

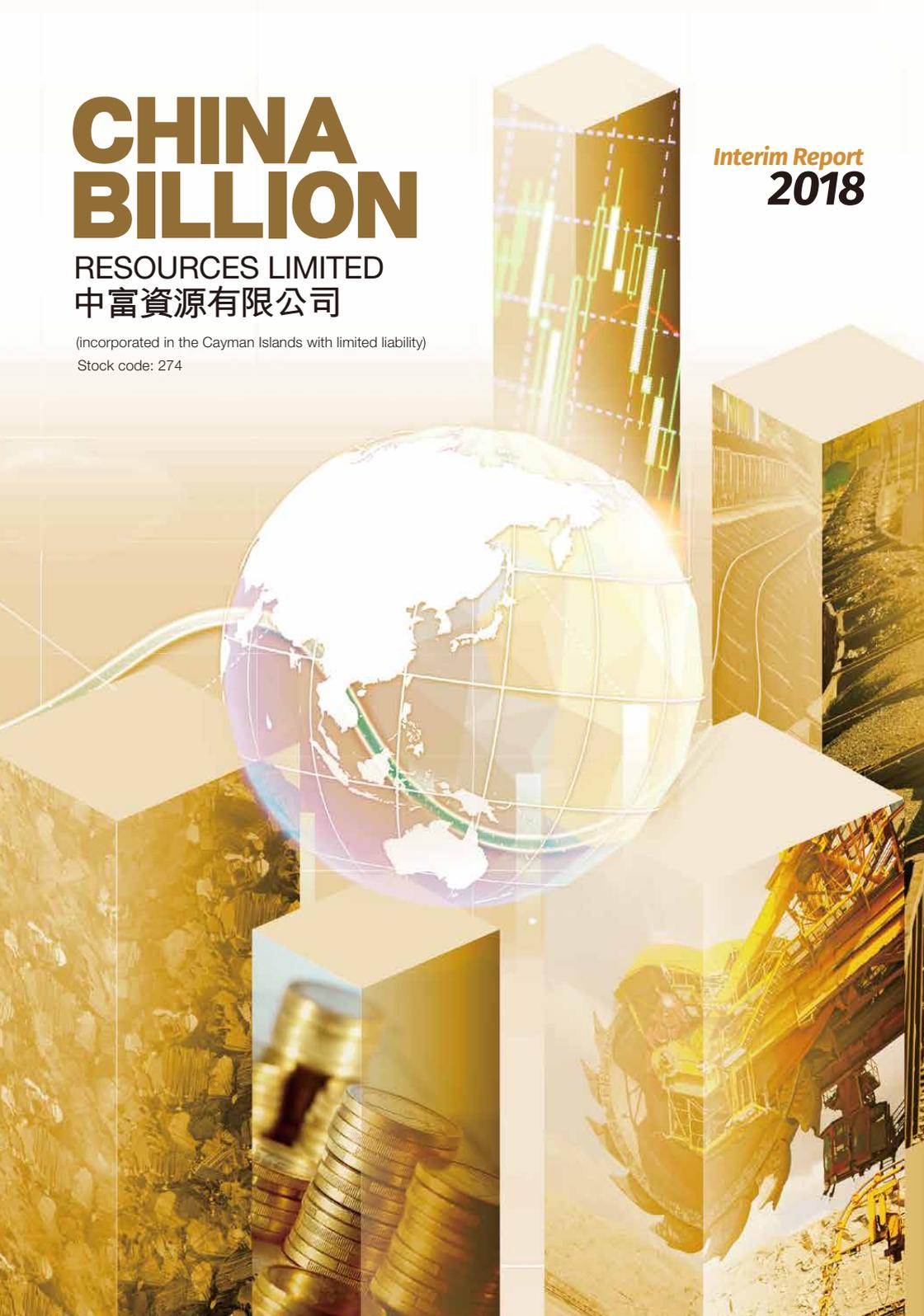
CHINA BILLION

RESOURCES LIMITED
中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 274

Interim Report
2018



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

(*appointed on 18 April 2018*)

NEDs

Mr. Ng Kwok Kei Sammy

(*appointed on 29 March 2018*

and resigned on 31 August 2018)

Mr. Wong Wa Tak Barry

(*appointed on 29 March 2018*

and resigned on 31 August 2018)

Mr. Zhang Jing

(*appointed on 1 September 2018*)

Mr. Zhang Wei

(*appointed on 1 September 2018*)

INEDs

Mr. Cai Jianhua

Mr. Ho Wing Chung

(*appointed on 17 July 2018*)

Ms. Liu Shuang

Mr. Xie Qiangming

(*appointed on 17 July 2018*)

AUDIT COMMITTEE

Mr. Cai Jianhua (*Chairman*)

Mr. Ho Wing Chung

(*appointed on 17 July 2018*)

Ms. Liu Shuang

Mr. Xie Qiangming

(*appointed on 17 July 2018*)

REMUNERATION COMMITTEE

Ms. Liu Shuang (*Chairman*)

Mr. Cai Jianhua

Mr. Ho Wing Chung

(*appointed on 17 July 2018*)

Mr. Long Xiaobo

Mr. Xie Qiangming

(*appointed on 17 July 2018*)

NOMINATION COMMITTEE

Mr. Long Xiaobo (*Chairman*)

Mr. Cai Jianhua

Mr. Ho Wing Chung

(*appointed on 17 July 2018*)

Ms. Liu Shuang

Mr. Xie Qiangming

(*appointed on 17 July 2018*)

Mr. Zuo Weiqi

COMPANY SECRETARY

Ms. Sun Shui

AUTHORISED REPRESENTATIVES

Mr. Chen Yi-chung

Mr. Zuo Weiqi

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2105, 21/F

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited

Unit 701, 7/F., Citicorp Centre

18 Whitfield Road

Causeway Bay

Hong Kong

LEGAL ADVISOR

Reed Smith Richards Butler

(*as to Hong Kong Law*)

20/F., Alexandra House

1 Chater Road, Central

Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central

Hong Kong

COMPANY'S WEBSITE

www.chinabillion.net

STOCK CODE

274

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

For the mining products segment, Hunan Westralian continued to work on improvement construction works. After carrying out a number of safety technical rectifications in accordance with the requirements of the local government's mining authorities, Hunan Westralian is currently preparing for the mining technical reform project in the East Mine. The scale of the mining technical reform project will include: (i) integration of transportation, ventilation, drainage, gas supply, water supply and power supply systems; (ii) underground and tunnel construction works; (iii) upgrading of mining and lifting equipment; and (iv) industrial plant construction works. 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.

For the cosmetics and skincare products segment, the revenue dropped slightly during the Reporting Period. Facing the keen competition in the industry, Management continues to adopt a relatively precautionous approach and has been considering different business strategies to make a breakthrough.

For the money lending segment, Management has adopted a prudent approach in identifying borrowers which could provide the Group with stable fixed income under an acceptable risk level. Management will continue to study the market situation to seize the advantages of this business segment and will strive to expand the business steadily.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$12.6 million, representing a decrease of approximately 2.9% as compared to approximately HK\$13.0 million for the Corresponding Period.

The revenue contributed by the mining products segment during the Reporting Period was approximately HK\$2.6 million, representing an increase of approximately 2.24 times as compared with approximately HK\$0.8 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 cosmetics and skincare products segment for the Reporting Period was approximately HK\$9.3 million, representing a decrease of approximately 18.9% as compared with approximately HK\$11.5 million for the Corresponding Period. The decrease in revenue in this segment was mainly due to the keen competition in the industry.

During the Reporting Period, the revenue contributed by the money lending segment was approximately HK\$0.7 million which was same as those for Corresponding Period.

The gross profit for the Reporting Period was approximately HK\$8.3 million, representing a decrease of approximately 25.2% as compared with approximately HK\$11.1 million for the Corresponding Period.

The loss for the Reporting Period for the Group was approximately HK\$17.4 million and the Corresponding Period was approximately HK\$12.5 million. The increase in loss was mainly due to the decrease in gross profit of approximately HK\$2.8 million and the increase in administrative expenses of approximately HK\$1.5 million and finance costs of approximately HK\$0.5 million in the Reporting Period.

PROSPECTS

During the Reporting Period, the core direction of the Company will 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 Mine. 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.

As mentioned previously in the 2017 Annual Report and the 2017 Interim Report, 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 announcements dated 18 July 2016 and 2 November 2016). As at the date of this interim report, Management is awaiting further concrete business performance of the Chinese domestic company before incurring further resources, therefore, the due diligence process on the Chinese domestic company has slowed down.

In view of the fierce competition in the cosmetic and facial beauty industry and the performance of the cosmetics and skincare products segment of the Group in recent years, Management is considering different possibilities to meet the future development needs of the Group, including further expanding the Group's business into China by introduction of potential investment partners, development of new platform and adoption of new business models to improve the Group's cosmetics and skincare products business operations, or by streamlining and retrenching the business in order to reallocate the resources into more profitable business.

The Group has been exploring other strategic investment opportunities to maximise the value for the Shareholders. In this regard, in 2017, the Group has made a number of small investments in the primary securities offerings and secondary stock market in China, Hong Kong or worldwide and will continue to do so. Other than the MOU in relation to the potential investment mentioned above, as at the date of this interim report, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

As stated in the 2017 Interim Report, as the world is changing through internet and mobile applications, 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 and the trends in PRC's future economic and business development model, Management believes that emerging industries such as big data, blockchain technologies, e-commerce and e-platforms, are rapidly expanding and have become an irreversible new trend, Management has decided that the Group should focus on big data and e-commerce, especially in the blockchain technology in its future development. Blockchain technology will transform the commercial application of the financial services industry and community communications, particularly in clearing and settlement, cross-border payments, settlement and transactions. Therefore, Management will study this new business idea in-depth, if the conclusion is that this business will help the Group's future development and bring long-term benefits to the Shareholders, the Company will make every effort to push forward, otherwise Management will searching for other profitable business opportunities.

Looking forward, 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. Management will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had unpledged cash and bank balances of approximately HK\$4.9 million (31 December 2017: approximately HK\$3.2 million). The gearing ratio was approximately 56.9% (31 December 2017: approximately 51.3%) and the borrowings and convertible bonds of the Group was approximately HK\$61.6 million (31 December 2017: approximately HK\$59.0 million). The Group reported net current assets of approximately HK\$44.5 million and HK\$55.5 million as at 30 June 2018 and 31 December 2017 respectively.

Details of the maturity profile and interest rate structure of the convertible bonds of the Group are set out in note 15 to the Interim Financial Statements of this interim report.

COMMITMENTS

Particulars of commitments of the Group as at 30 June 2018 and 31 December 2017 are set out in the note 18 to the Interim Financial Statements of this interim report.

CONTINGENT LIABILITY

As at 30 June 2018, the Group did not have any significant contingent liability (31 December 2017: nil).

BANK BORROWINGS

As at 30 June 2018, the Group did not have any outstanding bank loan (31 December 2017: nil).

EMPLOYEES AND REMUNERATION

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

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

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

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

As at 30 June 2018, the Group employed 93 staff (2017: 110). The remuneration of employees was commensurate with the market trend, the level of pay in the industry and with the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group had generated revenues and incurred costs mainly in Hong Kong dollar and Renminbi. After considering the fluctuation in Renminbi, the Directors believed that the Group's exposure to fluctuation in foreign exchange rates was minimal, and therefore, the Group had not employed any financial instruments for hedging purpose.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (2017: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

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

UPDATE ON THE USE OF PROCEEDS FROM THE OPEN OFFER

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

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

- (ii) approximately HK\$45.0 million as capital investment in the mining products segment;
- (iii) approximately HK\$33.0 million as a future investments fund for possible potential merger and acquisition projects; and
- (iv) approximately HK\$37.0 million as working capital for the existing businesses of the Group.

As disclosed in the announcement dated 22 September 2017, in light of the fact that (1) the Company is improving the mining facilities to maximise the output efficiency in the mining products segment, as referred in the interim report of the Company for the six months ended 30 June 2017; and (2) the Group has utilised all the proceeds from the Open Offer allocated as working capital and needed to replenish the working capital, the Board has decided to change the use of (i) approximately HK\$17.0 million from the unutilised proceeds for possible early redemption of the Settlement Convertible Bonds by the Company as no early redemption of convertible bonds has occurred, and (ii) approximately HK\$15.0 million from the unutilised proceeds for the future investments to the working capital of the Group.

As at 30 June 2018, the actual use of proceeds from the Open Offer have been fully utilised as follows:

- (i) HK\$18.0 million of proceeds have been utilised for the settlement of current liabilities. There is no early redemption occurred during the Reporting Period, approximately HK\$17.0 million have been utilized as working capital for the existing business of the Group;
- (ii) a total of HK\$45.0 million of the proceeds have been fully utilised on capital investment in the mining products segment, which included approximately HK\$14.4 million on tunnel Construction, approximately HK\$13.4 million on purchase of machinery, approximately HK\$11.5 million on environmental construction work, and approximately HK\$5.7 million on road-building construction;
- (iii) the proceeds have been fully utilised HK\$18.0 million on money lending segment; and
- (iv) approximately HK\$52.0 million of the proceeds have been fully utilised as working capital for the existing business of the Group.

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

DIRECTORS

The Directors during the Reporting Period and up to the publication date of this interim report were:

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 (*appointed on 18 April 2018*)

NEDS

Mr. Ng Kwok Kei Sammy (*appointed on 29 March 2018 and resigned on 31 August 2018*)

Mr. Wong Wa Tak Barry (*appointed on 29 March 2018 and resigned on 31 August 2018*)

Mr. Zhang Jing (*appointed on 1 September 2018*)

Mr. Zhang Wei (*appointed on 1 September 2018*)

INEDS

Mr. Cai Jianhua

Mr. Ho Wing Chung (*appointed on 17 July 2018*)

Ms. Liu Shuang

Mr. Xie Qiangming (*appointed on 17 July 2018*)

Mr. Liu Feng (*retired on 25 May 2018*)

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed below or otherwise in this interim report, the Board confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- (i) Mr. Liu Feng retired as an INED and members of the Company's nomination committee, remuneration committee and audit committee at the AGM held on 25 May 2018;
- (ii) Mr. Ng Kwok Kei Sammy and Mr. Wong Wa Tak Barry were appointed as NEDs on 29 March 2018 and resigned on 31 August 2018;
- (iii) Mr. Ho Wing Chung and Mr. Xie Qiangming were appointed as INED and members of the Company's nomination committee, remuneration committee and audit committee on 17 July 2018; and
- (iv) Mr. Zhang Jing and Mr. Zhang Wei were appointed as NEDs on 1 September 2018.

Details of appointment of Mr. Ng Kwok Kei Sammy, Mr. Wong Wa Tak Barry, Mr. Ho Wing Chung, Mr. Xie Qiangming, Mr. Zhang Jing and Mr. Zhang Wei and their biographical information are set out in the Company's announcements dated 29 March 2018, 17 July 2018 and 31 August 2018 respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Reporting Period.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme which was approved by Shareholders at the extraordinary general meeting held on 22 February 2016.

The exercise period of the share options is determined by the Board. The Board is entitled to make any offer to any eligible participant within the 10 years period starting from 22 February 2016, they may determine the number of underlying shares, the subscription price and the expiration day in full discretion.

The goal of the Share Option Scheme is to enable the Group to grant share options to eligible participants as incentives or rewards for their contributions to the Group, thereby linking their interests with that of the Group. The eligible participants include any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary).

The total number of shares the Company may issue in any 12-month period under the Share Option Scheme is limited to 1% of the shares of the Company issued. Any further grant of share options exceeding this limit is subject to Shareholders' approval in a general meeting.

Under the Share Option Scheme, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to INEDs' approval. In the cases where share options are granted to a substantial shareholder or an INED, (i) if the total number of Shares granted exceeds 0.1% of the issued shares of the Company, or (ii) if the aggregated value (based on the closing price at the date of grant) is over HK\$5 million within the twelve months period, the grant is subject to Shareholders' approval in a general meeting.

The offer of a grant of share options shall deem to be accepted when the offer letter is duly signed by the grantee and the nominal consideration for the grant of HK\$1 is received by the Company within 21 days from the date of the offer.

The exercise price of the share option is determined by the Board, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of Stock Exchange on the date of the offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

On the basis of 17,544,977,408 issued Shares as at 30 June 2018 and no further Shares has been issued or repurchased by the Company before the annual general meeting, the maximum number of shares options that can be exercised under the refreshed mandate limit of the Share Option Scheme is 1,754,497,740 Shares, representing 10% of such issued share capital and such limit does not exceed the 30% limit stipulated under Note (2) to Rule 17.03(3) of the Listing Rules. The Director will be authorised to issue share options to subscribe for a total of 1,754,497,740 Shares, representing 10% of the total number of Shares in issue at 30 June 2018. No share options under the Share Option Scheme were granted, exercised, cancelled, lapsed or outstanding during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY

Save as disclosed below, as at 30 June 2018, none of the Directors or chief executive of the Company or their associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange:

Name of Director	Name of Group member/ associated corporation	Capacity	Number of ordinary shares <i>(note 1)</i>	Approximate percentage of shareholding
Mr. Long Xiaobo	Company	Interest of controlled corporation	8,602,636,072 (L)	49.03%
		Beneficial owner	1,046,720,224 (L)	5.97%

Notes:

1. The letter "L" denotes long position in the shares of the Company.
2. The aggregate of 9,649,356,296 Shares in which Mr. Long was interested comprise (i) 1,046,720,224 Shares directly held by Mr. Long; (ii) 4,310,109,482 Shares directly held by Golden Pinnacle Business Limited; (iii) 1,247,689,528 Shares directly held by Billion Glory Capital Investment Limited; and (iv) 3,044,837,062 Shares directly held by Gain Faith Investments Limited. Golden Pinnacle Business Limited, Billion Glory Capital Investment Limited and Gain Faith Investments Limited are wholly and beneficially owned by Mr. Long. OP Financial Limited (formerly known as OP Financial Investments Limited) has a security interest over all the Shares beneficially, directly and indirectly held by Mr. Long, and is deemed to be interested in such Shares.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

Save as disclosed below, as at 30 June 2018, to the best knowledge of the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, as recorded in the register maintained by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity	Number of ordinary shares <i>(note 1)</i>	Approximate percentage of shareholding
Golden Pinnacle Business Limited	Beneficial Owner	4,310,109,482 (L) <i>(note 2)</i>	24.57%
Gain Faith Investments Limited	Beneficial Owner	3,044,837,062 (L) <i>(note 2)</i>	17.35%
Billion Glory Capital Investment Limited	Beneficial Owner	1,247,689,528 (L) <i>(note 2)</i>	7.11%

Notes:

1. The letter "L" denotes long position in the Shares of the Company or the relevant associated corporation.
2. These three companies are wholly and beneficially owned by Mr. Long, an Executive Director and the Chairman of the Board. OP Financial Limited (formerly known as OP Financial Investments Limited) has a security interest over the Shares beneficially and directly held by the three companies above and the Shares beneficially and directly held by Mr. Long of which disclosed in page 11 of this interim report, and is deemed to be interested in such Shares.

Save as disclosed above, the Company has not been notified of any other relevant interest or short positions held by any person (other than a Director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued share capital throughout the Reporting Period and as at the date of this interim report.

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

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000
Revenue	5	12,622	13,001
Cost of sales and services rendered		(4,324)	(1,911)
Gross profit		8,298	11,090
Other income and gains		18	203
Selling and distribution expenses		(238)	(219)
Administrative expenses		(19,914)	(18,421)
Loss from operations		(11,836)	(7,347)
Finance costs	6	(3,941)	(3,467)
Loss before tax		(15,777)	(10,814)
Income tax expense	7	(1,650)	(1,658)
Loss for the period	8	(17,427)	(12,472)
Other comprehensive (loss)/income after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,825)	4,273
Total comprehensive loss for the period		(20,252)	(8,199)
Loss for the period attributable to:			
Owners of the Company		(14,501)	(12,014)
Non-controlling interests		(2,926)	(458)
		(17,427)	(12,472)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(16,368)	(8,360)
Non-controlling interests		(3,884)	161
		(20,252)	(8,199)
Loss per share (HK cents)			
Basic and diluted	9	(0.08)	(0.07)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
Non-current assets			
Property, plant and equipment	10	70,952	72,246
Mining right	11	221,165	223,959
		292,117	296,205
Current assets			
Inventories		529	239
Trade and other receivables	12	48,550	58,265
Loan to a customer	13	18,836	18,245
Amount due from a related company		9,397	9,508
Amount due from directors		100	4,538
Bank and cash balances		4,903	3,213
		82,315	94,008
Current liabilities			
Trade and other payables	14	11,428	12,819
Contract liabilities		26,393	24,383
Derivative financial instruments		34	34
Borrowings		—	1,283
		37,855	38,519
Net current assets			
		44,460	55,489
Total assets less current liabilities			
		336,577	351,694
Non-current liabilities			
Convertible bonds	15	61,626	57,685
Deferred tax liabilities	16	39,376	38,182
		101,002	95,867
NET ASSETS			
		235,575	255,827
Capital and reserves			
Share capital	17	175,449	175,449
Reserves		94,000	110,368
		269,449	285,817
Equity attributable to owners of the Company		(33,874)	(29,990)
Non-controlling interests			
TOTAL EQUITY			
		235,575	255,827

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2018

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	
At 1 January 2017	175,449	488,361	300	30,866	(408,921)	286,055	(25,129)	260,926
Total comprehensive income/ (loss) for the period	-	-	-	3,654	(12,014)	(8,360)	161	(8,199)
At 30 June 2017	175,449	488,361	300	34,520	(420,935)	277,695	(24,968)	252,727
At 1 January 2018	175,449	488,361	300	46,477	(424,770)	285,817	(29,990)	255,827
Total comprehensive loss for the period	-	-	-	(1,867)	(14,501)	(16,368)	(3,884)	(20,252)
At 30 June 2018	175,449	488,361	300	44,610	(439,271)	269,449	(33,874)	235,575

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	146	(703)
Net cash generated from/(used in) investing activities	2	(652)
Net cash used in financing activities	(1,283)	(678)
Net decrease in cash and cash equivalents	(1,135)	(2,033)
Effect of foreign exchange rate changes	2,825	(4,465)
Cash and cash equivalents at beginning of period	3,213	49,134
Cash and cash equivalents at end of period	4,903	42,636
Analysis of cash and cash equivalents		
Bank and cash balances	4,903	42,636

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2018

1. GENERAL INFORMATION

China Billion Resources Limited was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2105, 21/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) gold 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.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

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

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (CONT'D)

(a) Financial assets (Cont'd)

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

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

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (CONT'D)

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

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

For the six months ended 30 June 2018

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. HKFRSs comprise HKFRS, HKAS 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 period and prior periods.

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. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(i) Disclosures of level in fair value hierarchy

Fair value measurements using:

Level 2
HK\$'000

At 30 June 2018

Recurring fair value measurements:
Derivative financial instruments

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

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (CONT'D)

(i) Disclosures of level in fair value hierarchy (Cont'd)

Level 2

HK\$'000

At 31 December 2017

Recurring fair value measurements:

Derivative financial instruments	34
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(ii) Disclosure of valuation techniques and inputs used in fair value measurements:

Description	Valuation technique	Inputs	Fair value	Fair value
			30 June 2018	31 December 2017
			HK\$'000	HK\$'000
Derivative financial instruments	Binomial model	Expected Volatility	34	34
		Discount rate		
		Expected dividend yield		

During the Reporting Period, there was no changes in the valuation techniques used.

5. REVENUE AND 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.

Segment liabilities do not include convertible bonds.

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

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities:

	Mining products <i>HKS'000</i>	Cosmetics and skincare products <i>HKS'000</i>	Money lending <i>HKS'000</i>	Total <i>HKS'000</i>
<i>For the six months ended 30 June 2018</i>				
Revenue from external customers	2,594	9,314	714	12,622
Segment (loss)/profit	(3,231)	(1,513)	713	(4,031)
Depreciation	188	671	-	859
Income tax expense	1,650	-	-	1,650
Additions to segment non-current assets	-	-	-	-
<i>As at 30 June 2018</i>				
Segment assets	342,194	9,820	18,968	370,982
Segment liabilities	49,245	26,824	10	76,079
<i>For the six months ended 30 June 2017</i>				
Revenue from external customers	800	11,487	714	13,001
Segment (loss)/profit	(2,295)	(54)	713	(1,636)
Depreciation	362	819	-	1,181
Income tax expense	1,658	-	-	1,658
Additions to segment non-current assets	-	649	-	649
<i>As at 31 December 2017</i>				
Segment assets	354,273	10,657	18,444	383,374
Segment liabilities	48,404	26,155	10	74,569

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

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, profit or loss:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
<u>Revenue</u>		
Total revenue of reportable segments and consolidated revenue	12,622	13,001
<u>Profit or loss</u>		
Total loss of reportable segments	(4,031)	(1,636)
Finance costs	(3,941)	(3,467)
Other profit or loss	(9,455)	(7,369)
Consolidated loss for the period	(17,427)	(12,472)

Breakdown of revenue:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Cosmetics and skincare products and services	9,314	11,487
Mining products	2,594	800
Revenue from contract with customers	11,908	12,287
Interest income of money lending	714	714
Total revenue	12,622	13,001

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

For the six months ended 30 June 2018

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

Disaggregation of revenue from contracts with customers:

	Mining products HK\$'000	Cosmetics and skincare products HK\$'000	Total HK\$'000
<i>For the six months ended 30 June 2018</i>			
<i>Geographical markets</i>			
Hong Kong	-	9,314	9,314
The PRC	2,594	-	2,594
Total	2,594	9,314	11,908
<i>Major products/services</i>			
Cosmetics and skincare products and services	-	9,314	9,314
Mining products	2,594	-	2,594
Total	2,594	9,314	11,908
<i>Timing of revenue recognition</i>			
At a point in time	2,594	-	2,594
Over time	-	9,314	9,314
Total	2,594	9,314	11,908
<i>For the six months ended 30 June 2017</i>			
<i>Geographical markets</i>			
Hong Kong	-	11,487	11,487
The PRC	800	-	800
Total	800	11,487	12,287
<i>Major products/services</i>			
Cosmetics and skincare products and services	-	11,487	11,487
Mining products	800	-	800
Total	800	11,487	12,287
<i>Timing of revenue recognition</i>			
At a point in time	800	-	800
Over time	-	11,487	11,487
Total	800	11,487	12,287

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

For the six months ended 30 June 2018

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Interest of Settlement Convertible Bonds	3,941	3,450
Loan interest	-	17
	3,941	3,467

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Deferred tax (note 16)	1,650	1,658

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period. (2017: Nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the Reporting Period is 25% (2017: 25%).

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Directors' remuneration	2,501	1,866
Cost of sales and services rendered	4,324	1,911

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the Reporting Period is based on the loss for the period attributable to owners of the Company of approximately HK\$14,501,000 (2017: approximately HK\$12,014,000) and the weighted average number of ordinary shares of approximately 17,544,977,000 (2017: approximately 17,544,977,000) in issue during the Reporting Period.

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

For the six months ended 30 June 2018

9. LOSS PER SHARE (CONT'D)

Diluted loss per share

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group did not acquire any property, plant and equipment (2017: approximately HK\$659,000).

11. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2017	1,406,314
Exchange differences	104,087
	<hr/>
At 31 December 2017	1,510,401
Exchange differences	(17,674)
	<hr/>
At 30 June 2018	1,492,727
	<hr/>
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
	<hr/>
At 31 December 2017	1,286,442
Amortisation for the period	173
Exchange differences	(15,053)
	<hr/>
At 30 June 2018	1,271,562
	<hr/>
Carrying amount	
At 30 June 2018	221,165
	<hr/>
At 31 December 2017	223,959
	<hr/>

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

For the six months ended 30 June 2018

11. MINING RIGHT (CONT'D)

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.

12. TRADE AND OTHER RECEIVABLES

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Trade receivables	13,102	21,501
Prepayments	895	1,854
Prepayments of property, plant and equipment	29,769	30,121
Deposits	4,343	4,347
Other receivables	441	442
	48,550	58,265

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

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Current to 30 days	3,229	6,419
31 – 60 days	1,077	13,755
61 – 90 days	–	1,327
181 – 365 days	8,796	–
	13,102	21,501

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

For the six months ended 30 June 2018

13. LOAN TO A CUSTOMER

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
Loan to a customer (current portion)	18,836	18,245

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:

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
Within one year	18,836	18,245

14. TRADE AND OTHER PAYABLES

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
Trade payables	419	1,747
Accrued liabilities and other payables	11,009	11,072
	11,428	12,819

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

	30 June 2018	31 December 2017
	HK\$'000	HK\$'000
Current to 30 days	413	-
31 – 60 days	6	699
Over 90 days	-	1,048
	419	1,747

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

For the six months ended 30 June 2018

15. CONVERTIBLE BONDS

Settlement Convertible Bonds

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

	<i>HK\$'000</i>
Liability component at 1 January 2017	50,487
Effective interest charged to profit or loss during the year 2017	<u>7,198</u>
Liability component at 31 December 2017	57,685
Effective interest charged to profit or loss during the period 2018	<u>3,941</u>
Liability component at 30 June 2018	<u>61,626</u>

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

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

For the six months ended 30 June 2018

16. DEFERRED TAX LIABILITIES

	Revaluation of mining right
	<i>HK\$'000</i>
At 1 January 2017	34,572
Charge to profit or loss for the year	1,015
Exchange differences	2,595
	<hr/>
At 31 December 2017 and 1 January 2018	38,182
Charge to profit or loss for the period	1,650
Exchange differences	(456)
	<hr/>
At 30 June 2018	39,376

No deferred tax asset have been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

17. SHARE CAPITAL

	Number of shares	Amount
	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
At 1 January 2017, 31 December 2017 and 30 June 2018 (25,000,000,000 ordinary shares of HK\$0.01 each)	25,000,000	250,000
	<hr/>	<hr/>
Issued and fully paid:		
At 1 January 2017, 31 December 2017 and 30 June 2018 (17,544,977,408 ordinary shares of HK\$0.01 each)	17,544,977	175,449
	<hr/>	<hr/>

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

For the six months ended 30 June 2018

18. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Property, plant and equipment		
Contracted but not provided for	16,567	16,763

19. CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2018 and 31 December 2017.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following transactions with its related parties during the periods:

	Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Professional fee paid to a related company	500	240

One director has control over the above related company.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 31 August 2018.

DEFINITIONS

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

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Auditor” or “ZHONGHUI ANDA”	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
“Board”	the board of Directors
“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
“Chief Executive Officer”	the chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China, but for the purposes of this interim report 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 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 six months ended 30 June 2017
“Director(s)”	the director(s) of the Company
“Excluded Shareholder(s)”	overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares where, in the opinion of the Board (having made relevant and necessary enquiries), it would or might be unlawful or impracticable to offer the Offer Shares in such places on account of any legal or regulatory restrictions or special formalities in such places
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province, the PRC
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Westralian”	Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company
“Interim Financial Statements”	The unaudited condensed consolidated financial statements for the six months ended 30 June 2018

“INED(s)”	the independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management”	the management of the 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
“Mr. Long”	Mr. Long Xiaobo
“NED(s)”	the non-executive Director(s)
“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

“Reporting Period”	the period for the six months ended 30 June 2018
“Settlement Convertible Bonds”	the unsecured 10% convertible bonds in the aggregate principal amount of HK\$53,417,356.17 with a term of three years issued by the Company to the CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share 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
“2017 Annual Report”	the annual report of the Company for the year ended 31 December 2017
“2017 Interim Report”	the interim report of the Company for the six months ended 30 June 2017
“%”	per cent

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

Hong Kong, 31 August 2018