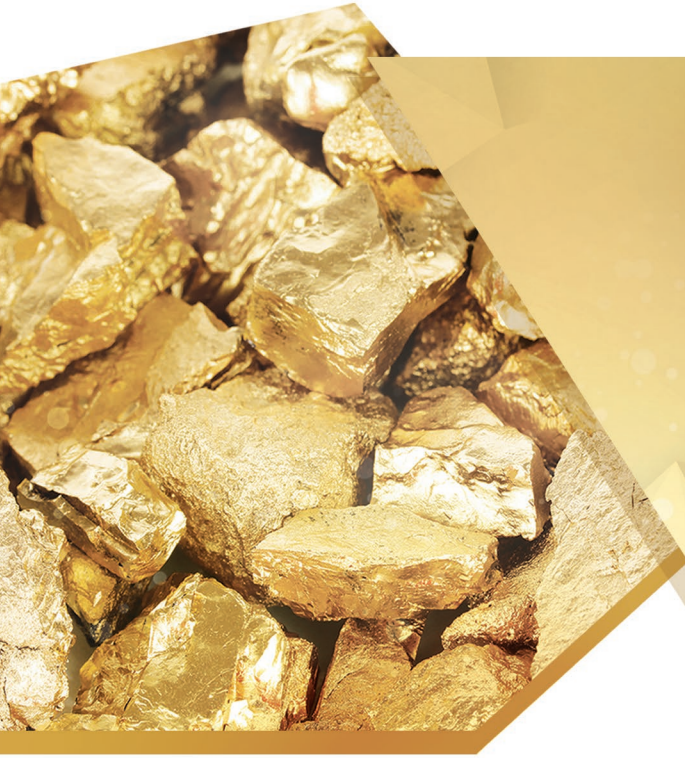




INTERIM REPORT

2015



CHINA BILLION RESOURCES LIMITED

中富資源有限公司*

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

* For identification only



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Long Xiaobo (*Chairman*)
 Mr. Zuo Weiqi (*Chief Executive Officer*)
 Mr. Chen Yi Chung
 Mr. Xiao Jie (*appointed on 31 August 2015*)

Independent Non-executive Directors

Mr. Jin Shunxing
 Mr. Chiang Tsung-Nien
 Ms. Liu Shuang

AUDIT COMMITTEE

Mr. Jin Shunxing
(Chairman of Audit Committee)
 Mr. Chiang Tsung-Nien
 Ms. Liu Shuang

REMUNERATION COMMITTEE

Mr. Jin Shunxing
(Chairman of Remuneration Committee)
 Mr. Chiang Tsung-Nien
 Ms. Liu Shuang
 Mr. Long Xiaobo

NOMINATION COMMITTEE

Mr. Long Xiaobo
(Chairman of Nomination Committee)
 Mr. Chiang Tsung-Nien
 Mr. Jin Shunxing
 Ms. Liu Shuang
 Mr. Zuo Weiqi

COMPANY SECRETARY

Mr. Cheung Yuk Chuen

AUTHORISED REPRESENTATIVES

Mr. Chen Yi Chung
 Mr. Zuo Weiqi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2811, 28/F
 China Merchants Tower
 No.168-200 Connaught Road Central
 Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE Tricor Tengis Limited

Level 22, Hopewell Centre
 183 Queen's Road East
 Hong Kong

AUDITORS

ZHONGHUI ANDA CPA Limited
 Unit 701, 7/F., Citicorp Centre
 18 Whitfield Road
 Causeway Bay
 Hong Kong

COMPANY'S WEBSITE

www.chinabillion.net

STOCK CODE

274

PRINCIPAL BANKERS

**The Hongkong and Shanghai
 Banking Corporation Limited**
 1 Queen's Road Central
 Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

China Billion Resources Limited (“Company”) and its subsidiaries (collectively as “Group”) is principally engaged in gold mining, exploration and trading of gold products in the People’s Republic of China (“PRC”) and provision of beauty treatment services and trading of cosmetic and skincare products in Hong Kong.

During the six months ended 30 June 2015 (“Reporting Period”), the Group recorded a total turnover of approximately HK\$16.0 million, which represented an approximately 19.0% decrease as compared with approximately HK\$19.8 million for the six months ended 30 June 2014 (“Corresponding Period”).

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK\$4.5 million, representing an approximately 50.5% decrease as compared with approximately HK\$9.1 million for the Corresponding Period. Since year 2014, the management of the Group (“Management”) has gradually re-assessed the exploration process in order to identify the high potential gold-bearing areas in the Group’s Yuanling gold project (“Gold Mine”) in Hunan Province, the PRC. The Management studied the relevant geological data and the existing tunnel structure of the Gold Mine. During the Reporting Period, the Group had been continuingly making further investment in modifying the existing tunnel structure and exploration process of the Gold Mine.

The revenue contributed by the cosmetic and skincare products business segment for the Reporting Period was approximately HK\$11.5 million, representing an approximately 8.5% increase as compared with approximately HK\$10.6 million for the Corresponding Period. The increase in turnover in this segment was mainly due to the Group’s diligent efforts in marketing and promotion through our beauty salon outlets in Hong Kong.

The gross profit for the Reporting Period was approximately HK\$11.1 million, which represented a decrease of approximately 29.3% as compared with approximately HK\$15.7 million in the Corresponding Period. The decrease in gross profit was mainly due to the decrease in the production of the mining products.

The loss for the Reporting Period for the Group was approximately HK\$25.1 million as compared with approximately HK\$24.7 million for the Corresponding Period.

As mentioned in the Company's 2014 annual report published on 12 August 2015 ("2014 Annual Report"), although it is not mandatory for the Company to follow the new standards stated in the Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") updated in year 2010, the board ("Board") of directors ("Directors") of the Company is of the view that for the sake of working towards better compliance results, the Board should have an updated technical report prepared in accordance with Chapter 18 pursuant to which other mineral companies that are obligated to follow. The Company therefore voluntarily engaged SRK Consulting China Ltd ("SRK") to prepare an updated independent technical report for assisting the Management to assess the fair value of the mining right of the Gold Mine, in accordance with the Australian Joint Ore Reserves Committee Code 2012 Edition ("JORC Code 2012"). Based on the updated technical report, the Group is required to make a significant impairment loss on the mining right.

Accordingly, the Group's financial results for the financial year ended 31 December 2014 shows a further loss. Nevertheless, the Board is confident in the potential development of the Gold Mine. The Company will continue to allocate suitable resources in the basic structural infrastructure and expertise in the Gold Mine. In the meantime, we will seek other investment opportunities to diversify our business portfolio and broaden the source of income of the Group.

As set out in 2014 Annual Report, the auditor of the Company ("Auditor") has given a disclaimer opinion about the Company's ability to continue as a going concern. The disclaimer opinion of the Auditor was mainly caused by the convertible bonds ("CB") issued by the Company in March 2010 which has been classified as current liabilities since year ended 31 December 2011 and the uncertainty to obtain the renewal of mining permit of the Gold Mine which will be expired on 11 September 2015.

In order to solve the going concern issues raised by the Auditor, the Group has been negotiating with creditors of the Company, including the CB holders, including but not limited to, the possibility of converting the debts of the Company into shares of the Company. Also, the Group is in the process of applying for the renewal of the mining permit. According to the legal opinion of the PRC lawyer, given the records of the company's compliance with the PRC government's various requirements, there was no foreseeable legal impediment in obtaining the renewal approval.

As at the date of this interim report, the Board already received the preliminary indication of consents from the majority of creditors of the Company, including the CB holders, and if and when the debt restructuring plan is implemented, the majority (if not all) of the debts of the Company will convert into shares of the Company, the conversion of debts of the Company into shares will materially improve the financial outlook of the Company if and when the plan has fully implemented and thus solving the going concern issue of the Company accordingly. The Company will conduct further negotiation with the creditors of the Company with a view of entering into formal debt restructuring agreements as soon as practicable.

PROSPECTS

During the Reporting Period, as the mining products business segment continue to generate revenue, the Management believed that, although the gold price may continue to decrease, the production of the Gold Mine would become profitable when the Company allocates sufficient time and resources into the mining products business segment.

In July 2015, GCC Finance Company Limited (“GCCF”), which is a wholly-owned subsidiary of the Company, reapplied for the money lender license, which GCCF held until year 2013. In view of the rapid economic growth in the PRC, the trend of globalisation and the unmet demand for financing, there are considerable PRC enterprises experiencing various degrees of financing bottleneck problems for expanding their overseas business development. Some PRC enterprises are seeking financing from offshore entities, due to the stricter lending control policy imposed by the PRC government. Pending the approval for the money lender license, the Company will conduct further studies to explore the potential of the money lending business which show to be profitable business opportunities.

Looking forward, the Company targets to complete the resumption of trading in the shares of the Company (“Resumption”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) as soon as practicable. At the same time, the Management is looking for other investment opportunities to broaden the sources of income of the Group in order to create greater value for the shareholders of the Company (“Shareholders”).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had unpledged cash and bank balances of approximately HK\$7.4 million (31 December 2014: approximately HK\$4.7 million). The gearing ratio was not applicable to the Group (31 December 2014: N/A) and the borrowings and CB of the Group together was approximately HK\$486.2 million (31 December 2014: approximately HK\$457.3 million). The Group reported net current liabilities of approximately HK\$441.2 million as at 30 June 2015 (31 December 2014: approximately HK\$484.4 million).

COMMITMENTS

Particulars of commitments of the Group as at 30 June 2015 and 31 December 2014 are set out in the notes 19 and 20 to the condensed consolidated financial statements of this interim report.

CONTINGENT LIABILITY

As at 30 June 2015, the Group did not have any significant contingent liability (31 December 2014: nil).

BANK BORROWINGS

As at 30 June 2015, the Group did not have any outstanding bank loan (31 December 2014: 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 the respective duties performed, sufficiently compensate 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 where appropriate, other allowances, incentive bonus, mandatory provident funds and share options granted (if any) under the share option scheme of the Company.

The emoluments payable to the Directors are determined with reference to the responsibilities, qualifications, experience, duties, performance of the Directors, prevailing market conditions and remuneration benchmark with directors of listed companies of similar size and industry nature. They include incentive bonus primarily based on the results of the Group and share options granted (if any) under the share option scheme of the Company. 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 executive, is involved in deciding his own emoluments.

Employees' remuneration packages are determined with reference to the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing market compensation packages. The packages are reviewed annually and as required from time to time.

The Group will spend resources in training, retention and recruitment programs, and encouraging staff for self-development and improvements. The Group keeps monitoring and evaluating the performance of managerial staff, aiming to achieve continuous improvements and correction of deficiencies.

As at 30 June 2015, the Group employed 180 staff (2014: 191). The remuneration of employees was in line with the market trend and commensurate with the level of pay in the industry and to the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group generated sales revenue and incurred costs mainly in Hong Kong dollar and Renminbi. In view of the fluctuation in Renminbi, the Directors considered that the Group's exposure to fluctuation in foreign exchange rate was minimal, and accordingly, the Group did not employ any financial instruments for hedging purpose.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (2014: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company acknowledges the need and importance of corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with recommended practices. As at the date of this interim report, the Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules to regulate the corporate governance issues 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 ("Code Provisions") as set out in the CG Code except for those deviations which have been disclosed in "Corporate Governance Report" contained in the 2014 Annual Report. The Board is of the view that aside from achieving the Resumption, one of its main priorities in 2015 is to improve the corporate governance of the Group.

For more information about the corporate governance practices of the Company, please refer to the "Corporate Governance Report" contained in the 2014 Annual Report.

DIRECTORS

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

Executive Directors

Mr. Long Xiaobo (*Chairman*)

Mr. Zuo Weiqi (*Chief Executive Officer*)

Mr. Chen Yi Chung

Mr. Xiao Jie (*appointed on 31 August 2015*)

Independent Non-executive Directors

Mr. Jin Shunxing

Mr. Chiang Tsung-Nien

Ms. Liu Shuang

CHANGES IN DIRECTORS' INFORMATION

Mr. Xiao Jie was appointed as an Executive Director with effect from the conclusion of the Board meeting held on 31 August 2015. Details of his appointment and biographical information were disclosed in the announcement of the Company published on the same date.

Save as disclosed above and in the 2014 Annual Report, pursuant to Rule 13.51B(1) of the Listing Rules, there is no change to the directorship and no updated information during the course of the current Directors' term of office since the publication of the 2014 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code") as the code of conduct governing Director's securities transactions. Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company since 29 June 2011. 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

As at 30 June 2015, no share option scheme has been adopted by the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares or underlying shares or, as the case may be, the equity interest and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity	Number of ordinary shares <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Long Xiaobo ("Mr. Long")	The Company	Interest of controlled corporation <i>(Note 2)</i>	762,022,000 (L)	14.56%

Notes:

1. The letter "L" denotes long position in the shares of the Company or the relevant associated corporation.
2. These 762,022,000 shares were held through Star Sino International Limited which is wholly owned by Mr. Long, the Company's chairman and an executive Director.

Save as disclosed above, as at 30 June 2015, none of the Directors, chief executives of the Company, nor their associates, had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2015, to the best knowledge of the Directors, the following persons (not being 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 Shareholder	Number of ordinary shares <i>(Note 1)</i>	Approximate percentage of shareholding
Star Sino International Limited <i>(Note 2)</i>	762,022,000 (L)	14.56%

Notes:

1. The letter "L" denotes long position in the shares or the Company or the relevant associated corporation.
2. These 762,022,000 shares were held through Star Sino International Limited which is wholly owned by Mr. Long, the Company's chairman and an executive Director.

Save as disclosed and in the section of "Directors' and Chief Executives Interests in Shares of the Company" above, the Company has not been notified of any other relevant interest or short positions held by any other person in the shares or underlying shares of the Company as recorded in the register to be kept pursuant to section 336 of the SFO.

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 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 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

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Turnover	6	16,012	19,779
Cost of sales and services rendered		(4,939)	(4,093)
Gross profit		11,073	15,686
Other income and gains		1	5,549
Selling and distribution expenses		(707)	(742)
Administrative expenses		(20,393)	(29,966)
Loss from operations		(10,026)	(9,473)
Finance costs	7	(13,414)	(15,976)
Loss before tax		(23,440)	(25,449)
Income tax (expense)/credit	8	(1,651)	776
Loss for the period	9	(25,091)	(24,673)
Other comprehensive income after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(975)	(8,579)
Total comprehensive income for the period		(26,066)	(33,252)
Loss for the period attributable to:			
Owners of the Company		(23,020)	(20,957)
Non-controlling interests		(2,071)	(3,716)
		(25,091)	(24,673)
Total comprehensive income for the period attributable to:			
Owners of the Company		(23,444)	(27,778)
Non-controlling interests		(2,622)	(5,474)
		(26,066)	(33,252)
Loss per share (HK cents)			
Basic	10	(0.44)	(0.40)
Diluted	10	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	11,131	12,026
Mining right	12	213,891	214,361
		225,022	226,387
Current assets			
Inventories		1,364	371
Trade and other receivables	13	11,383	12,397
Bank and cash balances		7,394	4,705
		20,141	17,473
Current liabilities			
Trade and other payables	14	41,224	44,491
Borrowings	15	129,942	167,150
Convertible bonds	16	290,191	290,191
		461,357	501,832
Net current liabilities		(441,216)	(484,359)
Total assets less current liabilities		(216,194)	(257,972)
Non-current liabilities			
Borrowings	15	66,097	–
Deferred tax liabilities	17	25,295	23,548
		91,392	23,548
NET LIABILITIES		(307,586)	(281,520)
Capital and reserves			
Share capital	18	523,530	523,530
Reserves		(812,571)	(789,127)
Equity attributable to owners of the Company		(289,041)	(265,597)
Non-controlling interests		(18,545)	(15,923)
TOTAL EQUITY		(307,586)	(281,520)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Share-based payment reserve	Foreign currency translation reserve	Convertible bond reserve	Accumulated losses	Total	Non-Controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	523,530	2,101,765	300	25,101	65,295	99,389	(2,468,902)	346,478	99,131	445,609
Transfer to accumulated losses	-	-	-	(25,101)	-	-	25,101	-	-	-
Total comprehensive income for the period	-	-	-	-	(6,821)	-	(20,957)	(27,778)	(5,474)	(33,252)
Changes in equity for the period	-	-	-	(25,101)	(6,821)	-	4,144	(27,778)	(5,474)	(33,252)
At 30 June 2014 (unaudited)	523,530	2,101,765	300	-	58,474	99,389	(2,464,758)	318,700	93,657	412,357
At 1 January 2015 (audited)	523,530	2,101,765	300	-	55,207	99,389	(3,045,788)	(265,597)	(15,923)	(281,520)
Total comprehensive income for the period	-	-	-	-	(424)	-	(23,020)	(23,444)	(2,622)	(26,066)
At 30 June 2015 (unaudited)	523,530	2,101,765	300	-	54,783	99,389	(3,068,808)	(289,041)	(18,545)	(307,586)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Net cash (used in)/generated from operating activities	(10,638)	1,685
Net cash used in investing activities	(384)	(7,036)
Net cash generated from financing activities	25,975	8,100
Net increase in cash and cash equivalents	14,953	2,749
Effect of foreign exchange rate changes	(12,264)	(2,562)
Cash and cash equivalents at beginning of period	4,705	3,908
Cash and cash equivalents at end of period	7,394	4,095
Analysis of cash and cash equivalents		
Bank and cash balances	7,394	4,095

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 2811, 28th Floor, China Merchants Tower, No. 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange and have been suspended for trading since 29 June 2011.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) gold exploration, development and mining in the PRC; and (ii) trading of cosmetics and skincare products and retailing of cosmetics and provision of beauty treatment services in Hong Kong.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosures required by the Listing Rules.

As disclosed in note 16 to the condensed consolidated financial statements, the Group has breached certain covenants of the CB and the CB became due and payable. It is the Directors' belief that the CB which has been reclassified as current liabilities since year ended 31 December 2011 will be converted into new shares of the Company and that a major Shareholder has indicated his intention to provide financial support to the Group. The condensed consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on (i) the successful outcome that the CB will be converted into shares of the Company and (ii) the availability of funding from the major Shareholder to the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. The Directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("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 condensed consolidated financial statements and amounts reported for the current period and prior periods.

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. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2014. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2014.

5. SEGMENT INFORMATION

The Group has two reportable segments as follows:

Mining products segment – engaged in gold exploration, development and mining; and

Cosmetics and skincare products segment – provision of beauty treatment services and trading of cosmetics and skincare products to authorised distributors and retailers in the general consumer market.

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.

The accounting policies of the operating segments are the same as those described in note 4 to the condensed financial statements. Segment liabilities do not include convertible bonds.

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

5. SEGMENT INFORMATION (CONT'D)

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

	Mining products <i>HK\$'000</i> (unaudited)	Cosmetics and skincare products <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<i>For the six months ended 30 June 2015</i>			
Revenue from external customers	4,526	11,486	16,012
Segment loss	(4,225)	(1,115)	(5,340)
Depreciation	738	552	1,290
Income tax expense	(1,651)	-	(1,651)
Additions to segment non-current assets	385	-	385
<i>As at 30 June 2015</i>			
Segment assets	231,092	13,149	244,241
Segment liabilities	38,671	28,749	67,420
<i>For the six months ended 30 June 2014</i>			
Revenue from external customers	9,144	10,635	19,779
Segment (loss)/profit	(18,587)	1,801	(16,786)
Depreciation	1,378	402	1,780
Income tax credit	776	-	776
Additions to segment non-current assets	6,669	363	7,032
<i>As at 31 December 2014</i>			
Segment assets (audited)	225,514	17,005	242,519
Segment liabilities (audited)	154,614	31,492	186,106

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

5. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<u>Revenue</u>		
Total revenue of reportable segments and consolidated revenue	16,012	19,779
<u>Profit or loss</u>		
Total loss of reportable segments	(5,340)	(16,786)
Other profit or loss	(19,751)	(7,887)
Consolidated loss for the period	(25,091)	(24,673)
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
<u>Assets</u>		
Total assets of reportable segments	244,241	242,519
Other assets	922	1,341
Consolidated total assets	245,163	243,860
<u>Liabilities</u>		
Total liabilities of reportable segments	67,420	186,106
Convertible bonds	290,191	290,191
Other liabilities	195,138	49,083
Consolidated total liabilities	552,749	525,380

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

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

5. SEGMENT INFORMATION (CONT'D)

Geographical information:

(a) *Revenue from external customers*

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	11,486	10,635
PRC	4,526	9,144
	16,012	19,779

In presenting the geographical information, revenue is based on the locations of the customers.

(b) *Non-current assets*

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Hong Kong	2,739	3,315
PRC	222,283	223,072
	225,022	226,387

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

6. TURNOVER

The Group's turnover which represents sales of goods and provision of beauty services to customers are as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Sales of goods:		
– Cosmetics and skincare products	11,486	10,635
– Mining products	4,526	9,144
	16,012	19,779

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other borrowings costs		
– Wholly repayable within five years	13,566	16,480
Less: interests capitalised	(152)	(504)
	13,414	15,976

8. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Deferred tax (<i>note 17</i>)	(1,651)	776

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2014: nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the current period is 25% (2014: 25%).

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

9. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of mining right	1,320	11,907
Cost of sales and services rendered	4,939	4,093
Depreciation	1,315	1,805
Operating lease charges	2,663	2,843
Staff costs including Directors' emoluments		
Salaries, bonus and allowances	9,033	8,053
Retirement benefits scheme contributions	218	238
	9,251	8,291

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the six months ended 30 June 2015 is based on the loss for the period attributable to owners of the Company of approximately HK\$23,020,000 (2014: approximately HK\$20,957,000) and the weighted average number of ordinary shares of approximately 5,235,303,000 (2014: approximately 5,235,303,000) in issue during the period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2015 and 2014.

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

11. PROPERTY, PLANT AND EQUIPMENT

	<i>HK\$'000</i>
Cost	
At 1 January 2014 (audited)	126,912
Additions	13,251
Exchange differences	(738)
	<hr/>
At 31 December 2014 and 1 January 2015 (audited)	139,425
Additions	385
Exchange differences	465
	<hr/>
At 30 June 2015 (unaudited)	140,275
	<hr/>
Accumulated depreciation and impairment	
At 1 January 2014 (audited)	89,701
Charge for the year	3,406
Impairment loss for the year	34,884
Exchange differences	(592)
	<hr/>
At 31 December 2014 and 1 January 2015 (audited)	127,399
Charge for the period	1,315
Exchange differences	430
	<hr/>
At 30 June 2015 (unaudited)	129,144
	<hr/>
Carrying amount	
At 30 June 2015 (unaudited)	11,131
	<hr/>
At 31 December 2014 (audited)	12,026
	<hr/>

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

12. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2014 (audited)	1,597,573
Exchange differences	(10,532)
	<hr/>
At 31 December 2014 and 1 January 2015 (audited)	1,587,041
Exchange differences	6,311
	<hr/>
At 30 June 2015 (unaudited)	1,593,352
	<hr/>
Accumulated amortisation and impairment	
At 1 January 2014 (audited)	501,573
Amortisation for the year	23,813
Impairment loss for the year	844,216
Exchange differences	3,078
	<hr/>
At 31 December 2014 and 1 January 2015 (audited)	1,372,680
Amortisation for the period	1,320
Exchange differences	5,461
	<hr/>
At 30 June 2015 (unaudited)	1,379,461
	<hr/>
Carrying amount	
At 30 June 2015 (unaudited)	213,891
	<hr/>
At 31 December 2014 (audited)	214,361
	<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 be expired on 11 September 2015 and in the opinion of the Directors, the Group will be able to renew the mining permit with Department of Land and Resources of Human Province, the PRC continuously at insignificant cost. 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 (CONT'D)

13. TRADE AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Trade receivables	1,681	2,739
Prepayments, deposits and other receivables	9,702	9,658
	11,383	12,397

The Group normally allows credit terms to customers except for retail customers ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Current to 30 days	1,438	2,182
31 – 60 days	243	557
	1,681	2,739

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

14. TRADE AND OTHER PAYABLES

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Trade payables	230	2,872
Accrued liabilities and other payables	40,994	41,619
	41,224	44,491

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

14. TRADE AND OTHER PAYABLES (CONT'D)

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Current to 30 days	-	230
31 – 60 days	230	690
61 – 90 days	-	360
Over 90 days	-	1,592
	230	2,872

15. BORROWINGS

	<i>Note</i>	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Borrowings – current	<i>(a)</i>	129,942	167,150
Borrowings – non-current	<i>(b)</i>	66,097	–
		196,039	167,150

		30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
(a) Borrowings – current			
Other loans			
– unsecured, interest-free and due within one year		5,122	5,841
Other loans			
– unsecured, bear interest at 11% per annum and due within one year		10,759	10,214
Loan from a related party			
– unsecured, bear interest at 12% (2014: 12% – 18%) per annum and due within one year		71,694	116,226
Loan from a director			
– unsecured, bear interest at 12% per annum and due within one year		42,367	34,869
		129,942	167,150

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

15. BORROWINGS (CONT'D)

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
(b) Borrowings – non-current		
Other loans		
– unsecured, bear interest at 10% per annum and due within three years	66,097	–

Notes: The Directors consider that the fair values of borrowings at 30 June 2015 and 31 December 2014 approximate to their carrying amounts.

16. CONVERTIBLE BONDS

On 31 March 2010, the Company issued HK\$895,191,200 zero coupon CB as part of the consideration for the acquisition 100% equity interest of Westralian Resources Pty. Ltd. and its subsidiary (collectively referred to as “Westralian Resources Group”) with a maturity date of 30 March 2013.

The principal terms of the CB are as follows:

Each CB will, at the option of the holders, be convertible (unless previously redeemed, converted, purchased or cancelled) after 31 March 2010 up to and including 30 March 2013 into fully paid ordinary shares of the Company with a par value of HK\$0.1 each at an initial conversion price (“Conversion Price”) of HK\$0.4 per share, subject to adjustments in accordance with the terms and conditions of the CB agreement as a result of dilutive events.

Pursuant to the CB agreement, the CB holders has the rights to give notice to the Company that the CB are immediately due and repayable in the event that the shares of the Company are suspended for trading for a period of 30 consecutive trading days (other than any suspension of trading pending the release of any announcement as required under Chapter 14 or Chapter 14A of the Listing Rules) or listing of the shares on the Stock Exchange are being revoked or withdrawn.

Upon any such notice being given to the Company, the CB will become due and are repayable on the business day falling seven business days of the date of such notice at their principal amount.

Unless previously redeemed, converted, purchased or cancelled, the CB will be automatically converted into new shares of the Company upon maturity date at the then prevailing Conversion Price.

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

16. CONVERTIBLE BONDS (CONT'D)

The movement of the liability component of the CB for the year/period is set out below:

	<i>HK\$'000</i>
At 31 December 2014 and 30 June 2015 (unaudited)	290,191

Trading in the Company's shares on the Stock Exchange has been suspended at the request of the Company since 29 June 2011 and therefore has triggered the Company's early redemption obligation. The Company is liable to repay the CB to the CB holders and therefore the liability component of the CB is reclassified as current liabilities since the year ended 31 December 2011.

17. DEFERRED TAX LIABILITIES

	Revaluation of intangible assets <i>HK\$'000</i>
At 1 January 2014 (audited)	239,349
Credit to profit or loss for the year	(214,935)
Exchange differences	(866)
At 31 December 2014 and 1 January 2015 (audited)	23,548
Debit to profit or loss for the period	1,651
Exchange differences	96
At 30 June 2015 (unaudited)	25,295

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

18. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014, 31 December 2014 and 30 June 2015	8,000,000	800,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 January 2014 (audited), 31 December 2014 (audited) and 30 June 2015 (unaudited)	5,235,303	523,530

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

19. LEASE COMMITMENTS

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	2,775	3,455
In the second to fifth years, inclusive	9,231	201
	12,006	3,656

Operating lease payments represent rentals payable by the Group for certain of its office premises and warehouses.

20. CAPITAL COMMITMENTS

The Group had no material capital commitment as at 30 June 2015 and 31 December 2014.

21. CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2015 and 31 December 2014.

22. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the periods:

	Six months ended 30 June 2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loan interest expense paid to a related company	4,442	12,707
Loan interest expense paid to a director	1,908	3,616

A Director has control over the related company.

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

23. EVENTS AFTER THE REPORTING PERIOD

On 2 July 2015 and 16 July 2015, the Company entered into certain loan agreements ("Loan Agreements") with independent third parties ("Lenders"). The Loan Agreements are all of three years duration. Collectively, the Lenders agreed to lend the Company a total principal loan amounts of RMB12 million ("Loans") with simple rate of 10% per annum. The principal amounts of the Loans together with relevant accrued interests under the Loan Agreements are repayable on the respective maturity date. The Loans are not secured by any of the assets of the Group. The Loan Agreements are on normal business terms.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board on 31 August 2015.

On behalf of the Board

Long Xiaobo

Chairman

Hong Kong, 31 August 2015