporting Period, no general meeting was held	The AGM for the year 2015 will be arranged in due course and issues to be resolved at the AGM or any general meeting will be separately proposed and resolved unless they relate to the same substantial issue or are otherwise interdependent
E.1.2	During the Reporting Period, no general meeting was held	The AGM for the year 2015 will be arranged in due course. The Chairman of the Board will attend the AGM and will also invite the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and any other committees of the Board to attend
E.1.3	During the Reporting Period, no general meeting was held	The AGM for the year 2015 will be arranged in due course and due notice of at least 20 clear business days before the meeting will be sent to the shareholders. Due notice as required under the Listing Rules and the CG Code will also be given to the Shareholders in the case of any other general meetings
E.1.4	During the Reporting Period, no general meeting was held	A Shareholders' communication policy in accordance with the CG Code has been established by the Board. It will be reviewed on an annual basis to ensure its effectiveness
E.2.1	During the Reporting Period, no general meeting was held	For the 2015 AGM and other general meetings to be held onwards, the Chairman will ensure that explanation is provided for the procedure for conducting of poll and all questions from the Shareholders in that regard will be answered

As set out in section headed "Internal Controls" below, an independent internal control consultant was engaged by the Company to carry out an internal control review of the Group. Following the actions and steps taken by the Management based on the consultant's earlier recommendations, the follow-up review reported that the enhanced financial reporting procedures and internal control systems of the Group are adequate to meet the general principles and obligations regarding corporate governance issues under the Listing Rules.

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 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 Reporting Period.

INTERNAL CONTROLS

As set out in the Company's announcement dated 31 December 2013, ZHONGHUI ANDA Risk Services Limited ("**Internal Control Consultant**") was engaged by the Company to perform an internal control review of the Group to assist the Board to assess whether the Group's financial reporting procedure and internal control system are adequate to enable the Company to meet its obligations under the Listing Rules.

As further announced by the Company on 3 October 2014, the Internal Control Consultant issued a preliminary draft internal control review report to the Company, which has identified a number of internal control issues and deficiencieis of the Group. The management of the Group has reviewed the preliminary internal control report and taken necessary actions and steps to address those internal control issues and deficiencies based on the recommendations of the Internal Control Consultant. Major deficiencies identified by the Internal Control Consultant and the Company's subsequent responses were set out in the Company's announcement dated 29 May 2015.

Following the actions and steps taken by the management of the Group, the Internal Control Consultant has conducted a follow-up review in May 2015 on the internal control system of the Group. According to the follow-up review report issued by the Internal Control Consultant, the Internal Control Consultant has come to the conclusion that from the results of their enquiries, observations and discussions with the management and responsible personnel of the Group as well as examination of documents and records, there was no indication of any material irregularity or error on the financial reporting and systems of the internal control of the Group. The Internal Control Consultant concluded that the enhanced financial reporting procedures and internal control systems of the Group are adequate to meet the general principles and obligations regarding corporate governance issues under the Listing Rules.

Having considered the results of the follow-up review, the Directors (including all independent non-executive Directors) are of the view that the Group's financial reporting procedure and internal control systems are sufficient to meet obligations under the Listing Rules.

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 Reporting Period 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 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 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 different time.

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

Hong Kong, 4 August 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