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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Board herewith presents the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 together with the comparative figures for the six months ended 30 June 2016 and selected explanatory notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	HK\$'000	HK\$'000
Revenue	5	13,001	10,402
Cost of sales and services rendered		<u>(1,911)</u>	<u>(4,048)</u>
Gross profit		11,090	6,354
Other income and gains		203	154
Selling and distribution expenses		(219)	(683)
Administrative expenses		<u>(18,421)</u>	<u>(29,671)</u>
Loss from operations		(7,347)	(23,846)
Finance costs	6	<u>(3,467)</u>	<u>(42,444)</u>
Loss before tax		(10,814)	(66,290)
Income tax expense	7	<u>(1,658)</u>	<u>(1,644)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	HK\$'000	HK\$'000
Loss for the period	8	(12,472)	(67,934)
Other comprehensive income/(loss) after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		4,273	(1,025)
Total comprehensive loss for the period		<u>(8,199)</u>	<u>(68,959)</u>
Loss for the period attributable to:			
Owners of the Company		(12,014)	(63,633)
Non-controlling interests		<u>(458)</u>	<u>(4,301)</u>
		<u>(12,472)</u>	<u>(67,934)</u>
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		(8,360)	(64,543)
Non-controlling interests		<u>161</u>	<u>(4,416)</u>
		<u>(8,199)</u>	<u>(68,959)</u>
Loss per share (HK cents)			
Basic and diluted	9	<u>(0.07)</u>	<u>(0.86)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

		As at 30 June 2017 HK\$'000	As at 31 December 2016 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		73,960	71,510
Mining right	10	224,638	217,872
		<u>298,598</u>	<u>289,382</u>
Current assets			
Inventories		494	479
Trade and other receivables		44,216	46,216
Financial assets at fair value through profit or loss		1,701	–
Loan to a customer		18,118	18,122
Bank and cash balances		42,636	49,134
		<u>107,165</u>	<u>113,951</u>
Current liabilities			
Trade and other payables		40,230	35,164
Derivative financial instruments		1,506	1,506
Borrowings	11	20,017	20,678
		<u>61,753</u>	<u>57,348</u>
Net current assets		<u>45,412</u>	<u>56,603</u>
Total assets less current liabilities		<u>344,010</u>	<u>345,985</u>
Non-current liabilities			
Convertible bonds	12	53,937	50,487
Deferred tax liabilities		37,346	34,572
		<u>91,283</u>	<u>85,059</u>
NET ASSETS		<u><u>252,727</u></u>	<u><u>260,926</u></u>
Capital and reserves			
Share capital	13	175,449	175,449
Reserves		102,246	110,606
		<u>277,695</u>	<u>286,055</u>
Equity attributable to owners of the Company		<u>277,695</u>	<u>286,055</u>
Non-controlling interests		(24,968)	(25,129)
TOTAL EQUITY		<u><u>252,727</u></u>	<u><u>260,926</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2017

1. GENERAL INFORMATION

China Billion Resources Limited 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, 21/F., 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 principal activities of its subsidiaries are (i) gold exploration, development and mining in the PRC; (ii) provision of beauty treatment services and trading of cosmetics and skincare products to authorized distributors and retailers in the general consumer market in Hong Kong and (iii) money lending business in Hong Kong.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to Listing Rules on the Stock Exchange.

The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with HKFRSs.

These Interim Financial Statements are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the Interim Financial Statements are consistent with those set out in the consolidated financial statements of the Group for the year ended 31 December 2016, the new HKFRSs which have become effective in this period have no material impact on the accounting policies in the Group's unaudited condensed consolidated financial statements for the Reporting Period.

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

4. 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 – engaged in money lending business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

4. SEGMENT INFORMATION (Cont'd)

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 described in note 3 to the Interim 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 HK\$'000	Total HK\$'000
<i>For the six months ended 30 June 2017</i>				
Revenue from external customers	800	11,487	714	13,001
Segment profit/(loss)	(2,295)	(54)	713	(1,636)
Depreciation	362	819	–	1,181
Income tax expense	1,658	–	–	1,658
Additions to segment non-current assets	–	649	–	649
<i>As at 30 June 2017</i>				
Segment assets	343,502	10,030	20,433	373,965
Segment liabilities	55,167	23,818	–	78,985
<i>For the six months ended 30 June 2016</i>				
Revenue from external customers	3,008	7,394	–	10,402
Segment loss	(4,624)	(4,685)	–	(9,309)
Depreciation	411	632	–	1,043
Income tax expense	1,644	–	–	1,644
Additions to segment non-current assets	188	811	–	999
<i>As at 31 December 2016</i>				
Segment assets	324,143	12,065	19,720	355,928
Segment liabilities	44,794	26,390	–	71,184

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

4. SEGMENT INFORMATION (Cont'd)

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Revenue		
Total revenue of reportable segments and consolidated revenue	<u>13,001</u>	<u>10,402</u>
Profit or loss		
Total loss of reportable segments	(1,636)	(9,309)
Finance costs	(3,467)	(42,444)
Other profit or loss	<u>(7,369)</u>	<u>(16,181)</u>
Consolidated loss for the period	<u><u>(12,472)</u></u>	<u><u>(67,934)</u></u>

5. REVENUE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
– Cosmetics and skincare products	11,487	7,394
– Mining products	800	3,008
– Money lending	<u>714</u>	<u>–</u>
	<u><u>13,001</u></u>	<u><u>10,402</u></u>

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Interest of Settlement Convertible Bonds	3,450	634
Settlement interest of 2010 Convertible Bonds	–	37,473
Loan interest	17	672
Other finance cost	<u>–</u>	<u>3,665</u>
	<u><u>3,467</u></u>	<u><u>42,444</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Deferred tax	<u>1,658</u>	<u>1,644</u>

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period. (2016: Nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the Reporting Period is 25% (2016: 25%).

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Amortisation of mining right	107	437
Cost of sales and services rendered	1,911	4,048
Depreciation	1,190	1,069
Operating lease charges	3,348	3,412
Staff costs including Directors' emoluments		
Salaries, bonus and allowances	10,508	15,969
Retirement benefits scheme contributions	261	189
	<u>10,769</u>	<u>16,158</u>

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 period attributable to owners of the Company of approximately HK\$12,014,000 (2016: approximately HK\$63,633,000) and the weighted average number of ordinary shares of approximately 17,544,977,000 (2016: approximately 7,407,692,000) in issue during the Reporting Period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the Reporting Period and Corresponding Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

10. MINING RIGHT

HK\$'000

Cost

At 1 January 2016	1,504,128
Exchange differences	(97,814)

At 31 December 2016 and 1 January 2017	1,406,314
Exchange differences	44,368

At 30 June 2017	1,450,682
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Accumulated amortisation and impairment

At 1 January 2016	1,304,665
Amortisation for the year	2,084
Reversal of impairment loss	(34,555)
Exchange differences	(83,752)

At 31 December 2016 and 1 January 2017	1,188,442
Amortisation for the period	107
Exchange differences	37,495

At 30 June 2017	1,226,044
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Carrying amount

At 30 June 2017	224,638
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At 31 December 2016	217,872
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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. Mining right is amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the UOP method.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

11. BORROWINGS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Short-term borrowings		
Other loans		
–unsecured, interest-free and due within one year	<u>20,017</u>	<u>20,678</u>

12. CONVERTIBLE BONDS

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.

	<i>HK\$'000</i>
Nominal value of convertible loan notes issued	53,417
Fair value gain of the settlement of the indebtedness and liabilities of the Group owing to the other loan holders	(57)
Derivative component	<u>(6,788)</u>
	46,572
Effective interest charged to profit or loss	<u>3,915</u>
Liability component at 31 December 2016	50,487
Effective interest charged to profit or loss	<u>3,450</u>
Liability component at 30 June 2017	<u>53,937</u>

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 30 June 2017 to be approximately HK\$53,937,000. This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT'D)

For the six months ended 30 June 2017

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2016		
(8,000,000,000 ordinary shares of HK\$0.1 each)	8,000,000	800,000
Capital Reduction	–	(497,354)
Capital Cancellation	(2,764,697)	(276,470)
Share Consolidation	(2,617,651)	–
Increase in authorised share capital	22,382,348	223,824
At 31 December 2016 and 30 June 2017		
(25,000,000,000 ordinary shares of HK\$0.01 each)	25,000,000	250,000
Issued and fully paid:		
At 1 January 2016		
(5,235,303,000 ordinary shares of HK\$0.1 each)	5,235,303	523,530
Capital Reduction	–	(497,354)
Share Consolidation	(2,617,651)	–
Open Offer	5,235,303	52,353
Issue of Settlement Shares	9,692,022	96,920
At 31 December 2016 and 30 June 2017		
(17,544,977,408 ordinary shares of HK\$0.01 each)	17,544,977	175,449

14. EVENT AFTER THE REPORTING PERIOD

On 5 July 2017, the Company has made payment of the settlement sum of HK\$18,000,000 to the holder of 2010 Convertible Bonds and all outstanding principal for the 2010 Convertible Bonds has been fully repaid.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group engages in three principal business segments: (i) mining products segment; (ii) cosmetics and skincare products segment; and (iii) money lending segment.

BUSINESS REVIEW

During the Reporting Period, the Group continued to improve its three principal business segments. For the mining products segment, in addition to overseeing the operations and cost management in the Gold Mine, the Company has started the initial improvement constructions work and has utilised all the proceeds of HK\$45.0 million from the Open Offer. Although the revenue from the segment had been affected by constructions work in the work site during the early stage, the Management believes the performance of the mining products segment will improve as the construction improve the output efficiency of the Gold Mine.

For the cosmetics and skincare products segment, the revenue had increased as the Management continued to expand its client base through diligent efforts in marketing and promotions in our beauty salon outlets in Hong Kong. In view of the growing expenses and staff cost in this segment, the Management had adopted a relatively precautious approach in its management strategy.

For the money lending segment, the Management has adopted a prudent approach in identifying borrowers which will provide the Group with stable fixed income under an acceptable risk level. Therefore, the Group has only utilised HK\$18.0 million out of the HK\$33.0 million allocated to this business segment from the proceeds of Open Offer. The Company will continue to study the market situation to seize the advantages of this business segment and will strive to expand the business steadily.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$13.0 million, which represented an approximately 25.0% increase as compared with approximately HK\$10.4 million for the Corresponding Period.

The revenue contributed by the mining products segment during the Reporting Period was approximately HK\$0.8 million, representing an approximately 73.4% decrease as compared with approximately HK\$3.0 million for the Corresponding Period. The significant decrease in revenue in this segment was mainly due to a series of constructions in the tunnel structures, goaves and roads of the Gold Mine which were necessary to ensure a safe and efficient work environment for all, and would have positive impact on the output efficiency of the Gold Mine in the long run.

The revenue contributed by the cosmetics and skincare products segment for the Reporting Period was approximately HK\$11.5 million, representing an approximately 55.4% increase as compared with approximately HK\$7.4 million for the Corresponding Period. The increase in revenue in this segment was mainly due to the Management adopting a precautious approach in its management strategy and continued expanding its client base through diligent efforts in marketing and promotions in our beauty salon outlets in Hong Kong.

During the Reporting Period, the revenue contributed by the money lending segment was approximately HK\$0.7 million (Corresponding Period: nil).

The gross profit for the Reporting Period was approximately HK\$11.1 million, which represented an increase of approximately 73.4% as compared with approximately HK\$6.4 million for the Corresponding Period.

The loss for the Reporting Period for the Group was approximately HK\$12.5 million as compared with approximately HK\$67.9 million for the Corresponding Period. The significant decrease in loss was mainly due to the noteworthy drop in finance costs of approximately HK\$3.5 million in the Reporting Period (2016: HK\$42.4 million) and the decrease in administrative expenses of approximately HK\$18.4 million in the Reporting Period (2016: HK\$29.7 million).

PROSPECTS

Mining Products Segment

For the mining products segment, the Company has utilised the proceeds of approximately HK\$45.0 million from the Open Offer for the initial improvement construction. In 2017, the Company will continue its effort in improving the mining capability and facilities to maximise the output efficiency of the mines through improvement constructions, which includes: (i) refurbishment of the roads between the Gold Mine and main roads; (ii) reinforcement of the existing tunnels structure; (iii) the environmental construction work of goaves; and (iv) improvement of mine site facilities in the mines located in the eastern side of the site.

The Management is also considering the possibilities of building new plants or renovating the existing plants in order to improve the mining process. In this respect, the Company is currently considering different means to finance these improvement works.

Cosmetics and Skincare Products Segment

For the cosmetics and skincare products segment, the revenue has increased due to the Management's continued effort in expanding its client base through marketing and promotions in our beauty salon outlets in Hong Kong. Despite its revenue increase, the Board has concerns over its future growth, since any significant increased redemption of the prepaid vouchers may have negative impact on the normal operation and financial performance of this segment. These prepaid vouchers have been carrying as trade and other payables resulting in a net segment liability of this segment. The Board is considering all the available options to improve the business operations of this segment, including but not limited to collaborate with existing cosmetic manufacturers or services providers to further expand the Group's trading of cosmetics and skincare products business to the PRC due to its strong market potential, by way of acquiring equity interest or establishing a new joint venture company, or divesting this segment for the interest of the Group as a whole.

Money Lending Segment

For the money lending segment, the Management has been taking a prudent approach in identifying customers which will provide the Group with stable fixed income under an acceptable risk level. As such, the Group has only utilised HK\$18.0 million out of the HK\$33.0 million allocated to this business segment from the proceeds of Open Offer. The Company will continue to study the market situation to seize the advantages of this business segment and will strive to expand the business steadily.

New Business Initiatives

As mentioned in the Company's announcements on 18 July 2016 and 2 November 2016, in order to support the Chinese government's effort in environmental protection, and take advantage of its policies and incentives in green energy and environment protection, the Company intended to acquire from a connected person a Chinese domestic company that mainly engages in the development, sales and distribution of electric vehicles in China. Such collaboration may involve the Group acquiring equity interest of the aforementioned company or in any other appropriate form of cooperation that will achieve mutual benefits. As at the date of this announcement, although the extended memorandum of understanding between the parties had expired, both parties continued negotiating and working on the final commercial terms of the collaboration.

As the world is changing through internet and mobile adoption, the Management is considering, among other options, to invest equities of high-tech startups, such as mobile application companies to take advantage of the trends of big data and e-commerce.

Furthermore, the Management has been exploring other financial investment options to maximise the value for the Shareholders and for the benefit of the Company, including but not limited to participating in primary securities offerings and secondary stock market investments in China, Hong Kong or around the world.

As mentioned in the 2016 Annual Report, the Management will continue modifying and finessing the Group's strategic plan, adjusting to the changes in the Chinese and global business environment on one hand, and on the other hand will continue looking for other investment opportunities with the ultimate goal to broadening the sources of income for the Group and creating greater value for the Shareholders. The Management is also reviewing the Group's financial position and determining the best alternative in financing these initiatives for the best interest of the Shareholders and the Company as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had unpledged cash and bank balances of approximately HK\$42.6 million (31 December 2016: approximately HK\$49.1 million). The gearing ratio was approximately 43.7% (31 December 2016: approximately 35.8%) and the total borrowings and convertible bonds of the Group was approximately HK\$74.0 million (31 December 2016: approximately HK\$71.2 million). The Group reported net current assets of approximately HK\$45.4 million and HK\$56.6 million as at 30 June 2017 and 31 December 2016 respectively. The maturity profile and interest rate structure of the borrowings and convertible bonds of the Group are set out in notes 11 and 12 to the Interim Financial Statements of this announcement.

EMPLOYEES AND REMUNERATION

The remuneration policy of the Group is designed to ensure that remuneration offered to the Directors and/or employees is appropriate for their respective duties performed, sufficiently compensates them for the effort and time dedicated to the affairs of the Group, and is competitive and effective in attracting, retaining and motivating employees. The key components of the Company's remuneration package include basic salary, and when appropriate, other allowances, incentive bonuses, mandatory provident funds and share options granted (if any) under the share option scheme of the Company.

The emoluments payable to the Directors are determined by the responsibilities, qualifications, experience, duties, performance of the Directors, the prevailing market conditions and remuneration benchmarks of listed companies of similar size and industry nature. They include incentive bonuses primarily based on the results of the Group and share options granted (if any) under the Share Option Scheme of the Company. The Remuneration Committee of the Company performs review on the emoluments of the Directors from time to time. No Director, or any of his associates or executives, is involved in deciding his own emoluments.

Employees' remuneration packages are determined by the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing compensation packages in the market. The packages are reviewed annually and anytime as required.

The Group will allocate resources in training, retention and recruitment programs, and encouraging staff to upgrade their skillsets. The Group monitors and evaluates the performances of managerial staff regularly to ensure the Group is led by the finest.

As at 30 June 2017, the Group employed 97 staff (2016: 104). The remuneration of employees was commensurate with the market trend, the level of pay in the industry and with the performance of individual employees' annual review.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (2016: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company acknowledges corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to ensure its corporate governance practices are in compliance with regulatory requirements and recommended practices. As at the date of this announcement, the Company has adopted the CG Code to regulate the corporate governance matters of the Company. The Board has reviewed the Company's corporate governance practices for the Reporting Period and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this announcement, has complied with the Code Provisions as set out in the CG Code.

UPDATE ON THE USE OF PROCEEDS FROM THE OPEN OFFER

On 24 May 2016, the Company raised gross proceeds of approximately HK\$157.1 million and net proceeds of approximately HK\$153.0 million from the Open Offer. As stated in the offering circular of the Company dated 29 April 2016 with respect to the Open Offer, the net proceeds will be applied by the Company as follows:

- (i) approximately HK\$35.0 million for the possible early redemption of the Settlement Convertible Bonds by the Company and settlement of current liabilities, and in the event that no early redemption of the Settlement Convertible Bonds occurs, such amount should be used as approximately HK\$20.0 million as future investments fund for possible potential merger and acquisition projects and HK\$15.0 million as working capital for the existing business of the Group;
- (ii) approximately HK\$45.0 million as capital investment in the mining products segment;
- (iii) approximately HK\$33.0 million as a future investments fund for possible potential merger and acquisition projects; and
- (iv) approximately HK\$37.0 million as working capital for the existing business of the Group.

As at 30 June 2017, save as disclosed in the note 14 to the Interim Financial Statements, the actual use of proceeds from the Open Offer are as follows:

- (i) there is no early redemption occurred, and approximately HK\$8.0 million of the proceeds have been utilised on working capital of the Group and approximately HK\$27.0 million remaining have not yet been utilized;

- (ii) a total of HK\$45.0 million of the proceeds have been fully utilised on capital investment in the mining products segment, which included approximately HK\$14.4 million on tunnel construction, approximately HK\$13.4 million on purchase of machinery, approximately HK\$11.5 million on environmental construction work, and approximately HK\$5.7 million on road-building construction;
- (iii) HK\$18.0 million of the proceeds have been utilised on money lending segment and the remaining of approximately HK\$15.0 million have not been utilised yet; and
- (iv) approximately HK\$37.0 million of the proceeds have been fully utilised as working capital for the existing businesses of the Group.

For details of the Open Offer, please refer to (i) the Company's announcements dated 16 December 2015, 28 December 2015, 6 January 2016, 29 January 2016, 22 February 2016, 13 April 2016, 20 May 2016 and 24 May 2016; (ii) the circular of the Company dated 29 January 2016; and (iii) the offering circular of the Company dated 29 April 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Directors' 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with the Management the accounting principles and policies as adopted by the Company, the practices of the Group and the unaudited condensed consolidated financial statements for the Reporting Period.

DEFINITIONS

In this announcement, unless the context otherwise indicated, the following expressions shall have the following meanings:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Auditor” or “ZHONGHUI ANDA”	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors

“Capital Cancellation”	the cancellation of the then unissued share capital of the Company in its entirety immediately after the Capital Reduction becoming effective
“Capital Reduction”	the reduction of the nominal value of each of the then share from HK\$0.10 to HK\$0.005
“CB Settlement Agreements”	having the same meaning ascribed thereto under the circular of the Company dated 29 January 2016 (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 of the Company dated 29 January 2016 (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 announcement and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
“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 six months ended 30 June 2016
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province, the PRC

“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interim Financial Statements”	The unaudited condensed consolidated financial statements for the six months ended 30 June 2017
“INED(s)”	the independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management”	the management of the Group
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Mr. Long”	Mr. Long Xiaobo
“Offer Shares”	the Shares allotted and issued under the Open Offer, being 5,235,303,300 Shares
“Open Offer”	the issue of the Offer Shares on the basis of two (2) Offer Shares for every one (1) Share held by the Qualifying Shareholders on 28 April 2016 at HK\$0.03 for each of the Offer 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 28 April 2016

“Reporting Period”	the period for the six months ended 30 June 2017
“Settlement Convertible Bonds”	the unsecured 10% convertible bonds in the aggregate principal amount of HK\$53,417,356.17 with a term of three years issued by the Company to the CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements
“Settlement Shares”	an aggregate of 9,692,022,458 Shares issued by the Company to the Share Settlement Creditors at HK\$0.05 per Settlement Share pursuant to the Share Settlement Agreements
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Consolidation”	the consolidation of every two (2) then shares of nominal value of HK\$0.005 each immediately following the Capital Reduction and Capital Cancellation into one (1) Share of nominal value of HK\$0.01 each
“Share Option Scheme”	the share option scheme approved by the Shareholders for adoption at the extraordinary general meeting of the Company held on 22 February 2016
“Share Settlement Agreements”	having the same meaning ascribed thereto under the circular of the Company dated 29 January 2016 (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 of the Company dated 29 January 2016 (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 and China United International Fortune Management Co., Limited)

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 2015
“2016 Annual report”	the year 2016 annual report of the Company published on 5 April 2017
“%”	per cent

On behalf of the Board
Long Xiaobo
Chairman of the Board

Hong Kong, 25 August 2017

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

Executive Directors:

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

Mr. Zuo Weiqi (*Chief executive officer*)

Mr. Chen Yi-chung

Mr. Xiao Jie

INEDs:

Mr. Cai Jianhua

Mr. Liu Feng

Ms. Liu Shuang