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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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

Based on the information available to the board of directors ("**Board**") of China Billion Resources Limited ("**Company**", together with its subsidiaries, "**Group**"), the Group is expected to record a significant increase in loss for six months ended 30 June 2016 ("**1H2016**") of approximately HK$ 68 million compared with the HK$25 million loss reported for the six months ended 30 June 2015 ("**1H2015**"). The main contributors to the substantial increase in losses are (i) the one-off recognition in 1H2016 of finance costs of approximately HK$42 million (1H2015: approximately HK$13 million) mainly attributable to the loans and convertible bonds, most of which have been fully settled through issues of new shares in late May 2016 as part of the Group's debt restructuring exercise (described in greater detail in the Company's circular dated 29 January 2016); and (ii) the administrative expenses (including legal and professional costs incurred in connection with the Group's debt restructuring and resumption of trading in the shares of the Company on the Stock Exchange exercises) of approximately HK$30 million (1H2015: HK$20 million).

At operations level, the mining product segment of the Group is expected to report approximately 9% increase in its segment loss mainly due to reduced revenue contribution resulting from the temporary suspension of mining operations to facilitate the final stages of works for connecting the tunnels network of East and West mines. The cosmetic and skincare products segment is expected to report a fourfold increase in segment loss mainly due to fixed rental and staff costs that has not reduced in line with decreased turnover in the generally weak economic environment in Hong Kong in the 1H2016 that has materially impacted consumer spending.

The information contained in this announcement is only based on a preliminary assessment by the Board and the management of the Group with reference to the management accounts of the Group and on the information available for the time being, and such information has not been audited or reviewed by the independent auditor of the Company or the audit committee of the Company. Such financial information is not yet finalized and may be subject to necessary adjustment. Financial information and other details of the Group will be disclosed in the interim results announcement of the Group for six months ended 30 June 2016, which is expected to be released on the day of the Board meeting.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company.

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

Hong Kong, 18 August 2016

As at the date hereof, the Board comprises the following directors:

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. Cai Jianhua
Ms. Liu Shuang
Mr. Liu Feng