



RESOURCES LIMITED



(incorporated in the Cayman Islands with limited liability)

Stock code: 274

Interim Report  
**2019**



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## **CORPORATE INFORMATION BOARD OF DIRECTORS**

### *Executive Directors*

Mr. Qiao Bingya (*Chairman of the Board*)  
(*appointed on 10 June 2019*)

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

## **AUDIT COMMITTEE**

Mr. Cai Jianhua (*Chairman*)

Mr. Ho Wing Chung

Mr. Xie Qiangming

## **REMUNERATION COMMITTEE**

Mr. Xie Qiangming (*Chairman*)

Mr. Cai Jianhua

Mr. Ho Wing Chung

## **NOMINATION COMMITTEE**

Mr. Qiao Bingya (*Chairman*)

(*appointed on 10 June 2019*)

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Xie Qiangming

## **COMPANY SECRETARY**

Ms. Sun Shui

## **AUTHORISED REPRESENTATIVES**

Mr. Qiao Bingya (*appointed on 10 June 2019*)

Mr. Zhang Yiwen

## **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 54, 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](http://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**

##### *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 from 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 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 Group.



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 15 to the Interim Financial Statements of this interim report.

### **COMMITMENTS**

As at 30 June 2019, the Group did not have any significant commitments (31 December 2018: Nil).



## **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: nil).

## **BANK BORROWINGS**

As at 30 June 2019, the Group did not have any outstanding bank loan (31 December 2018: 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 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.





## **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 (2018: nil).

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the events occurring after the Reporting Period are set out in note 20 to the Interim Financial Statements of this interim report.

## **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 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.

## DIRECTORS

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

### EXECUTIVE DIRECTORS

Mr. Qiao Bingya ( <i>Chairman of the Board</i> )	<i>(appointed on 10 June 2019)</i>
Mr. Zhang Yiwen ( <i>Chief Executive Officer</i> )	<i>(designated on 10 June 2019)</i>
Mr. Zhang Li	
Mr. Long Xiaobo	<i>(resigned on 10 June 2019)</i>
Mr. Zuo Weiqi	<i>(resigned on 10 June 2019)</i>
Mr. Chen Yi-chung	<i>(resigned on 10 June 2019)</i>
Mr. Xiao Jie	<i>(retired on 6 June 2019)</i>

### NEDS

Mr. Zhang Jing  
Mr. Zhang Wei

### INEDS

Mr. Cai Jianhua  
Mr. Ho Wing Chung  
Mr. Xie Qiangming  
Ms. Liu Shuang *(resigned on 24 April 2019)*

## CHANGES IN DIRECTORS' INFORMATION

Save as disclosed below or in the 2018 Annual Report or otherwise in this interim report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

<b>Name of Directors</b>	<b>Details of Changes</b>
Mr. Qiao Bingya	Appointed as an Executive Director, Chairman of the Board, the Company's nomination committee member and chairman and authorised representative on 10 June 2019;
Mr. Zhang Yiwen	Designated as the CEO and the Company's authorised representative on 10 June 2019. With effect from 1 August 2019, Mr. Zhang Yiwen's term of services has been changed to three years, and his monthly remuneration has been increased to HK\$50,000. There has been no change to the basis of determining Directors' emoluments;



<b>Name of Directors</b>	<b>Details of Changes</b>
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Mr. Xie Qiangming	Appointed as an executive director of Prosperity International Holdings (H.K.) Limited, a company listed on main board of the Stock Exchange (stock code: 803) on 4 July 2019;
Mr. Long Xiaobo	Resigned from all positions with the Company on 10 June 2019;
Mr. Zuo Weiqi	Resigned from all positions with the Company on 10 June 2019;
Mr. Chen Yi-chung	Resigned from all positions with the Company on 10 June 2019; and
Mr. Xiao Jie	Retired from the position of Executive Director at the annual general meeting of the Company held on 6 June 2019.

### **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 2019 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 2019. 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

As at 30 June 2019, 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

Save as disclosed below, as at 30 June 2019, 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 Shares	Approximate percentage of shareholding
Chunda International Technology Development Co., Limited ( <i>note 1</i> )	Beneficial owner	4,097,813,965	23.35%
	A concert party to an agreement to buy shares	1,001,819,500	5.71%
Ms. Fan Rong ( <i>note 1</i> )	Interest of controlled corporation	4,097,813,965	23.35%
	A concert party to an agreement to buy shares	1,001,819,500	5.71%
Ms. Wang Juan	Beneficial owner	3,302,033,303	18.82%
Ms. Zhao Xiaohong ( <i>note 2</i> )	Beneficial owner	1,001,819,500	5.71%
	A concert party to an agreement to buy shares	4,097,813,965	23.35%
Mr. Zhao Tao ( <i>note 2</i> )	Interest of spouse	5,099,633,465	29.06%
Billion Glory Capital Investment Limited ( <i>note 3</i> )	Beneficial owner	1,247,689,528	7.11%
Mr. Long Xiaobo ( <i>note 3</i> )	Interest of controlled corporation	1,247,689,528	7.11%
OP Financial Limited	Security interest	8,647,536,796	49.29%

*Notes:*

1. Chunda International Technology Development Co., Limited is beneficially and wholly owned by Ms. Fan Rong. Ms. Fan Rong is deemed to be interested in the Shares in which Chunda International Technology Development Co., Limited is interested in. Chunda International Technology Development Co., Limited, Ms. Fan Rong and Ms. Zhao Xiaohong are deemed as concert party pursuant to section 317(1)(a) of the SFO.
2. Chunda International Technology Development Co., Limited, Ms. Fan Rong and Ms. Zhao Xiaohong are deemed as concert party pursuant to section 317(1)(a) of the SFO. Mr. Zhao Tao is the spouse of Ms. Zhao Xiaohong and is deemed to be interested in the Shares in which Ms. Zhao Xiaohong is interested in.
3. Billion Glory Capital Investment Limited is beneficially and wholly owned by Mr. Long Xiaobo. Mr. Long Xiaobo is deemed to be interested in the Shares in which Billion Glory Capital Investment Limited is interested in.

## **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 2019

		<b>Six months ended 30 June</b>	
	Notes	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000 (As restated)
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>6,288</b>	3,308
Cost of sales and services rendered		<b>(1,500)</b>	(2,558)
<b>Gross profit</b>		<b>4,788</b>	750
Other income and gains		<b>7</b>	18
Administrative expenses		<b>(13,701)</b>	(11,091)
<b>Loss from operations</b>		<b>(8,906)</b>	(10,323)
Finance costs	6	<b>(10,001)</b>	(3,941)
<b>Loss before tax</b>		<b>(18,907)</b>	(14,264)
Income tax expense	7	<b>(1,644)</b>	(1,650)
<b>Loss for the period from continuing operations</b>		<b>(20,551)</b>	(15,914)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		<b>-</b>	(1,513)
<b>Loss for the period</b>	8	<b>(20,551)</b>	(17,427)
<b>Other comprehensive loss after tax:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(228)</b>	(2,825)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(228)</b>	(2,825)
<b>Total comprehensive loss for the period</b>		<b>(20,779)</b>	(20,252)

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

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000 (As restated)
<b>Loss for the period attributable to:</b>			
Owners of the Company			
– Continuing operations		<b>(18,461)</b>	(12,988)
– Discontinued operation		–	(1,513)
		<b>(18,461)</b>	(14,501)
Non-controlling interests		<b>(2,090)</b>	(2,926)
		<b>(20,551)</b>	(17,427)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(18,669)</b>	(16,368)
Non-controlling interests		<b>(2,110)</b>	(3,884)
		<b>(20,779)</b>	(20,252)
<b>Loss per share (HK cents)</b>			
From continuing and discontinued operations			
Basic and diluted	9(a)	<b>(0.11)</b>	(0.08)
From continuing operations			
Basic and diluted	9(b)	<b>(0.11)</b>	(0.07)
From discontinued operation			
Basic and diluted	9(c)	–	(0.01)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000	As at 31 December 2018 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	63,006	49,809
Right-of-use assets		1,973	–
Mining right	11	155,187	155,248
		<b>220,166</b>	205,057
<b>Current assets</b>			
Inventories		5,514	–
Trade and other receivables	12	46,977	32,115
Loan receivables	13	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
		<b>162,969</b>	151,876
<b>Current liabilities</b>			
Other payables	14	14,299	13,033
Derivative financial instruments		–	1
Borrowings		39,810	6,599
Convertible bonds	15	68,443	65,909
Other borrowings		109,300	100,575
Lease liability		2,011	–
Amount due to a related company		–	2,385
		<b>233,863</b>	188,502
<b>Net current liabilities</b>		<b>(70,894)</b>	(36,626)
<b>Total assets less current liabilities</b>		<b>149,272</b>	168,431
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	27,072	25,452
<b>NET ASSETS</b>		<b>122,200</b>	142,979
<b>Capital and reserves</b>			
Share capital	17	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)
<b>TOTAL EQUITY</b>		<b>122,200</b>	142,979

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	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 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
At 1 January 2019	<b>175,449</b>	<b>488,361</b>	<b>300</b>	<b>30,135</b>	<b>(497,512)</b>	<b>196,733</b>	<b>(53,754)</b>	<b>142,979</b>
Total comprehensive loss for the period	-	-	-	(209)	(18,460)	(18,669)	(2,110)	(20,779)
At 30 June 2019	<b>175,449</b>	<b>488,361</b>	<b>300</b>	<b>29,926</b>	<b>(515,972)</b>	<b>178,064</b>	<b>(55,864)</b>	<b>122,200</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2019

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(30,245)</b>	146
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	<b>(13,389)</b>	–
Other investing cash flows (net)	<b>11,487</b>	2
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,902)</b>	2
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in amount due to a related company	<b>(2,385)</b>	–
Repayment of lease liability and lease interest paid	<b>(896)</b>	–
Repayment of convertible bonds	<b>(1,000)</b>	–
Other borrowings raised	<b>32,497</b>	–
Borrowings raised/(repaid)	<b>5,749</b>	(1,283)
<b>Net cash generated from/(used in) financing activities</b>	<b>33,965</b>	(1,283)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,818</b>	(1,135)
Effect of foreign exchange rate changes	<b>(377)</b>	2,825
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,213</b>	3,213
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,654</b>	4,903
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>2,654</b>	4,903

# 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.

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

For the six months ended 30 June 2019

### 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".

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

For the six months ended 30 June 2019

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

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.

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

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

For the six months ended 30 June 2019

## 4. FAIR VALUE MEASUREMENTS (CONT'D)

### (i) Disclosures of level in fair value hierarchy

Fair value measurements using:

	<b>Level 2</b>
	<i>HK\$ '000</i>

#### At 30 June 2019

Recurring fair value measurements:

Derivative financial instruments	-
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	<b>Level 2</b>
	<i>HK\$ '000</i>

#### At 31 December 2018

Recurring fair value measurements:

Derivative financial instruments	1
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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	31 December
			2019	2018
			<i>HK\$ '000</i>	<i>HK\$ '000</i>
Derivative financial instruments	Binomial model	Volatility	-	1
		Discount rate		
		Dividend yield		

During the 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 (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.

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

For the six months ended 30 June 2019

### 5. 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	
<b><i>For the six months ended 30 June 2019</i></b>				
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
<b><i>As at 30 June 2019</i></b>				
Segment assets	271,982	107,828	–	379,810
Segment liabilities	78,699	10	–	78,709
<b><i>For the six months ended 30 June 2018</i></b>				
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	–	–	–	–
<b><i>As at 31 December 2018</i></b>				
Segment assets	249,111	107,030	–	356,141
Segment liabilities	44,289	100,585	–	144,874



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

For the six months ended 30 June 2019

### 5. 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>
<u>Revenue</u>		
Total revenue of reportable segments and consolidated revenue	<b>6,288</b>	12,622
Elimination of discontinued operation	-	(9,314)
	<b>6,288</b>	3,308
<u>Profit or loss</u>		
Total loss of reportable segments	<b>(10,740)</b>	(4,031)
Finance costs	<b>(7,327)</b>	(3,941)
Other profit or loss	<b>(2,484)</b>	(9,455)
Elimination of discontinued operation	-	1,513
	<b>(20,551)</b>	(15,914)

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	<b>2,072</b>	2,594
	<b>2,072</b>	11,908
Revenue from contract with customers	<b>2,072</b>	11,908
Interest income of money lending	<b>4,216</b>	714
	<b>6,288</b>	12,622
Total revenue		
	<b>6,288</b>	12,622
Representing:		
Continuing operations	<b>6,288</b>	3,308
Discontinued operation	-	9,314
	<b>6,288</b>	12,622

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

For the six months ended 30 June 2019

### 5. REVENUE AND SEGMENT INFORMATION (CONT'D) Disaggregation of revenue from contracts with customers:

	<u>Continuing operations</u>
	<u>Mining products</u>
	<i>HK\$'000</i>
<b>For the six months ended 30 June 2019</b>	
<b>Geographical markets</b>	
The PRC	<b>2,072</b>
<b>Major products/services</b>	
Mining products	<b>2,072</b>
<b>Timing of revenue recognition</b>	
At a point in time	<b>2,072</b>

	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	<u>Mining products</u>	<u>Cosmetics and skincare products</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>For the six months ended 30 June 2018</b>			
<b>Geographical markets</b>			
Hong Kong	–	9,314	9,314
The PRC	2,594	–	2,594
Total	<b>2,594</b>	<b>9,314</b>	<b>11,908</b>
<b>Major products/services</b>			
Cosmetics and skincare products and services	–	9,314	9,314
Mining products	2,594	–	2,594
Total	<b>2,594</b>	<b>9,314</b>	<b>11,908</b>
<b>Timing of revenue recognition</b>			
At a point in time	2,594	–	2,594
Over time	–	9,314	9,314
Total	<b>2,594</b>	<b>9,314</b>	<b>11,908</b>

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

For the six months ended 30 June 2019

### 6. FINANCE COSTS

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

### 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Continuing operations		
Deferred tax	<b>1,644</b>	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%).

### 8. LOSS FOR THE PERIOD

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

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

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

For the six months ended 30 June 2019

### 9. 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.

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$13,389,000 (2018: Nil).

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

For the six months ended 30 June 2019

### 11. MINING RIGHT

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

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.

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

For the six months ended 30 June 2019

### 12. TRADE AND OTHER RECEIVABLES

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

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

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

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

For the six months ended 30 June 2019

### 13. LOAN RECEIVABLES

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

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.

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:

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

### 14. OTHER PAYABLES

	<b>As at 30 June 2019 HK\$'000</b>	As at 31 December 2018 HK\$'000
Accrued liabilities and other payables	<b>14,299</b>	13,033

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

For the six months ended 30 June 2019

### 15. 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 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 interim report, the Board has managed to get in contact with the remaining CB Settlement Creditor and is waiting for his further confirmation.

	<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>
<b>Liability component at 30 June 2019</b>	<b><u>68,443</u></b>

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.



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

For the six months ended 30 June 2019

### 16. DEFERRED TAX LIABILITIES

	<b>Revaluation of mining right</b>
	<i>HK\$'000</i>
At 1 January 2018	38,182
Charge to profit or loss for the year	(11,090)
Exchange differences	(1,640)
	<hr/>
At 31 December 2018 and 1 January 2019	25,452
Charge to profit or loss for the period	1,644
Exchange differences	(24)
	<hr/>
<b>At 30 June 2019</b>	<b><u>27,072</u></b>

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

### 17. SHARE CAPITAL

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

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

For the six months ended 30 June 2019

### 18. CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2019 and 31 December 2018.

### 19. 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	
	2019	2018
	HK\$'000	HK\$'000
Professional fee paid to a related company	-	500

One ex-director has control over the above related company.

### 20. 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 RMB20,000,000 from the loan as at the date of this interim report.

### 21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 August 2019.

## 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
“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 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
“RMB”	Renminbi, the lawful currency of the PRC
“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