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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)**

### **ANNOUNCEMENT PROGRESS ON RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to the announcements of China Billion Resources Limited (the “**Company**”) dated 23 May 2013, 27 June 2013, 1 October 2013, 1 November 2013, 4 December 2013, 31 December 2013, 29 January 2014, 28 February 2014, 26 March 2014, 16 May 2014 and 19 June 2014 respectively regarding the progress on the Resumption (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

#### **PROGRESS ON APPLICATION OF THE RESUMPTION**

##### **Publication of outstanding financial statements of the Group**

The Group is in the process of finalizing (i) the revised annual results of the Group for the year ended 31 December 2011; (ii) interim results of the Group for the period ended 30 June 2012; and (iii) annual results for the year ended 31 December 2012. Despite the diligent pursuit of the Company in the exercise, due to certain unforeseen complications and the Company’s intention to present an accurate set of audited financial statements for the two years, which will further form the basis of the annual results for 2013 and thereafter, the Company has conducted further work and arranged supporting reports in the audit exercise thus delaying the process.

*\* For identification purpose only*

As disclosed in the update status announcement of the Company on 28 February 2014, the interim results of the Group for the six months ended 30 June 2013 (“**2013 Interim Results**”) and the annual results of the Group for the year ended 31 December 2013 (“**2013 Annual Results**”) would be published on or before 15 May 2014 and the interim report of the Group for the six months ended 30 June 2013 (“**2013 Interim Report**”) and annual report of the Group for the year ended 31 December 2013 (“**2013 Annual Report**”) would be despatched on or before 15 June 2014.

The Board wishes to announce that due to the delay in publication of the (i) the revised annual results of the Group for the year ended 31 December 2011; (ii) the interim results of the Group for the period ended 30 June 2012; and (iii) the annual results for the year ended 31 December 2012, the publication of the 2013 Interim Results and 2013 Annual Results will be delayed to August 2014, and the 2013 Interim Report and 2013 Annual Report are expected to be despatched on or before 15 September 2014.

### **Findings of the Investigation Report on the Disposal of two subsidiaries of the Group**

Reference is made to the announcement of the Company dated 26 March 2014 whereby it was stated that ZhongHui Anda has been engaged by the Company to investigate into the earlier disposals of two of the Company’s subsidiaries (the “**Investigation**”). As at the date of this announcement, the final report has been issued by ZhongHui Anda. The same has been reviewed and approved by the audit committee of the Company who suggested that the Company should continue to discuss with its legal advisor if any necessary legal action should be taken against the then executive Directors.

The purpose of the Investigation is to ascertain the surrounding circumstances which resulted in the impairments (the “**Impairments**”) of (i) the land and building amounted approximately HK\$192 million of a then wholly owned subsidiary of the Group, Global Cosmetics (China) Limited (“**Global Cosmetics China**”), and (ii) the deposits for property, plant and equipment amounted approximately HK\$222 million of another then wholly owned subsidiary of the Group, Global Power and Energy Limited (“**Power and Energy**”). The Impairments were recognised in the consolidated financial statements for the year ended 31 December 2010 and these subsidiaries were disposed during the financial year ended 31 December 2011.

The key factual findings made by ZhongHui Anda in respect of the Investigation based on the available information are summarized below:

1. ZhongHui Anda has reviewed the limited information and documents, either in electronic or hardcopy formats, made available to them from the Company.

However, the data and documents, either in electronic or hardcopy formats, relating to the surrounding circumstances which resulted in the Impairments may be limited or incomplete. The Company has found that one of their computers has been formatted and that some hardcopy documents cannot be located or retrieved. As commented by an IT professional engaged by the Company, the information previously saved in such formatted hard disks cannot be restored.

Furthermore, the situation is aggravated by the fact that certain minutes or accounting records retained by the then Directors have not been returned to the Company after their resignation.

The Company has also reported the incident of hard disks being formatted to the Hong Kong Police on 18 July 2013.

2. ZhongHui Anda has reviewed each of the valuation reports in relation to the Impairments, which were prepared by the then independent valuer.

In relation to the approval of the Impairments, ZhongHui Anda has not been provided with any documents to demonstrate that the Impairments have been discussed and approved.

ZhongHui Anda has been provided with minutes of the Audit Committee approving the consolidated financial statements of the Company for the year ended 31 December 2010 (the “**2010 Financial Statements**”). Yet no minutes of the board of Directors approving the 2010 Financial Statements were provided.

3. ZhongHui Anda has not been provided with any detailed breakdown of the relevant property, plant and equipment, the prepaid lease payments on land use right of Global Cosmetics China nor the deposit of the property, plant and equipment of Power and Energy. Furthermore, ZhongHui Anda has not been provided with any accounting records and relevant supporting documents to understand the rationale of the Impairments provided for the year ended 31 December 2010.
4. On 7 April 2014, ZhongHui Anda sent registered mails to the then Directors, financial manager and company secretary of the Company inviting for interviews to understand more about the Impairments made for the year ended 31 December 2010. Reminder emails were sent on 30 April 2014 again requesting for interviews with the Company’s personnel whose earlier registered mails indicated that these personnel could not be reached. On 13 May 2014, ZhongHui Anda received a letter from Leung & Lau, Solicitors, representing the then Directors Mr. David Yip Chung Wai and Mr. Jia Xuelei, who replied that they were not in possession of and had no access to the documents in relation to the matters mentioned in ZhongHui Anda’s letters.

Up to the date of issuance of the Investigation Report, except for the letter issued by Leung & Lau, Solicitors on behalf of these two then Directors, ZhongHui Anda has not received any reply from the then Company's personnel in this regard.

5. On 7 April 2014, ZhongHui Anda sent a registered mail to the then auditors, Parker Randell (CF) H.K., inviting for interviews to better understand the audit works done on the Impairments for the year ended 31 December 2010. Up to the date of the issuance of the final Investigation Report, ZhongHui Anda has not received any reply from the then auditors.
6. On 3 April 2014, ZhongHui Anda conducted an interview with the existing executive Directors. However, the existing executive Directors do not possess any relevant information in relation to the Impairments as they are either not responsible for the business segments which resulted in the Impairments or they have no access to the relevant information since the subsidiaries were disposed after the Impairments.

### **The audit work performed in respect of the mine**

As at the date of this announcement, in relation to the audit work required to be done to ascertain the recoverable amount of its mining right and the recoverable amount of the mining structures in its suspended mining zone as detailed in the announcement of the Company on 26 March 2014, the Company has engaged (i) a professional valuer to prepare a valuation report and a technical mining structure report; and (ii) another professional valuer to prepare a technical review report in relation to the suspended mining zone. The drafts of the abovementioned reports are currently under review by the Company.

### **The progress of internal control of the Group**

As detailed in the announcement of the Company on 31 December 2013, ZhongHui Anda has been engaged by the Company to conduct the Internal Control Review on the Company. ZhongHui Anda is continuing to perform the Internal Control Review and further announcement will be made by the Company once there is any update regarding the Internal Control Review.

## **BUSINESS OF THE COMPANY**

The Group is principally engaged in the businesses of beauty services and mining in the gold sector and other natural resources in the PRC.

The Group is now focusing on the Resumption and the major resources of the Group have been applied to finalising the abovementioned results announcements, despatch of the interim and annual reports, as well as compiling the proposal for the Resumption. Nevertheless, the Group is

still conducting the principal businesses and operations of the Group.

The Group is also identifying projects with lucrative prospects. As at the date of this announcement, no concrete investment plans or projects have been determined.

## **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 and will remain in suspension until further notice.

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

Hong Kong, 24 July 2014

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

*Executive Directors:*

Mr. Long Xiaobo (*Chairman*)

Mr. Zuo Weiqi (*Chief executive officer*)

Mr. Chen Yi Chung

*Independent non-executive Directors:*

Mr. Jin Shunxing

Mr. Chiang Tsung-Nien

Ms. Liu Shuang