CHINA BILLION

RESOURCES LIMITED 中富資源有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 274)

2015 ANNUAL REPORT

* For identification only

CHINA BILLION RESOURCES LIMITED
ANNUAL REPORT 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Long Xiaobo *(Chairman of the Board)*
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

AUDITOR

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

LEGAL ADVISOR

Fairbairn Catley Low & Kong
(as to Hong Kong law)
23/F., Shui On Centre
6-8 Harbour Road
Hong Kong

PRINCIPAL BANKER

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

COMPANY'S WEBSITE

www.chinabillion.net

STOCK CODE

274

Dear Shareholders,

In 2015, we focus mainly on implementing the resumption of trading in the shares of the Company. During the year, all the outstanding financial reports have been published and the corporate governance and internal control system have been improved in compliance with the regulatory requirements. For the purpose of the Resumption, a series of debt restructuring arrangements have been carried out in order to improve the liquidity position and solvency position of the Company. Our Shareholders approved the Capital Reorganization, the Debt Settlement Agreements and the Open Offer at our extraordinary general meeting held on 22 February 2016. As at the date of this annual report, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Board is optimistic that the Resumption can be successfully completed in the first half of 2016 or shortly thereafter.

As to the Gold Mine operation, following the recommendations given by SRK in the independent technical report, Hunan Westralian is continuing exploring and modifying the existing tunnel structure and exploration process of the Gold Mine and performing a further detailed tunneling exploration with channel sampling at different levels and in-fill holes in order to upgrade the resource categories. For better operational efficiency and cost control effectiveness, the Group is also undertaking reorganization by reducing redundant manpower and rehiring more talent middle management for seeking and developing potential profitable businesses of the Group. Once the proceeds from the Open Offer are received, the Company is ready to make an effective use of the proceeds to shine the business and give a good account for the Shareholders.

In November 2015, GCCF has secured the money lender license following its reapplication, which allows the Company to further diversify its business. The Management has already started preparing the relevant policy and searching for potential clients.

During the year ended 31 December 2015, the Group recorded a steady revenue of approximately HK$18.7 million (2014: approximately HK$20.1 million) in the mining products business segment and approximately HK$24.9 million (2014: approximately HK$23.6 million) in the cosmetic and skincare products business segment.

Looking forward, we will continue modifying and finessing our strategic plan, adjusting as appropriate to changes to the dynamic business environment in China and globally. The Management is exploring other strategic investment opportunities to broaden the sources of cash inflow in order to maximize the value for the Shareholders, and we will strive to leverage our internal and external resources to achieve this goal. Up till the date of this annual report, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

Long Xiaobo
Chairman of the Board

Hong Kong, 29 March 2016

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in provision of beauty treatment services and trading of cosmetic and skincare products in Hong Kong, and gold mining, exploration and trading of gold products in the PRC.

During the Reporting Period, the Group recorded a total revenue of approximately HK$43.6 million.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK$18.7 million, representing an approximately 7.0% decrease as compared with approximately HK$20.1 million in the Corresponding Period. During 2014 and 2015, the Management has gradually re-assessed the exploration process in order to identify the high potential gold-bearing areas in the existing Gold Mine. 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$24.9 million, representing an approximately 5.5% increase as compared with approximately HK$23.6 million for the Corresponding Period. The gross profit for the Reporting Period was approximately HK$34.7 million, which represented an increase of approximately 8.1% as compared with approximately HK$32.1 million in the Corresponding Period. The increase in revenue and gross profit 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 loss for the Reporting Period for the Group was approximately HK$38.0 million as compared with approximately HK$742.8 million for the Corresponding Period. The significant decrease in the losses during the Reporting Period was mainly due to the fact that no further impairment losses were incurred on mining right and property, plant and equipment in the year which they accounted for approximately HK$879.1 million in the Corresponding Period.

By reference to the updated and independent technical report prepared by SRK in 2014, the Management prepared the valuation of the mining right by adopting a conservative approach that the Management took into account an assessment of a mineral asset's future net economic benefit at the valuation date on a nominal basis, that is to say, accounting for inflation in costs and in gold prices under a set of assumptions deemed most appropriate by a relevant expert or specialist, and excluded any premium or discount to account for such factors (such as market or strategic considerations). The Management used the discounted cash flow method of the income based approach as the valuation method, which is an estimation of the net present value of the forecast free cash flow produced by the Gold Mine. In order to present a more prudent and cautious fair value of the mining right, the median marketability discount for mining industry was also counted therein. The Management considered that the choice of the valuation methodology is appropriate in the circumstances, given that the development timing and the amount of capital expenditure can materially affect the project valuation.

BUSINESS AND FINANCIAL REVIEW *(Continued)*

The Board was informed that the fair value of the Gold Mine covered 100% indicated resources and 50% inferred resources was approximately HK$207,573,000. In accordance with Chapter 18 of the Listing Rules, all the inferred resources and sources of potential value in the preparation of the valuation should be excluded under such a stricter approach, which means that the valuation does not meet the definition of fair market value under the VALMIN Code 2005. However the Board is of the view that as the Gold Mine is located in the PRC, and the value of 50% inferred resources is still within the level of confidence to the PRC extrapolated resources, it is justified to consider the Gold Mine to be in compliant with Chinese criteria within the range of significant reference.

The Auditor has reviewed and assessed the valuation, including but not limited to, its methodology and assumptions, and is of the view that such valuation is fairly stated.

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements. As at the date of this annual report, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK$643,661,000.

PROSPECTS

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

For better operational efficiency and cost control effectiveness, the Group is also undertaking reorganization by reducing redundant manpower and rehiring more talent middle management for seeking and developing potential profitable businesses of the Group. Once the proceeds from the Open Offer are received, the Company is ready to make an effective use of the proceeds to shine the business and give a good account for the Shareholders.

In November 2015, GCCF has secured the money lender license following its reapplication, which allows the Company to further diversify its business. The Management has already started preparing the relevant policy and searching for potential clients.

Looking forward, the Company targets to complete the Resumption in the first half of 2016 or shortly thereafter. 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had unpledged cash and bank balances of approximately HK$7.9 million (2014: approximately HK$4.7 million). The gearing ratio was not applicable to the Group (2014: n/a) and the borrowings and convertible bonds of the Group together was approximately HK$512.5 million (2014: approximately HK$457.3 million). The Group reported net current liabilities of approximately HK$480.7 million as at 31 December 2015 (2014: approximately HK$484.4 million).

COMMITMENTS

Particulars of commitments of the Group as at 31 December 2015 and 2014 are set out in the note 26 to the consolidated financial statements of this annual report.

CONTINGENT LIABILITY

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

BANK BORROWINGS

As at 31 December 2015, the Group did not have any outstanding bank loan (2014: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2015, the Group employed 122 staff members (2014: 191). The remuneration of employees was in line with the market trend and commensurate with the level of remuneration in the industry and the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group mainly generated sales revenue and incurred costs in both Hong Kong dollar and Renminbi. In view of the fluctuation of 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.

EXECUTIVE DIRECTORS

Mr. Long Xiaobo, aged 50, joined the Group on 22 November 2010, is an Executive Director and the Chairman of the Board. He is also a chairman of the nomination and resumption committees, and a member of the remuneration committee of the Company. He is currently a director and general manager of Shenzheng City Boien Investment Limited Liability Company (深圳市柏恩投資有限責任公司). Mr. Long has served as the vice president of Dapeng Securities Company Limited, and was in charge of investment banking, asset management and the research business. He was also the founder and the first general manager of Dacheng Fund Management Company Limited. Mr. Long has more than 24 years of experience in the capital market business, and has specialised in asset management, securities investment, merger and acquisition, corporate reorganisation, financial consulting and real estate investment and integration. Mr. Long has obtained a Master of Economics degree and a Bachelor of Engineering degree from Fudan University, PRC.

Mr. Zuo Weiqi, aged 50, joined the Group on 3 August 2011, is an Executive Director and the Chief Executive Officer. Mr. Zuo is currently a member of the nomination and resumption committees of the Company. Mr. Zuo has years of experiences in property management, private equity investment and industrial investment. Mr. Zuo is currently an executive director and general manager of China High-tech Investment Management Co., Ltd.. Mr. Zuo has obtained a Master of Business Administration degree from China Academy of Social Sciences, PRC.

Mr. Chen Yi-chung, aged 42, joined the Group on 27 July 2012 as deputy manager of the Company prior to his appointment as Executive Director. Mr. Chen is also a member of the resumption committee of the Company. Mr. Chen has obtained a Bachelor of Business Administration degree from National Taiwan University, Taiwan. Mr. Chen has work experiences in various international financial institutions, such as Citigroup Asia-Pacific and the Principal Finance Group of the Standard Chartered Group.

Mr. Xiao Jie, aged 49, joined as chairman in Hunan Westralian Mining Company Limited, a subsidiary of the Company in 2013, prior to his appointment as Executive Director. Mr. Xiao graduated from Department of Civil Engineering of Hunan University, PRC and major in Industrial and Civil Construction Professional. He has obtained a Construction Quality Control Engineer qualification in 1997. Mr. Xiao has years' experience of team management and organisation leadership in the road and bridge construction in China especially in the area of design, construction and on-site management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Shunxing, aged 52, joined the Group on 3 August 2011, is an INED. Mr. Jin is also the chairman of the audit, remuneration, investigation committees and a member of the nomination committee of the Company. Mr. Jin has years of experiences in corporate finance and accounting. Mr. Jin is currently a partner of Pan-China (H.K.) CPA Limited. Mr. Jin is a Chinese Certified Public Accountant and a Chinese Certified Appraiser. He has obtained a Bachelor of Finance degree from Central South University of Technology, PRC and a Master of Business Administration degree from Northwestern Polytechnical University, PRC.

Mr. Chiang Tsung-Nien, aged 57, joined the Group on 19 January 2012, is an INED. Mr. Chiang is currently a member of audit, remuneration, nomination and investigation committees of the Company. Mr. Chiang has obtained a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, the United States of America and a Bacholor of Art degree, major in Economics, from the National Cheng-chi University, Taiwan. Mr. Chiang specializes in corporate finance, initial public offerings, real estate and large trade and other services for clients. He has worked in several banks in United States of America such as Citibank N.A., China Trust Bank USA, UBS N.Y., Continental Illinois Bank Chicago, and Chase Manhattan Bank N.Y. He also served as the chief financial officer of China Aerospace International Investment Corporation, the managing director of China Link Investment Ltd. and the managing director of Asia Pacific Capital Partners Ltd.

Ms. Liu Shuang, aged 44, joined the Group on 28 April 2014, is an INED. Ms. Liu is currently a member of the audit, remuneration, nomination and investigation committees of the Company. Ms. Liu has obtained a Bachelor of Business Law degree from Beijing Technology and Business University, PRC and a Master of Laws degree from Northwest University of Politics & Law, PRC and has over 20 years' experience in practicing law, specializing in overseas listing, merger and acquisition, private equity and overseas investment.

CORPORATE GOVERNANCE

The Company acknowledges the need for 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 annual report, the Company has adopted the CG Code to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices for the Reporting Period and up to the date of this annual report, and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this annual report, has complied with the Code Provisions except for the following deviations:

The Code provisions	Non-compliance and the reason for the deviation	Improvement action taken or to be taken
A.1.8	No insurance cover could be arranged since 1 November 2013 in view of the suspension in trading of the Company's shares	Directors' insurance will be arranged for each Director if and when such can be arranged or immediately upon the Resumption
A.4.2	At the 2015 AGM, Mr. Long Xiaobo, Chairman of the Board, was not subject to rotation of Directors according to the former Articles of Association before the adoption of the new Articles of Association on 22 February 2016	All Directors, including Chairman of the Board, are subject to rotation in accordance with the new Articles of Association adopted on 22 February 2016 and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years

As set out in section headed "Internal Controls" below, an independent Internal Control Consultant was engaged by the Company to carry out an internal control review of the Group. Following the actions and steps taken by the Management based on the Internal Control Consultant's earlier recommendations, the follow-up review reported 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Director's securities transactions. Trading in the Shares 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 and up to the date of this annual report.

BOARD OF DIRECTORS

The Board is responsible for overseeing the overall Group's businesses and strategies, supervision of the Management and affairs as well as monitoring of the overall operation and performance of the Group. The Board has delegated to the Chief Executive Officer, together with which the Directors also undertake, with the senior Management, the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established various committees and has delegated to these committees various responsibilities as set out in their respective terms of reference.

The Board is collectively responsible for performing the corporate governance duties and has formalised the inclusion of the following corporate governance duties into the terms of reference of the Board:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of Directors and senior Management;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

e. to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the annual report of the Company.

BOARD OF DIRECTORS *(Continued)*

On 30 January 2015, the Board had adopted a board diversity policy which aims to achieve the diversity of members of the Board to enhance the effectiveness of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board possesses diverse skills, experience and perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates of Board members will be based on diversity in their respective background and experience, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

During the Reporting Period and as at the date of this annual report, the composition of the Board is set out below:

Executive Directors:

Mr. Long Xiaobo *(Chairman of the Board)*
Mr. Zuo Weiqi *(Chief Executive Officer)*
Mr. Chen Yi-chung
Mr. Xiao Jie *(appointed on 31 August 2015)*

INEDs:

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

Directors have no financial, business, family or other material/relevant relationships with each other. The biographical details of the Directors are set out on pages 7 to 8 and whose respective interests in the Company's shares are set out on pages 29 of this annual report.

The Company has received from each of the INEDs a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and is satisfied of their independence.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Apart from an induction provided to each newly appointed Director on the first occasion of his/her appointment by the Company so as to ensure that he/she has appropriate understanding of the business and operation of the Group and that he/she is aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements, all Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the CG Code on continuous professional development during the Reporting Period:

Name of Directors	Activities
Executive Directors	
Mr. Long Xiaobo *(Chairman of the Board)*	A & B
Mr. Zuo Weiqi *(Chief Executive Officer)*	A & B
Mr. Chen Yi-chung	A & B
Mr. Xiao Jie *(appointed on 31 August 2015)*	B & C
INEDs	
Mr. Jin Shunxing	A & B
Ms. Liu Shuang	A & B
Mr. Chiang Tsung-Nien	A & B

Notes:

A: as an attendee to seminars/conferences organized by the third parties

B: reading technical bulletins, periodicals and other publications on subjects relevant to the roles, functions and duties of a director of a listed company

C: as an induction provided by the Company and a third party

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is Mr. Long Xiaobo and the Chief Executive Officer is Mr. Zuo Weiqi. The positions of Chairman of the Board and Chief Executive Officer are held by separate persons in order to preserve independence and a balance of views and judgement.

With the support of the senior Management, the Chairman of the Board is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the articles 83 and 84 of the new Articles of Association, a person may be appointed as a member of the Board at any time either by the Shareholders in a general meeting or by the Board. Director appointed by the Board must retire at the first general meeting after his appointment and shall then be eligible for re-election, and shall not be taken into account in determining the number of Directors who are to retire by rotation at that next AGM.

According to the article 84 of the new Articles of Association, no less than one-third of the Directors for the time being shall retire from office by rotation at each AGM. Retiring Directors shall be eligible for re-election.

According to the article 83 of the new Articles of Association, the Company may remove any Director by an ordinary resolution at a general meeting.

BOARD PRACTICES

As per the latest improved corporate governance practice of the Company, since 2015, notice of regular Board meetings have been and will be dispatched to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days (or any other agreed date) before each regular Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior Management where necessary.

The senior Management, including Chief Executive Officer and finance manager, attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

Draft minutes are normally circulated to the Directors for their comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

Directors are required to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

BOARD PRACTICES *(Continued)*

The attendance of the Directors at the Board meetings held during the Reporting Period is set out as follows:

Name of Directors	Attendance/Total no. of meetings held during the Reporting Period
Executive Directors	
Mr. Long Xiaobo *(Chairman of the Board)*	5/6
Mr. Zuo Weiqi *(Chief Executive Officer)*	6/6
Mr. Chen Yi-chung	6/6
Mr. Xiao Jie *(appointed on 31 August 2015)*	2/2
INEDs	
Mr. Jin Shunxing	6/6
Ms. Liu Shuang	5/6
Mr. Chiang Tsung-Nien	4/6

DELEGATION BY THE BOARD

The Board undertakes responsibility for decision making in major Company's matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management of the Group.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 1 October 2013 with written terms of reference adopted on the same date and updated on 30 January 2015. The primary function of the Nomination Committee is to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. As at the date of this annual report, the Nomination Committee currently consists of five members, comprising Mr. Long Xiaobo, Mr. Zuo Weiqi, Mr. Jin Shunxing, Mr. Chiang Tsung-Nien and Ms. Liu Shuang. Mr. Long Xiaobo is the chairman of the Nomination of Committee.

NOMINATION COMMITTEE *(Continued)*

As at the date of this annual report, the Nomination Committee had reviewed the size, structure and composition of the Board to complement the Group's corporate strategy, and nominated candidates to fill the casual vacancy arising from the resigning Director and made recommendation to the Board in order to share part of the duties and responsibilities of the Chairman of the Board.

A board diversity policy was recommended and had been approved and adopted by the Board on 30 January 2015. The main objective of the policy is to provide a guideline to the Nomination Committee in selecting candidates in terms of their merits and business and professional backgrounds to the Board with reference to the Company's existing and future business development needs.

The attendance of the members of the Nomination Committee at the Nomination Committee meetings held during the Reporting Period is set out as follows:

Name of Directors	Attendance/Total no. of meetings held during the Reporting Period
Executive Directors	
Mr. Long Xiaobo *(Chairman of the committee)*	3/3
Mr. Zuo Weiqi	2/3
INEDs	
Mr. Jin Shunxing	3/3
Ms. Liu Shuang	2/3
Mr. Chiang Tsung-Nien	2/3

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 27 June 2008 with written terms of reference adopted on the same date and updated on 30 January 2015. The primary duties of the Remuneration Committee are to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objects and make recommendations to the Board on the remuneration package of individual Executive Director and senior Management. As at the date of this annual report, the Remuneration Committee currently consists of four members, namely Mr. Jin Shunxing, Mr. Chiang Tsung-Nien, Ms. Liu Shuang and Mr. Long Xiaobo. Mr. Jin Shunxing is the chairman of the Remuneration Committee.

The Remuneration Committee has reviewed the Directors' fee (including Executive Directors and INEDs) in consideration of the increasingly level of duties and responsibilities of the Directors and the market condition and approval of the remuneration incentive structure of the Group as a whole taking consideration of factors such as salaries paid by comparable companies, time commitment and their responsibilities.

REMUNERATION COMMITTEE *(Continued)*

The attendance of the members of the Remuneration Committee at the Remuneration Committee meetings held during the Reporting Period is set out as follows:

Name of Directors	Attendance/Total no. of meetings held during the Reporting Period
Executive Directors	
Mr. Long Xiaobo	2/2
INEDs	
Mr. Jin Shunxing *(Chairman of the committee)*	2/2
Ms. Liu Shuang	2/2
Mr. Chiang Tsung-Nien	1/2

REMUNERATION POLICY OF THE GROUP

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. Details of the share option scheme of the Company are set out on page 28 of this annual report.

The emoluments payable to 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 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.

DIRECTORS' AND THE FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The Directors' fees and remuneration and the emoluments of the five highest paid individuals during the year are disclosed in note 13 to the consolidated financial statements of this annual report.

The contributions to pension scheme of Directors for the year are disclosed in note 13 to the consolidated financial statements of this annual report.

AUDIT COMMITTEE

The Company established an Audit Committee on 28 October 2000 with written terms of reference adopted on the same date and updated on 30 January 2015. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. As at the date of this annual report, the Audit Committee currently consists of three INEDs, being Mr. Jin Shunxing, Mr. Chiang Tsung-Nien and Ms. Liu Shuang. Mr. Jin Shunxing is the chairman of the Audit Committee.

For the Reporting Period, the Audit Committee discussed with the senior Management the internal controls and financial reporting matters, and reviewed the accounting principles, policies and practices adopted by the Group and the effectiveness of the Group's internal control system.

The attendance of the members of the Audit Committee at the Audit Committee meetings held during the Reporting Period is set out as follows:

Name of Directors	**Attendance/Total no. of meetings held during the Reporting Period**
INEDs	
Mr. Jin Shunxing *(Chairman of the committee)*	5/5
Ms. Liu Shuang	4/5
Mr. Chiang Tsung-Nien	3/5

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the annual consolidated financial statements of the Company which give a true and fair view of the state of affairs, results and cash flows of the Group for the Reporting Period. Save as disclosed in the qualifications to the auditor's opinions which are set out on pages 33 to 34 of this annual report, the Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of any other material uncertainties that may cast significant doubt on the Company's ability to continue as a going-concern.

ACCOUNTABILITY AND AUDIT *(Continued)*

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The Management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

The annual results of the Group for the Reporting Period have also been reviewed by the Audit Committee. The Auditor had given a qualification in their opinion which is set out on pages 33 to 34 of this annual report which we would like to draw to the Shareholders' attention.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system and risk management system to safeguard Shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such systems on an annual basis. Although there is no separate internal audit function has been established by the Board, the Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls and risk management. The Company also has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place throughout 2015 and up to the date of this annual report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board.

As set out in the Company's announcement dated 31 December 2013, an independent Internal Control Consultant was engaged by the Company to perform an internal control review of the Group to assist the Board to assess whether the Group's financial reporting procedure and internal control system are adequate to enable the Company to meet its obligations under the Listing Rules.

As further announced by the Company on 3 October 2014, the Internal Control Consultant issued a preliminary draft internal control review report to the Company, which has identified a number of internal control issues and deficiencies of the Group. The Management has reviewed the preliminary internal control report and taken necessary actions and steps to address those internal control issues and deficiencies based on the recommendations of the Internal Control Consultant. Major deficiencies identified by the Internal Control Consultant and the Company's subsequent responses were set out in the Company's announcement dated 29 May 2015.

Following the actions and steps taken by the Management, the Internal Control Consultant has conducted a follow-up review in May 2015 on the internal control system of the Group. 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 and systems of the internal control of the Group. The Internal Control Consultant concluded that the enhanced financial reporting procedures and internal control system of the Group are adequate to meet the general principles and obligations regarding corporate governance issues under the Listing Rules.

INTERNAL CONTROLS *(Continued)*

Having considered the results of the follow-up review and assessment of the effectiveness of the Company's internal control system including financial, operational and compliance control and risk management, the Directors (including all INEDs) are of the view that the Group's financial reporting procedure, internal control system and risk management system are sufficient to meet obligations under the Listing Rules.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The Company's independent external auditor is ZHONGHUI ANDA. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditors. Up to the date of this annual report, the Audit Committee has considered and made recommendation to the Board on the engagement of ZHONGHUI ANDA as auditor of the Group in respect of the consolidated financial statements for the Reporting Period and the corresponding audit fees estimation.

For the Reporting Period, the remuneration paid/payable by the Company to ZHONGHUI ANDA and other ZHONGHUI ANDA network firms in respect of their audit and other non-audit services were as follows:

	HKD
Annual audit services	1,080,000
Non-audit services	280,000
Total fees	1,360,000

CONSTITUTIONAL DOCUMENT

During the Reporting Period, no amendment has been made to the Articles of Association. However, on 22 February 2016, a new Articles of Association was adopted by the Shareholders on 22 February 2016 for housekeeping purpose and for the purpose of conforming with certain amendments to the Listing Rules which had become effective since the last amendment of the Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions. The general meetings of the Company provide a forum for face-to-face communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at Shareholder's meetings.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS *(Continued)*

To promote effective communication, the Company maintains on its website up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted and are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at the general meetings, including the election of individual Directors.

All resolutions put forward at the general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

The procedures for Shareholders to convene an EGM are governed by Article 58 of the new Articles of Association. A written requisition must be addressed to the Board or the Company Secretary. On the written requisition of Shareholders holding not less than one-tenth of such of the paid-up share capital of the Company as at the date of lodgment of the requisition, and the Board must proceed duly to convene an EGM.

The written requisition must state the objectives (which must be capable of being effectively achieved) of the meeting, be signed by the Shareholders who propose to convene the meeting, and be lodged at the registered office of the Company. The Board must thereafter within 21 days from the lodgment of the requisition proceed duly to convene a meeting for a day not more than two months after the date on which the notice convening the meeting is given.

Whilst giving the above written requisition, Shareholders are recommended to provide written explanation of the reasons and material implications relating to the proposed resolution to enable all of the Shareholders to properly consider and determine the proposed resolution.

The Company will, upon receipt of a properly lodged requisition referred to above, issue a notice of extraordinary general meeting of the proposed resolutions and (if applicable) circulars containing further information relating to the proposed resolution in accordance with the Listing Rules.

Shareholders who intend to put forward their enquiries to the Board could send their enquiries to the Company's head office and principal place of business in Hong Kong or by email to contact@chinabillion.net. Shareholders can contact Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

COMPANY SECRETARY

The Company has engaged Mr. Cheung Yuk Chuen as its Company Secretary effective from 14 August 2013. His primary corporate contact person at the Company is Mr. Chen Yi-chung, Executive Director. The Company Secretary will report to Chairman of the Board and/or the Chief Executive Officer. Following the adoption of the new CG Code, the Company Secretary will take no less than 15 hours of relevant professional training.

The Board is pleased to present its report together with the audited consolidated financial statements of the Company for the Reporting Period.

COMPANY INFORMATION

The Company 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 KY 1-1111, 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 from trading since 29 June 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company, through its major subsidiaries, is principally engaged in:

(i) gold exploration, development and mining; and

(ii) provision of beauty treatment services and trading of cosmetic and skincare products.

The activities of the subsidiaries are set out in note 17 to the consolidated financial statements of this annual report.

An analysis of the performance of the Group for the year by operating segments is set out in note 7 to the consolidated financial statement of this annual report and detailed management discussion and analysis is set out on pages 4 to 6 of this annual report.

RESULTS AND RESERVES

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 35 of this annual report.

Details of movements in the reserves of the Group during the Reporting Period are set out on page 37 in the consolidated statement of changes in equity of this annual report.

Under the Companies Law, share premium of the Company is available for distributions or paying dividends to the Shareholders subject to the provisions of the Articles of Association and a statutory solvency test. In accordance with the article 134 of the new Articles of Association, dividends may be declared and paid out of the profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared or paid out of share premium account. As at 31 December 2015, the Company has no reserves available for distribution to the Shareholders (2014: nil).

DIVIDENDS

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

CHARITABLE DONATIONS

The Group made no charitable and other donations for the Reporting Period (2014: nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 76 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's five largest suppliers accounted for 99.8% of the Group's total purchases, and the purchase from the Group's largest supplier included therein accounted for 95.4% of the total purchase for the year.

For the Reporting Period, the Group's sales to its five largest customers accounted for 43.4% of the Group's total sales, and the sales to the largest customer included therein accounted for 17.7% of the total sales for the year.

None of the Directors, any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's top five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements of this annual report.

SHARE CAPITAL

As at 31 December 2015, the authorised share capital of the Company was HK$800 million, divided into 8,000 million Shares of HK$0.10 each, of which 5,235,303,300 Shares were issued and credited as fully paid up in the amount of HK$523,530,330.00. Details of movements in the share capital of the Company during the Reporting Period are set out in note 24 to the consolidated financial statements of this annual report.

CAPITAL REORGANISATION

During the Reporting Period, the Board proposed to implement the Capital Reorganisation which entails the Capital Reduction, the Capital Cancellation, the Share Consolidation, the increase in authorised share capital and the Share Premium Reduction with details as follows:

CAPITAL REORGANISATION *(Continued)*

Capital Reduction

The nominal value of each issued Share shall be reduced from HK$0.10 to HK$0.005 by the reduction of HK$0.095 for each issued Share. The credit balance arising from the Capital Reduction of HK$497,353,813.50 will be applied in a manner as permitted by the Companies Law, the Articles of Association and other applicable laws to, including but not limited to, the setting off of part of the accumulated deficit of the Company as at the effective date of the Capital Reduction.

Capital Cancellation

The existing 2,764,696,700 unissued Shares in the un-issued share capital of the Company of HK$276,469,670.00 will, immediately after the completion of the Capital Reduction, be cancelled in its entirety resulting in the authorized share capital being reduced to the amount of the Company's issued share capital, namely HK$26,176,516.50.

Share Consolidation

Immediately after the Capital Reduction and Capital Cancellation become effective, every two (2) Shares of HK$0.005 each will be consolidated into one Reorganised Share of HK$0.01 each. As a result, 5,235,303,300 issued shares of the Company of HK$0.005 each will be consolidated into 2,617,651,650 issued Reorganised Shares of HK$0.01 each.

Increase in Authorised Share Capital

Immediately after the Share Consolidation becomes effective, the Company will increase its authorised share capital of the Company from HK$26,176,516.50 to HK$250,000,000.00 by the creation of 22,382,348,350 new Reorganised Shares.

Share Premium Reduction

The entire amount standing to the credit of the share premium account of the Company as at 30 June 2015, which amounted to approximately HK$2,101,765,000.00, will be applied to set off against the accumulated deficit of the Company or in a manner otherwise permitted by the Companies Law, the Articles of Association and other applicable laws.

As at the date of this annual report, the Capital Reorganisation has been approved by the Shareholders at the EGM held on 22 February 2016 and a petition in relation to the Capital Reduction was presented by the Company to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016 to hear the petition.

For details of abovementioned Capital Reorganisation, please refer to the Circular which published and posted on the websites of Stock Exchange and the Company on 29 January 2016.

CONVERTIBLE BONDS

Details of movements in the convertible bonds of the Company during the Reporting Period are set out in note 22 to the consolidated financial statements of this annual report.

BANK LOANS AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2015 amounted to approximately HK$222,271,000 (2014: approximately HK$167,150,000). Particulars of bank loans and other borrowings are set out in note 21 to the consolidated financial statements of this annual report.

DIRECTORS

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

Executive Directors

Mr. Long Xiaobo *(Chairman of the Board)*
Mr. Zuo Weiqi *(Chief Executive Officer)*
Mr. Chen Yi-chung
Mr. Xiao Jie *(appointed on 31 August 2015)*

INEDs

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

In accordance with the Articles of Association, Mr. Long Xiaobo, Mr. Chen Yi-chung and Mr. Chiang Tsung-Nien, shall retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors as at the date of this report are set out on pages 7 to 8 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the current INEDs has confirmed their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent in accordance with the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

No Director proposed for re-election at the forthcoming AGM has a services contract with the Company which exceeds three years and is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The appointment of all INEDs, namely, Mr. Jin Shunxing, Mr. Chiang Tsung-Nien and Ms. Liu Shuang, have been renewed for a one-year term expiring on 29 January 2017.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

For the purpose of the Resumption, a series of debt restructuring arrangements have been carried out in order to improve the liquidity position and solvency position of the Company. Save as disclosed in section headed "Debt Restructuring Arrangements and Open Offer" below and in notes 21 and 27 to the consolidated financial statements of this annual report, no transaction, arrangement or contract of significance in relation to the Group's business in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the year or at the end of the year 2015.

DEBT RESTRUCTURING ARRANGEMENTS AND OPEN OFFER

For facilitating the Resumption and to improve the Company's financial position in order to solve the going concern issue of the Company as disclosed in the Company's 2014 annual report, the Company has entered into a total of 13 sets of Debt Settlement Agreements, comprising 10 sets of Share Settlement Agreements and 3 sets of CB Settlement Agreements, with Share Settlement Creditors and CB Settlement Creditors respectively during the Reporting Period.

At the EGM held on 22 February 2016, among others, the (i) Debt Settlement Agreements and (ii) Open Offer were approved by the independent Shareholders. Summary of the debt restructuring arrangements and the Open Offer are set out as follows:

Share Settlement Agreements

The Company has entered into 10 sets of Share Settlement Agreements with the Share Settlement Creditors respectively, pursuant to which the Share Settlement Creditors have conditionally agreed to accept, and the Company has conditionally agreed to allot and issue, up to 9,692,022,458 Settlement Shares at the Settlement Share Price of HK$0.05 each to the Share Settlement Creditors, in full and final settlement of the relevant outstanding debts, together with the accrued interest (where applicable), owed by the Company to the Share Settlement Creditors. Mr. Long Xiaobo, Chairman of the Board, had material interests in 4 sets of the Share Settlement Agreements, detailed of which are set out below:

DEBT RESTRUCTURING ARRANGEMENTS AND OPEN OFFER *(Continued)*

Share Settlement Agreements *(Continued)*

Share Settlement Agreement (Mr. Long)

The Company, as debtor, and Mr. Long, as creditor, entered into a share settlement agreement ("Share Settlement Agreement (Mr. Long)") on 9 November 2015. Pursuant to Share Settlement Agreement (Mr. Long), subject to the conditions precedent contained therein, Mr. Long has agreed to accept, and the Company has agreed to allot and issue 1,046,720,224 Settlement Shares at the Settlement Share Price of HK$0.05 per Settlement Share to Mr. Long, in full and final settlement of these outstanding working capital loans in the total principal amount of approximately HK$42,906,804.00, together with the accrued interest up to 31 December 2015 in the amount of approximately HK$9,429,207.00, owed by the Company to Mr. Long.

Share Settlement Agreement (Star Sino)

The Company, as debtor, and Star Sino International Limited, a company wholly and beneficially owned by Mr. Long, as creditor, entered into a share settlement agreement ("Share Settlement Agreement (Star Sino)") on 9 November 2015. Pursuant to Share Settlement Agreement (Star Sino), subject to the conditions precedent contained therein, Star Sino International Limited has agreed to accept, and the Company has agreed to allot and issue 3,167,076,482 Settlement Shares at the Settlement Share Price of HK$0.05 per Settlement Share to Star Sino International Limited in full and final settlement of the 2010 Convertible Bonds in the total principal amount of approximately HK$139,191,200.00, together with the accrued interest up to 31 December 2015 in the amount of approximately HK$19,162,624.00, owned by the Company to Star Sino International Limited.

Share Settlement Agreement (Billion Glory)

The Company, as debtor, and Billion Glory Capital Investment Limited, a company wholly and beneficially owned by Mr. Long, as creditor, entered into two share settlement agreements ("Share Settlement Agreement (Billion Glory 1)" and "Share Settlement Agreement (Billion Glory 2)", respectively) on 9 November 2015. Pursuant to Share Settlement Agreement (Billion Glory 1), subject to the conditions precedent set out therein, Billion Glory Capital Investment Limited has agreed to accept, and the Company has agreed to allot and issue 847,689,528 Settlement Shares at the Settlement Share Price of HK$0.05 per Settlement Share to Billion Glory Capital Investment Limited, in full and final settlement of the outstanding working capital loans in the total principal amount of approximately HK$40,586,042.00, together with the accrued interest up to 31 December 2015 in the amount of approximately HK$1,798,434.00, owed by the Company to Billion Glory Capital Investment Limited. Pursuant to Share Settlement Agreement (Billion Glory 2), Billion Glory Capital Investment Limited has conditionally agreed to accept, and the Company has agreed to allot and issue up to 400,000,000 Settlement Shares at the Settlement Share Price of HK$0.05 per Settlement Share to Billion Glory Capital Investment Limited, in full and final settlement of the outstanding working capital loan facility that is drawn down by the Company and owing to Billion Glory Capital Investment Limited as at close of business on the date immediately preceding the completion of Debt Settlement Agreements. The total working capital loan facility granted to the Company by Billion Glory Capital Investment Limited was HK$20,000,000.00.

DEBT RESTRUCTURING ARRANGEMENTS AND OPEN OFFER *(Continued)*

CB Settlement Agreements

The Company has entered into 3 sets of CB Settlement Agreements with the CB Settlement Creditors respectively, pursuant to which the CB Settlement Creditors have conditionally agreed to accept, and the Company has conditionally agreed to issue, the Settlement Convertible Bonds in the total principal amount of HK$53,417,356.17, in full and final settlement of the relevant outstanding debts, together with the accrued interest, owed by the Company to the CB Settlement Creditors.

Open Offer

Subject to the Capital Reorganisation becoming effective, the Company will make the Open Offer on the basis of two (2) Offer Shares for every one (1) Reorganised Share held on the Open Offer Record Date by the Qualifying Shareholders. A total of 5,235,303,300 Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders at the Offer Price of HK$0.03 for each Offer Share and the gross proceeds to be raised from the issue of the Offer Shares is expected to be approximately HK$157.1 million. Mr. Long had material interests in the Underwriting Agreement and the irrevocable undertaking given by Star Sino International Limited in respect of the Open Offer as detailed below:

Underwriting Agreement

The Company and Gain Faith Investments Limited, a company wholly and beneficially owned by Mr. Long, entered into the Underwriting Agreement on 9 November 2015 whereby Gain Faith Investments Limited, as the underwriter, conditionally agreed to underwrite the Offer Shares other than the 762,022,000 Offer Shares to be taken up by Star Sino International Limited pursuant to the irrevocable undertaking, i.e. 4,473,281,300 Underwritten Shares. Gain Faith Investments Limited will charge a commission fee of 3.0% of the aggregate Offer Price of the Underwritten Shares together with all costs, fees and out-of pocket expensed properly incurred by it in connection with the underwriting of the Underwritten Shares and agreed in advance by the Company in writing but excluding sub-underwriting fees and expenses relating to the sub-underwriting.

Irrevocable undertaking

On 9 November 2015, Star Sino International Limited, a company wholly and beneficially owned by Mr. Long, had irrevocably undertaken to each of the Company and Gain Faith Investments Limited that it will, among other things, take up and pay for the 762,022,000 Offer Shares which will constitute its assured entitlement of Offer Shares in respect of the Shares beneficially owned by it pursuant to the terms of the Open Offer or procure they are taken up and paid for on the terms of the Open Offer.

For details of abovementioned series of debt restructuring arrangements, please refer to the Circular which published and posted on the websites of Stock Exchange and the Company on 29 January 2016.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Saved as disclosed in the section headed "Directors' Interests in Transactions, Arrangements or Contracts of Significance" above and note 27 to the consolidated financial statements of this annual report, no other connected transaction nor related party transaction of the Company has been carried out during the Reporting Period.

In relation to the loans disclosed under note 27 to the consolidated financial statements of this annual report, the loans are fully exempted connected transactions under Rule 14A.90 of the Listing Rules as they are conducted on normal commercial terms and are unsecured.

SHARE OPTION SCHEME

No share option scheme was adopted by the Company during the Reporting Period.

A new share option scheme was adopted by the Company upon the obtaining of Shareholders' approval at the EGM held on 22 February 2016 and as at the date of this report, no share option had been granted thereunder.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Brief summary of the remuneration policy of the Group are set out in page 16 of this annual report. Details of the Directors' fee and remuneration of the Directors and the emoluments of the five highest paid individuals during the Reporting Period are set out in note 13 to the consolidated financial statements of this annual report.

PENSION SCHEMES

Details of the pension schemes are set out in note 13 to the consolidated financial statements of this annual report.

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

Save as disclosed below, as at 31 December 2015, none of the Directors or chief executive of the Company or their associates had any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange:

Name of Director	Name of Group member/ associated corporation	Capacity	Number of ordinary shares held *(note 1)*	Approximate percentage of shareholding
Mr. Long	The Company	Interest of controlled corporation	20,062,160,620(L) *(note 2)*	127.74% *(note 3)*
		Beneficial Owner	2,093,440,448(L) *(note 4)*	39.99% *(note 5)*

Notes:

1. The letter "L" denotes long position in the shares of the Company or the relevant associated corporation.

2. The 20,062,160,620 Shares comprise (i) 762,022,000 Shares directly held by Star Sino International Limited, a company wholly owned by Mr. Long, as at 31 December 2015; (ii) 6,334,152,964 Shares representing the number of the 3,167,076,482 Settlement Shares to be issued and allotted to Star Sino International Limited pursuant to the Share Settlement Agreement (Star Sino) adjusted for the effect of the proposed Share Consolidation; (iii) 1,524,044,000 Shares representing the number of the 762,022,000 Offer Shares irrevocably committed to be taken up by Star Sino International Limited and was adjusted for the effect of the proposed Share Consolidation; (iv) 2,495,379,056 Shares represents the number of the maximum 1,247,689,528 Settlement Shares to be issued and allotted to Billion Glory Capital Investment Limited, a company wholly owned by Mr. Long, pursuant to Share Settlement Agreements (Billion Glory 1 & 2) and was adjusted for the effect of the proposed Share Consolidation; and (v) 8,946,562,600 Shares represents the 4,473,281,300 Underwritten Shares which may be issued and allotted to Gain Faith Investments Limited, a company wholly owned by Mr. Long, pursuant to the Underwriting Agreement and was adjusted for the effect of the proposed Share Consolidation.

3. The number of total Shares used as the denominator was 15,705,909,900 Shares which was enlarged by the issue and allotment of the Offer Shares and was adjusted for the effect of the proposed Share Consolidation.

4. The 2,093,440,448 Shares represents the number of the 1,046,720,224 Settlement Shares to be issued and allotted to Mr. Long pursuant to Share Settlement Agreement (Mr. Long) and was adjusted for the effect of the proposed Share Consolidation.

5. The number of total Shares used as the denominator was 5,235,303,300 Shares, being the number of issued Shares of the Company as at 31 December 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year was the Company, any of its subsidiaries, its holding company or a subsidiary of its holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive (including their spouse and children under 18 years of age) had an interest in, or been granted any rights to subscribe for the securities of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, so far as is known to the Directors and chief executive of the Company based on the records of the Company (including the register maintained by the Company pursuant to section 336 of the SFO), the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have an interests or short positions in the shares or underlying shares of the Company:

Name of Shareholders	**Capacity**	**Number of ordinary shares held** *(note 1)*	**Approximate percentage of shareholding**
Star Sino International Limited	Beneficial owner	8,620,218,964(L) *(note 2)*	54.89% *(note 3)*
Billion Glory Capital Investment Limited	Beneficial owner	2,495,379,056(L) *(note 4)*	47.66% *(note 5)*
Gain Faith Investments Limited	Beneficial owner	8,946,562,600(L) *(note 6)*	56.96% *(note 3)*
Successful Era Investments Limited	Beneficial owner	3,868,082,190(L) *(note 7)*	73.88% *(note 5)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Notes:

1. The letter "L" denotes long position in the shares of the Company or the relevant associated corporation.

2. The 8,620,218,964 Shares comprise (i) 762,022,000 Shares directly held by Star Sino International Limited as at the 31 December 2015; (ii) 6,334,152,964 Shares representing the number of the 3,167,076,482 Settlement Shares to be issued and allotted to Star Sino International Limited pursuant to the Share Settlement Agreement (Star Sino) adjusted for the effect of the proposed Share Consolidation; and (iii) 1,524,044,000 Shares representing the number of the 762,022,000 Offer Shares irrevocably committed to be taken up by Star Sino International Limited and was adjusted for the effect of the proposed Share Consolidation.

3. The number of total Shares used as the denominator was 15,705,909,900 Shares which was enlarged by the issue and allotment of the Offer Shares and was adjusted for the effect of the proposed Share Consolidation.

4. The 2,495,379,056 Shares represents the number of the maximum 1,247,689,528 Settlement Shares to be issued and allotted to Billion Glory Capital Investment Limited pursuant to the Share Settlement Agreements (Billion Glory 1 & 2) and was adjusted for the effect of the proposed Share Consolidation.

5. The number of total Shares used as the denominator was 5,235,303,300 Shares, being the number of issued Shares of the Company as at 31 December 2015.

6. The 8,946,562,600 Shares represents the 4,473,281,300 Underwritten Shares which may be issued and allotted to Gain Faith Investments Limited pursuant to the Underwriting Agreement and was adjusted for the effect of the proposed Share Consolidation.

7. The 3,868,082,190 Shares represents the 1,934,041,095 Settlement Shares to be issued and allotted to Successful Era Investments Limited pursuant to the share settlement agreement entered by it with the Company and was adjusted for the effect of the proposed Share Consolidation.

Save as disclosed and in the section of "Directors' and Chief Executive's Interests in Shares of the Company" above, the Company has not been notified of any other relevant interests 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had, either directly or indirectly, an interest in a business which causes or may cause any significant competition with the businesses of the Group during the Reporting Period.

SUBSEQUENT EVENTS

The material subsequent event is disclosed in note 29 to the audited consolidated financial statements in this annual report.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee has reviewed with the Management and the Auditor, the accounting principles and policies as adopted by the Company, the practices of the Group and the audited consolidated financial statements for the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 9 to 20 of this annual report.

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 report.

AUDITORS

Parker Randall CF (H.K.) CPA Limited was appointed as the auditor of the Group on 7 January 2011 for conducting the audit works of the Group for the years ended 31 December 2010 and 2011, and they resigned as the auditor of the Group on 11 August 2013.

Ting Ho Kwan & Chan CPA Limited was appointed as auditor of the Group on 14 August 2013 for conducting the audit works of the Group for the year ended 31 December 2011, and they resigned as the auditor of the Group on 10 October 2014.

ZHONGHUI ANDA was appointed as the auditor of the Group on 10 October 2014 for conducting the audit works of the Group since then.

ZHONGHUI ANDA shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of ZHONGHUI ANDA as the auditor of the Group will be proposed at the forthcoming AGM.

On behalf of the Board
Long Xiaobo
Chairman of the Board

Hong Kong, 29 March 2016

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF
CHINA BILLION RESOURCES LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Billion Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 75, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 4 August 2015.

OPINION

In our opinion, except for the possible effects of the matter on the consolidated profit or loss for the year ended 31 December 2014 as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred a loss attributable to owners of the Company of approximately HK$34,460,000 for the year ended 31 December 2015 and as at 31 December 2015 the Group had net current liabilities and net liabilities of approximately HK$480,666,000 and HK$334,858,000 respectively. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	8	**43,613**	43,679
Cost of sales and services rendered		**(8,872)**	(11,606)
Gross profit		**34,741**	32,073
Other income and gains	9	**7**	5,722
Selling and distribution expenses		**(1,416)**	(1,316)
Administrative expenses		**(47,216)**	(72,351)
Impairment loss on mining right		**–**	(844,216)
Impairment loss on property, plant and equipment		**–**	(34,884)
Loss from operations		**(13,884)**	(914,972)
Finance costs	10	**(22,059)**	(15,995)
Gain/(Loss) on disposal of subsidiaries		**738**	(26,732)
Loss before tax		**(35,205)**	(957,699)
Income tax (expense)/credit	11	**(2,797)**	214,935
Loss for the year	12	**(38,002)**	(742,764)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(14,598)**	(12,413)
Other comprehensive income for the year, net of tax		**(14,598)**	(12,413)
Total comprehensive income for the year		**(52,600)**	(755,177)
Loss for the year attributable to:			
Owners of the Company		**(34,460)**	(601,987)
Non-controlling interests		**(3,542)**	(140,777)
		(38,002)	(742,764)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(45,940)**	(612,075)
Non-controlling interests		**(6,660)**	(143,102)
		(52,600)	(755,177)
Loss per share (HK cents)			
Basic	14	**(0.66)**	(11.50)
Diluted	14	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**10,867**	12,026
Mining right	16	**199,463**	214,361
		210,330	226,387
Current assets			
Inventories	18	**438**	371
Trade and other receivables	19	**20,749**	12,397
Bank and cash balances		**7,891**	4,705
		29,078	17,473
Current liabilities			
Trade and other payables	20	**36,764**	44,491
Borrowings	21	**182,789**	167,150
Convertible bonds	22	**290,191**	290,191
		509,744	501,832
Net current liabilities		**(480,666)**	(484,359)
Total assets less current liabilities		**(270,336)**	(257,972)
Non-current liabilities			
Borrowings	21	**39,482**	–
Deferred tax liabilities	23	**25,040**	23,548
		64,522	23,548
NET LIABILITIES		**(334,858)**	(281,520)
Capital and reserves			
Share capital	24	**523,530**	523,530
Reserves	25	**(835,067)**	(789,127)
Equity attributable to owners of the Company		**(311,537)**	(265,597)
Non-controlling interests		**(23,321)**	(15,923)
TOTAL EQUITY		**(334,858)**	(281,520)

The consolidated financial statements on pages 35 to 75 were approved and authorised for issue by the board of directors on 29 March 2016 and are signed on its behalf by:

Long Xiaobo	**Chen Yi-chung**
Director	*Director*

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-Controlling interests HK$'000	Total HK$'000
At 1 January 2014	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 year	–	–	–	–	(10,088)	–	(601,987)	(612,075)	(143,102)	(755,177)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	28,048	28,048
Changes in equity for the year	–	–	–	(25,101)	(10,088)	–	(576,886)	(612,075)	(115,054)	(727,129)
At 31 December 2014	523,530	2,101,765	300	–	55,207	99,389	(3,045,788)	(265,597)	(15,923)	(281,520)
At 1 January 2015	**523,530**	**2,101,765**	**300**	**–**	**55,207**	**99,389**	**(3,045,788)**	**(265,597)**	**(15,923)**	**(281,520)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(11,480)**	**–**	**(34,460)**	**(45,940)**	**(6,660)**	**(52,600)**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(738)**	**(738)**
Changes in equity for the year	**–**	**–**	**–**	**–**	**(11,480)**	**–**	**(34,460)**	**(45,940)**	**(7,398)**	**(53,338)**
At 31 December 2015	**523,530**	**2,101,765**	**300**	**–**	**43,727**	**99,389**	**(3,080,248)**	**(311,537)**	**(23,321)**	**(334,858)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(35,205)**	(957,699)
Adjustments for:		
Finance costs	**22,059**	15,995
Interest income	**(7)**	(3)
Depreciation	**1,709**	3,406
Amortisation of mining right	**3,799**	23,813
(Gain)/Loss on disposal of subsidiaries	**(738)**	26,732
Impairment loss on property, plant and equipment	**–**	34,884
Impairment loss on mining right	**–**	844,216
Operating loss before working capital changes	**(8,383)**	(8,656)
(Increase)/Decrease in inventories	**(67)**	3,099
Increase in trade and other receivables	**(8,352)**	(2,076)
(Decrease)/Increase in trade and other payables	**(7,727)**	4,931
Cash used in operations	**(24,529)**	(2,702)
Income tax refund	**–**	159
Net cash used in operating activities	**(24,529)**	(2,543)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**7**	3
Purchases of property, plant and equipment	**(990)**	(13,251)
Net cash used in investing activities	**(983)**	(13,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	**116,503**	16,111
Repayment of borrowings	**(83,441)**	–
Net cash generated from financing activities	**33,062**	16,111
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7,550**	320
Effect of foreign exchange rate changes	**(4,364)**	477
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,705**	3,908
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,891**	4,705
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**7,891**	4,705

1. GENERAL INFORMATION

The Company 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 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 set out in note 17 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$34,460,000 for the Reporting Period and as at 31 December 2015 the Group had net current liabilities and net liabilities of approximately HK$480,666,000 and HK$334,858,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements. As at the date of this annual report, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK$643,661,000.

It is the Directors' belief that the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer will be completed. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful completion of the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer.

The Directors are therefore of the opinion that it is appropriate to prepare the 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 consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and the Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5 to these consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non- controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	20%
Leasehold improvements	20%-50%
Plant and machinery	20%
Furniture, fixtures and equipment	15%-25%
Motor vehicles	10%

Depreciation of mining infrastructure is calculated using the units of production method to write off the cost of the assets proportionately to the extraction of the proved and probable mineral reserves.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less any impairment losses. Depreciation begins when the relevant assets are available for use.

Stripping costs

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units of production basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Stripping costs *(Continued)*

Stripping costs incurred subsequently during the production phase of its operation are deferred for those operations where this is the most appropriate basis for matching the cost against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in stripping costs over the life of the mine. The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined by the quantity of minerals contained in the ore. Stripping costs incurred in the period are deferred to the extent that the current period ratio exceeds the life of the mine strip ratio. Such deferred costs are then charged to profit or loss to the extent that, in subsequent periods, the current period ratio falls short of the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the mine. Changes are accounted for prospectively, from the date of the change.

Deferred stripping costs are included as part of "Mining infrastructure". These form part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licenses, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are 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. Mining rights are written off to profit or loss if the mining property is abandoned.

Leases

Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight- line basis over the lease term.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bond reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(a) Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(b) Service income is recognised when the services are provided.

(c) Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(b) Pension obligations

The Group operates a defined contribution MPF Scheme in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are
outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, the directors has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful completion of that the Capital Reorganisation, the Debt Settlement Agreements and the Open Offer. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of receivables, deposits and prepayments

Impairment of receivables, deposits, and prepayments is made based on an assessment of the recoverability of receivables, deposits and prepayments. The assessment of impairment of receivables, deposits and prepayments involves the use of estimates and judgments. An estimate for doubtful debts is made when collection of the full amount is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Bad debts are written off as incurred. Where the actual outcome or expectation in the future is different from the original estimates, such differences will affect the carrying amount of receivables, deposits and prepayments and thus the impairment loss in the period in which such estimate is changed.

(d) Mine reserves

Mining rights and mining development assets are amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the mineral resources and reserves of the mines using the units of production method.

The process of estimating the quantities of the Group's gold reserve and resources is inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Changes in reported reserves and resources estimated can impact the carrying value of intangible asset.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balances and trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the directors review the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(c) Liquidity risk

The Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own funding sources.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk *(Continued)*

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2015				
Trade and other payables	**36,764**	**–**	**–**	**–**
Borrowings and interests	**201,165**	**–**	**50,735**	**–**
Convertible bonds	**290,191**	**–**	**–**	**–**
At 31 December 2014				
Trade and other payables	44,491	–	–	–
Borrowings and interests	184,775	–	–	–
Convertible bonds	290,191	–	–	–

(d) Interest rate risk

The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	2015 **HK$'000**	2014 HK$'000
Financial assets:		
Loans and receivables		
Trade and other receivables	**20,749**	12,397
Bank and cash balances	**7,891**	4,705
	28,640	17,102
Financial liabilities:		
Financial liabilities at amortised cost		
Trade and other payables	**36,764**	44,491
Borrowings	**222,271**	167,150
Convertible bonds	**290,191**	290,191
	549,226	501,832

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. 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 consolidated financial statements. Segment liabilities do not include convertible bonds.

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

	Mining products HK$'000	**Cosmetics and skincare products** HK$'000	**Total** HK$'000
For the year ended 31 December 2015			
Revenue from external customers	**18,690**	**24,923**	**43,613**
Segment (loss)/profit	**(17,717)**	**1,129**	**(16,588)**
Depreciation	**537**	**1,122**	**1,659**
Income tax expense	**2,797**	**–**	**2,797**
Additions to segment non-current assets	**535**	**447**	**982**
As at 31 December 2015			
Segment assets	**220,039**	**12,898**	**232,937**
Segment liabilities	**36,672**	**26,254**	**62,926**
For the year ended 31 December 2014			
Revenue from external customers	20,091	23,588	43,679
Segment loss	(703,885)	(1,130)	(705,015)
Depreciation	2,427	930	3,357
Income tax credit	214,935	–	214,935
Additions to segment non-current assets	10,758	2,488	13,246
As at 31 December 2014			
Segment assets	225,514	17,005	242,519
Segment liabilities	154,614	31,492	186,106

7. SEGMENT INFORMATION *(Continued)*

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

	2015	2014
	HK$'000	HK$'000
Revenue		
Total revenue of reportable segments and consolidated revenue	**43,613**	43,679
Profit or loss		
Total loss of reportable segments	**(16,588)**	(705,015)
Other profit or loss	**(21,414)**	(37,749)
Consolidated loss for the year	**(38,002)**	(742,764)
Assets		
Total assets of reportable segments	**232,937**	242,519
Other assets	**6,471**	1,341
Consolidated total assets	**239,408**	243,860
Liabilities		
Total liabilities of reportable segments	**62,926**	186,106
Convertible bonds	**290,191**	290,191
Borrowings	**218,551**	45,083
Other liabilities	**2,598**	4,000
Consolidated total liabilities	**574,266**	525,380

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

7. SEGMENT INFORMATION *(Continued)*

Geographical information:

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
Hong Kong	**24,923**	23,588
PRC	**18,690**	20,091
	43,613	43,679

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**2,598**	3,315
PRC	**207,732**	223,072
	210,330	226,387

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

8. REVENUE

	2015 HK$'000	2014 HK$'000
Sales of goods:		
– Cosmetics and skincare products	**24,923**	23,588
– Mining products	**18,690**	20,091
	43,613	43,679

9. OTHER INCOME AND GAINS

	2015 HK$'000	2014 HK$'000
Reversal of provision of management fee	–	3,000
Interest income	7	3
Others	–	2,719
	7	5,722

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests	22,059	16,765
Less: interests capitalised	–	(770)
	22,059	15,995

11. INCOME TAX (EXPENSE)/CREDIT

	2015 HK$'000	2014 HK$'000
Deferred tax (note 23)	(2,797)	214,935

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the year.

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

11. INCOME TAX (EXPENSE)/CREDIT *(Continued)*

The reconciliation between income tax expense/(credit) and the product of loss before tax multiplied by the applicable tax rate is as follows:

	2015 HK$'000	2014 HK$'000
Loss before tax	**(35,205)**	(957,699)
Tax at the domestic income tax rate	**(7,076)**	(236,117)
Tax effect of expenses that are not deductible	**3,537**	6,424
Tax effect of utilisation of tax losses not previously recognised	**(237)**	(3)
Tax effect of tax losses not recognised	**6,573**	14,761
Income tax expense/(credit)	**2,797**	(214,935)

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after (crediting)/charging the followings:

	2015 HK$'000	2014 HK$'000
Auditor's remuneration	**1,080**	1,200
Amortisation of mining right	**3,799**	23,813
Cost of sales and services rendered*	**8,872**	11,606
Depreciation	**1,709**	3,406
(Gain)/Loss on disposal of subsidiaries	**(738)**	26,732
Operating lease charges	**5,918**	5,607
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**20,511**	21,757
Retirement benefits scheme contributions	**1,645**	1,768
	22,156	23,525

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK$2,282,000 (2014: approximately HK$7,887,000) which are included in the amounts disclosed separately above.

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL REMUNERATION

The emoluments of each Director were as follows:

	For the year ended 31 December 2015					
	Fees HK$'000	**Salaries, allowances HK$'000**	**Discretionary bonus HK$'000**	**Share-based payments HK$'000**	**Retirement benefit scheme contributions HK$'000**	**Total HK$'000**
Executive Directors:						
Mr. Long Xiaobo	**–**	**936**	**–**	**–**	**18**	**954**
Mr. Zuo Weiqi	**–**	**936**	**–**	**–**	**18**	**954**
Mr. Chen Yi-chung	**–**	**1,462**	**–**	**–**	**18**	**1,480**
Mr. Xiao Jie(iii)	**–**	**200**	**–**	**–**	**–**	**200**
INEDs:						
Mr. Jin Shunxing	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Chiang Tsung-Nien	**120**	**–**	**–**	**–**	**–**	**120**
Ms. Liu Shuang	**120**	**–**	**–**	**–**	**–**	**120**
	360	**3,534**	**–**	**–**	**54**	**3,948**

	For the year ended 31 December 2014					
	Fees HK$'000	Salaries, allowances HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors:						
Mr. Long Xiaobo	–	356	–	–	13	369
Mr. Zuo Weiqi	–	588	–	–	15	603
Mr. Chen Yi-chung	–	1,132	–	–	15	1,147
INEDs:						
Mr. Jin Shunxing	120	–	–	–	–	120
Dr. Zhu Jing(i)	30	–	–	–	–	30
Mr. Chiang Tsung-Nien	90	–	–	–	–	90
Ms. Liu Shuang(ii)	81	–	–	–	–	81
	321	2,076	–	–	43	2,440

Notes:

(i) Resigned on 1 April 2014

(ii) Appointed on 28 April 2014

(iii) Appointed on 31 August 2015

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL REMUNERATION

(Continued)

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year (2014: nil).

The five highest paid individuals in the Group during the year included three (2014: three) Directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2014: two) individuals are set out below:

	2015	2014
	HK$'000	HK$'000
Basic salaries and allowances	**1,098**	1,274
Retirement benefit scheme contributions	**36**	34
	1,134	1,308

The emoluments fell within the following band:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the Reporting Period is based on the loss for the year attributable to owners of the Company of approximately HK$34,460,000 (2014: approximately HK$601,987,000) and the weighted average number of ordinary shares of 5,235,303,000 (2014: 5,235,303,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2015 and 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Mining infrastructure HK$'000	Total HK$'000
Cost							
At 1 January 2014	6,811	10,203	11,127	13,966	2,599	82,206	126,912
Additions	–	66	–	2,427	–	10,758	13,251
Exchange differences	(45)	–	(73)	(26)	(17)	(577)	(738)
At 31 December 2014	6,766	10,269	11,054	16,367	2,582	92,387	139,425
Additions	220	–	315	455	–	–	990
Exchange differences	(353)	–	(577)	(203)	(135)	(4,826)	(6,094)
At 31 December 2015	**6,633**	**10,269**	**10,792**	**16,619**	**2,447**	**87,561**	**134,321**
Accumulated depreciation and impairment							
At 1 January 2014	4,761	9,915	9,487	12,188	1,134	52,216	89,701
Charge for the year	818	92	426	938	246	886	3,406
Impairment loss for the year	994	–	986	171	970	31,763	34,884
Exchange differences	(37)	–	(67)	(25)	(11)	(452)	(592)
At 31 December 2014	6,536	10,007	10,832	13,272	2,339	84,413	127,399
Charge for the year	149	102	107	1,091	119	141	1,709
Exchange differences	(345)	–	(569)	(201)	(125)	(4,414)	(5,654)
At 31 December 2015	**6,340**	**10,109**	**10,370**	**14,162**	**2,333**	**80,140**	**123,454**
Carrying amount							
At 31 December 2015	**293**	**160**	**422**	**2,457**	**114**	**7,421**	**10,867**
At 31 December 2014	230	262	222	3,095	243	7,974	12,026

The Group carried out reviews of the recoverable amount of its property, plant and equipment in 2015. No impairment loss (2014: impairment loss of approximately HK$34,884,000) for property, plant and equipment was recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their fair value less costs of disposal using discounted cash flow method (level 3 fair value measurements). The discount rate used was 14.65% (2014: 13.76%).

16. MINING RIGHT

	HK$'000
Cost	
At 1 January 2014	1,597,573
Exchange differences	(10,532)
At 31 December 2014	1,587,041
Exchange differences	(82,913)
At 31 December 2015	**1,504,128**
Accumulated amortisation and impairment	
At 1 January 2014	501,573
Amortisation for the year	23,813
Impairment loss for the year	844,216
Exchange differences	3,078
At 31 December 2014	1,372,680
Amortisation for the year	3,799
Exchange differences	(71,814)
At 31 December 2015	**1,304,665**
Carrying amount	
At 31 December 2015	**199,463**
At 31 December 2014	214,361

Mining right includes the cost of acquiring mining licenses, costs transferred from exploration right and exploration and evaluation assets upon determination that an exploration property is capable of commercial production and land compensation costs. Land compensation costs represent the compensation paid to inhabitants for relocating them from the areas nearby the mining sites so that the Group can use the land as leaching piles and dumping areas for waste ores. The mining permit will expire on 2 September 2020. Mining right is amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines by using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2015. No impairment loss for mining right was recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$199,463,000 (2014: approximately HK$214,361,000) has been determined on the basis of their fair value less costs of disposal using discounted cash flow method (level 3 fair value measurements). The discount rate used was 14.65% (2014: 13.76%).

17. SUBSIDIARIES

Particulars of the Company's major subsidiaries are set out below:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing Direct	Indirect	Principal activities and place of operation
GCC Finance Company Limited	Hong Kong	HK$2 Ordinary shares	100.0%	–	Dormant
Supreme China Limited	BVI	50,000 Ordinary shares of US$1 each	100.0%	–	Investment holding in Hong Kong
Westralian Resources Pty Ltd	Australia	80,000 Ordinary shares of AUD1 each	100.0%	–	Investment holding in Hong Kong
Excellent Wealth Asia Limited	BVI	50,000 Ordinary shares of US$1 each	100.0%		Dormant
Cristal Marketing Management Company Limited	Hong Kong	HK$5,010,000 Ordinary shares	-	100.0%	Retailing of cosmetics and provision of beauty treatment services in Hong Kong
Hunan Westralian Mining Co., Limited (Note (i))	PRC	US$29,700,000	–	80.0%	Gold exploration, development and mining in PRC

Note:

(i) Hunan Westralian Mining Co., Ltd. is a foreign owned enterprise established in the PRC.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

17. SUBSIDIARIES *(Continued)*

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Hunan Westralian Mining Co., Limited	
	2015	2014
Principal place of business/country of incorporation	**PRC/PRC**	PRC/PRC
% of ownership interests and voting rights held by NCI	**20.0%**	20.0%
At 31 December:		
Non-current assets	**196,793**	212,134
Current assets	**22,210**	2,441
Current liabilities	**(310,571)**	(274,338)
Non-current liabilities	**(25,040)**	(23,548)
Net liabilities	**(116,608)**	(83,311)
Accumulated NCI	**(23,321)**	(16,662)
Year ended 31 December:		
Revenue	**18,690**	20,091
Loss for the year	**(17,705)**	(703,875)
Total comprehensive loss	**(33,297)**	(715,479)
Loss allocated to NCI	**(3,542)**	(140,775)
Dividends paid to NCI	**–**	–
Net cash used in operating activities	**(18,316)**	(4,591)
Net cash used in investing activities	**(535)**	(10,758)
Net cash generated from financing activities	**22,131**	6,591
Effect of foreign exchange rate changes	**(2,548)**	8,625
Net increase/(decrease) in cash and cash equivalents	**732**	(133)

18. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Finished goods	**438**	371

19. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	**12,076**	2,739
Prepayments, deposits and other receivables	**8,673**	9,658
	20,749	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:

	2015	2014
	HK$'000	HK$'000
Current to 30 days	**4,288**	2,182
31 – 60 days	**6,643**	557
61 – 90 days	**1,145**	–
	12,076	2,739

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

20. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	**804**	2,872
Accrued liabilities and other payables	**35,960**	41,619
	36,764	44,491

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

	2015 HK$'000	2014 HK$'000
Current to 30 days	**158**	230
31 – 60 days	**341**	690
61 – 90 days	**102**	360
Over 90 days	**203**	1,592
	804	2,872

21. BORROWINGS

	2015 HK$'000	2014 HK$'000
Short-term borrowings		
Other loans		
– unsecured, interest-free and due within one year	**3,720**	5,841
Other loans		
– unsecured, bear interest at 10%-11% per annum and due within one year	**74,152**	10,214
Loan from a related party		
– unsecured, bear interest at 12%-18% per annum and due within one year	**53,193**	116,226
Loan from a Director		
– unsecured, bear interest at 12% per annum and due within one year	**51,724**	34,869
	182,789	167,150
Long-term borrowings		
Other loans		
– unsecured, bear interest at 10% per annum and due within three year	**39,482**	–
	222,271	167,150

22. CONVERTIBLE BONDS

On 31 March 2010, the Company issued HK$895,191,200 zero coupon convertible bonds as part of the consideration for the acquisition 100% equity interest of Westralian Resources Group with a maturity date of 30 March 2013.

The principal terms of the 2010 Convertible Bonds are as follows:

Each 2010 Convertible Bond will, at the option of the 2010 Bondholders, 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 2010 Conversion Price (i.e. HK$0.4 per share), subject to adjustments in accordance with the terms and conditions of the 2010 Convertible Bonds agreement as a result of dilutive events.

Pursuant to the 2010 Convertible Bonds agreement, the 2010 Bondholders has the rights to give notice to the Company that the 2010 Convertible Bonds 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 2010 Convertible Bonds 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 2010 Convertible Bonds will be automatically converted into new shares of the Company upon maturity date at the then prevailing 2010 Conversion Price.

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 2010 Convertible Bonds to the 2010 Bondholders and therefore the liability component of the 2010 Convertible Bonds is reclassified as current liabilities since the year ended 31 December 2011.

23. DEFERRED TAX LIABILITIES

	Revaluation of mining right HK$'000
At 1 January 2014	239,349
Credit to profit or loss for the year	(214,935)
Exchange differences	(866)
At 31 December 2014	23,548
Charge to profit or loss for the year	2,797
Exchange differences	(1,305)
At 31 December 2015	**25,040**

No deferred tax asset have been recognised in respect of approximately HK$45,728,000 (2014: approximately HK$49,686,000) due to the unpredictability of future profit streams.

24. SHARE CAPITAL

	Number of shares '000	Amount HK'000
Authorised:		
Ordinary Shares of HK$0.10 each		
At 1 January 2014, 31 December 2014 and 31 December 2015	8,000,000	800,000
Issued and fully paid:		
Ordinary Shares of HK$0.10 each		
At 1 January 2014, 31 December 2014 and 31 December 2015	5,235,303	523,530

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

24. SHARE CAPITAL *(Continued)*

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less bank and cash balances. Total equity represents the equity as shown in the consolidated statement of financial position.

The gearing ratio at 31 December 2015 and 2014 are as follows:

	2015 **HK$'000**	2014 HK$'000
Total debt	**574,266**	525,380
Less: bank and cash balances	**(7,891)**	(4,705)
Net debt	**566,375**	520,675
Total equity	**(334,858)**	(281,520)
Gearing ratio	**N/A**	N/A

The Group is not subject to any externally imposed capital requirements.

25. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

25. RESERVES *(Continued)*

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	2,101,765	300	25,101	99,389	(2,403,607)	(177,052)
Transfer to accumulated losses	–	–	(25,101)	–	25,101	–
Loss for the year	–	–	–	–	(612,075)	(612,075)
At 31 December 2014	2,101,765	300	–	99,389	(2,990,581)	(789,127)
Loss for the year	–	–	–	–	(45,940)	(45,940)
At 31 December 2015	**2,101,765**	**300**	**–**	**99,389**	**(3,036,521)**	**(835,067)**

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued capital of the Company upon the cancellation of the repurchased shares.

(iii) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy in note 4.

(iv) Convertible bonds reserve

Convertible bonds reserve represents the amount allocated to the equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 4.

26. LEASE COMMITMENTS

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**6,030**	3,455
In the second to fifth years, inclusive	**5,420**	201
	11,450	3,656

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

27. RELATED PARTY TRANSACTIONS

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

	2015 HK$'000	2014 HK$'000
Loan interest expense paid to a related company	**1,916**	12,726
Loan interest expense paid to a Director	**4,436**	3,667

A Director has control over the related company.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 DECEMBER

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**37**	79
Investments in subsidiaries	**44,424**	44,424
	44,461	44,503
CURRENT ASSETS		
Trade and other receivables	**869**	305
Amounts due from subsidiaries	**151,172**	30,319
Bank and cash balances	**4,568**	946
	156,609	31,570
CURRENT LIABILITIES		
Trade and other payables	**2,598**	4,007
Other borrowings	**179,413**	46,547
Amounts due to subsidiaries	**923**	925
Convertible bonds	**290,191**	290,191
	473,125	341,670
NET CURRENT LIABILITIES	**(316,516)**	(310,100)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(272,055)**	(265,597)
NON-CURRENT LIABILITIES		
Other borrowings	**39,482**	–
NET LIABILITIES	**(311,537)**	(265,597)
EQUITY		
Share capital	**523,530**	523,530
Reserves	**(835,067)**	(789,127)
Total equity	**(311,537)**	(265,597)

29. EVENT AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 22 February 2016, a series of proposed debt restructuring arrangements, inter alia, the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements (which were entered into between the Company and the Share Settlement Creditors and CB Settlement Creditors respectively), have been approved by the Shareholders. The completion of the aforesaid debt restructuring arrangements is subject to the fulfillment of the conditions precedents of the Capital Reorganisation, the Open Offer and the Debt Settlement Agreements. As at the date of this annual report, the petition in relation to the Capital Reduction has been presented to the Grand Court of the Cayman Islands which has scheduled a hearing date of 12 April 2016. The Directors estimated the increase of consolidated net tangible assets of the Group from the Capital Reorganisation, the Debts Settlement Agreements and the Open Offer amounting to HK$643,661,000.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 29 March 2016.

FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the published results and of the assets and liabilities of the Group:

RESULTS

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**43,613**	43,679	30,166	37,322	274,317
Continuing operations	**43,613**	43,679	30,166	37,322	172,519
Discontinued operation	**–**	–	–	–	101,798
Loss before tax	**(35,205)**	(957,699)	(590,479)	(59,374)	(1,208,323)
Income tax (expenses)/credit	**(2,797)**	214,935	116,678	(3,105)	(27,141)
Loss for the year from continuing operations	**(38,002)**	(742,764)	(473,801)	(62,479)	(1,235,464)
Profit from discontinued operation	**–**	–	–	–	256,446
Loss for the year	**(38,002)**	(742,764)	(473,801)	(62,479)	(979,018)
Attributable to:					
Owners of the Company	**(34,460)**	(601,987)	(386,735)	(56,348)	(931,318)
Non-controlling interests	**(3,542)**	(140,777)	(87,066)	(6,131)	(47,700)
	(38,002)	(742,764)	(473,801)	(62,479)	(979,018)

ASSETS AND LIABILITIES

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**210,330**	226,387	1,133,211	1,652,739	1,643,570
Current assets	**29,078**	17,473	17,873	24,033	41,316
Current liabilities	**(509,744)**	(501,832)	(466,126)	(432,821)	(388,688)
Non-current liabilities	**(64,522)**	(23,548)	(239,349)	(347,725)	(344,543)
Net (liabilities)/assets	**(334,858)**	(281,520)	445,609	896,226	951,655
Attributable to:					
Owners of the Company	**(311,537)**	(265,597)	346,478	716,193	765,344
Non-controlling interests	**(23,321)**	(15,923)	99,131	180,033	186,311
Total equity	**(334,858)**	(281,520)	445,609	896,226	951,655

In this annual report, unless the context otherwise indicated, the following expressions shall have the following meanings:

"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company
"associate(s)"	having the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auditor" or "ZHONGHUI ANDA"	ZHONGHUI ANDA CPA Limited, an independent external auditor of the Company
"Board"	the board of Directors
"Capital Cancellation"	the proposed cancellation of the unissued share capital of the Company in its entirety immediately after the Capital Reduction becoming effective
"Capital Reduction"	the proposed reduction of the nominal value of each Share from HK$0.10 to HK$0.005
"Capital Reorganisation"	the proposed capital reorganisation which involves the Capital Reduction, the Capital Cancellation, the Share Consolidation, the increase in authorised share capital and the Share Premium Reduction
"CB Settlement Agreements"	having the same meaning ascribed thereto under the Circular (i.e. a total 3 sets of convertible bonds settlement agreements entered into between the Company and the CB Settlement Creditors)
"CB Settlement Creditors"	having the same meaning ascribed thereto under the Circular (i.e. Mr. 李鐵鍵, Mr. 吳躍新 and Mr. 豆新虎)
"CG Code"	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Chairman of the Board"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China, but for the purposes of this Circular and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
"Circular"	a circular despatched by the Company to the Shareholders on 29 January 2016
"Code Provisions"	code provisions as set out in the CG Code
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

"Company"	China Billion Resources Limited, a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the Stock Exchange
"Company Secretary"	the company secretary of the Company
"Corresponding Period"	the period for the year ended 31 December 2014
"Creditors"	the Share Settlement Creditors and CB Settlement Creditors
"Debt Settlement Agreements"	the Share Settlement Agreements and the CB Settlement Agreements
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company
"Executive Director(s)"	the executive Director(s)
"GCCF"	GCC Finance Company Limited, a wholly-owned subsidiary of the Company
"Gold Mine"	Yuanling gold project of the Group
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hunan Westralian"	Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company
"INED(s)"	the independent non-executive Director(s)
"Internal Control Consultant"	an internal control consultant engaged by the Company on 31 December 2013 to perform an internal control review of the Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management"	the management of the Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"MPF Scheme"	Mandatory Provident Fund retirement benefits scheme
"Mr. Long"	Mr. Long Xiaobo
"Nomination Committee"	the nomination committee of the Company
"Offer Price"	HK$0.03 for each of the Offer Shares
"Offer Shares"	new Reorganised Shares to be allotted and issued under the Open Offer, being 5,235,303,300 new Reorganised Shares
"Open Offer"	the proposed issue of the Offer Shares on the basis of two (2) Offer Shares for every one (1) Reorganised Share held by the Qualifying Shareholders on the Open Offer record date at the Offer Price

"Qualifying Shareholders"	the Shareholders, other than the Excluded Shareholders (i.e. Shareholders whose address(es) as shown on the register of members is/are outside in a jurisdiction the laws of which may prohibit the making of the Open Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors) unduly onerous or burdensome), whose names appear on the register of members of the Company as at the close of business on the Open Offer record date
"Remuneration Committee"	the remuneration committee of the Company
"Reorganised Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company upon the Capital Reorganisation becoming effective
"Reporting Period"	the period for the year ended 31 December 2015
"Resumption"	the resumption of trading in the shares of the Company on the Stock Exchange
"Settlement Convertible Bonds"	the unsecured 10% convertible bonds in the aggregate principal amount of HK$53,417,356.17 with a term of three years to be issued by the Company to the CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements
"Settlement Share Price"	HK$0.05 per Settlement Share
"Settlement Shares"	a maximum of 9,692,022,458 Reorganised Shares to be issued by the Company to the Share Settlement Creditors at the Settlement Share Price per Settlement Share pursuant to the Share Settlement Agreements
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Share Consolidation"	the consolidation of every two (2) shares of nominal value of HK$0.005 each immediately following the Capital Reduction and Capital Cancellation into one (1) Reorganised Share of nominal value of HK$0.01 each
"Share Premium Reduction"	the application of the entire credit standing in the Company's share premium account towards offsetting the accumulated deficit of the Company or in such other manner as determined by the Directors, as described in the Circular
"Share Settlement Agreements"	having the same meaning ascribed thereto under the Circular (i.e. a total 10 sets of share settlement agreements entered into between the Company and the Share Settlement Creditors)

"Share Settlement Creditors"	having the same meaning ascribed thereto under the Circular (i.e. Star Sino International Limited, Successful Era Investments Limited, Premier Trend Capital Management Limited, Capital Mountain Investments Limited, Mr. Long Xiaobo, Billion Glory Capital Investment Limited, Oriental Hung Tai Investment Limited, Mr. Wang Bo and China United International Fortune Management Co., Limited)
"Shareholder(s)"	holder(s) of the Share(s)
"SRK"	SRK Consulting China Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Underwriting Agreement"	the underwriting agreement dated 9 November 2015 entered into between the Company and Gain Faith Investments Limited in relation to the underwriting of the Offer Shares
"Underwritten Shares"	the total number of Offer Shares underwritten by Gain Faith Investments Limited pursuant to the terms of the Underwriting Agreement, being 4,473,281,300 Offer Shares
"VALMIN Code 2005"	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 Edition
"Westralian Resources"	Westralian Resources Pty. Ltd., a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
"Westralian Resources Group"	Westralian Resources and its subsidiary
"2010 Bondholders"	holders of the 2010 Convertible Bonds
"2010 Convertible Bonds"	the zero coupon convertible bonds issued by the Company on 31 March 2010 with aggregate outstanding principal amount of HK$290,191,200 as at the 31 December 2015
"2010 Conversion Price"	an initial conversion price of HK$0.4 per share
"%"	per cent