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 2017

The Board is pleased to announce the audited consolidated annual results of the Group for the financial year ended 31 December 2017, together with the comparative figures for the previous financial year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*4*	**44,227**	40,399
Cost of sales and services rendered		**(12,244)**	(8,556)
Gross profit		**31,983**	31,843
Other income and gains		**48**	45,547
Selling and distribution expenses		**(1,715)**	(570)
Administrative expenses		**(38,871)**	(53,917)
Other expenses		**(8,865)**	–
(Loss)/profit from operations		**(17,420)**	22,903
Finance costs	*5*	**(7,216)**	(42,095)
Fair value gain of derivative financial instruments		**1,472**	5,282
Loss before tax		**(23,164)**	(13,910)
Income tax expense	*6*	**(1,015)**	(11,549)
Loss for the year	*7*	**(24,179)**	(25,459)

	Notes	**2017** **HK$'000**	2016 HK$'000
Other comprehensive income/(loss) after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**19,080**	(16,391)
Other comprehensive income/(loss) for the year, net of tax		**19,080**	(16,391)
Total comprehensive loss for the year		**(5,099)**	(41,850)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(15,849)**	(27,181)
Non-controlling interests		**(8,330)**	1,722
		(24,179)	(25,459)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(238)**	(40,042)
Non-controlling interests		**(4,861)**	(1,808)
		(5,099)	(41,850)
Loss per share (HK cents)			
Basic	*8*	**(0.09)**	(0.22)
Diluted	*8*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**72,246**	71,510
Mining right	*9*	**223,959**	217,872
		296,205	289,382
Current assets			
Inventories		**239**	479
Trade and other receivables	*10*	**58,265**	46,216
Loan to a customer	*11*	**18,245**	18,122
Amount due from a related company		**9,508**	–
Amount due from directors		**4,538**	–
Bank and cash balances		**3,213**	49,134
		94,008	113,951
Current liabilities			
Trade and other payables	*12*	**37,202**	35,164
Derivative financial instruments		**34**	1,506
Borrowings		**1,283**	20,678
		38,519	57,348
Net current assets		**55,489**	56,603
Total assets less current liabilities		**351,694**	345,985
Non-current liabilities			
Convertible bonds	*13*	**57,685**	50,487
Deferred tax liabilities		**38,182**	34,572
		95,867	85,059
NET ASSETS		**255,827**	260,926
Capital and reserves			
Share capital	*14*	**175,449**	175,449
Reserves		**110,368**	110,606
Equity attributable to owners of the Company		**285,817**	286,055
Non-controlling interests		**(29,990)**	(25,129)
TOTAL EQUITY		**255,827**	260,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 mining, exploration and trading of gold products;

ii) provision of beauty treatment services and trading of cosmetics 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 Hong Kong Financial Reporting Standards 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 2017. 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 mining, exploration and trading of gold products;

Cosmetics and skincare products segment – provision of beauty treatment services and trading of cosmetics and skincare products; 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 technology and marketing strategies.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment liabilities do not include convertible bonds.

Information about reportable segment profits or losses, assets and liabilities:

	Mining products *HK$'000*	Cosmetics and skincare products *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
For the year ended 31 December 2017				
Revenue from external customers	**21,363**	**21,424**	**1,440**	**44,227**
Segment (loss)/profit	**(3,079)**	**(1,783)**	**1,353**	**(3,509)**
Depreciation	**456**	**1,524**	**–**	**1,980**
Income tax expense	**1,015**	**–**	**–**	**1,015**
Additions to segment non-current assets	**–**	**730**	**–**	**730**
As at 31 December 2017				
Segment assets	**354,273**	**10,657**	**18,444**	**383,374**
Segment liabilities	**48,404**	**26,155**	**10**	**74,569**
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

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**44,227**	40,399
Profit or loss		
Total (loss)/profit of reportable segments	**(3,509)**	36,936
Other profit or loss	**(20,670)**	(62,395)
Consolidated loss for the year	**(24,179)**	(25,459)
Assets		
Total assets of reportable segments	**383,374**	355,928
Other assets	**6,839**	47,405
Consolidated total assets	**390,213**	403,333
Liabilities		
Total liabilities of reportable segments	**74,569**	71,184
Convertible bonds	**57,685**	50,487
Borrowings	**–**	18,000
Other liabilities	**2,132**	2,736
Consolidated total liabilities	**134,386**	142,407

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

Geographical information:

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**22,864**	22,685
PRC	**21,363**	17,714
	44,227	40,399

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**2,283**	3,250
PRC	**293,922**	286,132
	296,205	289,382

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

4. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Mining products	**21,363**	17,714
Cosmetics and skincare products	**21,424**	22,322
Money lending services	**1,440**	363
	44,227	40,399

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest of Settlement Convertible Bonds	**7,198**	3,915
Settlement interest of 2010 Convertible Bonds	**–**	37,473
Loan interest	**18**	707
	7,216	42,095

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Deferred tax	**(1,015)**	(11,549)

No provision for Hong Kong Profits Tax is required since the Group 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% (2016: 25%).

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

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(23,164)**	(13,910)
Tax at the domestic income tax rate	**(7,276)**	(581)
Tax effect of income that is not taxable	**(4,367)**	(917)
Tax effect of expenses that are not deductible	**1,346**	6,380
Tax effect of temporary differences not recognised	**–**	187
Tax effect of tax losses not recognised	**11,312**	6,480
Income tax expense	**1,015**	11,549

7. LOSS FOR THE YEAR

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

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**1,000**	950
Amortisation of mining right	**3,096**	2,084
Cost of sales and services rendered*	**12,244**	8,556
Loss on disposal of property, plant and equipment	**23**	–
Depreciation	**1,999**	2,078
Operating lease charges	**6,397**	7,015
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**20,732**	27,207
Retirement benefits scheme contributions	**889**	1,197

* *Cost of sales and services rendered include staff costs, depreciation and operating lease charges of approximately HK$3,502,000 (2016: approximately HK$1,971,000) 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$15,849,000 (2016: approximately HK$27,181,000) and the weighted average number of ordinary shares of 17,544,977,000 (2016: 12,504,032,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2017 and 2016.

9. MINING RIGHT

	HK$'000
Cost	
At 1 January 2016	1,504,128
Exchange differences	(97,814)
At 31 December 2016	1,406,314
Exchange differences	104,087
At 31 December 2017	**1,510,401**
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	1,188,442
Amortisation for the year	3,096
Impairment loss for the year	6,598
Exchange differences	88,306
At 31 December 2017	**1,286,442**
Carrying amount	
At 31 December 2017	**223,959**
At 31 December 2016	217,872

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 using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2017. The reviews of mining rights led to the recognition of impairment losses of approximately HK$6,598,000 (2016: reversal of impairment loss: approximately HK$34,555,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$223,959,000 (2016: approximately HK$217,872,000) 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 12.70% (2016: 12.11%).

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**21,501**	1,880
Prepayments	**1,854**	1,920
Prepayments for property, plant and equipment	**30,121**	28,046
Deposits	**4,347**	5,013
Other receivables	**442**	9,357
	58,265	46,216

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:

	2017	2016
	HK$'000	*HK$'000*
Current to 30 days	**6,419**	538
31 – 60 days	**13,755**	1,342
61 – 90 days	**1,327**	–
	21,501	1,880

As of 31 December 2017 and 2016, no trade and other receivables was past due but not impaired.

11. LOAN TO A CUSTOMER

	2017	2016
	HK$'000	*HK$'000*
Loan to a customer (current portion)	**18,245**	18,122

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

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

	2017	2016
	HK$'000	*HK$'000*
Within one year	**18,245**	18,122

As of 31 December 2017 and 2016, no loan to a customer was past due but not impaired.

12. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**1,747**	1,152
Accrued liabilities and other payables	**35,455**	34,012
	37,202	35,164

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

	2017	2016
	HK$'000	*HK$'000*
Current to 30 days	**–**	–
31 – 60 days	**699**	179
61 – 90 days	**–**	572
Over 90 days	**1,048**	401
	1,747	1,152

13. CONVERTIBLE BONDS

Settlement Convertible Bonds

On 24 May 2016, the Company issued unsecured 10% Settlement 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 Settlement Convertible 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 Settlement Convertible Bonds have not been converted or repurchased or redeemed in accordance with the terms and conditions of the Settlement 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 during the year 2016	3,915
Liability component at 31 December 2016	50,487
Effective interest charged to profit or loss during the year 2017	7,198
Liability component at 31 December 2017	57,685

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 Settlement Convertible Bonds were issued.

The Directors estimate the fair values of the liability component of the Settlement Convertible Bonds at 31 December 2017 to be approximately HK$57,685,000 (2016: 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

	Notes	**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 and 2017 (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 and 2017 (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 of Cayman Islands, 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 of HK$0.01 each.

(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 was 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 in 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 2017 and 2016 are as follows:

	2017	2016
	HK$'000	*HK$'000*
Total debt	**134,386**	142,407
Less: bank and cash balances	**(3,213)**	(49,134)
Net debt	**131,173**	93,273
Total equity	**255,827**	260,926
Gearing ratio	**51.27%**	35.75%

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 cosmetics and skincare products in Hong Kong; and (iii) provision of money lending services in Hong Kong.

BUSINESS REVIEW

Mining Products

As mentioned in the Company's interim report for the six months ended 30 June 2017, Hunan Westralian had started the initial improvement constructions work and had utilised all the proceeds of HK$45.0 million from the Open Offer. The improvement constructions work mainly include refurbishment of the road between the Gold Mine and the main road, reinforcement of the existing tunnels structure, tailing pool flood control construction and environmental construction work of goaf etc. In addition to the improvement constructions work, Hunan Westralian carried out a number of safety technical rectifications in accordance with the requirements of the local government's mining authorities and provided relevant safety production training to the staff. During the Reporting Period, the revenue of Hunan Westralian was mainly generated from the additional sales of sub-mining ore produced during the rectification improvement process.

Cosmetics and Skincare Products

During the Reporting Period, this segment continued to suffer from keen competition in the industry and high rent and staff costs in Hong Kong. As such, the Management continued to adopt a rather precautious approach and is considering options to collaborate with existing cosmetic manufacturers or services providers to further expand to different sources and markets in this business segment.

Money Lending Business

During the Reporting Period, the Management has adopted a prudent approach in identifying borrowers which can provide the Group with stable fixed income under an acceptable risk level. The Management will continue to monitor the market situation to seize the advantages of this business segment and is considering to hire more experienced and suitable personnel to expand the business steadily.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$44.2 million (2016: approximately HK$40.4 million).

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK$21.4 million, representing an approximately 20.6% increase as compared with approximately HK$17.7 million for the Corresponding Period. The increase was mainly due to the additional sales of sub-mining ore produced during the rectification improvement process.

The revenue contributed by the cosmetic and skincare products business segment for the Reporting Period was approximately HK$21.4 million, representing an approximately 4.0% decrease as compared with approximately HK$22.3 million for the Corresponding Period. The decrease was mainly due to the strong competition in Hong Kong.

During the Reporting Period, the revenue contributed by money lending business was approximately HK$1.4 million, representing an almost triple increase as compared with approximately HK$0.4 million revenue, which was generated from only 3 months of money lending in the Corresponding Period.

The gross profit for the Reporting Period was approximately HK$32.0 million, representing a slight increase of approximately 0.4% as compared with approximately HK$31.8 million for the Corresponding Period.

The loss for the Reporting Period of the Group was approximately HK$24.2 million representing a decrease of approximately 5.0% as compared with approximately HK$25.5 million for the Corresponding Period. The decrease was mainly due to the noteworthy drop in finance costs from approximately HK$42.1 million in the Correspondance Period to approximately HK$7.2 million in the Reporting Period and the decrease in administrative expenses from approximately HK$53.9 million in the Correspondance Period to approximately HK$38.9 million in the Reporting Period (even though there were approximately HK$6.6 million impairment loss of mining right and HK$2.0 million impairment loss of property, plant and equipment occurred in the Reporting Period).

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.

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 enabling the Board to make prompt decisions 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. Hunan Westralian has engaged a local safety assessment company, which is an independent third party, to assess the safety status of the eastern Gold Mine and the report was issued on 20 October 2017. It is believed that the eastern Gold Mine has fulfilled the conditions of safe production in accordance to the relevant government laws and regulations.

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 positions 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 has established measures and created certain environmental frameworks to minimise and monitor the environmental impacts attributable to its operations. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraging the use of recycled paper for printing and copying and reducing energy consumption by switching off idle lightings and electrical appliances.

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

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 the top-performing staff by providing attractive remuneration packages, which are reviewed annually and as required. The 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 allocates resources in training, retention and recruitment programs, and encouraging the staff to strive for self-development and improvements to cope with the rapidly changing environment.

PROSPECTS

In 2018, the direction of the Company will remain unchanged, which includes continuing its effort to improve the mining capability and facilities with a goal to maximise the output efficiency of the mines. The following areas will require further capital investment for improvement: (i) mine site facilities in the mines located in the eastern side of the site; (ii) plants for mining products processing; and (iii) 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 mentioned previously in the Company's annual report for the Corresponding Period and the interim report for the six months ended 30 June 2017, the Company entered into the MOU and an extension side letter 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. 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 (for details of the information of this potential investment, please refer to the Company's announcement dated 18 July 2016, the annual report for the Corresponding Period and the interim report for the six months ended 30 June 2017). As at the date of this announcement, the Management is awaiting further concrete business performance of the Chinese domestic company before incurring further resources, therefore, the due diligence process against the Chinese domestic company has slowed down.

On 13 October 2017, in order to improve the business operations of the Group's cosmetics and skincare products business segment and further expand the Group's business into PRC, the Company also entered into a Term Sheet for the possible acquisition of a holding company of a wholly foreign owned enterprise in the PRC principally engaged in design, marketing, trading, on-line sales and distribution of cosmetics and skincare products business in the PRC. Although the 40 days due diligence period granted to the Company has expired, this potential investment is still under negotiation (for details of the information of this potential investment, please refer to the announcement of the Company dated 13 October 2017).

The Group has been exploring other strategic investment opportunities to maximise the value for the Shareholders. In this respect, the Group is currently reviewing several investment opportunities, which include primary securities offerings and secondary stock market investments in China, Hong Kong or worldwide. The Management will strive to leverage the internal and external resources to achieve this goal. Other than the MOU and Term Sheet in relation to the potential investments mentioned above, 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 2017, the Group had unpledged bank and cash balances of approximately HK$3.2 million (2016: approximately HK$49.1 million). The gearing ratio was approximately 51.3% (2016: approximately 35.8%) and the borrowings and convertible bonds of the Group was approximately HK$59.0 million (2016: approximately HK$71.2 million). The Group reported net current assets of approximately HK$55.5 million as at 31 December 2017 (2016: approximately HK$56.6 million).

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

CONTINGENT LIABILITY

As at 31 December 2017, the Group did not have any significant contingent liability (2016: nil).

BANK BORROWINGS

As at 31 December 2017, the Group did not have any outstanding bank loan (2016: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2017, the Group employed 110 staff members (2016: 104). 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 (2016: nil).

ANNUAL GENERAL MEETING

The Board has not yet fixed the date of 2017 AGM. Further announcement will be made by the Company regarding the AGM as and when appropriate.

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.

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 currently in the Board 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.

The Company has 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.

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
"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 2016
"Director(s)"	the director(s) 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 23 January 2018 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 2017
"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
"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 to be issued by the Company to CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements
"Settlement Shares"	a maximum of 9,692,022,458 Reorganised Shares to be issued by the Company to the Share Settlement Creditors at HK$0.05 per Settlement Share pursuant to the Share Settlement Agreements
"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
"Term Sheet"	a non-legally binding term sheet entered into between the Company and 15 individuals on 13 October 2017, details of which are disclosed in the Company's announcement dated 13 October 2017
"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
"%"	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, 29 March 2018

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. Long Xiaobo *(Chairman of the Board)*
Mr. Zuo Weiqi *(Chief Executive Officer)*
Mr. Chen Yi-chung
Mr. Xiao Jie

Non-executive Directors:
Mr. Ng Kwok Kei Sammy
Mr. Wong Wa Tak Barry

Independent non-executive Directors:
Mr. Cai Jianhua
Mr. Liu Feng
Ms. Liu Shuang