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 2016

The Board is pleased to announce the audited consolidated annual results of the Group for the financial year ended 31 December 2016, together with the comparative figures for the previous financial year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*4*	**40,399**	43,613
Cost of sales and services rendered		**(8,556)**	(8,872)
Gross profit		**31,843**	34,741
Other income and gains		**45,547**	7
Selling and distribution expenses		**(570)**	(1,416)
Administrative expenses		**(53,917)**	(47,216)
Profit/(loss) from operations		**22,903**	(13,884)
Finance costs	*5*	**(42,095)**	(22,059)
Fair value gain of derivative financial instruments		**5,282**	–
Gain on disposal of subsidiaries		**–**	738
Loss before tax		**(13,910)**	(35,205)
Income tax expense	*6*	**(11,549)**	(2,797)
Loss for the year	*7*	**(25,459)**	(38,002)

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(16,391)**	(14,598)
Other comprehensive loss for the year, net of tax		**(16,391)**	(14,598)
Total comprehensive loss for the year		**(41,850)**	(52,600)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(27,181)**	(34,460)
Non-controlling interests		**1,722**	(3,542)
		(25,459)	(38,002)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(40,042)**	(45,940)
Non-controlling interests		**(1,808)**	(6,660)
		(41,850)	(52,600)
			(restated)
Loss per share (HK cents)			
Basic	*8*	**(0.22)**	(0.73)
Diluted	*8*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**71,510**	10,867
Mining right	9	**217,872**	199,463
		289,382	210,330
Current assets			
Inventories		**479**	438
Trade and other receivables	10	**46,216**	20,749
Loan to a customer	11	**18,122**	–
Bank and cash balances		**49,134**	7,891
		113,951	29,078
Current liabilities			
Trade and other payables	12	**35,164**	36,764
Derivative financial instruments		**1,506**	–
Borrowings		**20,678**	182,789
Convertible bonds	13	**–**	290,191
		57,348	509,744
Net current assets/(liabilities)		**56,603**	(480,666)
Total assets less current liabilities		**345,985**	(270,336)
Non-current liabilities			
Borrowings		**–**	39,482
Convertible bonds	13	**50,487**	–
Deferred tax liabilities		**34,572**	25,040
		85,059	64,522
NET ASSETS/(LIABILITIES)		**260,926**	(334,858)
Capital and reserves			
Share capital	14	**175,449**	523,530
Reserves		**110,606**	(835,067)
Equity attributable to owners of the Company		**286,055**	(311,537)
Non-controlling interests		**(25,129)**	(23,321)
TOTAL EQUITY/(DEFICIT)		**260,926**	(334,858)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2105, 21st Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange.

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

(i) gold exploration, development and mining;

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

(iii) provision of money lending services.

2. 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 2016. 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.

3. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

Money lending segment – provision of money lending services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies 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 *HK$'000*	Cosmetics and skincare products *HK$'000*	Money lending services *HK$'000*	Total *HK$'000*
For the year ended 31 December 2016				
Revenue from external customers	**17,714**	**22,322**	**363**	**40,399**
Segment profit/(loss)	**37,690**	**(978)**	**224**	**36,936**
Depreciation	**532**	**1,512**	**–**	**2,044**
Income tax expense	**11,549**	**–**	**–**	**11,549**
Additions to segment non-current assets	**50,581**	**2,125**	**–**	**52,706**
As at 31 December 2016				
Segment assets	**324,143**	**12,065**	**19,720**	**355,928**
Segment liabilities	**44,794**	**26,390**	**–**	**71,184**
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

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

	2016 *HK$'000*	2015 *HK$'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**40,399**	43,613
Profit or loss		
Total profit/(loss) of reportable segments	**36,936**	(16,588)
Other profit or loss	**(62,395)**	(21,414)
Consolidated loss for the year	**(25,459)**	(38,002)
Assets		
Total assets of reportable segments	**355,928**	232,937
Other assets	**47,405**	6,471
Consolidated total assets	**403,333**	239,408
Liabilities		
Total liabilities of reportable segments	**71,184**	62,926
Convertible bonds	**50,487**	290,191
Borrowings	**18,000**	218,551
Other liabilities	**2,736**	2,598
Consolidated total liabilities	**142,407**	574,266

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

Geographical information:

(a) Revenue from external customers

	2016 *HK$'000*	2015 *HK$'000*
Hong Kong	**22,685**	24,923
PRC	**17,714**	18,690
	40,399	43,613

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**3,250**	2,598
PRC	**286,132**	207,732
	289,382	210,330

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

4. REVENUE

	2016	2015
	HK$'000	*HK$'000*
Cosmetics and skincare products	**22,322**	24,923
Mining products	**17,714**	18,690
Money lending services	**363**	–
	40,399	43,613

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest of Settlement Convertible Bonds	**3,915**	–
Settlement interest of 2010 Convertible Bonds	**37,473**	–
Loan interest	**707**	22,059
	42,095	22,059

6. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Deferred tax	**(11,549)**	(2,797)

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% (2015: 25%).

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

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**(13,910)**	(35,205)
Tax at the domestic income tax rate	**(581)**	(7,076)
Tax effect of income that is not taxable	**(917)**	–
Tax effect of expenses that are not deductible	**6,380**	3,537
Tax effect of utilisation of tax losses not previously recognised	**–**	(237)
Tax effect of temporary differences not recognised	**187**	–
Tax effect of tax losses not recognised	**6,480**	6,573
Income tax expense	**11,549**	2,797

7. LOSS FOR THE YEAR

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

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration	**950**	1,080
Amortisation of mining right	**2,084**	3,799
Cost of sales and services rendered*	**8,556**	8,872
Depreciation	**2,078**	1,709
Gain on disposal of subsidiaries	**–**	(738)
Operating lease charges	**7,015**	5,918
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**27,207**	20,511
Retirement benefits scheme contributions	**1,197**	1,645
	28,404	22,156

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK$1,971,000 (2015: approximately HK$2,282,000) which are included in the amounts disclosed separately above.

8. 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$27,181,000 (2015: approximately HK$34,460,000) and the weighted average number of ordinary shares of 12,504,032,000 (2015: 4,732,576,000 as restated) 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 2016 and 2015.

9. MINING RIGHT

	HK$'000
Cost	
At 1 January 2015	1,587,041
Exchange differences	(82,913)
At 31 December 2015	1,504,128
Exchange differences	(97,814)
At 31 December 2016	**1,406,314**
Accumulated amortisation and impairment	
At 1 January 2015	1,372,680
Amortisation for the year	3,799
Exchange differences	(71,814)
At 31 December 2015	1,304,665
Amortisation for the year	2,084
Reversal of impairment loss	(34,555)
Exchange differences	(83,752)
At 31 December 2016	**1,188,442**
Carrying amount	
At 31 December 2016	**217,872**
At 31 December 2015	199,463

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 in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines by using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2016. The reviews of mining rights led to the recognition of reversal of impairment losses of approximately HK$34,555,000 (2015: nil), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$217,872,000 (2015: approximately HK$199,463,000) 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 12.11% (2015: 14.65%).

10. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**1,880**	12,076
Prepayments	**1,920**	3,415
Prepayments of property, plant and equipment	**28,046**	–
Deposits	**5,013**	4,407
Other receivables	**9,357**	851
	46,216	20,749

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:

	2016	2015
	HK$'000	*HK$'000*
Current to 30 days	**538**	4,288
31 – 60 days	**1,342**	6,643
61 – 90 days	**–**	1,145
	1,880	12,076

As of 31 December 2016 and 2015, no trade receivable was past due but not impaired.

11. LOAN TO A CUSTOMER

	2016	2015
	HK$'000	*HK$'000*
Loan to a customer (current portion)	**18,122**	–

The loan to a customer is denominated in HK$ and carries a fixed effective interest at 8% per annum with credit terms mutually agreed with the customer.

The maturity profile of the loan to a customer's net of allowance at the end of the Reporting Period, analysed by the remaining period to the contractual maturity date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**18,122**	–

As of 31 December 2016 and 2015, no loan to a customer was past due but not impaired.

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**1,152**	804
Accrued liabilities and other payables	**34,012**	35,960
	35,164	36,764

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

	2016	2015
	HK$'000	*HK$'000*
Current to 30 days	**–**	158
31 – 60 days	**179**	341
61 – 90 days	**572**	102
Over 90 days	**401**	203
	1,152	804

13. CONVERTIBLE BONDS

2010 Convertible Bonds

On 31 March 2010, the Company issued zero coupon convertible bonds as part of the consideration for the acquisition 100% equity interest of Westralian Resources Pty. Ltd., a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company, with a maturity date of 30 March 2013.

On 24 May 2016, the outstanding 2010 Convertible Bonds of the Group were settled by the issuance of 6,193,281,959 Settlement Shares at settlement share price of HK$0.05 per Settlement Share to the respective bondholders pursuant to the Share Settlement Agreements. As a result, the 2010 Convertible Bonds were settled by net amount of approximately HK$272,191,000 after deducting interests of approximately HK$37,473,000.

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

	HK$'000
At 1 January 2015 and 31 December 2015	290,191
Interest charged to profit or loss	37,473
Reclassified as borrowings	(18,000)
Settlement by shares	(309,664)
At 31 December 2016	**–**

Settlement Convertible Bonds

On 24 May 2016, the Company issued unsecured 10% convertible bonds due 2019 in the principal amount of approximately HK$53,417,000 with fair value of approximately HK$53,360,000 for the settlement of the outstanding debts together with the accrued interests of the Company owing to the CB Settlement Creditors pursuant to the CB Settlement Agreements. The bonds are convertible into ordinary shares of the Company at the initial conversion price of HK$0.1 per share at any time commencing on the seventh day next following the issue date up to and including the date which is seven days prior to the maturity date. Interest of 10% per annum will be paid on the maturity date. If the convertible bonds have not been converted or repurchased or redeemed in accordance with the terms and conditions of the convertible bonds, they will be redeemed at the principal amount plus the accrued but unpaid interests on 23 May 2019.

	HK$'000
Nominal value of convertible bonds issued	53,417
Fair value gain from the settlement of the indebtedness and liabilities of the Group owing to the other loan holders	(57)
Derivative component	(6,788)
	46,572
Effective interest charged to profit or loss	3,915
Liability component at 31 December 2016	**50,487**

The interest charged for the year is calculated by applying an effective interest rate of 13.33% to the liability component for the period since the bonds were issued.

The Directors estimated the fair values of the liability component of the convertible bonds at 31 December 2016 to be approximately HK$50,487,000. This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

14. SHARE CAPITAL

		Number of Shares *'000*	**Amount** *HK$'000*
Authorised:			
At 1 January 2015, 31 December 2015 and 1 January 2016 (8,000,000,000 ordinary shares of HK$0.1 each)		8,000,000	800,000
Capital Reduction	*(i)*	–	(497,354)
Capital Cancellation	*(ii)*	(2,764,697)	(276,470)
Share Consolidation	*(iii)*	(2,617,651)	–
Increase in authorised share capital	*(iv)*	22,382,348	223,824
At 31 December 2016 (25,000,000,000 ordinary shares of HK$0.01 each)		25,000,000	250,000
Issued and fully paid:			
At 1 January 2015, 31 December 2015 and 1 January 2016 (5,235,303,300 ordinary shares of HK$0.1 each)		5,235,303	523,530
Capital Reduction	*(i)*	–	(497,354)
Share Consolidation	*(iii)*	(2,617,651)	–
Open Offer	*(v)*	5,235,303	52,353
Issue of Settlement Shares	*(vi)*	9,692,022	96,920
At 31 December 2016 (17,544,977,408 ordinary shares of HK$0.01 each)		17,544,977	175,449

Notes:

(i) The nominal value of each of the then issued share of the Company was reduced from HK$0.10 to HK$0.005 by the reduction of HK$0.095 for each of the then issued share of the Company. The credit balance arising from the Capital Reduction of HK$497,353,813.50 was applied in a manner as permitted by the Companies Law, the Articles of Association and other applicable laws to, including but not limited to, the setting off of part of the accumulated deficit of the Company as at 19 April 2016, being the effective date of the Capital Reduction.

(ii) The 2,764,696,700 unissued shares in the then unissued share capital of the Company of HK$276,469,670.00 was, immediately after the completion of the Capital Reduction, cancelled in its entirety resulting in the authorized share capital being reduced to the amount of the then Company's issued share capital, namely HK$26,176,516.50.

(iii) Immediately after the Capital Reduction and Capital Cancellation became effective, every two (2) shares of HK$0.005 each were consolidated into one (1) Share of HK$0.01 each. As a result, the then 5,235,303,300 issued shares of the Company of HK$0.005 each were consolidated into 2,617,651,650 issued Shares of HK$0.01 each.

(iv) Immediately after the Share Consolidation became effective, the Company increased its authorised share capital from HK$26,176,516.50 to HK$250,000,000.00 by the creation of 22,382,348,350 new Shares.

(v) After the Capital Reorganisation became effective, the Company launched the Open Offer on the basis of two (2) Offer Shares for every one (1) Share held on 28 April 2016 by the Qualifying Shareholders. A total of 5,235,303,300 Offer Shares were allotted and issued by the Company to the Qualifying Shareholders and the underwriter at the offer price of HK$0.03 for each Offer Share and the gross proceeds raised from the issue of the Offer Shares is approximately HK$157.1 million.

(vi) The Company entered into 10 sets of Share Settlement Agreements with the Share Settlement Creditors respectively, pursuant to which the Company allotted and issued an aggregate of 9,692,022,458 Settlement Shares at settlement share price of HK$0.05 each to the Share Settlement Creditors, in full and final settlement of the relevant outstanding debts, together with the accrued interest (where applicable), owed by the Company to the Share Settlement Creditors.

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 2016 and 2015 are as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Total debt	**142,407**	574,266
Less: bank and cash balances	**(49,134)**	(7,891)
Net debt	**93,273**	566,375
Total equity	**260,926**	(334,858)
Gearing ratio	**35.75%**	N/A

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in three business segments: (i) gold mining, exploration and trading of gold products in the PRC; (ii) provision of beauty treatment services and trading of cosmetic and skincare products in Hong Kong; and (iii) provision of money lending services in Hong Kong.

Business Review

Mining Products

As mentioned in the 2016 interim report, the tunnels network between the East and West mines of the Gold Mine has been connected. The Management then engaged certain contractors for conducting new improvement constructions such as refurbishment of the road between the Gold Mine and the main road, reinforcement of the existing tunnels structure and environmental construction work of goaf etc.. During the Reporting Period, the Management has cut down the redundant manpower in the Gold Mine for better operational efficiency and cost control effectiveness. Although, the turnover of the Gold Mine has yet been improved, the Management believes the performance of mining products segment will improve gradually as the gold price may continue to rise.

Cosmetics and Skincare Products

During the Reporting Period, the strong competition and easily changeable customers behaviour together with the continuous high rental expenses and high staff cost are still the main burdens to the Group in the cosmetics and skincare products segment. Therefore, facing the unstable internal and external economic environment in Hong Kong, the Management adopt a rather precautious approach in its management strategy in this business segment.

Money Lending Business

During the Reporting Period, GCCF has successfully commenced its first business and the Management will strive to expand the business steadily. The Management is considering further expanding this business by hiring more experienced middle management in this field.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$40.4 million (2015: approximately HK$43.6 million).

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK$17.7 million, representing an approximately 5.3% decrease as compared with approximately HK$18.7 million for the Corresponding Period. The decrease in revenue generated from this segment mainly due to the temporary suspension of mining operation to facilitate the final stages of works for connecting the tunnels network of East and West mines.

The revenue contributed by the cosmetic and skincare products business segment for the Reporting Period was approximately HK$22.3 million, representing an approximately 10.4% decrease as compared with approximately HK$24.9 million for the Corresponding Period. The decrease in revenue was mainly due to the weak economic and retail environment in Hong Kong that has materially impacted consumer spending.

During the Reporting Period, the money lending business started to generate approximately HK$0.4 million (2015: nil) revenue to the Group.

The gross profit for the Reporting Period was approximately HK$31.8 million, which represented a decrease of approximately 8.4% as compared with approximately HK$34.7 million for the Corresponding Period. The drop in gross profit was mainly generated from the cosmetics and skincare products segment, which was mainly due to the fixed rental and staff costs that has not reduced in line with decreased in revenue.

The loss for the Reporting Period for the Group was approximately HK$25.5 million, which represents an approximately 32.9% decrease as compared with approximately HK$38.0 million for the Corresponding Period. The decrease in loss was mainly due to one-off recognition in the Reporting Period of other income of approximately HK$45.4 million (2015: nil) mainly attributable to the reversal of impairment loss of mining rights and property, plant and equipment and the fair value gain of derivative financial instruments of approximately HK$5.3 million (2015: nil).

RISKS AND UNCERTAINTIES

The Board believes that risk management is important and shall use its best effort to ensure it is sufficient to mitigate the risks present in the Group operations and financial position as efficiently and effectively as possible.

Business risk

The PRC local, provincial and central authorities exercise a substantial degree of control over the gold industry in China. Hunan Westralian's operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management.

The Management has been looking into different kinds of business and investment opportunities to broaden the sources of income of the Group in order to manage the risks associated with the volatility of the commodities prices that can have a material impact on the Group's mining operations and to create greater value for the Shareholders. During the Reporting Period, GCCF has secured a Money Lenders Licence and commenced its business, which allows the Group to further diversify its business.

The functional manager will carefully scrutinise each project for related risks and returns. These include assessment of relevant government policies, market demand, market conditions and economic data. The Management is responsible for supervision, conducting regular operational reviews and keeping the Board fully informed through regular reports (either in written or verbal form), and prompt decisions can therefore be made if changes are required.

Operational risk

Hunan Westralian faces certain risks and uncertainties beyond their control from manmade and natural disasters. These risks and uncertainties mainly include: (i) major catastrophic events and natural disasters; (ii) geological or mining conditions such as instability of the slopes and subsidence of the working areas; (iii) unexpected or periodic interruptions due to inclement or hazardous weather conditions; (iv) disruptions or shortages of water, power or fuel supply; (v) industrial or manmade accidents occurring in connection with mining processing operations; and (vi) critical equipment failures, malfunction and breakdowns of information management systems, or unexpected maintenance or technical problems.

The front-line or functional manager will review key activities of the Group and ensure all required control procedures, including financial and operational, are fully implemented. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to the business operations.

Financial risk

The market price of standard gold traded on Shanghai Gold Exchange follows international gold price trend closely. Historically, the gold market price has fluctuated widely and experienced periods of significant decline. The gold market prices are influenced by numerous factors such as demand and supply of gold, gold sales and purchases by central banks as well as marco-economic or political factors such as inflation expectation and interest rates.

The Management closely monitors the financial risks and when appropriate will adopt measures to manage and obtained approval from the Directors. The Group's cash and financing are closely monitored at the corporate level through regularly reporting. The maturity of receivable and payable are planned and managed to reduce liquidity risk.

ENVIRONMENT PROTECTION

The Group is committed to contributing to the sustainability of the environment from its business activities. The Group established measures and created certain environmental framework to minimise and monitor the environmental impacts attributable to its operational. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraged use of recycled paper for printing and copying and reduced energy consumption by switching off idling lightings and electrical appliances.

Hunan Westralian has engaged contractors to perform feasibility study, environmental and safety construction works. The Management committed to establish a better environment in operation.

WORKPLACE QUALITY

The Group believes that employees are valuable assets and all indispensable to a company's success, therefore, the Group will use its best effort to attract and retain appropriate personnel to serve the Group. The objective of the Group's human resource policy is to reward and recognise performing staff by providing an attractive remuneration package, which will be reviewed annually and as required from time to time. Such remuneration packages are determined with reference to the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing market compensation packages. The Group also spends resources in training, retention and recruitment programs, and encouraging staff for self-development and improvements to cope with the rapidly changing environment.

PROSPECTS

In 2017, the Company will continue its effort to improve the mining capability and facilities with a goal to maximise the output efficiency of the mines. Following areas will require further capital investment for improvement: (1) mine site facilities in the mines located in the eastern side of the site; (2) plants for mining products processing; and (3) ancillary facilities, including mine ventilation and air distribution systems. The Group will also formulate mining projects to better utilise the mine facilities to enhance output efficiency.

As part of the Group's initiative of searching for businesses relating to new energy industry and technologies given the Chinese Government's policies and incentive toward supporting green energy and environmental protection efforts, the Company entered into the MOU for the possible acquisition of a Chinese domestic company controlled by Mr. Long that engages in, among others, the development, sales and distribution of electric vehicles in China. Under the MOU, Mr. Long agreed to give approximately 3.5 months' exclusivity to the Group in negotiating the terms of collaboration in relation to the Chinese domestic company. Such collaboration may involve the acquisition of equity interest in that Chinese company by the Group or in any other appropriate form and manner of cooperation between the parties for mutual benefits. As more time was needed to conduct due diligence against the Chinese domestic company and negotiate different ways of cooperation with Mr. Long for mutual benefits, the Company and Mr. Long entered into a side letter to the MOU to extend the due diligence period from 2 November 2016 to 30 June 2017 (or such later date as the Company and Mr. Long may further agree in writing). In view of the extended due diligence period, the Company and Mr. Long have agreed to remove the exclusivity clauses from the MOU and accordingly, Mr. Long and the Chinese domestic company are no longer restricted by any exclusivity in favour of the Company.

The Group has been exploring other strategies investment opportunities to maximise the value for the Shareholders. In this respect, the Group is currently reviewing several investment opportunities, which include in primary securities offerings and secondary stock market investments in China, Hong Kong or worldwide.

As mentioned above, the Management is exploring other strategic investment opportunities to broaden the sources of cash inflow in order to maximise the value for the Shareholders, and the Management will strive to leverage the internal and external resources to achieve this goal. Except for the MOU in relation to the potential investment in electric vehicles sector in the PRC, up till the date of this announcement, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

Looking forward, the Management will continue modifying and finessing the Group's strategic plan, adjusting to the changes in the dynamic business environment in China and globally on one hand, and on the other hand will continue looking for other investment opportunities to broaden the sources of income for the Group in order to create greater value for the Shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operation with internally generated cashflows, borrowings and the net proceeds from the Open Offer. The Group's financial position had greatly improved after the debt restructuring arrangement and Open Offer.

As at 31 December 2016, the Group had unpledged bank and cash balances of approximately HK$49.1 million (2015: approximately HK$7.9 million). The gearing ratio was approximately 35.8% (2015: n/a) and the borrowings and convertible bonds of the Group was approximately HK$71.2 million (2015: approximately HK$512.5 million). The Group reported net current assets of approximately HK$56.6 million as at 31 December 2016 (2015: net current liabilities of approximately HK$480.7 million).

Details of maturity profile and interest rate structure of the borrowings and convertible bonds of the Group are set out in notes 22 and 23 to the consolidated financial statements of the 2016 annual report of the Company to be published later on.

CONTINGENT LIABILITY

As at 31 December 2016, the Group did not have any significant contingent liability (2015: nil).

BANK BORROWINGS

As at 31 December 2016, the Group did not have any outstanding bank loan (2015: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2016, the Group employed 104 staff members (2015: 122). 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 the payment of a final dividend for the Reporting Period (2015: nil).

ANNUAL GENERAL MEETING

The AGM for the year ended 31 December 2016 is scheduled to be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 12 May 2017 at 11:00 a.m.. A notice convening the annual general meeting will be issued and disseminated to the shareholders in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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. Cai Jianhua, Mr. Liu Feng and Ms. Liu Shuang.

The Audit Committee has reviewed with the Management the accounting principles, the CG Code as adopted by the Company and the practices of the Group and approved the internal control, risk management and financial reporting matters including the consolidated financial statements for the Reporting Period.

CORPORATE GOVERNANCE

The Company acknowledges the need for and the 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 announcement, 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 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 from 1 November 2013 to 25 July 2016 in view of the suspension in trading of the Company's shares	Directors' insurance cover has been arranged and effective since 26 July 2016
A.4.2	At the 2015 AGM, Mr. Long, 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	Mr. Long participated in the rotation at the 2016 AGM held on 28 June 2016 in accordance with the new Articles of Association adopted on 22 February 2016

During the period from 5 April 2016 to 21 July 2016, the Company has only two INEDs, therefore, the number of the INEDs and the members of the Audit Committee fell below the minimum number required under Rules 3.10 and 3.21 of the Listing Rules. Following the appointment of Mr. Cai Jianhua as an INED and the chairman of the Audit Committee on 22 July 2016, since then the Company is in compliance with the requirements of Rules 3.10 and 3.21 of 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. 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the Audit Committee acknowledge that its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually. The Group emphasises the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority, and are designed for the Group to identify and manage the significant risks to achieve its business objectives. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

For risk management, the Group has adopted a three lines of defense model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluating, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt mitigating measures to manage such risks.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure the maintenance of proper accounting records and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board and Audit Committee annually. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

The Board and the Audit Committee have conducted an annual review for the need of internal audit function and has also reviewed annually for the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions.

During the Reporting Period, the Company engaged the Internal Control Consultant to conduct an independent review on the risk management and internal control systems of the Group. Risk assessment report and internal control review report were submitted to and approved by the Board and the Audit Committee. For the principal risks faced by the Group, the management of the Company has developed ongoing mitigating measures to manage such risks. For control weaknesses identified by the internal control consultant, the Group has adopted enhanced control measures to rectify relevant control weaknesses. The abovementioned annual review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered that the risk management and internal control systems of the Group were effective during the Reporting Period. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's environment control and processes.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group has put in place the procedures and internal controls for the handling and dissemination of inside information. The Group complies with requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as stated in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

OTHER INFORMATION

During the Reporting Period, the Company has carried out Capital Reorganisation which entails the Capital Reduction, the Capital Cancellation, the Share Consolidation, the increase in authorised share capital and the Share Premium Reduction.

In addition to the Capital Reorganisation, during the period between the second half of year 2015 and the first half of year 2016, 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, and by carrying out an Open Offer 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 approved and both the transactions under the Debt Settlement Agreement and the Open Offer were completed on 24 May 2016.

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 2016 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.

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
"China" or "PRC"	the People's Republic of China, but for the purposes of this announcement 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 2015
"Debt Settlement Agreements"	the Share Settlement Agreements and the CB Settlement Agreements
"Director(s)"	the director(s) of the Company
"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 in Hunan Province, the PRC
"Group"	the Company and its subsidiaries
"HKAS"	Hong Kong Accounting Standards
"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 on 26 August 2016 to perform an internal control review of the Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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
"MOU"	the memorandum of understanding entered into between the Company and Mr. Long on 18 July 2016
"Reporting Period"	the period for the year ended 31 December 2016
"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 of 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
"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)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 staffs for their unswerving efforts. I would also take this opportunity to express my sincere appreciation to all Shareholders, investors and business partners for their continued support.

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

Hong Kong, 28 March 2017

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. Cai Jianhua
Mr. Liu Feng
Ms. Liu Shuang