CHINA BILLION RESOURCES LIMITED

中富資源有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 274)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a turnover of HK$174.78 million from continuing operation, representing an increase of 51.68% from that of HK$115.23 million a year ago. Gross profit was HK$35.41 million, representing a decrease of 2.59% from that of HK$36.35 million in the last year. Loss for the year from continuing operation amounted to HK$502.94 million compared with a loss of HK$544.49 million in last year. The basic loss per share was HK$10.25 cents (2010: the basic loss per share of HK$36.82 cents).

The cosmetics and skincare business is the Group's largest contributor to the revenues.

OPERATIONAL REVIEW

Cosmetics and Skincare Products

On 19 March 2011, the Group entered into the License Agreement with the Licensee whereby the Licensor granted to the Licensee an exclusive worldwide (EXCEPT for use in the Hong Kong Special Administrative Region of People's Republic of China) license to use the Trademarks solely in connection with its business.

On 18 April 2011, the Group entered into the Sale and Purchase Agreement with the disposal of the entire interest in two subsidiaries of the Group's cosmetics and skincare operations, Global Cosmetics (HK) Company Limited and Global Cosmetics (China) Co., Limited. The rationale is that the fierce competition in the industry and lack of management talent specializing in the management, brand promotion and brand building strategy of the distribution and manufacturing business of the cosmetic and skincare business have led to a substantial loss in cosmetics and skincare products segment of the Group for the years ended 31 December 2009 and 2010. The Directors believe that the disposal will stand for the whole interest of the shareholders in the long term.

ANALYSIS OF OPERATING EXPENSES

Selling and distribution expenses for the year ended 31 December 2011 amounted to HK$27.18 million representing 15.55% of turnover as compared with that of HK$30.39 million or 26.83% of turnover in the last year.

General and administrative expenses was HK$75.19 million or 43.02% of turnover for the year ended 31 December 2011 as compared to HK$91.84 million or 79.70% of turnover in the last year.

The finance costs for the year ended 31 December 2011 amounted to HK$37.67 million, mainly due to convertible bonds interest of the Group.

USE OF PROCEEDS FROM ISSUE OF SHARES AND WARRANTS

During the year, no share options were exercised.

During the year, 360,000,000 shares of HK$0.1 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.40 per share. No warrants were exercised during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash and cash equivalent of approximately HK$0.62 million as at the end of the reporting period. The Group adopts conservative treasury policies in cash and financial management. Most of the retained cash was placed as Renminbi and Hong Kong Dollars short term deposits and therefore exposure to exchange fluctuations was minimal. Shareholders' funds as at 31 December 2011 was HK$1,718.18 million compared with that of HK$2,361.67 million as at 31 December 2010, representing a decrease of HK$643.49 million or 27.25%

On 18 April 2011, the Group entered into the Sale and Purchase Agreement with the disposal of the entire interest in two subsidiaries of the Group's cosmetics and skincare operations, Global Cosmetics (HK) Company Limited and Global Cosmetics (China) Co., Limited with the total consideration of HK$60,000,000.

The indebtedness of the Group mainly comprises of other loans which are largely denominated in Hong Kong Dollars and Renminbi. On 5 March 2012, the Group's borrowings owed Sino Measure Limited and Dongguan Bo Shing Environmental Investment Co., Limited was fully settled with the debt restructuring.

PROSPECTS

Cosmetics and Skincare Products

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Mining Products

The Group will leverage on the core skills and expertise of the management team of the Mining Company to continue its growth and pursue further value creating opportunities in the gold section in the People's Republic of China ("PRC"). The mining license held by the Mining Company ("Mining License") has been renewed for a further five years to 11 March 2015. The operational issues of mining segments were being reviewed by the Group, therefore, the mining and production process were not yet commenced. Within the relevant period, the Group has not conducted any significant activities in exploration, development and production, and therefore did not incur any significant cost in exploration, development and production in relation to gold mining.

EMPLOYEES AND REMUNERATION POLICIES

The Group's clear and effective management policies have enabled it to maintain good staff relations. It has not encountered any difficulties in recruiting experienced personnel and there has not been any interruption to its operations as a result of labor disputes. The Group provides social security benefits encompassing the mandatory provident fund and health insurance scheme to all its employees. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

CONTINGENT LIABILITY AND CHARGE ON GROUP ASSETS

The Group did not have any significant contingent liabilities as at 31 December 2011.

<u>FACILITY OF HK$60,000,000</u>

On 25 April 2010, Sino Measure Limited ("Sino Measure") and the Company signed a Loan Agreement ("the 1st Loan Agreement") which was subsequently amended by an addendum dated 1 November 2010 ("the 2nd Loan Agreement") signed by Sino Measure as the Lender and the Company as the Borrower, under which Sino Measure agreed to make available to the Company a loan facility of up to the principal amount of HK$60,000,000.

On 25 April 2010, Sino Measure Limited as Lender and Global Success Properties Limited as the holding company of Global Chemicals (China) Company ("Global Chemicals") as Chargor signed a Deed of Charge re Shares in Global Chemicals (China) Company in supplement to the 1st Loan Agreement, whereby a fixed charge has been created on the equity shares of Global Chemicals in favour of Sino Measure as the collateral to the loan of HK$60,000,000 ("25 April 2010 Deed"). It is a condition of the 1st Loan Agreement that the Chargor enter into the Deed in favour of Sino Measure.

On 19 January 2011, Sino Measure issued a letter to the Company declaring that an Event of Default had occurred pursuant to the Loan Agreement, and demanding the immediate repayment of the principal amount of the Loan together with interest accrued thereon calculated up to and including 19 January 2011 and further interest on the outstanding amount at the default rate from 19 January until full repayment of the Loan. The amount owing to Sino Measure remains outstanding.

On 9 May 2011, Sino Measure through its then solicitors issued a letter to the Company to inform the Company that the security constituted by the Loan Documents has become immediately enforceable, giving the Company notice that steps were then being taken by to enforce the security without further notice. The amount owing to Sino Measure remains outstanding.

On 10 June 2011, Sino Measure through its solicitors issued a letter to the Company to formally notify the Company that it had exercised and executed the said Share Charge under the Deed, and demand the immediate delivery of items, including but not limited to the books, records and computers, common seal, rubber chops, statutory books and secretarial record, available copies of the memorandum and articles of association of the Company, including the Share Certificate Books and the Register of Directors, Members, Transfers and Mortgages of Global Chemicals.

<u>FACILITY OF RMB50,000,000</u>

On 25 May 2010, a Chinese instrument was made between Dongguan Proamine Chemical Co., Limited as borrower, Dongguan Bo Shing Environmental Investment Co., Limited and Dongguan Bi Shing Energy Technology Co., Limited as sureties and Dongguan Branch of China CITIC Bank Corporation Limited as lender as attested by Dongguan Chang Ping District Land Reserve Centre ("Chinese Instrument"), the mortgagor have created in favour of the bank a mortgage over two pieces of land as security for repayment of advances made or to be made by the Dongguan Branch of China CITIC Bank Corporation Limited to Dongguan Proamine Chemical Co., Limited up to the maximum principal sum of RMB50,000,000. Sino Measure is the Security Agent acting for Dongguan Bo Shing Environmental Investment Co., Limited and Dongguan Bi Shing Energy Technology Co., Limited.

On 1 November 2010, a Deed of Charge re Shares in Global Power and Energy Company Limited ("Global Power and Energy") was executed by the Company as one party, and Sino Measure as the other party ("1 November 2010 Deed").

On 6 May 2011, Dongguan Branch of China CITIC Bank Corporation Limited issued a letter to Dongguan Proamine Chemical Co., Limited to demand payment of the loan of RMB50,000,000. on or before 9 May 2011. However, Dongguan Proamine Chemical Co., Limited and/or the Company had defaulted payment of the said loan and interest, and Dongguan Bo Shing Environmental Investment Co., Limited and Dongguan Bi Shing Energy Technology Co., Limited have to honour their obligations as sureties to Dongguan Branch of China CITIC Bank Corporation Limited.

On 10 June 2011, Sino Measure through its solicitors, issued a letter to the Company to formally notify the Company that it had exercised and executed the said Share Charge under the 1 November 2010 Deed, and demand the immediate delivery of items, including but not limited to the books, records and computers, common seal, rubber chops, statutory books and secretarial record, available copies of the memorandum and articles of association of the Company, including the Share Certificate Books and the Register of Directors, Members, Transfers and Mortgages of Global Power and Energy.

NEGOTIATIONS WITH SINO MEASURE AND/OR DONGGUAN BO SHING ENVIRONMENTAL INVESTMENT CO., LIMITED AND/OR DONGGUAN BI SHING ENERGY TECHNOLOGY CO., LIMITED

Given that Sino Measure had formally notified the Company that it had exercised and executed the Share Charges under the 25 April 2010 Deed and the 1 November 2010 Deed respectively, the Board of Directors ("the Board") has appointed Mr Yip Chung Wai, David and Mr JiaXuelei to be the persons-in-charge of the conduct of negotiations and/or agreement with Sino Measure in relation to issues pertaining to the 1st Loan Agreement and/or the 2nd Loan Agreement and/or the 25 April 2010 Deed with Sino Measure and/or other related parties, and in relation to issues pertaining to the Chinese Instrument made on 25 May 2010 and/or the 1 November 2010 Deed with Sino Measures and/or Dongguan Bo Shing Environmental Investment Co., Limited and/or Dongguan Bi Shing Energy Technology Co., Limited and/or other related parties.

It has been agreed between Sino Measure, the Company and the Intended Purchaser Dongguan Bo Shing Environmental Investment Co., Limited (together known as "the Three Parties") that Sino Measure shall take over the place of the Company as Vendor and continue with the negotiation of the Sale and Purchase transaction of Global Chemicals with Dongguan Bo Shing Environmental Investment Co., Limited as the Purchaser. It has also been agreed between the Three Parties that the deposit of HK$30,000,000 already paid by Dongguan Bo Shing Environmental Investment Co., Limited to the Company shall be kept by the Company; Sino Measure and Dongguan Bo Shing Environmental Investment Co., Limited shall continue to negotiate the final sales price ("Final Sales Price") for Global Chemicals. The Three Parties further agreed that the balance of the Final Sales Price shall be paid by Dongguan Bo Shing Environmental Investment Co., Limited to Sino Measure directly to settle all outstanding amount owed by the Company to Sino Measure. Furthermore, it has been agreed by Sino Measure and the Company that if the sales price of Global Chemical received by Sino Measure exceeds the outstanding amount owed by the Company to Sino Measure, Sino Measure shall reimburse the exceeding amount to the Company. However, should the outstanding amount owed by the Company to Sino Measure exceeds the sales price of Global Chemical received by Sino Measure, the Company shall satisfy the balance outstanding with Sino Measure by other means, which includes but not limited to the disposal of other parts of the collaterals being charged to and transferred to Sino Measure. All fees, expenses and costs incurred in relation to the said transaction and the settlement of all monies owed by the Company to Sino Measure shall be borne by the Company.

In addition, Sino Measure, the Company and Dongguan Bo Shing Environmental Investment Co., Limited have agreed that if the aforesaid transaction can be concluded, then Dongguan Bo Shing Environmental Investment Co., Limited shall negotiate with Dongguan Branch of China CITIC Bank Corporation Limited all aspects of the Chinese Instrument; Sino Measure and the Company have conferred on Dongguan Bo Shing Environmental Investment Co., Limited all powers to deal with the Chinese Instrument.

Reference is made to the announcement (the "Announcement") of China Billion Resources Limited (the "Company") dated 5 March 2011 in relation to the Contract for debt restructuring and handling, Contract for concurrent transfer of assets and debt, Contract for assets replacement, Contract for transfer of indebtedness and Debt Restructuring Agreement had been effectively. Completion took place with the debt restructuring and handling, transfer of fixed assets and indebtedness on 5 March 2012.

NET EFFECT OF DEBT RESTRUCTURING

China Billion Resources Limited ("China Billion") owed Sino Measure Limited ("Sino Measure") RMB37,597,122 up to 30 June 2011 (equivalent to HK$ 45,269,620 at the exchange rate of 0.8305) including the principal of RMB34,250,000 and interest and default interest of RMB3,347,122; China Billion owed Dongguan Bo Shing Environmental Investment Co., Limited ("Bo Shing") RMB89,200,000 (equivalent to HK$107,204,072 at the exchange rate of 0.8321); The total amount owed by China Billion to Sino Measure and Bo Shing was RMB 126,797,122 (equivalent to HK$152,473,692)

All parties under the contract of debt restructuring and handling agreed the debt restructuring and handling as follow:

1. China Billion transferred the share rights of Global Chemicals (China) Company Limited ("Global Chemicals (China)"), Global Power and Energy Company Limited ("Global Power and Energy") and Dongguan Proamine Chemical Co., Limited ("Proamine") to Sino Measure and Bo Shing. The net assets value of Global Chemicals (China), Global Power and Energy and Proamine is HK$57,491,837 as at 30 June 2011;

2. Part of fixed assets of Dongguan Polygene Biotech R&D Co., Limited ("Polygene") transferred to Sino Measure and Bo Shing. The net book value of that part of fixed assets is RMB75,072,499 (equivalent to HK$90,274,771) and the fair value of that part of fixed assets determined by professional valuer in PRC engaged by Bo Shing with the related fee borne by China Billion.

Contract for debt restructuring and handling, Contract for concurrent transfer of assets and debt, Contract for assets replacement, Contract for transfer of debt and Debt Restructuring Agreement had been effectively executed. After the Completion took place with the debt restructuring and handling, transfer of fixed assets and indebtedness on 5 March 2012, all parties under the contract of debt restructuring and handling satisfied with the result after debt restructuring and regarded as full settlement of the indebtedness owed by China Billion to Sino Measure and Bo Shing.

DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 31 December 2011 (2010: HK$ nil).

AUDIT COMMITTEE

The existing Company's Audit Committee comprises three Independent Non-executive Directors, namely Mr. Jin Shunxing, Dr. Zhu Jing and Mr. Chiang Tsung-Nien.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An

Audit Committee" published by the Hong Kong Society of Accountants. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee met twice during the year of 2011 in conjunction with the auditors to review the internal controls, interim results and final accounts of the Group prior to recommending them to the Board for approval.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws in the Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had no purchase, redemption or sales of its own shares during the year ended 31 December 2011.

COMPLIANCE OF CODE OF CORPORATE GOVERNANCE PRACTICE OF LISTING RULES

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in enhancing shareholders' value. The Group is committed to improving its corporate governance policies in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this report, the Company has formed the Audit Committee and Remuneration Committee at the Board of Directors' (the "Board") level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure protection of the Group and the interest of the Company's shareholders as a whole. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the Code on Corporate Governance Practices contain in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011, except in those aspects as identified by the auditor in its disclaimer of audit opinion.

Full details on the subject of corporate governance are set out in the Company's 2011 annual report.

On behalf of the Board
Long Xiaobo
Chairman

Hong Kong, 28 March 2013

ANNUAL RESULTS

The Directors of Global Green Tech Group Limited (the"Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the"Group") for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011** ***HK$'000***	2010 *HK$'000*
Turnover	3	**174,777**	115,230
Cost of sales		**(139,366)**	(78,885)
Gross Profit		**35,411**	36,345
Interest income	4	**11**	1,003
Gain on disposal of subsidiaries	4	**147,271**	-
Other revenue and net income	4	**224**	575
Selling and distribution expenses		**(27,183)**	(30,392)
General and administrative expenses		**(75,192)**	(91,836)
Impairment loss on property, plant and equipment		**(34,061)**	(1,396)
Impairment loss on goodwill		**(508,596)**	(403,570)
Impairment loss on inventory		**(2,552)**	-
Impairment loss on trade and other receivable		**-**	(11,639)
Finance costs		**(37,665)**	(43,574)
(Loss) before taxation	5	**(502,332)**	(544,484)
Income tax		**(608)**	(5)
(Loss) for the year from continuing operations		**(502,940)**	(544,489)
(Loss) for the year from discontinued operations		**(33,244)**	(858,705)
Total (Loss) for the year		**(536,184)**	(1,403,194)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Other comprehensive income for the year			
Exchange difference		**(215,825)**	90,744
Total comprehensive income for the year		**(752,009)**	(1,312,450)
(Loss) attributable to:			
Equity shareholders of the Company			
-Continuing operation		**(497,923)**	(544,236)
-Discontinued operation		**(32,096)**	(823,635)
Non-controlling interests			
-Continuing operation		**(5,017)**	(253)
-Discontinued operation		**(1,148)**	(35,070)
		(536,184)	(1,403,194)
Total comprehensive income attributable to:			
Equity shareholders of the Company			
-Continuing operation		**(721,104)**	(550,405)
-Discontinued operation		**(32,096)**	(729,597)
Non-controlling interests			
-Continuing operation		**2,339**	860
-Discontinued operation		**(1,148)**	(33,308)
		(752,009)	(1,312,450)
(Loss) per share			
Basic	6	**(10.25 cents)**	(36.82 cents)
Diluted		**(10.25 cents)**	(36.82 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Non-current Assets			
Goodwill		**-**	508,596
Property, plant and equipment		**12,646**	713,940
Investment properties		**-**	34,948
Prepaid lease payments for land under operating leases		**-**	9,907
Intangible assets		**1,335,586**	1,345,263
Deposits for acquisition of property, plant and equipment		**-**	71,000
Other deposits and club debenture		**-**	350
Other non-current assets		**7,598**	-
		1,355,830	2,684,004
Current Assets			
Prepaid lease payments for land under operating leases		**-**	1,237
Financial assets at fair value through profit or loss		**-**	3,688
Inventories		**2,807**	51,166
Trade and other receivables		**68,215**	89,681
Tax recoverable		**-**	727
Cash and cash equivalents		**624**	78,396
		71,646	224,895
Assets of disposal group classified as held for sale		**687,203**	150,240
		758,849	375,135
Current Liabilities			
Bank Overdrafts		**792**	-
Trade and other payables		**58,369**	126,168
Bank loans		**-**	127,583
Loans and borrowings		**5,090**	23,549
Tax payable		**286**	-
		64,537	277,300
Liabilities of disposal group classified as held for sale		**82,063**	90,240
		146,600	367,540
Net Current Assets		**612,249**	7,595
Total Assets less Current Liabilities		**1,968,079**	2,691,599

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Non-current liabilities			
Long term payable		**370**	-
Deferred tax liabilities		**826**	1,106
Convertible notes		**248,704**	328,820
		249,900	329,926
NET ASSETS		**1,718,179**	2,361,673
CAPITAL AND RESERVES			
Share capital		**523,530**	487,530
Reserves		**936,203**	1,616,886
Total equity attributable to equity shareholders of the Company		**1,459,733**	2,104,416
Non-controlling interests		**258,446**	257,257
TOTAL EQUITY		**1,718,179**	2,361,673

Approved and authorised for issue by the Board of Directors on 28 March 2013.

Mr. Long Xiaobo
Chairman

Mr. Zuo Weiqi
Chief executive officer

NOTES TO THE FINANCIAL STATEMENTS

For the year end 31 December 2011

1 GENERAL INFORMATION

China Billion Resources Limited (the "Company") was incorporated as an exempted Company with limited liability in the Cayman Islands on 25 September 2000 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is listed on Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK"). The registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the 2011 annual report.

The principal activities of the Company are investment holding and its subsidiaries are principally engaged in sale of cosmetics and skincare products and mining.

SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2011 comprise the Company and its subsidiaries (collectively referred to as the "Group"). The Group incurred a loss for the year attributable to equity shareholders of the Company of approximately HK$530,019,000 and its current assets exceeded its current liabilities by HK$612,249,000 as at 31 December 2011.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial supports from the substantial shareholders to cover the Group's operating costs and meet its financial commitments. The substantial shareholders have confirmed their intention and ability to provide continuing financial support to the Group so as to enable it to meets its liabilities as and when they fall due and to carry on its business for the foreseeable future.

In light of the measures described above, the directors are trying its best effort in realizing those assets being held for sales at a fair value to ensure the Group would have sufficient working capital to meet its financial obligation as and when they fall due. Accordingly, the directors are of opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis except the following assets and liabilities which are stated at their fair values:

– Financial instruments classified as financial assets at fair value through profit or loss; and
– Investment properties;

The preparation of financial statements is conformity to HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the 2011 annual report.

2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRS that have been issued but are not yet effective in these consolidated financial statements.

Effective for annual periods beginning on or after

HKFRS 7 (Amendments) (i)	Transfers of Financial Assets
HKFRS 7 (Amendments) (ii)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9 (iv)	Financial Instruments
HKFRS 9 and 7 (Amendments) (iv)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 10 (ii)	Consolidated Financial Statements
HKFRS 11 (ii)	Joint Arrangements
HKFRS 12 (ii)	Disclosure of Interests in Other Entities
HKFRS 13 (ii)	Fair Value Measurement
HKAS 27 (2011) (ii)	Separate Financial Statements
HKAS 28 (2011) (ii)	Investments in Associates and Joint Ventures
HKAS 1 (Amendments) (ii)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011) (ii)	Employees Benefits
HKAS 32 (Amendments) (iii)	Offsetting Financial Assets and Financial Liabilities

(i) Effective for the Group for annual periods beginning on or after 1 January 2012

(ii) Effective for the Group for annual periods beginning on or after 1 January 2013

(iii) Effective for the Group for annual periods beginning on or after 1 January 2014

(iv) Effective for the Group for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is to be expected in the period of initial application. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3 TURNOVER

The principal activities of the Group are manufacturing and sale of cosmetics and skincare products and mining business.

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Cosmetics and skincare products	**172,402**	111,437
Mining	**2,375**	3,793
	174,777	115,230

4 OTHER REVENUE AND NET INCOME

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Other revenue:		
Interest income	**11**	1,003
Gain on disposal of subsidiaries	**147,271**	-
Others	**224**	575
	147,506	1,578

5 (LOSS) BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
a) Finance costs		
Continuing operations		
Convertible bond interest	**35,600**	43,339
Other borrowing costs	**2,065**	235
	37,665	43,574
b) Other items		
Continuing operations		
Auditors' remuneration	**1,689**	2,889
Cost of inventories	**139,366**	78,885

6 (LOSS) PER SHARE

a) Basic (loss) per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK530,019,000 (2010: HK$1,367,871,000) and the weighted average number of approximately 5,170,207,000 shares (2010: 3,714,954,000 shares) in issue during the year, calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
Issued ordinary shares at 1 January	**4,875,303**	2,620,781
Issue of ordinary shares	**-**	576,214
Effect of convertible bonds exercised	**294,904**	469,521
Place of shares	**-**	48,438
Weighted average number of ordinary shares At 31 December	**5,170,207**	3,714,954

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The auditors will issue a disclaimer of opinion for our consolidated financial statement for the year-end 31 December 2011 in the following aspects:

BASIS FOR DISCLAIMER OF OPINION

1. Property, plant and equipment

The auditors have not been provided with adequate information to satisfy themselves as to the Group's control over of certain fixed assets situated in Dongguan City, Guangdong Province of People's Republic of China and the current status of construction in progress in People's Republic of China. Evidence available to them is limited because the auditors are unable to perform physical inspection. The auditors have not been provided with adequate information and explanation to satisfy them as to whether any impairment loss is required to be made to the carrying value of the property, plant and equipment as at 31 December 2011. As a result of this, the auditors have been unable to obtain sufficient appropriate audit evidence concerning valuation and existence of such property, plant and equipment.

2. Impairments of investment in and facilities located at Hunan Gold Mine

The auditors are unable to evaluate the financial effect on possible impairment of the railways and channels (巷道) being construction in progress ("facilities"), and those investments in other investment related to the Group's Hunan Gold Mine and it does not appear to have adequate cash flow generated from the use of this facilities in the past operation. As the fair value of the construction in progress of the Hunan Gold Mine is ascertained by the Management of the Company, the auditors are unable to assess the fair value being stated for such investment and facilities of the Company and the expected completion detail of the construction of such facilities.

3. Availability of accounting records on Inventories , Fixed Assets and Receivables of certain subsidiaries

The consolidated financial statements of the Group are prepared including the financial statements of the Company and Global Chemical (China) Company Limited, Global Power and Energy Company Limited and Dongguan Proamine Chemical Company Limited ("certain subsidiaries"). The auditors have performed their audit procedures on certain subsidiaries and while they have made queries for the availability of certain accounting records of certain subsidiaries in the course of their audit on the inventory and fixed assets and cannot fully access to such records that are being part of our performance of audit work on certain subsidiaries.

4. Inventories

With regard to paragraph (3) as stated above, the auditors cannot obtain the details of inventory records of certain subsidiaries and being not able to observe the counting of the physical stock as at 31 December 2011. The auditors are unable to satisfy themselves as to existence and valuation of inventory of certain subsidiaries by alternate audit procedures.

5. Other non-current assets, Prepayments and Other Receivables

The auditors are unable to obtain sufficient audit evidence on the recoverability and valuation of "Other non-current assets", "Prepayments" and "Other Receivables" of HK$7,598,000, HK$4,015,000 and HK$64,200,000 respectively are fairly stated.

6. Inter-company Current accounts

The auditors are unable to assess the recoverability of certain inter-company current accounts that are related to those subsidiaries that have been presented under "discontinued operation" by any alternate audit procedures.

7. Other payables

The auditors have not been provided with sufficient information to verify the completeness and valuation of other payables. Accordingly, the auditors are unable to determine whether the amount of HK$5,577,400 is fairly stated.

8. Audit evidence substantiating the status of execution of the Sino Measure restructuring matter

As appeared in the Announcement made by the Group on 5 March 2012, the Group has signed various restructuring agreement with Sino Measures Limited. The auditors are unable to identify the current status of the execution of the said Restructuring Agreements. According to terms of the Contract for Debt Restructuring and Handling signed on 5 March 2012, Dongguan Polygene Biotech Company Limited have transferred fixed assets valued at RMB75,072,499 which is equivalent to HKD90,274,771 to certain parties in satisfaction of the debt repayment by the Group. Dongguan Polygene Biotech Company Limited should be transferred from Global Chemical (China) Company Limited back to Global Success Properties Limited of the Group. However, in the course of their audit, the auditors are unable to obtain sufficient audit evidence to confirm the status of execution of these terms of the debt restructuring exercise and hence the possible financial impact on the consolidated financial statements that would depend on the status of execution of those restructuring agreements..

Any adjustments found to be necessary would affect the net assets as at 31 December 2011 and the results and cash flows for the year then ended.

DISCLAIMER OF OPINION

Because of the significance of the matter described above, tthe auditor is not able to express an opinion on whether the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the Group's results and cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, and regarding Section 141(4) and Section 141(6) of the Hong Kong Companies Ordinance for the safeguarding of proper books and records and the availability of information and explanation which the auditor has to obtain all the information and explanations which the auditor considered necessary, the auditor does not consider the Group has fulfilled these requirements.

EMPHASIS OF MATTER

1. Going concern

The auditors would like to draw attention to the consolidated financial statements which indicates that the Group incurred a loss for the year attributable to equity shareholders of the Company of approximately HK$536,184,000. The Group's cash and cash equivalent's balances as the year-end date is approximately HK$624,000.

These conditions, along with other matters in the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

2. Weakness in Internal Control over financial reporting

The auditors are not satisfied with the adequacy and safeguarding of Group's internal control over financial report in light of the matter as mentioned under the Section "Disclaimer of Opinion".

3. Certain part of the operating assets reclassified as Non-Current Assets Held for Sale

The auditors has been advised by the Management of the Group that it have reclassified certain parts of the operating assets of certain subsidiaries as "Non-current assets held for Sales" as the Group's operating policy have been changed for not planning to provide additional funding to the certain operating subsidiaries while the Management have actively sought various potential buyers for the disposal of such assets and therefore certain operations have not been intended to be continued by the Group .

In accordance with HKFRS 5 Non-Current Assets Held for Sale ("HKFRS 5"), an entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 of HKFRS 5 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.

However, please note such intended disposal can be executed and completed, among other things, the approval by shareholders in case of necessity and the approval of the Stock Exchange of Hong Kong Limited according to the Hong Kong Listing Rules whenever appropriate. .

The presentation of consolidated financial statements has separated the financial figures under the category of "Continuing Operation" and "Discontinued Operation" accordingly.

4. Investigation report

Pursuant to the Debt Restructuring due by the Group to Sino Measured, The auditors draw your attention that the Independent Non-executive directors of the Group have commissioned an independent professional legal practice to conduct an investigation on the Group on the legality of the whole transaction of the loan originated by the Group with Sino Measure Limited and hence the debt restructuring transaction. The investigation is now being in progress.

5. Convertible bonds

As at the end of 31 December, 2011, the Group has an outstanding amount of HK$340,191,200 convertible bonds measured at HK$0.4 per share that will fall due on 31 March 2013 and 11 April 2013 with number of shares to be converted of 725,478,000 and 500,000,000 respectively. As per paragraph (1) under the "Emphasis of Matters" stating the "Going Concern" issue, the Group has expressed its plan to initiate discussion with convertible bondholders for various possible measures on dealing with such amount of Convertible bond due on these respective dates.

As at the date hereof, the Board comprises the following members:

Executive Directors
Mr. Long Xiaobo *(Chairman)*
Mr. Zuo Weiqi *(Chief executive officer)*
Mr. Yip Chung Wai, David
Mr. Jia Xuelei
Mr. Chen Yi Chung
Mr. Lam Chi Man

Independent non-executive Directors
Mr. Jin Shunxing
Dr. Zhu Jing
Mr. Chiang Tsung-Nien

* *For identification purpose only*