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 2018

The Board is pleased to announce the audited consolidated annual results of the Group for the financial year ended 31 December 2018, together with the comparative figures for the previous financial year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	As restated 2017 *HK$'000*
Continuing Operations			
Revenue	*5*	**27,046**	22,803
Cost of sales and services rendered		**(10,215)**	(9,678)
Gross profit		**16,831**	13,125
Other income		**46**	48
Administrative expenses		**(28,689)**	(19,963)
Other expenses	*6*	**(98,775)**	(8,865)
Loss from operations		**(110,587)**	(15,655)
Finance costs	*7*	**(10,310)**	(7,198)
Fair value gain of derivative financial instruments		**33**	1,472
Loss before tax		**(120,864)**	(21,381)
Income tax credit/(expense)	*8*	**11,090**	(1,015)
Loss for the year from continuing operations		**(109,774)**	(22,396)

	Notes	2018 HK$'000	As restated 2017 HK$'000
Discontinued operation			
Profit/(loss) for the year from discontinued operation	*9*	**15,496**	(1,783)
Loss for the year	*10*	**(94,278)**	(24,179)
Other comprehensive (loss)/income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(18,570)**	19,080
Other comprehensive (loss)/income for the year, net of tax		**(18,570)**	19,080
Total comprehensive loss for the year		**(112,848)**	(5,099)
Loss for the year attributable to:			
Owners of the Company			
– Continuing operations		**(88,238)**	(14,066)
– Discontinued operation		**15,496**	(1,783)
		(72,742)	(15,849)
Non-controlling interests			
– Continuing operations		**(21,536)**	(8,330)
		(21,536)	(8,330)
Loss for the year		**(94,278)**	(24,179)
Total comprehensive loss attributable to:			
Owners of the Company		**(89,084)**	(238)
Non-controlling interests		**(23,764)**	(4,861)
Total comprehensive loss		**(112,848)**	(5,099)
Loss per share (HK cents)			
From continuing and discontinued operations			
Basic	*11(a)*	**(0.41)**	(0.09)
Diluted	*11(a)*	**N/A**	N/A
From continuing operations			
Basic	*11(b)*	**(0.50)**	(0.08)
Diluted	*11(b)*	**N/A**	N/A
From discontinued operation			
Basic	*11(c)*	**0.09**	(0.01)
Diluted	*11(c)*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**49,809**	72,246
Mining right	*12*	**155,248**	223,959
		205,057	296,205
Current assets			
Inventories		**–**	239
Trade and other receivables	*13*	**32,115**	58,265
Loan receivables	*14*	**107,023**	18,245
Amount due from a related company		**11,478**	9,508
Amounts due from directors		**47**	4,538
Bank and cash balances		**1,213**	3,213
		151,876	94,008
Current liabilities			
Trade and other payables	*15*	**13,033**	12,819
Contract liabilities		**–**	24,383
Derivative financial instruments		**1**	34
Borrowings		**6,599**	1,283
Convertible bonds	*16*	**65,909**	–
Other borrowing	*17*	**100,575**	–
Amount due to a related company		**2,385**	–
		188,502	38,519
Net current (liabilities)/assets		**(36,626)**	55,489
Total assets less current liabilities		**168,431**	351,694
Non-current liabilities			
Convertible bonds	*16*	**–**	57,685
Deferred tax liabilities		**25,452**	38,182
		25,452	95,867
NET ASSETS		**142,979**	255,827
Capital and reserves			
Share capital	*18*	**175,449**	175,449
Reserves		**21,284**	110,368
Equity attributable to owners of the Company		**196,733**	285,817
Non-controlling interests		**(53,754)**	(29,990)
TOTAL EQUITY		**142,979**	255,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 money lending services; and

iii) provision of beauty treatment services and trading of cosmetics and skincare products (discontinued operation).

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$72,742,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net current liabilities of approximately HK$36,626,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the Shareholders, at a level sufficient to finance the working capital requirements of the Group. The Shareholders has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("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 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); 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 except as stated below.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	31 December 2017 *HK$'000*	1 January 2017 *HK$'000*
Increase in contract liabilities	24,383	23,957
Decrease in trade and other payables	(24,383)	(23,957)

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

4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

Money lending segment – provision of money lending services; and

Cosmetics and skincare products segment – provision of beauty treatment services and trading of cosmetics and skincare products (discontinued operation).

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:

	Continuing operations		Discontinued operation	
	Mining products	Money lending	Cosmetics and skincare products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2018				
Revenue from external customers	**25,230**	**1,816**	**22,359**	**49,405**
Segment (loss)/profit	**(76,759)**	**(5,145)**	**15,496**	**(66,408)**
Depreciation	**474**	**–**	**1,198**	**1,672**
Interest expense	**839**	**672**	**–**	**1,511**
Income tax credit	**(11,090)**	**–**	**–**	**(11,090)**
Additions to segment non-current assets	**520**	**–**	**462**	**982**
Impairment loss	**92,508**	**6,267**	**–**	**98,775**
As at 31 December 2018				
Segment assets	**249,111**	**107,030**	**–**	**356,141**
Segment liabilities	**44,289**	**100,585**	**–**	**144,874**
For the year ended 31 December 2017				
Revenue from external customers	21,363	1,440	21,424	44,227
Segment (loss)/profit	(3,079)	1,353	(1,783)	(3,509)
Depreciation	456	–	1,524	1,980
Interest expense	–	–	18	18
Income tax expense	1,015	–	–	1,015
Additions to segment non-current assets	–	–	730	730
Impairment loss	8,630	–	–	8,630
As at 31 December 2017				
Segment assets	354,273	18,444	10,657	383,374
Segment liabilities	48,404	10	26,155	74,569

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**49,405**	44,227
Elimination of discontinued operation	**(22,359)**	(21,424)
Consolidated revenue from continuing operations	**27,046**	22,803
Profit or loss		
Total loss of reportable segments	**(66,408)**	(3,509)
Other profit/(loss)	**(27,870)**	(20,670)
Elimination of discontinued operation	**(15,496)**	1,783
Consolidated loss for the year from continuing operations	**(109,774)**	(22,396)
Assets		
Total assets of reportable segments	**356,141**	383,374
Other assets	**792**	6,839
Consolidated total assets	**356,933**	390,213
Liabilities		
Total liabilities of reportable segments	**144,874**	74,569
Convertible bonds	**65,909**	57,685
Other liabilities	**3,171**	2,132
Consolidated total liabilities	**213,954**	134,386

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

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**1,816**	1,440
PRC	**25,230**	21,363
	27,046	22,803
Discontinued operation		
Hong Kong	**22,359**	21,424
	49,405	44,227

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**47**	2,283
PRC	**205,010**	293,922
	205,057	296,205

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

(c) Revenue from major customers

Revenue from major customers individually accounting for 10% or more of total revenue are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A (sales of gold products)	**24,819**	4,055
Customer B (sales of gold products)	**411***	11,635

* Revenue from the customer did not exceed 10% of total revenue in the respective year. The amount was shown for the comparative purpose.

5. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Mining products	**25,230**	21,363
Cosmetics and skincare products	**22,359**	21,424
Revenue from contracts with customers	**47,589**	42,787
Interest income of money lending	**1,816**	1,440
Total revenue	**49,405**	44,227
Representing:		
Continuing operations	**27,046**	22,803
Discontinued operation *(note 9)*	**22,359**	21,424
	49,405	44,227

Disaggregation of revenue from contracts with customers:

	Continuing operations	Discontinued operation	
	Mining products *HK$'000*	**Cosmetics and skincare products** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2018			
Geographical markets			
Hong Kong	**–**	**22,359**	**22,359**
The PRC	**25,230**	**–**	**25,230**
Total	**25,230**	**22,359**	**47,589**
Major products/services			
Beauty treatment	**–**	**21,219**	**21,219**
Cosmetics and skincare products	**–**	**1,140**	**1,140**
Gold products	**25,230**	**–**	**25,230**
Total	**25,230**	**22,359**	**47,589**
Timing of revenue recognition			
At a point in time	**25,230**	**1,140**	**26,370**
Over time	**–**	**21,219**	**21,219**
Total	**25,230**	**22,359**	**47,589**
For the year ended 31 December 2017			
Geographical markets			
Hong Kong	–	21,424	21,424
The PRC	21,363	–	21,363
Total	21,363	21,424	42,787
Major products/services			
Beauty treatment	–	20,048	20,048
Cosmetics and skincare products	–	1,376	1,376
Gold products	21,363	–	21,363
Total	21,363	21,424	42,787
Timing of revenue recognition			
At a point in time	21,363	1,376	22,739
Over time	–	20,048	20,048
Total	21,363	21,424	42,787

Sales of gold products

The Group engaged in gold mining, exploration and trading of gold products. Sales are recognized when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery maybe required. Deposits received are recognised as a contract liability.

A receivable is recognized when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of cosmetics and skincare products

The Group sells cosmetics and skincare products to the customers. Sales are recognized when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery maybe required. Deposits received are recognised as a contract liability.

A receivable is recognized when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of beauty treatment services

The Group implements a contractual one year expiry policy for all service contracts which are non-refundable. Revenue from the provision of beauty treatment services are recognised when the services have been rendered to clients. Receipts in respect of treatment packages for which the relevant services have not been rendered are deferred and recognised as contract liability in the statement of financial position. These customers' unexercised rights are referred to as "breakage". If the Group expects to be entitled to the breakage amount which is subject to certain requirements on constraining estimates of variable consideration, the Group shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customers. Pursuant to this recognition model, management will need to estimate the expected amount of breakage based on historical experiences and recognised breakage as revenue in proportion to the pattern of treatment utilisation by the customers.

6. OTHER EXPENSES

	2018 ***HK$'000***	2017 *HK$'000*
Impairment loss on property, plant and equipment	**17,603**	2,032
Impairment loss on prepayments for property, plant and equipment	**19,986**	–
Impairment loss on loan receivables	**6,267**	–
Impairment loss on mining right	**54,919**	6,598
Loss on disposal of financial asset at fair value through profit or loss	**–**	235
	98,775	8,865
Representing:		
Continuing operations	**98,775**	8,865
Discontinued operation	**–**	–
	98,775	8,865

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest of Settlement Convertible Bonds	**8,224**	7,198
Loan interest	**2,086**	18
	10,310	7,216
Representing:		
Continuing operations	**10,310**	7,198
Discontinued operation	**–**	18
	10,310	7,216

8. INCOME TAX CREDIT/(EXPENSE)

	2018	2017
	HK$'000	*HK$'000*
Deferred tax	**11,090**	(1,015)
Representing:		
Continuing operations	**11,090**	(1,015)
Discontinued operation	**–**	–
	11,090	(1,015)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statement since the group has sufficient tax losses brought forward to set off against current year's assessable profit for the year ended 2018. No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the year ended 2017.

No provision for PRC enterprise income 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% (2017: 25%).

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

	Continuing operations		Discontinued operation		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before tax	**(120,864)**	(21,381)	**15,496**	(1,783)	**(105,368)**	(23,164)
Tax at the domestic income tax rate	**(30,126)**	(6,983)	**2,557**	(293)	**(27,569)**	(7,276)
Tax effect of income that is not taxable	**–**	–	**(2,470)**	–	**(2,470)**	–
Tax effect of expenses that are not deductible	**2,857**	3,059	**–**	154	**2,857**	3,213
Tax effect of tax losses not recognised	**16,359**	4,939	**–**	139	**16,359**	5,078
Tax effect of utilisation of tax losses not previously recognised	**(180)**	–	**(87)**	–	**(267)**	–
Income tax (credit)/expense	**(11,090)**	1,015	**–**	–	**(11,090)**	1,015

9. DISCOUNTINUED OPERATION

On 28 December 2018, Critstal Marketing were disposed to True Wonder Global Limited at consideration of approximately HK$7,906,000.

The profit/(loss) for the year from the discontinued operation is analysed as follows:

	2018	2017
	HK$'000	*HK$'000*
Profit/(Loss) from discontinued operation	**529**	(1,783)
Gain on disposal of discontinued operation	**14,967**	–
	15,496	(1,783)

The results of the discontinued operation for the period from 1 January 2018 to 28 December 2018, which have been included in consolidated profit or loss, are as follows:

	Period from 1 Jan 2018 to 28 Dec 2018 *HK$'000*	Year ended 2017 *HK$'000*
Revenue	**22,359**	21,424
Cost of sales and services rendered	**(1,953)**	(2,566)
Gross profit	**20,406**	18,858
Selling and distribution expenses	**(2,126)**	(1,715)
Administrative expense	**(17,751)**	(18,908)
Profit/(loss) from operation	**529**	(1,765)
Finance costs	**–**	(18)
Profit/(loss) before tax	**529**	(1,783)
Income tax expense	**–**	–
Profit/(loss) for the period/year	**529**	(1,783)

During the year, the disposed subsidiaries received approximately HK$2,249,000 (2017: approximately HK$1,853,000) in respect of operating activities, paid approximately HK$462,000 (2017: approximately HK$590,000) in respect of investing activities and paid approximately HK$ Nil (2017: approximately HK$600,000) in respect of financing activities.

No tax charge or credit arose on loss on disposal of the discontinued operation.

10. LOSS FOR THE YEAR

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

	2018 *HK$'000*	2017 *HK$'000*
Auditor's remuneration	**1,500**	1,000
Amortisation of mining right	**3,326**	3,096
Cost of sales and services rendered*	**12,168**	12,244
Loss on disposal of property, plant and equipment	**–**	23
Depreciation	**1,692**	1,999
Operating lease charges	**6,949**	6,397
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**23,960**	20,732
Retirement benefits scheme contributions	**1,412**	889

* *Cost of sales and services rendered include staff costs, depreciation and operating lease charges of approximately HK$3,468,000 (2017: approximately HK$3,502,000) which are included in the amounts disclosed separately above.*

11. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2018 is based on the loss for the year attributable to owners of the Company of approximately HK$72,742,000 (2017: approximately HK$15,849,000) and the weighted average number of ordinary shares of 17,544,977,000 (2017: 17,544,977,000) 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 2018 and 2017.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$88,238,000 (2017: loss of approximately HK$14,066,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2018 and 2017.

(c) From discontinued operation

Basic earning/(loss) per share

The calculation of basic earnings (2017: loss) per share from discontinued operation attributable to owners of the Company is based on the profit for the year from discontinued operation attributable to owners of the Company of approximately HK$15,496,000 (2017: loss of approximately HK$1,783,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2018 and 2017.

12. MINING RIGHT

	HK$'000
Cost	
At 1 January 2017	1,406,314
Exchange differences	104,087
At 31 December 2017	1,510,401
Exchange differences	(76,274)
At 31 December 2018	**1,434,127**
Accumulated amortisation and impairment	
At 1 January 2017	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
Amortisation for the year	3,326
Impairment loss for the year	54,919
Exchange differences	(65,808)
At 31 December 2018	**1,278,879**
Carrying amount	
At 31 December 2018	**155,248**
At 31 December 2017	223,959

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 2018. The reviews of mining right led to the recognition of impairment losses of approximately HK$54,919,000 (2017: approximately HK$6,598,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$155,248,000 (2017: approximately HK$223,959,000) 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 key assumptions used for the calculations of fair value less costs of disposal are as follows:

Growth rate	2.6% and remain constant from the fifth year
Discount rate (post-tax discount rate applied to the cash flow projections)	12.6%
Years of cash flows projection (expected mining period)	12 years

Management determined gross margin based on past market prices of the gold and management's estimation of exploitation and production costs. The discount rate used is post-tax and reflects specific risks relating to the relevant assets. Expected mining period is determined based on extractable reserve of the mine and the Group's production capacity. The legal life of mining right can be extended upon maturity to enable the Group to conduct mining activities in the expected mining period.

13. TRADE AND OTHER RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**25,125**	21,501
Prepayments	**1,237**	1,854
Prepayments for property, plant and equipment	**929**	30,121
Deposits	**990**	4,347
Other receivables	**3,834**[#]	442
	32,115	58,265

[#] The amount of approximately HK$3,799,000 was guaranteed by a director of the Group, Mr. Long Xiaobo.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**9,254**	6,419
31 – 60 days	**9,357**	13,755
61 – 90 days	**5,051**	1,327
Over 90 days	**1,463**	–
	25,125	21,501

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the life time expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 90 days Past due**	**Total**
At 31 December 2018			
Weighted average expected loss rate	**0%**	**0%**	
Receivable amount *(HK'000)*	**23,662**	**1,463**	**25,125**
Loss allowance *(HK'000)*	**–**	**–**	**–**
At 31 December 2017			
Weighted average expected loss rate	0%	0%	
Receivable amount *(HK'000)*	21,501	–	21,501
Loss allowance *(HK'000)*	–	–	–

14. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan receivables (current portion)	**107,023**	18,245

On 27 November 2018, the Group entered into a loan agreement with a third party ("Borrower A"). Pursuant to the loan agreement, the loan is secured by the 96% shares of the Borrower A and guaranteed by the directors of Borrower A, the principal amount of the loan is HK$85,000,000 with interest rate of 7.5% per annum and repayable in twelve months.

On 31 December 2018, the Group entered into another loan agreement with a third party ("Borrower B"). Pursuant to the loan agreement, the loan is secured by the entire interest on the Borrower B and guaranteed by the director of Borrower B, the principal amount of the loan is HK$15,000,000 with interest rate of 7.5% per annum and repayable in twelve months.

The directors of the Company monitored the collectability of the loan receivables closely with reference to their respective current creditworthiness.

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

	2018	2017
	HK$'000	*HK$'000*
Within one year	**107,023**	18,245

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all loan to customers. To measure the expected credit losses, loan to customers have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Within 365 days past due**	**Total**
At 31 December 2018			
Weighted average expected loss rate	**0%**	**49%**	
Receivable amount *(HK'000)*	**100,580**	**12,710**	**113,290**
Loss allowance *(HK'000)*	**–**	**6,267**	**6,267**
At 31 December 2017			
Weighted average expected loss rate	0%	0%	
Receivable amount *(HK'000)*	18,245	–	18,245
Loss allowance *(HK'000)*	–	–	–

15. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**–**	1,747
Accrued liabilities and other payables	**13,033**	11,072
	13,033	12,819

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

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**–**	–
31 – 60 days	**–**	699
61 – 90 days	**–**	–
Over 90 days	**–**	1,048
	–	1,747

16. 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
Liability component at 1 January 2017	50,487
Effective interest charged to profit or loss during the year 2017	7,198
Liability component at 31 December 2017	57,685
Effective interest charged to profit or loss during the year 2018	8,224
Liability component at 31 December 2018	65,909

The interest charged for the year is calculated by applying an effective interest rate of 14.26% 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 2018 to be approximately HK$65,909,000 (2017: approximately HK$57,685,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

17. OTHER BORROWING

The lender has a security interest over the shares of the Company and is deemed to be interested in such shares. The other borrowing is unsecured, 6% interest per annum and maturity date within 12 months.

18. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
At 31 December 2017 and 2018		
(25,000,000,000 ordinary shares of HK$0.01 each)	25,000,000	250,000
Issued and fully paid:		
At 31 December 2017 and 2018		
(17,544,977,408 ordinary shares of HK$0.01 each)	17,544,977	175,449

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 2018 and 2017 are as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Total debt	**213,954**	134,386
Less: bank and cash balances	**(1,213)**	(3,213)
Net debt	**212,741**	131,173
Total equity	**142,979**	255,827
Gearing ratio	**148.79%**	51.27%

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

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. Hunan Westralian continued to work on improvement constructions work. After carrying out a number of safety technical rectifications in accordance with the requirements of the local government's mining authorities, Hunan Westralian has been working in the preparation for mining technical reform project of the East Mine.

As stated in the Company's circular dated 11 December 2018, the Hunan Westralian will require further capital investment for improvement of its mining capability and facilities. The original maximum production capacity of the ore processing plant is 150 tons per day, however, due to the ongoing rectification improvement works as required by the government authorities and the need for upgrading of the mining facilities, the production of the gold mines has been kept at a minimal level for safety reason and only sub-mining ore produced during the rectification improvement process. This situation is expected to improve after the main rectification improvement works are completed and production is resumed by the end of 2019. The production capacity of the existing and new ore processing plants are expected to increase to 500 tons per day. It should be noted that the rectification improvement works and relevant maintenance for the mining industry are continuing requirements.

Although the mining permit would expire on 2 September 2020, the Directors considered that the Group would be able to renew the mining permit with the Department of Land and Resources of Hunan Province, the PRC at relatively low cost based on the management's experience and the PRC lawyer's opinion. Although the renewal period of the mining permit normally takes 30 days before the expired date, it is expected that the management of Hunan Westralian will prepare the relevant renewal documents in the second quarter of 2019 and apply for the renewal permit in the first quarter of 2020, and the renewed mining permit is expected to be issued before September 2020.

On 20 October 2018, representatives from about twenty county government departments and villages led by county people's congress deputy, standing committee member and deputy magistrate held a meeting with our Hunan Westralian's representatives. At the meeting, the group of representatives unanimously expressed their attention to the difficulties faced by Hunan Westralian, its rectification progress, restoration of full production progress and future operation, and the representatives also expressed their willingness to provide the necessary support to Hunan Westralian. The county government has set up a special task force to assist Hunan Westralian in its improvement works and to provide guidance. They pointed out that the improvement works of Hunan Westralian must be in accordance with the laws and regulations and should achieve a win-win economic, social and environmental position for the community and Hunan Westralian.

The Management has confidence, with the support from the local government, in the coming few years, Hunan Westralian will improve its mining productivity and capacities, and contribute more revenue and profit to the Group.

Cosmetics and Skincare Products

In view of (i) the fierce competition in the cosmetic and facial beauty industry in Hong Kong, (ii) the then and potential disputes between our staff and the customers (which may result in additional legal fee, administrative cost and staff time and efforts), and (iii) the unsatisfactory financial performance of the cosmetics and skincare products business segment in recent years, the Board considered that the disposal of Cristal Marketing provides an excellent divestment opportunity for the Group to divest the operating entity in the cosmetics business segment, which had been operating at an unsatisfactory financial performance for many years.

On 28 December 2018, the Group completed the disposal of Cristal Marketing at a consideration of HK$7,905,850 and since then Cristal Marketing ceased to be a subsidiary of the Group (for details of the information of the Disposal, please refer to the circular of the Company dated 11 December 2018). The gain on Disposal together with the operating results of Cristal Marketing up to the date of Disposal are presented as discontinued operation in the consolidated financial statements of the Company, and the comparison figures for the year ended 31 December 2017 was restated accordingly.

The Board has been considering different possibilities to meet the future development needs of the Group, including further expanding the Group's business into the PRC by introduction of potential investment partners, development of new platform and adoption of new business models to improve the business operations of the Cosmetics Business Segment, or by streamlining and retrenching the current business in order to reallocate the resources into more profitable business.

The Board confirmed that the Group should continue to operate the business of trading of cosmetics and skincare products upon completion of the Disposal. However, in view of the fierce competition in the cosmetic and facial beauty industry in Hong Kong, the Group will focus its search for new potential partners or target companies and new products in the PRC. The Board has also decided that if, in any event, the Management is unable to identify any new potential partners or target companies and new products by September 2019, the Board will consider discontinue this business segment. As at date of this announcement, the Company has not identified any investment target or cooperation partners.

Money Lending Business

During the Reporting Period, the Company has appointed several Directors to assist the Group in its business expansion and with their background and business connection, the Company is confident that the Group is capable of identifying financial resources with attractive terms. During the Reporting Period, the Board has successfully entered into a HK$100 million unsecured loan facility arrangement with a financial institution at a favourable rate for the expansion of the money lending business of the Group. Reference is made to the announcement of the Company dated 29 November 2018, a wholly-owned subsidiary of the Company entered into a secured loan agreement of HK$85,000,000 with Borrower A on 29 November 2018, the relevant loan will generate a gross interest profit margin of 1.5%. In addition, the wholly-owned subsidiary of the Company has also entered into a secured loan agreement of HK$15,000,000 with Borrower B on 31 December 2018, the relevant loan will generate a gross interest profit margin of 1.5%.

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue from continuing operations was approximately HK$27.0 million, representing an approximately 18.6% increase as compared with approximately HK$22.8 million for the Corresponding Period. The increase in the Group's revenue from continuing operations was mainly due to the increase in revenue derived from mining products business segment.

The revenue from continuing operations of the Group contributed by the mining products business segment during the Reporting Period was approximately HK$25.2 million, representing an approximately 18.1% increase as compared with approximately HK$21.4 million for the Corresponding Period. The increase was mainly due to the additional sales of sub-mining ore produced during the rectification improvement process.

During the Reporting Period, the revenue from continuing operations of the Group contributed by money lending business was approximately HK$1.8 million, representing an approximately 26.1% as compared with approximately HK$1.4 million for the Corresponding Period.

The revenue from discontinued operation of the Group contributed by the cosmetics and skincare products business segment was approximately HK$22.4 million for the period from 1 January 2018 to 28 December 2018 representing an approximately 4.4% increase as compared with approximately HK$21.4 million for the Corresponding Period. There was recorded approximately HK$15.0 million gain on disposal of the cosmetics and skincare products business segment.

The gross profit of the continuing operations for the Reporting Period was approximately HK$16.8 million, representing an increase of approximately 28.2% as compared with approximately HK$13.1 million for the Corresponding Period.

The loss for the Reporting Period from the continuing operations and discounted operation of the Group was approximately HK$94.3 million and the Corresponding Period was approximately HK$24.2 million. The significant increase in loss during the Reporting Period was mainly due to certain impairment losses: (i) impairment loss on the mining right of approximately HK$54.9 million; (ii) impairment loss on property, plant and equipment of approximately HK$17.6 million; (iii) impairment loss on prepayment of property, plant and equipment of approximately HK$20.0 million; and (iv) impairment loss on loan receivables of approximately HK$6.3 million.

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. 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

As disclosed in the 2018 Interim Report, the core direction of the Company will be remain unchanged, which includes continuing its effort to improve its mining capability and facilities with the goal to maximise the output efficiency of the gold mines. The following areas will require further capital investment for improvement: (i) mine site facilities in the mine located in the eastern side of the site; (ii) plants for mining products processing; and (iii) ancillary facilities, including mine ventilation systems. The Group will also formulate mining projects to better utilise the mine facilities to enhance its output efficiency.

Following the completion of the disposal of the Group's operating company in the cosmetics and skincare products business segment, the Group will continue to explore other strategic investment opportunities to maximise the value for the Shareholders, including investments in the primary securities offerings and secondary stock market in the PRC, Hong Kong or worldwide if opportunities arise.

As disclosed in the 2018 Interim Report and the announcement of the Company dated 6 November 2018, the world is changing through internet and mobile applications, the Management is considering, among other options, development and deployment of resources in the big data and e-commerce industries. After considering and studying the global economic environment, the trends in the PRC's future economic and business development model and the future development of the Company's existing business, the Board believes that the Group, among others, should focus on big data, e-commerce and blockchain technology, especially in providing and assisting its internal and external customers in tailor-made blockchain services in order to add value for their businesses, such as (i) blockchain technology software and program research and development; (ii) constructing a big data chain and tailor made platform; (iii) solutions for ubiquitous problem of the big data sharing platform; and (iv) exchange platform. For the Reporting Period, the Company has started to set up the relevant team in order to capture this opportunity, and also to look for potential partners or acquisition targets to bring long-term benefits to the Shareholders.

As such, on 6 November 2018, the Company announced that the Board having considered the funding needs of the Group for its existing business operations and the future business development, the Board has decided to raise funds in the form of the Potential Convertible Bonds and the Management has been authorised to make contacts with potential investors with a view to raise not more than HK$200 million. Other terms and conditions of the Potential Convertible Bonds will be subject to the market conditions and negotiations with the potential investors.

The Board intends to apply the net proceeds from the issue of the Potential Convertible Bonds, after deduction of all relevant costs and expenses, to (i) approximately 35% for the repayment of the existing convertible bonds of the Company which will be due for repayment in May 2019 (if not converted prior to the maturity date) and accrued interest; (ii) approximately 25% for the capital investment required for the improvement of the Group's mining capability and facilities; (iii) approximately 20% for potential investment in the blockchain digital technology as mentioned above; (iv) approximately 5% as capital investment in the money lending segment; and (v) approximately 15% as working capital of the Group. The actual allocations of the net proceeds have not been decided yet. The Board will consider the actual allocations upon the receipt of commitment from the potential investors. As at the date of this announcement, the Board has not identified any investment targets.

Furthermore, the Management noted there was a change of substantial Shareholder of the Company in October 2018 and Chunda International Technology Development Co., Limited has become a substantial shareholder of the Company interested in approximately 23.35% of the issued share capital of the Company. The Management will study its background and investment strategic plan with a view to tap the experience, connections and resources of the new substantial shareholder to enhance the business prospects of the Group.

Looking forward, the Management will continue modifying and finessing the Group's strategic plan, adjusting to the changes in the dynamic business environment in the PRC 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. The Management will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operation with internally generated cashflows and borrowings.

As at 31 December 2018, the Group had unpledged bank and cash balances of approximately HK$1.2 million (2017: approximately HK$3.2 million). The gearing ratio was approximately 148.8% (2017: approximately 51.3%) and the borrowings and convertible bonds of the Group was approximately HK$173.1 million (2017: approximately HK$59.0 million). The Group reported net current liabilities of approximately HK$36.6 million as at 31 December 2018 (2017: net current assets of approximately HK$55.5 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 2018, the Group did not have any significant contingent liability (2017: nil).

BANK BORROWINGS

As at 31 December 2018, the Group did not have any outstanding bank loan (2017: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2018, the Group employed 204 staff members (2017: 110). 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 (2017: nil).

ANNUAL GENERAL MEETING

The AGM is tentatively scheduled to be held on 6 June 2019. 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. On 24 April 2019, the Audit Committee comprises 4 INEDs, namely: Mr. Cai Jianhua, Mr. Ho Wing Chung, Mr. Xie Qiangming and Ms. Liu Shuang (resigned as an INED with effect from the conclusion of the Board meeting held on 24 April 2019).

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 two deviations: (i) E.1.5 which requires the Company to have a dividend policy. The reason for the deviation is that, given the Company has not distributed any dividends in the past few years and this year, there was no immediate need for the Board to convene a meeting only to adopt the draft written policy. The dividend policy was ratified and approved at the Board meeting held on 29 March 2019; and (ii) C.1.2 which requires the Management to provide monthly updates to the Board. The reason for the deviation is that, in view of the small changes in the operating status of the Group each month in the past years, the Board agreed to accept no less frequent than quarterly interval updates.

The Company failed to publish the annual results for the financial year ended 31 December 2018 on time, which constituted a non-compliance with Rule 13.49(1) of the Listing Rules.

Since the conclusion of the Board meeting held on 24 April 2019, the Company has only three INEDs, therefore the number of the INEDs fell below the minimum number required under Rule 3.10(A) of the Listing Rules. The Board is in the process of identifying a suitable candidate to fill the vacancy as soon as practicable and in any event within 3 months from 24 April 2019 pursuant to Rule 3.11 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 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, but there is still room for improvement, therefore, the Board will strengthen the internal control and monitoring process especially at the subsidiary level. 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 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

This 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.

RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Main Board of the Stock Exchange has been suspended at the request of the Company on 1 April 2019 pending the publication of this announcement. The Company has submitted an application to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 26 April 2019.

DEFINITIONS

"2016 Reporting Period"	the year ended 31 December 2016
"2017 Reporting Period"	the year ended 31 December 2017
"2018 Interim Period"	the six months ended 30 June 2018
"2018 Interim Report"	the interim report of the Company for the 2018 Interim Period
"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
"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 2017
"Cristal Marketing"	Cristal Marketing Management Company Limited, a company incorporated in Hong Kong with limited liability and was a subsidiary of the Group prior to the completing of the Disposal
"Disposal"	the disposal of the Sale Shares as set out in the Sale and Purchase Agreement
"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 3 January 2019 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
"NED(s)"	the non-executive Director(s)
"Purchaser"	True Wonder Global Limited, a company incorporated in the British Virgin Islands with limited liability
"Reporting Period"	the period for the year ended 31 December 2018
"Offer Price"	HK$0.03 for each of the Offer Shares
"Offer Shares"	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 of HK$0.10 each held by the Qualifying Shareholders on the Open Offer record date at the Offer Price

"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
"Potential Convertible Bonds"	the potential issue of convertible bonds under general mandate as announced by the Company on 6 November 2018
"Sale and Purchase Agreement"	the agreement entered into between the Company, the Vendor and the Purchaser dated 15 October 2018 for, among other things, the sale and purchase of the Sale Shares
"Sale Shares"	5,010,000 issued shares of HK$1.00 each in the capital of the Cristal Marketing registered in the name of the Vendor representing the entire issued share capital of the Cristal Marketing
"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
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"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
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Supreme China Limited, a company incorporated in the British Virgin Islands with Limited liability and is wholly-owned by the Company
"%"	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 of the Board

Hong Kong, 25 April 2019

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
Mr. Zhang Li
Mr. Zhang Yiwen

Non-executive directors:
Mr. Zhang Jing
Mr. Zhang Wei

Independent non-executive directors:
Mr. Cai Jianhua
Mr. Ho Wing Chung
Mr. Xie Qiangming