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## **CHINA BILLION RESOURCES LIMITED**

**中富資源有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 274)**

### **RESULTS OF INTERNAL CONTROL REVIEW AND PROGRESS ON RESUMPTION**

Reference is made to the Company's announcements dated 10 April 2012, 31 December 2013, 29 January 2014, 28 February 2014, 26 March 2014, 16 May 2014, 19 June 2014, 24 July 2014, 3 October 2014, 7 January 2015, 23 March 2015 and 30 April 2015 regarding, among others, the progress on the Resumption ("**Announcements**"). Unless otherwise stated, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements.

#### **RESULTS OF INTERNAL CONTROL REVIEW**

As set out in the Company's announcement dated 31 December 2013, the Company has engaged ZHONGHUI ANDA Risk Services Limited ("**Internal Control Consultant**") to perform an internal control review of the Group to assist the Directors to assess if the Group's financial reporting procedure and internal control system are adequate to enable the Company to meet its obligations under the Listing Rules ("**Internal Control Review**").

The Internal Control Review was conducted with reference to (i) Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), (ii) the Internal Control and Risk Management - A Basic Framework (2005) published by the HKICPA and (iii) Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 under the Listing Rules and other relevant Listing Rules.

The Group under the Internal Control Review excludes certain dormant subsidiaries of the Company, which have been either disposed of to a third party independent of the Company and its connected persons (as defined under the Listing Rules) at a token nominal price in 2014 or have been rendered dormant.

As set out in the Company's announcement dated 3 October 2014, the Internal Control Consultant has issued a preliminary draft internal control review report ("**Preliminary IC Report**") to the Company, which has identified a number of internal control issues and deficiencies of the Group. The management of the Group has reviewed the Preliminary IC Report and taken necessary actions

and steps to address those internal control issues and deficiencies based on the recommendations of the Internal Control Consultant.

Set out below are the major deficiencies identified by the Internal Control Consultant and the Company's subsequent responses:

Major deficiencies	Company's responses
The regular Board meetings have not been held at least four times a year at approximately quarterly intervals.	Regular Board meeting for 2015 are scheduled to be held at approximately quarterly intervals, the first regular Board meeting was held on 30 January 2015 and the second meeting was held on 8 May 2015.
No written guidelines of the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in the Listing Rules.	The Company has adopted a policy named "Model Code for Securities Transactions" based on the Model Code as set out in the Listing Rules.
No monthly financial report is provided by the management of the Group to all Directors.	The management of the Group has confirmed to the Board that based on the current manpower, at least quarterly management accounts or updates will be given to all Directors but they will try their best to provide monthly management accounts or updates accordingly.
No written record is maintained for the Directors to conduct a review of the effectiveness of the Group's internal control systems and report to shareholders at least annually.	The Company engaged an external professional adviser on 31 December 2013 to conduct an internal control review in order to assist the management to improve the internal control system of the Group. After completion of the internal control review, the Board intends to conduct a review of the internal control system on an annual basis.
No annual general meeting of the Company is held annually. Therefore, the chairman of the Board, and the chairman of the audit, remuneration, nomination and any other committees do not have chances to answer the questions from shareholders of the Company at the meeting.	The annual general meeting for the year 2015 will be arranged in due course. The chairman of the Board will attend the annual general meeting and will also invite the chairmen of the Board's committees to attend the meeting.
No confirmation received from the Directors for complying with the required standards in Model Code.	The Company has prepared a written policy named "Model Code for Securities Transactions" and written confirmations already have been signed and returned by all the current Directors confirming that they have complied with the required standards set out in the Model Code.
Some of directors' written resolutions are not signed by all the Directors during the review period.	The company secretary assistant has confirmed that all the Directors' written resolutions have being signed by all attendant Directors since 29 January 2014.
Financial reporting procedures and time frame for annual result announcement have been established. However, the interim report for 2011, 2012 and 2013 and the audited annual report for 2011 and 2012 have not been completed during the review	The Company has published annual result announcements and annual reports for the three years ended 31 December 2011, 2012 and 2013 on 9 February 2015 and 8 April 2015 respectively. Furthermore, the interim result announcements and interim reports for the three periods ended 30 June 2012, 2013 and 2014 were published on 10 May 2015. All

period. Moreover, the timetable of the result announcement for 2013 is out of the reporting time frame.	the above mentioned reports are expected be dispatched to shareholders by the end of May 2015.
There is no written procedure to define and quantify the related party transaction and connected transaction for the reporting and disclosure requirements.	The Company has prepared written procedures to define and quantify the related party transaction and connected transaction for the disclosure requirements of the Hong Kong Accounting Standards and Listing Rules. The procedures were adopted by the Board on 30 January 2015.
No procedure, timeline and written record for the subsidiaries to submit their monthly management accounts to the Company.	The Company has sent written instructions to all active subsidiaries requesting their submission of monthly management account not later than the 25 <sup>th</sup> day of the following month.
The audited account of a major Hong Kong subsidiary for the year ended 31 December 2012 is not available. Furthermore, the opening balance for the account of 2013 of this subsidiary is subject to change.	The audited account of that major Hong Kong subsidiary for the year ended 31 December 2012 has been prepared and submitted to Inland Revenue Department of HKSAR. The audited account of the Group for the year ended 31 December 2013 has been issued and announced in February 2015.

Following the actions and steps taken by the management of the Group, the Internal Control Consultant has conducted a follow-up review (“**Follow-up Review**”) on the internal control system of the Group. As at the date of this announcement, the Follow-up Review report (“**Follow-up Review Report**”) has been completed.

According to the Follow-up Review Report issued by the Internal Control Consultant, the Internal Control Consultant has come to the conclusion that from the results of their enquiries, observations and discussions with the management and responsible personnel of the Group as well as examination of documents and records, there was no indication of any material irregularity or error on the financial reporting procedures and systems of internal control of the Group. The Internal Control Consultant concluded that the enhanced financial reporting procedures and internal control systems of the Group are adequate to meet the general principles and obligations regarding corporate governance issues under the Listing Rules.

Having considered the results of the Follow-up Review, the Directors (including all independent non-executive Directors) are of the view that the Group’s financial reporting procedures and internal control systems are sufficient to meet obligations under the Listing Rules.

#### **PROGRESS ON OUTSTANDING FINANCIAL INFORMATION OF THE GROUP**

Apart from publication of the audited financial results for the three years ended 31 December 2011, 2012 and 2013 on 10 February 2015, the Company also published the audited annual reports for the three years ended 31 December 2011, 2012 and 2013 on 8 April 2015 and all the Outstanding Interim Results/Reports on 10 May 2015.

SRK has just finished the draft of the Technical Report and the Valuation Report regarding the Group’s Yuanling Gold project in Hunan Province. As at the date of this announcement, the Company and its auditors are still reviewing the draft Technical Report and the Valuation Report. Therefore, the Company expects that the 2014 Annual Results will be finalized and published around the end of June 2015.

## **POSSIBLE DEBT RESTRUCTURING OF THE COMPANY**

As set out in the Company's announcement dated 30 April 2015, the auditors of the Company have given a disclaimer opinion about the Company's ability to continue as a going concern on its earlier financial statements.

As at the date of this announcement, the Company is still exploring the possibility of negotiating with the Creditors with a view to resolving the Going Concern Issue, and no agreement has been entered into between the Company and the Creditors.

Further announcement will be made by the Company as and when appropriate regarding the Possible Debt Restructuring pursuant to the requirements of the Listing Rules.

## **CONTINUED SUSPENSION OF TRADING IN THE SHARES**

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company on 29 June 2011.

Further announcement(s) will be made by the Company as and when appropriate to update the shareholders of the Company and the investing public regarding the progress of the Resumption.

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

Hong Kong, 29 May 2015

As at the date of this announcement, the Board comprises 6 directors, namely,

*Executive Directors:*

Mr. Long Xiaobo (*Chairman*)

Mr. Zuo Weiqi (*Chief executive officer*)

Mr. Chen Yi Chung

*Independent non-executive Directors:*

Mr. Jin Shunxing

Ms. Liu Shuang

Mr. Chiang Tsung-Nien

*\* For identification only*