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CHINA BILLION RESOURCES LIMITED

中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board presents herewith the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 and selected explanatory notes, together with the comparative figures for the six months ended 30 June 2018, as follows:

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

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(As restated)
Continuing operations			
Revenue	4	6,288	3,308
Cost of sales and services rendered		<u>(1,500)</u>	<u>(2,558)</u>
Gross profit		4,788	750
Other income and gains		7	18
Administrative expenses		<u>(13,701)</u>	<u>(11,091)</u>
Loss from operations		(8,906)	(10,323)
Finance costs	5	<u>(10,001)</u>	<u>(3,941)</u>
Loss before tax		(18,907)	(14,264)
Income tax expense	6	<u>(1,644)</u>	<u>(1,650)</u>

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (As restated)
Loss for the period from continuing operations		(20,551)	(15,914)
Discontinued operation			
Loss for the period from discontinued operation		<u>–</u>	<u>(1,513)</u>
Loss for the period	7	(20,551)	(17,427)
Other comprehensive loss after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(228)</u>	<u>(2,825)</u>
Other comprehensive loss for the period, net of tax		<u>(228)</u>	<u>(2,825)</u>
Total comprehensive loss for the period		<u>(20,779)</u>	<u>(20,252)</u>
Loss for the period attributable to:			
Owners of the Company			
– Continuing operations		(18,461)	(12,988)
– Discontinued operation		<u>–</u>	<u>(1,513)</u>
		<u>(18,461)</u>	<u>(14,501)</u>
Non-controlling interests		<u>(2,090)</u>	<u>(2,926)</u>
		<u>(20,551)</u>	<u>(17,427)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(18,669)	(16,368)
Non-controlling interests		<u>(2,110)</u>	<u>(3,884)</u>
		<u>(20,779)</u>	<u>(20,252)</u>
Loss per share (HK cents)			
From continuing and discontinued operations			
Basic and diluted	8(a)	<u>(0.11)</u>	<u>(0.08)</u>
From continuing operations			
Basic and diluted	8(b)	<u>(0.11)</u>	<u>(0.07)</u>
From discontinued operation			
Basic and diluted	8(c)	<u>–</u>	<u>(0.01)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	<i>Notes</i>	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		63,006	49,809
Right-of-use assets		1,973	–
Mining right	<i>9</i>	155,187	155,248
		220,166	205,057
Current assets			
Inventories		5,514	–
Trade and other receivables	<i>10</i>	46,977	32,115
Loan receivables	<i>11</i>	107,824	107,023
Amount due from a related company		–	11,478
Amounts due from directors		–	47
Bank and cash balances		2,654	1,213
		162,969	151,876
Current liabilities			
Other payables		14,299	13,033
Derivative financial instruments		–	1
Borrowings		39,810	6,599
Convertible bonds	<i>12</i>	68,443	65,909
Other borrowings		109,300	100,575
Lease liability		2,011	–
Amount due to a related company		–	2,385
		233,863	188,502
Net current liabilities		(70,894)	(36,626)
Total assets less current liabilities		149,272	168,431
Non-current liabilities			
Deferred tax liabilities		27,072	25,452
NET ASSETS		122,200	142,979
Capital and reserves			
Share capital	<i>13</i>	175,449	175,449
Reserves		2,615	21,284
Equity attributable to owners of the Company		178,064	196,733
Non-controlling interests		(55,864)	(53,754)
TOTAL EQUITY		122,200	142,979

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2019

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 money lending services in Hong Kong; and (iii) provision of beauty treatment services and trading of cosmetics and skincare products in Hong Kong (discontinued operation).

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 2018 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 2018 except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

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 2019. 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 except as stated below:

The new accounting policies of HKFRS 16 "Leases" that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives figures for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 "*Determining whether an Arrangement contains a Lease*".

As a lessee, the Group's leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

Condensed consolidated interim statement of financial position (extract)	31 December 2018	HKFRS 16	1 January 2019
	As originally presented		Restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Right-of-use assets	–	2,804	2,804
Liabilities			
Lease liability	–	2,804	2,804

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. 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 (discontinued operation) – 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.

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

	Continuing operations		Discontinued operation	Total HK\$'000
	Mining products HK\$'000	Money lending HK\$'000	Cosmetics and skincare products HK\$'000	
<i>For the six months ended 30 June 2019</i>				
Revenue from external customers	2,072	4,216	–	6,288
Segment (loss)/profit	(11,482)	742	–	(10,740)
Depreciation	177	–	–	177
Income tax expense	1,644	–	–	1,644
Additions to segment non-current assets	13,389	–	–	13,389
<i>As at 30 June 2019</i>				
Segment assets	271,982	107,828	–	379,810
Segment liabilities	78,699	10	–	78,709
<i>For the six months ended 30 June 2018</i>				
Revenue from external customers	2,594	714	9,314	12,622
Segment (loss)/profit	(3,231)	713	(1,513)	(4,031)
Depreciation	188	–	671	859
Income tax expense	1,650	–	–	1,650
Additions to segment non-current assets	–	–	–	–
<i>As at 31 December 2018</i>				
Segment assets	249,111	107,030	–	356,141
Segment liabilities	44,289	100,585	–	144,874

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

Reconciliations of reportable segment revenue, profit or loss:

	Six months ended 30 June	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments and consolidated revenue	6,288	12,622
Elimination of discontinued operation	–	(9,314)
	<u>6,288</u>	<u>3,308</u>
Consolidated revenue from continuing operations	<u><u>6,288</u></u>	<u><u>3,308</u></u>
Profit or loss		
Total loss of reportable segments	(10,740)	(4,031)
Finance costs	(7,327)	(3,941)
Other profit or loss	(2,484)	(9,455)
Elimination of discontinued operation	–	1,513
	<u>(20,551)</u>	<u>1,513</u>
Consolidated loss for the period from continuing operations	<u><u>(20,551)</u></u>	<u><u>(15,914)</u></u>

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

Breakdown of revenue:

	Six months ended 30 June	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cosmetics and skincare products and services	–	9,314
Mining products	2,072	2,594
	<u>2,072</u>	<u>11,908</u>
Revenue from contract with customers	2,072	11,908
Interest income of money lending	4,216	714
	<u>4,216</u>	<u>714</u>
Total revenue	<u><u>6,288</u></u>	<u><u>12,622</u></u>
Representing:		
Continuing operations	6,288	3,308
Discontinued operation	–	9,314
	<u>6,288</u>	<u>9,314</u>
	<u><u>6,288</u></u>	<u><u>12,622</u></u>

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

Disaggregation of revenue from contracts with customers:

	<u>Continuing operations</u>		
	Mining products		
	<i>HK\$'000</i>		
<i>For the six months ended 30 June 2019</i>			
<i>Geographical markets</i>			
The PRC		<u><u>2,072</u></u>	
<i>Major products/services</i>			
Mining products		<u><u>2,072</u></u>	
<i>Timing of revenue recognition</i>			
At a point in time		<u><u>2,072</u></u>	
	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	Mining products	Cosmetics and skincare products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<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	<u><u>2,594</u></u>	<u><u>9,314</u></u>	<u><u>11,908</u></u>
<i>Major products/services</i>			
Cosmetics and skincare products and services	–	9,314	9,314
Mining products	2,594	–	2,594
Total	<u><u>2,594</u></u>	<u><u>9,314</u></u>	<u><u>11,908</u></u>
<i>Timing of revenue recognition</i>			
At a point in time	2,594	–	2,594
Over time	–	9,314	9,314
Total	<u><u>2,594</u></u>	<u><u>9,314</u></u>	<u><u>11,908</u></u>

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Interest of Settlement Convertible Bonds	3,534	3,941
Loan interest	6,364	–
Interest of lease liability	103	–
	<u>10,001</u>	<u>3,941</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Deferred tax	1,644	1,650

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2018: Nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the Reporting Period is 25% (2018: 25%).

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	1,763	2,501
Cost of sales and services rendered	1,500	4,324

8. 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 Reporting Period is based on the loss for the period attributable to owners of the Company of approximately HK\$18,461,000 (2018: approximately HK\$14,501,000) and the weighted average number of ordinary shares of approximately 17,544,977,000 (2018: approximately 17,544,977,000) in issue during the Reporting Period.

Diluted loss per share

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

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to owners of the Company for the Reporting Period is based on the loss for the period from continuing operations attributable to owners of the Company of approximately HK\$18,461,000 (2018: approximately HK\$12,988,000) and the weighted average number of ordinary shares of approximately 17,544,977,000 (2018: approximately 17,544,977,000) in issue during the Reporting Period.

Diluted loss per share

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

(c) From discontinued operation

Basic loss per share

The calculation of basic loss per share from discontinued operation attributable to owners of the Company for the Reporting Period is based on the loss for the period from discontinued operation attributable to owners of the Company of Nil (2018: approximately HK\$1,513,000) and the weighted average number of ordinary shares of approximately 17,544,977,000 (2018: approximately 17,544,977,000) in issue during the Reporting Period.

Diluted loss per share

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

9. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2018	1,510,401
Exchange differences	<u>(76,274)</u>
At 31 December 2018	1,434,127
Exchange differences	<u>(1,310)</u>
At 30 June 2019	<u>1,432,817</u>
Accumulated amortisation and impairment	
At 1 January 2018	1,286,442
Amortisation for the year	3,326
Impairment loss for the year	54,919
Exchange differences	<u>(65,808)</u>
At 31 December 2018	1,278,879
Amortisation for the period	183
Exchange differences	<u>(1,432)</u>
At 30 June 2019	<u>1,277,630</u>
Carrying amount	
At 30 June 2019	<u><u>155,187</u></u>
At 31 December 2018	<u><u>155,248</u></u>

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.

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Trade receivables	220	25,125
Prepayments	24,121	1,237
Prepayments for property, plant and equipment	1,868	929
Deposits	1,610	990
Other receivables	19,158	3,834
	<u>46,977</u>	<u>32,115</u>

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

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
0 – 30 days	–	9,254
31 – 60 days	–	9,357
61 – 90 days	–	5,051
Over 90 days	220	1,463
	<u>220</u>	<u>25,125</u>

11. LOAN RECEIVABLES

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Loan receivables (current portion)	<u>107,824</u>	<u>107,023</u>

On 27 November 2018, the Company 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 Company entered into another loan agreement with a third party (“Borrower B”). Pursuant to the loan agreement, the loan is secured by the entire equity interest of 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 has been closely monitoring the recoverability of the loan receivables with reference to their respective current creditworthiness.

11. LOAN RECEIVABLES (Cont'd)

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:

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Within one year	107,824	107,023

12. CONVERTIBLE BONDS

Settlement Convertible Bonds

On 23 May 2019, the unsecured 10% convertible bonds due 2019 issued by the Company on 24 May 2016 pursuant to the CB Settlement Agreements 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 was matured. Originally, the bonds could be 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 should be paid on the maturity date. No shares have been converted, purchased or redeemed pursuant to the terms and conditions of the Settlement Convertible Bonds on or before the maturity date.

As at 8 July 2019, the Company repaid the convertible bonds held by one of the CB Settlement Creditors in full at the principal amount of approximately HK\$1,266,000 together with all accrued and unpaid interests thereon. On the same day, the Company entered into a settlement agreement with another CB Settlement Creditor in order to repay, on or before 7 September 2019, the convertible bonds held by him at the principal amount of approximately HK\$38,182,000 together with all accrued and unpaid interests plus overdue interests for the period from the maturity date to the repayment date, with daily interest rate of 0.03%. As at the date of this announcement, the Board has managed to get in contact with the remaining CB Settlement Creditor and is waiting for his further confirmation.

12. CONVERTIBLE BONDS (Cont'd)

Settlement Convertible Bonds (Cont'd)

	<i>HK\$'000</i>
Liability component at 1 January 2018	57,685
Effective interest charged to profit or loss during the year 2018	<u>8,224</u>
Liability component at 31 December 2018	65,909
Settlement Convertible Bonds	(1,000)
Effective interest charged to profit or loss during the period 2019	<u>3,534</u>
Liability component at 30 June 2019	<u><u>68,443</u></u>

The interest charged for the period/year is calculated by applying an effective interest rate of 14.26% to the liability component for the period since the bonds were issued.

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised: At 1 January 2018, 31 December 2018 and 30 June 2019 (25,000,000,000 ordinary shares of HK\$0.01 each)	<u>25,000,000</u>	<u>250,000</u>
Issued and fully paid: At 1 January 2018, 31 December 2018 and 30 June 2019 (17,544,977,408 ordinary shares of HK\$0.01 each)	<u>17,544,977</u>	<u>175,449</u>

14. EVENTS AFTER THE REPORTING PERIOD

On 6 August 2019, Westralian Resources Pty Ltd, the immediate holding company of Hunan Westralian, the Company and the lender entered into a one-year term RMB80,000,000 loan agreement at an interest rate of 24% per annum. The loan is secured by the entire 80% shares of Hunan Westralian held by Westralian Resources Pty Ltd. The Company has drawn down RMB 20,000,000 from the loan as at the date of this announcement.

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 Segment

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 for mining technical reform project of the East Mine.

As stated in the 2018 Annual Report, 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 Mine has been kept at a minimal level for safety reason and only submining 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 in the fourth quarter of 2019. The production capacity of existing and new ore processing plants is 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.

Cosmetics and Skincare Products

On 28 December 2018, the Group completed disposal of Cristal Marketing. Cristal Marketing ceased to be a subsidiary of the Group. During the Reporting Period, the Group has been focusing its search for new potential partners or target companies and new products in the PRC. Taking into account the recent economic situation in China and Hong Kong, the Group will officially terminate the operation of this business segment from September 2019.

Money Lending Business

As stated in the 2018 Annual Report, the Company has appointed several Directors to assist the Group in expanding its business through their background and business connection. The Management will continue to study the financial market and identify potential customers. The Company is confident that the Group is capable of identifying financial resources with attractive terms and will strive to expand the business steadily.

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue from continuing operations was approximately HK\$6.3 million, representing an approximately 90.1% increase as compared with approximately HK\$3.3 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 the money lender business segment.

The revenue from the continuing operations of the Group contributed by the mining products business segment during the Reporting Period was approximately HK\$2.1 million, representing a decrease of approximately 20.1% as compared with approximately HK\$2.6 million for the Corresponding Period. The decrease in revenue was mainly due to decrease in 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 the money lending business segment was approximately HK\$4.2 million, representing an increase of approximately 4.9 times as compared with approximately HK\$0.7 million for the Corresponding Period. The substantial increase in revenue was mainly contributed by the two loan transactions at the end of 2018.

On 28 December 2018, the Group completed disposal of Cristal Marketing. There was no revenue generated from the cosmetics and skincare products business segment during the Reporting Period. The revenue contributed by this segment for the Corresponding Period was approximately HK\$9.3 million.

The gross profit of the continuing operations for the Reporting Period was approximately HK\$4.8 million, representing an increase of approximately 5.4 times as compared with approximately HK\$0.8 million for the Corresponding Period.

The loss for the Reporting Period of the continuing operations of the Group was approximately HK\$20.6 million and the Corresponding Period was approximately HK\$15.9 million. The increase in loss was mainly due to the increase in the finance costs of the rectification improvement of the mining products business segment during the Reporting Period of approximately HK\$6.1 million.

PROSPECTS

As disclosed in the 2018 Annual Report, the core direction of the Company will remain unchanged. The Company's mining products business segment will continue its effort to improve its mining capability and facilities with the goal to maximise the output efficiency of the Gold Mine, and the Company will inject capital properly in accordance with the needs of the Gold Mine rectification improvement works.

Following the completion of the disposal of the Group's operating company in the cosmetics and skincare products business segment on 28 December 2018, the Group originally intended to continue to operate this business segment but taking into account the recent economic situation in China and Hong Kong, the Group will officially terminate the operation of this business segment from September 2019.

As disclosed in the 2018 Annual Report and the 2018 Interim Report, 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. Moreover, the Management 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.

With the continuous strengthening the relevant national environmental governance policies and the promotion and development of the comprehensive mutual benefit "One Belt One Road" policy by the Chinese government, the Group, as stated in the 2018 Annual Report, has exploited the new Management's connections, experience, network and resources, and is conducting research on several potential projects, including hazardous waste treatment business in the downstream industry chain as well as infrastructure construction and building materials trading business in the countries along the "Belt and Road". The Group has also established a dedicated team to develop and drive the abovementioned potential projects and to identify potential partners and/or acquisition targets with a view to bringing new business and opportunities to the Company.

As such, the Board, having considered the funding needs of the Group for its existing business operations and future business development, has decided that the Company may consider raising funds in different ways, including issuance of convertible bonds, issuance of new Shares under general mandate or loan financing, etc. The final result will be subject to the market conditions and the outcomes of the negotiations with the potential investors.

Furthermore, the Management noted that the Company's substantial Shareholders have changed in October 2018 and June 2019. Chunda International Technology Development Co., Limited and Ms. Wang Juan have become the substantial Shareholders, and has approximately 23.35% and 18.82% interest in the issued share capital of the Company respectively. The Management will study the new substantial Shareholders' background and investment strategic plans to explore their connections, experience, networks and resources 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

As at 30 June 2019, the Group had unpledged cash and bank balances of approximately HK\$2.7 million (31 December 2018: approximately HK\$1.2 million). The gearing ratio was approximately 211.4% (31 December 2018: approximately 148.8%) and the borrowings and convertible bonds of the Group was approximately HK\$217.6 million (31 December 2018: approximately HK\$173.1 million). The Group recorded a net current liabilities of approximately HK\$70.9 million and HK\$36.6 million as at 30 June 2019 and 31 December 2018 respectively.

Details of the maturity profile and interest rate structure of the convertible bonds of the Group are set out in note 12 to the Interim Financial Statements of this announcement.

EMPLOYEES AND REMUNERATION

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

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 2019, the Group employed 285 staff (2018: 93). 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.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (2018: nil).

EVENTS AFTER THE REPORTING PERIOD

Details of the events occurring after the Reporting Period are set out in note 14 to the Interim Financial Statements of this announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company acknowledges corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to ensure its corporate governance practices are in compliance with regulatory requirements and recommended practices. As at the date of this announcement, the Company has adopted the CG Code to regulate the corporate governance matters of the Company. The Board has reviewed the Company's corporate governance practices for the Reporting Period and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this announcement, has complied with the Code Provisions as set out in the CG Code except for the deviations as disclosed in 2018 Annual Report.

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 at 30 June 2019, the proceeds from the Open Offer have been fully utilized.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

DEFINITIONS

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

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“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 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 six months ended 30 June 2018
“Cristal Marketing”	Cristal Marketing Management Company Limited, a company incorporated in Hong Kong with limited liability and was a subsidiary of the Group before completion 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
“Executive Director(s)”	the executive Director(s)
“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
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province of 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 2019
“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
“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
“Purchaser”	True Wonder Global Limited, a company incorporated in the British Virgin Islands with limited liability
“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 2019
“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 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
“Vendor”	Supreme China Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
“2018 Annual Report”	the annual report of the Company for the year ended 31 December 2018
“2018 Interim Report”	the interim report of the Company for the six months ended 30 June 2018
“%”	per cent

By order of the Board
China Billion Resources Limited
Qiao Bingya
Chairman of the Board

Hong Kong, 30 August 2019

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

Executive Directors:

Mr. Qiao Bingya (*Chairman of the Board*)
Mr. Zhang Yiwen (*Chief Executive Officer*)
Mr. Zhang Li

NEDs:

Mr. Zhang Jing
Mr. Zhang Wei

INEDs:

Mr. Cai Jianhua
Mr. Ho Wing Chung
Mr. Xie Qiangming