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CHINA BILLION RESOURCES LIMITED

中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board is pleased to announce the audited consolidated annual results of the Group for the financial year ended 31 December 2015, together with the comparative figures for the previous financial year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	5	43,613	43,679
Cost of sales and services rendered		<u>(8,872)</u>	<u>(11,606)</u>
Gross profit		34,741	32,073
Other income and gains		7	5,722
Selling and distribution expenses		(1,416)	(1,316)
Administrative expenses		(47,216)	(72,351)
Impairment loss on mining right		–	(844,216)
Impairment loss on property, plant and equipment		–	<u>(34,884)</u>
Loss from operations		(13,884)	(914,972)
Finance costs	6	(22,059)	(15,995)
Gain/(Loss) on disposal of subsidiaries		<u>738</u>	<u>(26,732)</u>
Loss before tax		(35,205)	(957,699)
Income tax (expense)/credit	7	<u>(2,797)</u>	<u>214,935</u>
Loss for the year	8	(38,002)	(742,764)

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Other comprehensive income after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(14,598)</u>	<u>(12,413)</u>
Other comprehensive income for the year, net of tax		<u>(14,598)</u>	<u>(12,413)</u>
Total comprehensive income for the year		<u>(52,600)</u>	<u>(755,177)</u>
Loss for the year attributable to:			
Owners of the Company		<u>(34,460)</u>	<u>(601,987)</u>
Non-controlling interests		<u>(3,542)</u>	<u>(140,777)</u>
		<u>(38,002)</u>	<u>(742,764)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<u>(45,940)</u>	<u>(612,075)</u>
Non-controlling interests		<u>(6,660)</u>	<u>(143,102)</u>
		<u>(52,600)</u>	<u>(755,177)</u>
Loss per share (HK cents)			
Basic	9	<u>(0.66)</u>	<u>(11.50)</u>
Diluted	9	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		10,867	12,026
Mining right	<i>10</i>	199,463	214,361
		<u>210,330</u>	<u>226,387</u>
Current assets			
Inventories		438	371
Trade and other receivables	<i>11</i>	20,749	12,397
Bank and cash balances		7,891	4,705
		<u>29,078</u>	<u>17,473</u>
Current liabilities			
Trade and other payables	<i>12</i>	36,764	44,491
Borrowings		182,789	167,150
Convertible bonds	<i>13</i>	290,191	290,191
		<u>509,744</u>	<u>501,832</u>
Net current liabilities		<u>(480,666)</u>	<u>(484,359)</u>
Total assets less current liabilities		<u>(270,336)</u>	<u>(257,972)</u>
Non-current liabilities			
Borrowings		39,482	–
Deferred tax liabilities		25,040	23,548
		<u>64,522</u>	<u>23,548</u>
NET LIABILITIES		<u>(334,858)</u>	<u>(281,520)</u>
Capital and reserves			
Share capital	<i>14</i>	523,530	523,530
Reserves		(835,067)	(789,127)
Equity attributable to owners of the Company		(311,537)	(265,597)
Non-controlling interests		(23,321)	(15,923)
TOTAL EQUITY		<u>(334,858)</u>	<u>(281,520)</u>

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 are listed on the 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\$34,460,000 for the Reporting Period and as at 31 December 2015 the Group had net current liabilities and net liabilities of approximately HK\$480,666,000 and HK\$334,858,000 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.

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, Capital Reorganisation, Open Offer and Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, Open Offer and Debt Settlement Agreements. As at the date of this announcement, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK\$643,661,000.

It is the Directors' belief that the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer will be completed. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful completion of the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer.

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised 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 2015. 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 profits or losses, assets and liabilities:

	Mining products	Cosmetics and skincare products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 December 2015			
Revenue from external customers	18,690	24,923	43,613
Segment (loss)/profit	(17,717)	1,129	(16,588)
Depreciation	537	1,122	1,659
Income tax expense	2,797	–	2,797
Additions to segment non-current assets	535	447	982
As at 31 December 2015			
Segment assets	220,039	12,898	232,937
Segment liabilities	36,672	26,254	62,926
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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments and consolidated revenue	<u>43,613</u>	<u>43,679</u>
Profit or loss		
Total loss of reportable segments	(16,588)	(705,015)
Other profit or loss	<u>(21,414)</u>	<u>(37,749)</u>
Consolidated loss for the year	<u>(38,002)</u>	<u>(742,764)</u>
Assets		
Total assets of reportable segments	232,937	242,519
Other assets	<u>6,471</u>	<u>1,341</u>
Consolidated total assets	<u>239,408</u>	<u>243,860</u>
Liabilities		
Total liabilities of reportable segments	62,926	186,106
Convertible bonds	290,191	290,191
Borrowings	218,551	45,083
Other liabilities	<u>2,598</u>	<u>4,000</u>
Consolidated total liabilities	<u>574,266</u>	<u>525,380</u>

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*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	24,923	23,588
PRC	<u>18,690</u>	<u>20,091</u>
	<u>43,613</u>	<u>43,679</u>

(b) Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	2,598	3,315
PRC	<u>207,732</u>	<u>223,072</u>
	<u>210,330</u>	<u>226,387</u>

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

5. REVENUE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of goods:		
– Cosmetics and skincare products	24,923	23,588
– Mining products	18,690	20,091
	<u>43,613</u>	<u>43,679</u>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interests	22,059	16,765
Less: interests capitalised	–	(770)
	<u>22,059</u>	<u>15,995</u>

7. INCOME TAX (EXPENSE)/CREDIT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Deferred tax	<u>(2,797)</u>	<u>214,935</u>

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% (2014: 25%).

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before tax	<u>(35,205)</u>	<u>(957,699)</u>
Tax at the domestic income tax rate	(7,076)	(236,117)
Tax effect of expenses that are not deductible	3,537	6,424
Tax effect of utilisation of tax losses not previously recognised	(237)	(3)
Tax effect of tax losses not recognised	<u>6,573</u>	<u>14,761</u>
Income tax expense/(credit)	<u>2,797</u>	<u>(214,935)</u>

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after (crediting)/charging the followings:

	2015	2014
	HK\$'000	HK\$'000
Auditor's remuneration	1,080	1,200
Amortisation of mining right	3,799	23,813
Cost of sales and services rendered*	8,872	11,606
Depreciation	1,709	3,406
(Gain)/Loss on disposal of subsidiaries	(738)	26,732
Operating lease charges	5,918	5,607
Staff costs including directors' emoluments		
Salaries, bonus and allowances	20,511	21,757
Retirement benefits scheme contributions	1,645	1,768
	22,156	23,525

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK\$2,282,000 (2014: approximately HK\$7,887,000) which are included in the amounts disclosed separately above.

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the Reporting Period is based on the loss for the year attributable to owners of the Company of approximately HK\$34,460,000 (2014: approximately HK\$601,987,000) and the weighted average number of ordinary shares of 5,235,303,000 (2014: 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 2015 and 2014.

10. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2014	1,597,573
Exchange differences	<u>(10,532)</u>
At 31 December 2014	1,587,041
Exchange differences	<u>(82,913)</u>
At 31 December 2015	<u>1,504,128</u>
Accumulated amortisation and impairment	
At 1 January 2014	501,573
Amortisation for the year	23,813
Impairment loss for the year	844,216
Exchange differences	<u>3,078</u>
At 31 December 2014	1,372,680
Amortisation for the year	3,799
Exchange differences	<u>(71,814)</u>
At 31 December 2015	<u>1,304,665</u>
Carrying amount	
At 31 December 2015	<u><u>199,463</u></u>
At 31 December 2014	<u><u>214,361</u></u>

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 2 September 2020. Mining right is amortised over the estimated useful lives of the mines by using the units of production method in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines.

The Group carried out reviews of the recoverable amount of its mining right in 2015. No impairment loss for mining right was recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK\$199,463,000 (2014: 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 14.65% (2014: 13.76%).

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	12,076	2,739
Prepayments, deposits and other receivables	8,673	9,658
	<u>20,749</u>	<u>12,397</u>

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current to 30 days	4,288	2,182
31 – 60 days	6,643	557
61 – 90 days	1,145	–
	<u>12,076</u>	<u>2,739</u>

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

12. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	804	2,872
Accrued liabilities and other payables	35,960	41,619
	<u>36,764</u>	<u>44,491</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current to 30 days	158	230
31 – 60 days	341	690
61 – 90 days	102	360
Over 90 days	203	1,592
	<u>804</u>	<u>2,872</u>

13. 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 Group with a maturity date of 30 March 2013.

The principal terms of the 2010 Convertible Bonds are as follows:

Each 2010 Convertible Bond will, at the option of the 2010 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 2010 Conversion Price (i.e. HK\$0.4 per share), subject to adjustments in accordance with the terms and conditions of the 2010 Convertible Bonds agreement as a result of dilutive events.

Pursuant to the 2010 Convertible Bonds agreement, the 2010 Bondholders has the rights to give notice to the Company that the 2010 Convertible 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 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 2010 Convertible 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 2010 Convertible Bonds will be automatically converted into new shares of the Company upon maturity date at the then prevailing 2010 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 2010 Convertible Bonds to the 2010 Bondholders and therefore the liability component of the 2010 Convertible Bonds is reclassified as current liabilities since the year ended 31 December 2011.

14. SHARE CAPITAL

	Number of shares '000	Amount HK'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014, 31 December 2014 and 31 December 2015	8,000,000	800,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014, 31 December 2014 and 31 December 2015	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 2015 and 2014 are as follows:

	2015 HK\$'000	2014 HK\$'000
Total debt	574,266	525,380
Less: bank and cash balances	(7,891)	(4,705)
Net debt	566,375	520,675
Total equity	(334,858)	(281,520)
Gearing ratio	N/A	N/A

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

15. EVENT AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, Capital Reorganisation, Open Offer and Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, Open Offer and Debt Settlement Agreements. As at the date of this announcement, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK\$643,661,000.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

ZHONGHUI ANDA has expressed a qualified opinion on the consolidated financial statements of our Group for the Reporting Period, an extract of which is as follows:

Basis for qualified opinion

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014, 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 4 August 2015.

Opinion

In our opinion, except for the possible effects of the matter on the consolidated profit or loss for the year ended 31 December 2014 as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred a loss attributable to owners of the Company of approximately HK\$34,460,000 for the year ended 31 December 2015 and as at 31 December 2015 the Group had net current liabilities and net liabilities of approximately HK\$480,666,000 and HK\$334,858,000 respectively. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 revenue of approximately HK\$43.6 million.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK\$18.7 million, representing an approximately 7.0% decrease as compared with approximately HK\$20.1 million in the Corresponding Period. During 2014 and 2015, 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 continually making further investment in modifying the existing tunnel structure and exploration process of the Gold Mine.

The revenue contributed by the cosmetic and skincare products business segment for the Reporting Period was approximately HK\$24.9 million, representing an approximately 5.5% increase as compared with approximately HK\$23.6 million for the Corresponding Period. The gross profit for the Reporting Period was approximately HK\$34.7 million, which represented an increase of approximately 8.1% as compared with approximately HK\$32.1 million in the Corresponding Period. The increase in revenue and gross profit 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 loss for the Reporting Period for the Group was approximately HK\$38.0 million as compared with approximately HK\$742.8 million for the Corresponding Period. The significant decrease in the losses during the Reporting Period was mainly due to the fact that no further impairment losses were incurred on mining right and property, plant and equipment in the year which they accounted for approximately HK\$879.1 million in the Corresponding Period.

By reference to the updated and independent technical report prepared by SRK in 2014, 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.

The Board was informed that the fair value of the Gold Mine covered 100% indicated resources and 50% inferred resources was approximately HK\$207,573,000. 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.

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, Capital Reorganisation, Open Offer and Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, Open Offer and Debt Settlement Agreements. As at the date of this announcement, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK\$643,661,000.

PROSPECTS

During the Reporting Period, as the mining products business segment continues to generate revenue and the Management also believed that, the gold price may continue to increase, the production of the Gold Mine would become more profitable when the Company allocates sufficient time and resources into the mining products business segment.

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

In November 2015, GCCF has secured the money lender license following its reapplication, which allows the Company to further diversify its business. The Management has already started preparing the relevant policy and searching for potential clients.

Looking forward, the Company targets to complete the Resumption in the first half of 2016 or shortly thereafter. 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 2015, the Group had unpledged cash and bank balances of approximately HK\$7.9 million (2014: approximately HK\$4.7 million). The gearing ratio was not applicable to the Group (2014: n/a) and the borrowings and convertible bonds of the Group together was approximately HK\$512.5 million (2014: approximately HK\$457.3 million). The Group reported net current liabilities of approximately HK\$480.7 million as at 31 December 2015 (2014: approximately HK\$484.4 million).

CONTINGENT LIABILITY

As at 31 December 2015, the Group did not have any significant contingent liability (2014: nil).

BANK BORROWINGS

As at 31 December 2015, the Group did not have any outstanding bank loan (2014: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2015, the Group employed 122 staff members (2014: 191). 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 (2014: nil).

ANNUAL GENERAL MEETING

The Board has not yet fixed the date of 2016 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 established Audit Committee in accordance with the requirements of the CG Code. Currently the Audit Committee comprises 3 INEDs, 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 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 up to the date of this announcement, and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this announcement, has complied with the Code Provisions except for the following deviations:

The Code provisions	Non-compliance and the reason for the deviation	Improvement action taken or to be taken
A.1.8	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
A.4.2	At the 2015 AGM, Mr. Long Xiaobo, Chairman of the Board, was not subject to rotation of Directors according to the former Articles of Association before the adoption of the new Articles of Association on 22 February 2016	All Directors, including Chairman of the Board, are subject to rotation in accordance with the new Articles of Association adopted on 22 February 2016 and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years

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 Internal Control 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 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 Directors 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 and up to the date of this announcement.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system and risk management system to safeguard Shareholder's investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such systems on an annual basis. Although there is no separate internal audit function has been established by the Board, the Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls and risk management. The Company also has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place throughout 2015 and up to the date of this announcement. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board.

As set out in the Company's announcement dated 31 December 2013, an independent 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 deficiencies of the Group. The Management 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, 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 and assessment of the effectiveness of the Company's internal control system including financial, operational and compliance control and risk management, the Directors (including all INEDs) are of the view that the Group's financial reporting procedure, internal control systems and risk management system are sufficient to meet obligations under the Listing Rules.

OTHER INFORMATION

During the Reporting Period, the Board proposed to implement the Capital Reorganisation which entails the Capital Reduction, the Capital Cancellation, the Share Consolidation, the increase in authorised share capital and the Share Premium Reduction. As at the date of this announcement, the Capital Reorganisation has been approved by the Shareholders at the EGM held on 22 February 2016 and a petition in relation to the Capital Reduction was presented by the Company to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016 to hear the petition. The Company will keep the Shareholders informed once any substantial progress in relation to the Capital Reorganisation is made.

In addition to the Capital Reorganisation, during the Reporting Period, the Company has also carried out a series of debt restructuring arrangements by entering into a total of 13 sets of Debt Settlement Agreements, comprising 10 sets of Share Settlement Agreements and 3 sets of CB Settlement Agreements, with Share Settlement Creditors and CB Settlement Creditors respectively for facilitating the Resumption and to improve the Company's financial position in order to solve the going concern issue of the Company. At the EGM held on 22 February 2016, among others, the (i) Debt Settlement Agreements and (ii) Open Offer were also approved by the independent Shareholders.

For details of abovementioned Capital Reorganisation and the debt restructuring arrangements, please refer to the Circular which published on the websites of Stock Exchange and the Company on 29 January 2016 and the 2015 annual report of the Company to be published later on.

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 despatched to the Shareholders 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 and the investing public regarding the progress of the Resumption.

DEFINITIONS

“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor” or “ZHONGHUI ANDA”	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors
“Capital Cancellation”	the proposed cancellation of the unissued share capital of the Company in its entirety immediately after the Capital Reduction becoming effective
“Capital Reduction”	the proposed reduction of the nominal value of each Share from HK\$0.10 to HK\$0.005
“Capital Reorganisation”	the proposed capital reorganisation which involves the Capital Reduction, the Capital Cancellation, the Share Consolidation, the increase in authorised share capital and the Share Premium Reduction
“CB Settlement Agreements”	having the same meaning ascribed thereto under the Circular (i.e. a total 3 sets of convertible bonds settlement agreements entered into between the Company and the CB Settlement Creditors)
“CB Settlement Creditors”	having the same meaning ascribed thereto under the Circular (i.e. Mr. 李鐵鍵, Mr. 吳躍新 and Mr. 豆新虎)

“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Chairman of the Board”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China, but for the purposes of this Circular and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
“Circular”	a circular despatched by the Company to the Shareholders on 29 January 2016
“Code Provisions”	code provisions as set out in the CG Code
“Company”	China Billion Resources Limited, a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the Stock Exchange
“Corresponding Period”	the period for the year ended 31 December 2014
“Debt Settlement Agreements”	the Share Settlement Agreements and the CB Settlement Agreements
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s)
“EGM”	the extraordinary general meeting of the Company
“GCCF”	GCC Finance Company Limited, a wholly-owned subsidiary of the Company
“Gold Mine”	Yuanling gold project of the Group
“Group”	the Company and its subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Westralian”	Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company

“INED(s)”	the independent non-executive Director(s)
“Internal Control Consultant”	an internal control consultant engaged by the Company to perform an internal control review of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“Management”	the management of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Reporting Period”	the period under review for the year ended 31 December 2015
“Open Offer”	the proposed issue of the Offer Shares on the basis of two (2) Offer Shares for every one (1) Reorganised Share held by the Qualifying Shareholders on the Open Offer record date at the Offer Price
“Offer Price”	HK\$0.03 for each of the Offer Shares
“Offer Shares”	new Reorganised Shares to be allotted and issued under the Open Offer, being 5,235,303,300 new Reorganised Shares
“Qualifying Shareholders”	the Shareholders, other than the Excluded Shareholders (i.e. Shareholders whose address(es) as shown on the register of members is/are outside in a jurisdiction the laws of which may prohibit the making of the Open Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors) unduly onerous or burdensome), whose names appear on the register of members of the Company as at the close of business on the Open Offer record date
“Remuneration Committee”	the remuneration committee of the Company
“Reorganised Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation becoming effective
“Resumption”	the resumption of trading in the shares of the Company on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company before the Capital Reorganisation

“Share Consolidation”	the consolidation of every two (2) shares of nominal value of HK\$0.005 each immediately following the Capital Reduction and Capital Cancellation into one (1) Reorganised Share of nominal value of HK\$0.01 each
“Share Premium Reduction”	the application of the entire credit standing in the Company’s share premium account towards offsetting the accumulated deficit of the Company or in such other manner as determined by the Directors, as described in the Circular
“Share Settlement Agreements”	having the same meaning ascribed thereto under the Circular (i.e. a total 10 sets of share settlement agreements entered into between the Company and the Share Settlement Creditors)
“Share Settlement Creditors”	having the same meaning ascribed thereto under the Circular (i.e. Star Sino International Limited, Successful Era Investments Limited, Premier Trend Capital Management Limited, Capital Mountain Investments Limited, Mr. Long Xiaobo, Billion Glory Capital Investment Limited, Oriental Hung Tai Investment Limited, Mr. Wang Bo, China United International Fortune Management Co., Limited)
“Shareholder(s)”	holder(s) of the Share(s)
“SRK”	SRK Consulting China Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VALMIN Code 2005”	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 Edition
“Westralian Resources”	Westralian Resources Pty. Ltd., a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
“Westralian Resources Group”	Westralian Resources and its subsidiary
“2010 Bondholders”	holders of the 2010 Convertible Bonds
“2010 Convertible Bonds”	the zero coupon convertible bonds issued by the Company on 31 March 2010 with aggregate outstanding principal amount of HK\$290,191,200 as at the 31 December 2016
“2010 Conversion Price”	an initial conversion price of HK\$0.4 per share
“%”	per cent

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 unwavering efforts. I would also take this opportunity to express my sincere appreciation to all Shareholders, 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, 29 March 2016

As at the date of this announcement, the Board comprises 7 Directors, namely,

Executive Directors:

Mr. Long Xiaobo (*Chairman of the Board*)

Mr. Zuo Weiqi (*Chief Executive Officer*)

Mr. Chen Yi-chung

Mr. Xiao Jie

Independent non-executive Directors:

Mr. Jin Shunxing

Ms. Liu Shuang

Mr. Chiang Tsung-Nien