CHINA BILLION
RESOURCES LIMITED
中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 274

Annual Report
2017

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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
Mr. Zhang Li *(appointed on 18 April 2018)*

Non-executive Directors

Mr. Ng Kwok Kei Sammy
(appointed on 29 March 2018)
Mr. Wong Wa Tak Barry
(appointed on 29 March 2018)

Independent Non-executive Directors

Mr. Cai Jianhua
Mr. Liu Feng
Ms. Liu Shuang

AUDIT COMMITTEE

Mr. Cai Jianhua *(Chairman)*
Mr. Liu Feng
Ms. Liu Shuang

REMUNERATION COMMITTEE

Ms. Liu Shuang *(Chairman)*
Mr. Cai Jianhua
Mr. Liu Feng
Mr. Long Xiaobo

NOMINATION COMMITTEE

Mr. Long Xiaobo *(Chairman)*
Mr. Cai Jianhua
Mr. Liu Feng
Ms. Liu Shuang
Mr. Zuo Weiqi

COMPANY SECRETARY

Ms. Sun Shui

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 2105, 21/F
West Tower, Shun Tak Centre
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

Reed Smith Richards Butler
(as to Hong Kong law)
20/F., Alexandra House
1 Chater Road, Central
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

To our valued Shareholders,

First, I would like to thank you for your support and giving me the opportunity to serve as the chairman of the board of the Company.

During the Reporting Period, the Management continuously focused on searching and exploring new business and strategic investment opportunities, especially those related to new energy and technologies industry and primary securities offerings and secondary stock market investments in China, Hong Kong or worldwide, to broaden the sources of income of the Group in order to manage the risks associated with the volatility of the commodities prices that can have a material impact on the Group's mining operations and to maximise the value for the Shareholders. On the other hand, in order to improve the business operations of the Group's cosmetics and skincare products business segment and further expand this Group's business into the PRC market, the Company entered into a Term Sheet on 13 October 2017 for the possible acquisition of a business in the PRC which principally engaged in design, marketing, trading, on-line sales and distribution of cosmetics and skincare products business in the PRC. The Management always exercises extra caution when making the investment decision, therefore, the due diligence process usually takes longer time to complete.

In 2018, the direction of the Company will remain unchanged, which includes continuing its effort to improve the mining capability and facilities with the goal to maximise the output efficiency of the Gold Mine. As the Chinese government has increasingly strengthened the safety requirement and supervision of the mining industry, there will be further safety rectification and upgrading work in the Gold Mine. The following areas will require further capital investment for improvement: (i) mine site facilities in the mine located in the eastern side of the site; (ii) plants for mining products processing; (iii) ancillary facilities, including mine ventilation and air distribution systems; and (iv) safety rectification and upgrading work. The Group will also formulate mining projects to better utilise the mine facilities to enhance its output efficiency and seek appropriate funding for such improvement.

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 will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

Once again, on behalf of the Board, I would like to express our sincere thanks and appreciation to our stakeholders, especially our Shareholders and employees, for their continuing support. The Management will do our best to enhance the value of the Company.

Long Xiaobo
Chairman of the Board

Hong Kong, 18 April 2018

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in three business segments: (i) gold mining, exploration and trading of gold products in the PRC; (ii) provision of beauty treatment services and trading of cosmetics and skincare products in Hong Kong; and (iii) provision of money lending services in Hong Kong.

BUSINESS REVIEW

Mining Products

As mentioned in the Company's interim report for the six months ended 30 June 2017, Hunan Westralian had started the initial improvement constructions work and had utilized all the proceeds of HK$45.0 million from the Open Offer. The improvement constructions work mainly included refurbishment of the road between the Gold Mine and the main road, reinforcement of the existing tunnels structure, tailing pool flood control construction and environmental construction work of goaf etc. In addition to the improvement constructions work, Hunan Westralian carried out a number of safety technical rectifications in accordance with the requirements of the local government's mining authorities and provided relevant safety production training to the staff. During the Reporting Period, the revenue of Hunan Westralian was mainly generated from the additional sales of sub-mining ore produced during the rectification improvement process.

Cosmetics and Skincare Products

During the Reporting Period, this segment continued to suffer from keen competition in the industry, high rent and staff costs in Hong Kong. Therefore, the Management continued to adopt a rather precautious approach and had been considering their options to collaborate with existing cosmetic manufacturers or services providers to further expand to different sources and markets in this business segment.

Money Lending Business

During the Reporting Period, the Management adopted a prudent approach in identifying borrowers which could provide the Group with stable fixed income under an acceptable risk level. The Management will continue to monitor the market situation to seize the advantages of this business segment and is considering to hire more experienced and suitable personnel to expand the business steadily.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$44.2 million (2016: approximately HK$40.4 million).

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK$21.4 million, representing an approximately 20.6% increase as compared with approximately HK$17.7 million for the Corresponding Period. The increase was mainly due to the additional sales of sub-mining ore produced during the rectification improvement process.

FINANCIAL REVIEW *(Continued)*

The revenue contributed by the cosmetics and skincare products business segment for the Reporting Period was approximately HK$21.4 million, representing an approximately 4.0% decrease as compared with approximately HK$22.3 million for the Corresponding Period. The decrease was mainly due to the strong competition in Hong Kong.

During the Reporting Period, the revenue contributed by money lending business was approximately HK$1.4 million, representing an almost triple increase as compared with approximately HK$0.4 million revenue, which was generated from only 3 months of money lending in the Corresponding Period.

The gross profit for the Reporting Period was approximately HK$32.0 million, representing a slight increase of approximately 0.4% as compared with approximately HK$31.8 million for the Corresponding Period.

The loss for the Reporting Period of the Group was approximately HK$24.2 million representing a decrease of approximately 5.0% as compared with approximately HK$25.5 million for the Corresponding Period. The decrease was mainly due to the noteworthy drop in finance costs from approximately HK$42.1 million in the Correspondence Period to approximately HK$7.2 million in the Reporting Period and the decrease in administrative expenses from approximately HK$53.9 million in the Correspondence Period to approximately HK$38.9 million in the Reporting Period (even though there were approximately HK$6.6 million impairment loss of mining right and HK$2.0 million impairment loss of property, plant and equipment occurred in the Reporting Period).

RISKS AND UNCERTAINTIES

The Board believes that risk management is important and shall use its best effort to ensure it is sufficient to mitigate the risks present in the Group operations and financial position as efficiently and effectively as possible.

Business Risk

The PRC local, provincial and central authorities exercise a substantial degree of control over the gold industry in China. Hunan Westralian's operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management.

The Management has been looking into different kinds of business and investment opportunities to broaden the sources of income of the Group in order to manage the risks associated with the volatility of the commodities prices that can have a material impact on the Group's mining operations and to create greater value for the Shareholders.

RISKS AND UNCERTAINTIES *(Continued)*

Business Risk *(Continued)*

The functional manager will carefully scrutinise each project for related risks and returns. These include assessment of relevant government policies, market demand, market conditions and economic data. The Management is responsible for supervision, conducting regular operational reviews and keeping the Board fully informed through regular reports (either in written or verbal form) and enabling the Board to make prompt decisions if changes are required.

Operational Risk

Hunan Westralian faces certain risks and uncertainties beyond its control from manmade and natural disasters. These risks and uncertainties mainly include: (i) major catastrophic events and natural disasters; (ii) geological or mining conditions such as instability of the slopes and subsidence of the working areas; (iii) unexpected or periodic interruptions due to inclement or hazardous weather conditions; (iv) disruptions or shortages of water, power or fuel supply; (v) industrial or manmade accidents occurring in connection with mining processing operations; and (vi) critical equipment failures, malfunctions and breakdowns of information management systems, or unexpected maintenance or technical problems. Hunan Westralian has engaged a local safety assessment company, which is an independent third party, to assess the safety status of the eastern Gold Mine and the report was issued on 20 October 2016, indicating that the eastern Gold Mine has fulfilled the conditions of safe production in accordance to the relevant government laws and regulations.

The front-line or functional manager will review key activities of the Group and ensure all required control procedures, including financial and operational, are fully implemented. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to the business operations.

Financial Risk

The market price of standard gold traded on Shanghai Gold Exchange follows international gold price trend closely. Historically, the gold market price has fluctuated widely and experienced periods of significant decline. The gold market prices are influenced by numerous factors such as demand and supply of gold, gold sales and purchases by central banks as well as macro-economic or political factors such as inflation expectation and interest rates.

The Management closely monitors the financial risks and will adopt measures to manage the risk after obtaining approvals from the Directors. The Group's cash and financing positions are closely monitored at the corporate level through regular reporting. The maturity of receivables and payables are planned and managed carefully to reduce liquidity risk.

ENVIRONMENT PROTECTION

The Group is committed to contributing to the sustainability of the environment in its business activities. The Group has established measures and created certain environmental frameworks to minimise and monitor the environmental impacts from its operations. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraging the use of recycled paper for printing and copying and reducing energy consumption by switching off idle lightings and electrical appliances.

Hunan Westralian has engaged contractors to perform feasibility study, environmental and safety construction works. The Management is committed to establish a better environment in the operations of the Group.

WORKPLACE QUALITY

The Group believes that employees are valuable assets and all indispensable to a company's success, therefore, the Group will use its best effort to attract and retain appropriate personnel to serve the Group. The objective of the Group's human resource policy is to reward and recognise the top-performing staff by providing attractive remuneration packages, which are reviewed annually and as required. The remuneration packages are determined with reference to the responsibilities, qualifications, experience, duties and performance of individuals as well as prevailing market compensation packages. The Group also allocates resources in training, retention and recruitment programs, and encouraging the staff to strive for self-development and improvements to cope with the rapidly changing environment.

PROSPECTS

In 2018, the direction of the Company will remain unchanged, which includes continuing its effort to improve its mining capability and facilities with the goal to maximise the output efficiency of the Gold Mine. The following areas will require further capital investment for improvement: (i) mine site facilities in the mine located in the eastern side of the site; (ii) plants for mining products processing; and (iii) ancillary facilities, including mine ventilation and air distribution systems. The Group will also formulate mining projects to better utilise the mine facilities to enhance its output efficiency.

As mentioned previously in the Company's annual report for the Corresponding Period and the interim report for the six months ended 30 June 2017, the Company entered into the MOU and an extension side letter for the possible acquisition of a Chinese domestic company controlled by Mr. Long that engages in, among others, the development, sales and distribution of electric vehicles in China. Under the MOU, Mr. Long agreed to give approximately 3.5 months' exclusivity to the Group in negotiating the terms of collaboration in relation to the Chinese domestic company. Such collaboration may involve the acquisition of equity interest in that Chinese company by the Group or in any other appropriate form and manner of cooperation between the parties for mutual benefits. In view of the extended due diligence period, the Company and Mr. Long have agreed to remove the exclusivity clauses from the MOU and accordingly, Mr. Long and the Chinese domestic company are no longer restricted by any exclusivity in favour of the Company (for details of the information of this potential investment, please refer to the Company's announcement dated 18 July 2016, the annual report for the Corresponding Period and the interim report for the six months ended 30 June 2017). As at the date of this annual report, the Management is awaiting further concrete business performance of the Chinese domestic company before incurring further resources, therefore, the due diligence process on the Chinese domestic company has slowed down.

PROSPECTS *(Continued)*

On 13 October 2017, in order to improve the business operations of the Group's cosmetics and skincare products business segment and further expand the Group's business into PRC, the Company also entered into a Term Sheet for the possible acquisition of a holding company of a wholly foreign owned enterprise in the PRC which principally engaged in design, marketing, trading, on-line sales and distribution of cosmetics and skincare products business in the PRC. Although the 40 days due diligence period granted to the Company has expired, this potential investment is still under negotiation (for details of the information of this potential investment, please refer to the announcement of the Company dated 13 October 2017).

The Group has been exploring other strategic investment opportunities to maximise the value for the Shareholders. In this respect, the Group is currently reviewing several investment opportunities, which include primary securities offerings and secondary stock market investments in China, Hong Kong or worldwide. The Management will strive to leverage the internal and external resources to achieve this goal. Other than the MOU and Term Sheet in relation to the potential investments mentioned above, up till the date of this annual report, the Group has not yet concluded any investment project nor signed any investment memorandum or agreement.

Looking forward, the Management will continue modifying and finessing the Group's strategic plan, adjusting to the changes in the dynamic business environment in China and globally on one hand, and on the other hand will continue looking for other investment opportunities to broaden the sources of income for the Group in order to create greater value for the Shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operation with internally generated cashflows, borrowings and the net proceeds from the Open Offer. The Group's financial position had greatly improved after the debt restructuring arrangement and Open Offer.

As at 31 December 2017, the Group had unpledged bank and cash balances of approximately HK$3.2 million (2016: approximately HK$49.1 million). The gearing ratio was approximately 51.3% (2016: approximately 35.8%) and the borrowings and convertible bonds of the Group was approximately HK$59.0 million (2016: approximately HK$71.2 million). The Group reported net current assets of approximately HK$55.5 million as at 31 December 2017 (2016: approximately HK$56.6 million).

Details of maturity profile and interest rate structure of the borrowings and convertible bonds of the Group are set out in the notes 25 and 26 to the consolidated financial statements of this annual report.

COMMITMENTS

Particulars of commitments of the Group as at 31 December 2017 and 2016 are set out in the notes 30 and 31 to the consolidated financial statements of this annual report.

CONTINGENT LIABILITY

As at 31 December 2017, the Group did not have any significant contingent liability (2016: nil).

BANK BORROWINGS

As at 31 December 2017, the Group did not have any outstanding bank loan (2016: nil).

EMPLOYEES AND REMUNERATION

As at 31 December 2017, the Group employed 110 staff members (2016: 104). 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 52, joined the Group on 22 November 2010, is an Executive Director and the Chairman of the Board. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently a director and the general manager of Shenzhen Boein 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 department. He was also the founder and the first general manager of Dacheng Fund Management Company Limited. Mr. Long has years of experiences 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 52, 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 Committee. 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 44, joined the Group on 27 July 2012 as deputy general manager of the Company prior to his appointment as Executive Director. Mr. Chen has obtained a Master of Business Administration degree from The University of Chicago Booth School of Business and a Bachelor of Business Administration degree from National Taiwan University, Taiwan. Mr. Chen has years of working experiences in reputable international banks, such as Citigroup Asia-Pacific and Standard Chartered Bank. Before joining us, Mr. Chen was working in Beijing for the Principal Finance team of Standard Chartered Bank.

Mr. Xiao Jie, aged 51, joined as the chairman of Hunan Westralian in 2013, prior to his appointment as Executive Director. Mr. Xiao graduated from Department of Civil Engineering of Hunan University, PRC and with a degree in Industrial and Civil Construction Professional. He has obtained a Construction Quality Control Engineer qualification in 1997. Mr. Xiao has years of experience in team management and organisation leadership in the road and bridge construction in China, especially in the area of design, construction and on-site management.

Mr. Zhang Li, aged 46, joined the Group on 18 April 2018 as Executive Director. He has extensive experience in financial and capital markets. He has been involved in investment and management activities of the financial markets for over 20 years, with a particular focus on securities investment and investment banking. Mr. Zhang currently serves as an executive director, the co-chairman of the board of the directors and a member of the executive committee of Up Energy Development Group Limited ("Up Energy"), a company listed on the main board of the Stock Exchange (stock code: 307). He was an executive director, the co-chairman of the board of the directors and a member of the executive committee of Daohe Global Group Limited from April to July 2016, a company listed on the main board of the Stock Exchange (stock code: 915). Mr. Zhang obtained a bachelor's degree in sales and marketing from the Northwest University of Politics and Law, China in 1998.

Pursuant to the disclosure requirement under rule 13.51(2)(l) of the Listing Rules, prior to Mr. Zhang's appointment with Up Energy on 24 June 2016, Up Energy has been put into a winding up petition by a petitioner in the Court of First Instance of the High Court of Hong Kong on 29 March 2016 for the outstanding balance of principal, with interest accrued, of the matured convertible notes in the principal amount of HK$230,000,000, and on 18 May 2016 (Bermuda time), further winding up petition has been filed by a petitioner in the Supreme Court of Bermuda for the outstanding balance of the matured convertible notes in the principal amount of HK$150,000,000. As at the date of his appointment, Up Energy has been placed into the third delisting stage under Practice Notice 17 to the Listing Rules by the Listing Department of the Stock Exchange.

NON-EXECUTIVE DIRECTORS

Mr. Ng Kwok Kei Sammy, aged 53, joined the Group on 29 March 2018, is a NED. Mr. Ng has over 20 years of experience in the fields of accounting and auditing as well as business and financial advisory. He worked as an auditor in Ernst & Young from 1989 to 1992; an assistant director in the accounting department of Capital Asia Limited (currently known as Goldin Properties Holdings Limited, a company previously listed on the main board of the Stock Exchange (stock code: 283)) from 1993 to 1996; the group financial controller in Fortune Oil Holdings PLC from 2001 to 2008; the chief financial officer of the mining division of Mongolia Investment Group Limited (currently known as Peace Map Holding Limited, a company listed on the main board of the Stock Exchange (stock code: 402)) from 2010 to 2013; and an independent non-executive director of Share Economy Group Limited (currently known as Huiyin Holdings Group Limited, a company listed on main board of the Stock Exchange (stock code: 1178)) from June to December 2017. Mr. Ng is currently an executive director of Kolux Development Limited since its incorporation in 1992, and an independent non-executive director of BCI Group Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8412)) since March 2017. Mr. Ng has obtained an honours diploma in accountancy from Lingnan College (currently known as Lingnan University) in Hong Kong in 1988 and a master of business administration degree from The University of Hong Kong in 2007. He has been a fellow of Hong Kong Institute of Certified Public Accountant since 2000, a fellow of Association of Chartered Certified Accountants since 1996, an associate of The Institute of Chartered Accountants in England and Wales since 2005 and an associate member of The Hong Kong Institute of Chartered Secretaries since 2016.

Mr. Wong Wa Tak Barry, aged 55, joined the Group on 29 March 2018, is a NED. Mr. Wong had served as an executive director of Stone Master Corporation Berhad (a company listed on the main market of Bursa Malaysia Securities Berhad (stock code: 7143)) and an executive director of Sino Prosper State Gold Resources Holdings Limited (currently known as Sino Prosper (Group) Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 766)). Mr. Wong is currently a non-executive director of Jiangsu Nandasoft Technology Company Limited since 2015 (a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8045)) and an executive director of Master Hill Development Ltd. since 2003. Mr. Wong has obtained a diploma in maritime science from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in 1986 and a master degree of science in corporate governance and directorship from Hong Kong Baptist University in 2009. Mr. Wong is a fellow member of The Hong Kong Institute of Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cai Jianhua, aged 55, joined the Group on 22 July 2016, is an INED. Mr. Cai is currently the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Mr. Cai graduated from Zhejiang Radio & Television University in 1986, major in commercial accounting and has been accredited as an accountant, a non-practising certified public valuer and a non-practising registered tax agent recognised by the relevant Chinese Government authorities in 1992, 1998 and 2005 respectively. He has been accredited as a certified public accountant in PRC since 1999. Mr. Cai has years of experience in accounting and auditing and is currently the senior partner and the chief accountant of Shen Zhen Zhong He Qing Certified Public Accountants.

Mr. Liu Feng, aged 55, joined the Group on 29 June 2016, is an INED. Mr. Liu is currently a member of the Audit Committee, Remuneration Committee and Nomination Committee. Mr. Liu obtained a Bachelor of Engineering degree from Department of Metal Material and Molding Technology of Hefei University of Technology in 1983 and was accredited as a Senior Engineer in Jiangsu Province in 1996. Mr. Liu has years of experience in mechanical engineering, insurance, securities and banking in China and was the president of Ping An Bank Company Limited, Shanghai Shi Xi sub-branch. Prior to joining Ping An Bank Company Limited in 2009, Mr. Liu had served as the president of Shenzhen Development Bank, Shanghai Shizhong sub-branch and various senior positions in different financial institutions.

Ms. Liu Shuang, aged 46, joined the Group on 28 April 2014, is an INED. Ms. Liu is currently the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. 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. Ms. Liu has years of 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 the 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Director's securities transactions. All Directors currently in the Board have confirmed, following specific enquiry made 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
Mr. Zhang Li *(appointed on 18 April 2018)*

NEDs:

Mr. Ng Kwok Kei Sammy *(appointed on 29 March 2018)*
Mr. Wong Wa Tak Barry *(appointed on 29 March 2018)*

INEDs:

Mr. Cai Jianhua
Mr. Liu Feng
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 10 to 12 and whose respective interests in the Company's shares are set out on pages 33 to 34 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)*	B
Mr. Chen Yi-chung	A & B
Mr. Xiao Jie	B
INEDs	
Mr. Cai Jianhua	A & B
Mr. Liu Feng	B
Ms. Liu Shuang	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

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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER *(Continued)*

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(5) of the new Articles of Association, the Company may remove any Director by an ordinary resolution at a general meeting.

BOARD PRACTICES

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.

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.

BOARD PRACTICES *(Continued)*

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.

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)*	6/7
Mr. Zuo Weiqi *(Chief Executive Officer)*	6/7
Mr. Chen Yi-chung	7/7
Mr. Xiao Jie	4/7
INEDs	
Mr. Cai Jianhua	7/7
Mr. Liu Feng	7/7
Ms. Liu Shuang	6/7

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. Cai Jianhua, Mr. Liu Feng and Ms. Liu Shuang. Mr. Long Xiaobo is the chairman of the Nomination Committee.

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)*	0/1
Mr. Zuo Weiqi	1/1
INEDs	
Mr. Cai Jianhua	1/1
Mr. Liu Feng	1/1
Ms. Liu Shuang	1/1

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. Cai Jianhua, Mr. Liu Feng, Ms. Liu Shuang and Mr. Long Xiaobo. Ms. Liu Shuang 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.

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	0/1
INEDs	
Ms. Liu Shuang *(Chairman of the committee)*	1/1
Mr. Cai Jianhua	1/1
Mr. Liu Feng	1/1

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 pages 31 to 32 of this annual report.

REMUNERATION POLICY OF THE GROUP *(Continued)*

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. Cai Jianhua, Mr. Liu Feng and Ms. Liu Shuang. Mr. Cai Jianhua is the chairman of the Audit Committee.

For the Reporting Period, the Audit Committee discussed with the senior Management the internal controls, risk management 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.

AUDIT COMMITTEE *(Continued)*

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. Cai Jianhua *(Chairman of the committee)*	2/2
Mr. Liu Feng	2/2
Ms. Liu Shuang	2/2

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. The Directors are not aware of any other material uncertainties that may cast significant doubt on the Company's ability to continue as a going-concern.

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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the Audit Committee acknowledge that its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually. The Group emphasises the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority, and are designed for the Group to identify and manage the significant risks to achieve its business objectives. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

For risk management, the Group has adopted a three lines of defense model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluation, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt mitigating measures to manage such risks.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure the maintenance of proper accounting records and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board and Audit Committee annually. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

The Board and the Audit Committee have conducted an annual review for the need of internal audit function and has also reviewed annually for the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions.

The Company has engaged an Internal Control Consultant to conduct independent review on the risk management and internal control systems of the Group. Risk assessment report and internal control review report were submitted to and approved by the Board and the Audit Committee. For the principal risks faced by the Group, the management of the Company has developed ongoing mitigating measures to manage such risks. For control weaknesses identified by the Internal Control Consultant, the Group has adopted enhanced control measures to rectify relevant control weaknesses. The abovementioned annual review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered that the risk management and internal control systems of the Group were effective during the Reporting Period. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's environment control and processes.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group has put in place the procedures and internal controls for the handling and dissemination of inside information. The Group complies with requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as stated in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

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	1,000,000
Non-audit services	
– Services in relation to the potential investment project	250,000
Total fees	1,250,000

CONSTITUTIONAL DOCUMENT

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.

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 EGM 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

Ms. Sun Shui was engaged as Company Secretary on 29 June 2016. The Company Secretary will report to the 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 2105, 21st Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange.

PRINCIPAL ACTIVITIES

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

(i) gold mining, exploration and trading of gold products;

(ii) provision of beauty treatment services and trading of cosmetics and skincare products; and

(iii) provision of money lending services.

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 Reporting Period by operating segments is set out in note 6 to the consolidated financial statement of this annual report and detailed management discussion and analysis is set out on pages 4 to 9 of this annual report.

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the section headed "Management Discussion and Analysis" on pages 4 to 9 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 41 of this annual report.

Details of movements in the reserves of the Group during the Reporting Period are set out on page 44 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 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 2017, the Company has no reserves available for distribution to the Shareholders (2016: nil).

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the Reporting Period (2016: nil).

CHARITABLE DONATIONS

The Group made no charitable and other donations for the Reporting Period (2016: 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 pages 92 to 93 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 100% of the Group's total purchases, and the purchase from the Group's largest supplier included therein accounted for 94.4% of the total purchase for the year.

For the Reporting Period, the Group's sales to its five largest customers accounted for 48.3% of the Group's total sales, and the sales to the largest customer included therein accounted for 30.5% of the total sales for the year.

MAJOR CUSTOMERS AND SUPPLIERS *(Continued)*

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.

UPDATE ON THE USE OF PROCEEDS FROM THE OPEN OFFER

On 24 May 2016, the Company raised gross proceeds of approximately HK$157.1 million and net proceeds of approximately HK$153.0 million from the Open Offer. As stated in the offering circular of the Company dated 29 April 2016 with respect to the Open Offer, the net proceeds will be applied by the Company as follows:

(i) approximately HK$35.0 million for the possible early redemption of the Settlement Convertible Bonds by the Company and settlement of current liabilities, and in the event that no early redemption of the Settlement Convertible Bonds occurs, such amount should be used as approximately HK$20.0 million as future investments fund for possible potential merger and acquisition projects and HK$15.0 million as working capital for the existing business of the Group;

(ii) approximately HK$45.0 million as capital investment in the mining products segment;

(iii) approximately HK$33.0 million as a future investments fund for possible potential merger and acquisition projects; and

(iv) approximately HK$37.0 million as working capital for the existing business of the Group.

As disclosed in the announcement dated 22 September 2017, in light of the fact that (1) the Company is improving the mining facilities to maximise the output efficiency in the mining products segment, as referred in the interim report of the Company for the six months ended 30 June 2017; and (2) the Group has utilised all the proceeds from the Open Offer allocated as working capital and needed to replenish the working capital, the Board has decided to change the use of (i) approximately HK$17 million from the unutilised proceeds for possible early redemption of the Settlement Convertible Bonds by the Company as no early redemption of convertible bonds has occurred, and (ii) approximately HK$15 million from the unutilised proceeds for the future investments to the working capital of the Group.

UPDATE ON THE USE OF PROCEEDS FROM THE OPEN OFFER *(Continued)*

As at 31 December 2017, the actual use of proceeds from the Open Offer are as follows:

(i) HK$18.0 million of proceeds has been utilised for the settlement of current liabilities. There is no early redemption occurred during the Reporting Period, approximately HK$16.5 million have been utilized as working capital for the existing business of the Group and remaining approximately HK$0.5 million have not yet been utilized;

(ii) a total of HK$45 million of the proceeds have been fully utilised on capital investment in the mining products segment, which included approximately HK$14.4 million on tunnel Construction, approximately HK$13.4 million on purchase of machinery, approximately HK$11.5 million on environmental construction work, and approximately HK$5.7 million on road-building construction;

(iii) the proceeds have been fully utilised HK$18.0 million on money lending segment; and

(iv) approximately HK$52 million of the proceeds have been fully utilised as working capital for the existing business of the Group.

For details of Open Offer, please refer to (i) the Company's announcements dated 16 December 2015, 28 December 2015, 6 January 2016, 29 January 2016, 22 February 2016, 13 April 2016, 20 May 2016, and 24 May 2016; (ii) the circular of the Company dated 29 January 2016; and (iii) the offering circular of the Company dated 29 April 2016.

SETTLEMENT CONVERTIBLE BONDS

As disclosed above, on 24 May 2016, the Company issued the unsecured 10% Settlement Convertible Bonds in the aggregate principal amount of approximately HK$53,417,356 with a term of three years to the CB Settlement Creditors pursuant to the terms of the CB Settlement Agreements. The Settlement Convertible Bonds carry interest rate of 10% per annum with no guarantee and are unsecured, and will mature on 23 May 2019. The respective bondholders entitled to convert its Settlement Convertible Bonds at HK$0.10 per Share (subject to adjustments) within the conversion period of the Settlement Convertible Bonds commencing on the seventh day next following the date of issue of the Settlement Convertible Bonds and expiring up to and including the date which is seven days prior to the maturity date. The Company or any of its subsidiaries may at any time and from time to time repurchase the Settlement Convertible Bonds at any price as may be agreed in writing between the Company or such subsidiary and the relevant bondholders. Any Settlement Convertible Bond repurchased shall forthwith be cancelled by the Company.

Further details regarding the CB Settlement Agreements are set out in section headed "CB Settlement Agreements" in the letter from the Board in the circular of the Company dated 29 January 2016.

Details of movements in the convertible bonds of the Company during the Reporting Period are set out in note 26 to the consolidated financial statements of this annual report.

BANK LOANS AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2017 amounted to approximately HK$1,283,000 (2016: approximately HK$20,678,000). Particulars of bank loans and other borrowings are set out in note 25 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
Mr. Zhang Li *(appointed on 18 April 2018)*

NEDs:

Mr. Ng Kwok Kei Sammy *(appointed on 29 March 2018)*
Mr. Wong Wa Tak Barry *(appointed on 29 March 2018)*

INEDs:

Mr. Cai Jianhua
Mr. Liu Feng
Ms. Liu Shuang

In accordance with article 83(3) of the Articles of Association, Mr. Ng Kwok Kei Sammy and Mr. Wong Wa Tak Barry, who were appointed as Directors on 29 March 2018, and Mr. Zhang Li who was appointed as Director on 18 April 2018, shall retire from office at the first general meeting of the Company after their appointment and, being eligible, will offer themselves for re-election as Directors.

In accordance with the article 84 of the Articles of Association, with exception of Mr. Liu Feng who wishes to retire at the forthcoming AGM and not to stand for re-election, all other two Directors, namely Mr. Zuo Weiqi and Mr. Chen Yi-chung will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election as Directors.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors as at the date of this report are set out on pages 10 to 12 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.

CHANGES IN DIRECTORS' INFORMATION

Mr. Ng Kwok Kei Sammy and Mr. Wong Wa Tak Barry were appointed as NEDs on 29 March 2018, and Mr. Zhang Li was appointed as Executive Director on 18 April 2018. Details of Mr. Ng, Mr. Wong and Mr. Zhang's appointment and biographical information are set out on pages 10 to 11 of this annual report.

Save as disclosed above, pursuant to Rule 13.51B(1) of the Listing Rules, there is no change to the directorship and no updated information during the Reporting Period.

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 Directors' service contracts of three Executive Directors, Mr. Long Xiaobo, Mr. Zuo Weiqi and Mr. Chen Yi-chung will expire on 30 July 2018, the service contract of the Executive Director, Mr. Xiao Jie will expire on 30 August 2018 and the service contract of the Executive Director, Mr. Zhang Li will expire on 17 April 2019.

The appointment of all NEDs, Mr. Ng Kwok Kei Sammy and Mr. Wong Wa Tak Barry will expire on 28 March 2019 according to their respective appointment letter.

Except for Mr. Liu Feng who wishes to retire at the coming AGM and not stand for re-election, the appointment of the rest of the INEDs, Mr. Cai Jianhua and Ms. Liu Shuang, have been renewed automatically for a one-year term expiring on 21 July 2018 and 29 January 2019 respectively according to their respective appointment letter.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section head "Connected Transactions and Related Party Transactions" below and notes 21 to 22 and 32 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 Reporting Period or at the end of the year 2017.

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

Save as disclosed in the section headed "Directors' Interests in Transactions, Arrangements or Contracts of Significance" above and notes 21 to 22 and 32 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 and transactions disclosed under notes 21 to 22 and 32 to the consolidated financial statements of this annual report, the loans and transactions 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

The Company adopted the Share Option Scheme which was approved by Shareholders at the extraordinary general meeting held on 22 February 2016.

The exercise period of the share options is determined by the Board, which are entitled to make any offer to any eligible participant within the 10 years period starting from 22 February 2016, they may determine the number of underlying shares, the subscription price and the expiration day in full discretion.

The goal of the Share Option Scheme is to enable the Group to grant share options to eligible participants as incentives or rewards for their contributions to the Group, thereby linking their interests with that of the Group. The eligible participants include any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary).

The total number of shares the Company may issue in any 12-month period under the Share Option Scheme is limited to 1% of the shares of the Company issued. Any further grant of share options exceeding this limit is subject to Shareholders' approval in a general meeting.

SHARE OPTION SCHEME *(Continued)*

Under the Share Option Scheme, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to INEDs' approval. In the cases where share options are granted to a substantial shareholder or an INED, (i) if the total number of Shares granted exceeds 0.1% of the issued shares of the Company, or (ii) if the aggregated value (based on the closing price at the date of grant) is over HK$5 million within the twelve months period, the grant is subject to Shareholders' approval in a general meeting.

The offer of a grant of share options shall deem to be accepted when the offer letter is duly signed by the grantee and the nominal consideration for the grant of HK$1 is received by the Company within 21 days from the date of the offer.

The exercise price of the share option is determined by the Board, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of Stock Exchange on the date of the offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

On the basis of 17,544,977,408 issued Shares as at 31 December 2017 and no further Shares has been issued or repurchased by the Company before the annual general meeting, the maximum number of shares options that can be exercised under the refreshed mandate limit of the Share Option Scheme is 1,754,497,740 Shares, representing 10% of such issued share capital and such limit does not exceed the 30% limit stipulated under Note (2) to Rule 17.03(3) of the Listing Rules. The Director will be authorised to issue share options to subscribe for a total of 1,754,497,740 Shares, representing 10% of the total number of Shares in issue at 31 December 2017. No share options under the Share Option Scheme were granted, exercised, cancelled, lapsed or outstanding during the Reporting Period.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Brief summary of the remuneration policy of the Group is set out in pages 19 to 20 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 2017, 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 *(note 1)*	Approximate percentage of shareholding
Mr. Long Xiaobo	The Company	Interest of controlled corporation	8,602,636,072(L)	49.03%
		Beneficial Owner	1,046,720,224(L)	5.97%

Notes:

(1) The letter "L" denotes long position in the shares of the Company.

(2) The aggregate of 9,649,356,296 Shares in which Mr. Long was interested comprise (i) 1,046,720,224 Shares directly held by Mr. Long; (ii) 4,310,109,482 Shares directly held by Golden Pinnacle Business Limited; (iii) 1,247,689,528 Shares directly held by Billion Glory Capital Investment Limited; and (iv) 3,044,837,062 Shares directly held by Gain Faith Investments Limited. Golden Pinnacle Business Limited, Billion Glory Capital Investment Limited and Gain Faith Investments Limited are wholly and beneficially owned by Mr. Long.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period 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

Save as disclosed below, as at 31 December 2017, to the best knowledge of the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, as recorded in the register maintained by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity	Number of ordinary shares *(note 1)*	Approximate percentage of shareholding
Golden Pinnacle Business Limited	Beneficial owner	4,310,109,482(L) *(note 2)*	24.57%
Gain Faith Investments Limited	Beneficial owner	3,044,837,062(L) *(note 2)*	17.35%
Billion Glory Capital Investment Limited	Beneficial owner	1,247,689,528(L) *(note 2)*	7.11%

Notes:

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

(2) These three companies are wholly and beneficially owned by Mr. Long, an Executive Director and the Chairman of the Board. Hammer Capital Private Investments Limited has a security interest over Shares held by the three companies above and those Shares beneficially and directly held by Mr. Long of which disclosed in page 33 of this annual report. Cheung Siu Fai and Tsang Ling Kay Rodney each directly holds 50% of Hammer Capital Private Investments Limited are also deemed to have an interest in those Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During 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.

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 13 to 24 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

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, 18 April 2018

中汇
ZHONGHUI

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

OPINION

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 41 to 91, which comprise the consolidated statement of financial position as at 31 December 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PROPERTY, PLANT AND EQUIPMENT AND MINING RIGHTS

Refer to Notes 15 and 16 to the consolidated financial statements

The Group tested the amounts of property, plant and equipment and mining rights for impairment. These impairment tests are significant to our audit because the balances of property, plant and equipment and mining rights of HK$72,246,000 and HK$223,959,000 respectively as at 31 December 2017 are material to the consolidated financial statements. In addition, the Group's impairment tests involve application of judgement and are based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the identification of the related cash generating units;

– Assessing the arithmetical accuracy of the fair value less costs of disposal calculations;

– Comparing the actual cash flows with the cash flow projections;

– Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);

– Engaging our own valuer to assist us in assessing the reasonableness of the discount rate and

– Checking input data to supporting evidence.

We consider that the Group's impairment tests for property, plant and equipment and mining rights are supported by the available evidence.

TRADE AND OTHER RECEIVABLES

Refer to Note 19 to the consolidated financial statements

The Group tested the amount of trade and other receivables for impairment. This impairment test is significant to our audit because the balance of trade and other receivables of HK$58,265,000 as at 31 December 2017 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Assessing the Group's procedures on granting credit limits and credit periods to customers;

– Assessing the Group's relationship and transaction history with the customers;

– Evaluating the Group's impairment assessment;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Checking subsequent settlements from the customers; and

– Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade and other receivables is supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:
http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Ng Ka Lok
Audit Engagement Director
Practising Certificate Number P06084

Hong Kong, 29 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**44,227**	40,399
Cost of sales and services rendered		**(12,244)**	(8,556)
Gross profit		**31,983**	31,843
Other income and gains	8	**48**	45,547
Selling and distribution expenses		**(1,715)**	(570)
Administrative expenses		**(38,871)**	(53,917)
Other expenses	9	**(8,865)**	–
(Loss)/profit from operations		**(17,420)**	22,903
Finance costs	10	**(7,216)**	(42,095)
Fair value gain of derivative financial instruments		**1,472**	5,282
Loss before tax		**(23,164)**	(13,910)
Income tax expense	11	**(1,015)**	(11,549)
Loss for the year	12	**(24,179)**	(25,459)
Other comprehensive income/(loss) after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**19,080**	(16,391)
Other comprehensive income/(loss) for the year, net of tax		**19,080**	(16,391)
Total comprehensive loss for the year		**(5,099)**	(41,850)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(15,849)**	(27,181)
Non-controlling interests		**(8,330)**	1,722
		(24,179)	(25,459)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(238)**	(40,042)
Non-controlling interests		**(4,861)**	(1,808)
		(5,099)	(41,850)
Loss per share (HK cents)			
Basic	14	**(0.09)**	(0.22)
Diluted	14	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	15	**72,246**	71,510
Mining right	16	**223,959**	217,872
		296,205	289,382
Current assets			
Inventories	18	**239**	479
Trade and other receivables	19	**58,265**	46,216
Loan to a customer	20	**18,245**	18,122
Amount due from a related company	21	**9,508**	–
Amount due from directors	22	**4,538**	–
Bank and cash balances		**3,213**	49,134
		94,008	113,951
Current liabilities			
Trade and other payables	23	**37,202**	35,164
Derivative financial instruments	24	**34**	1,506
Borrowings	25	**1,283**	20,678
		38,519	57,348
Net current assets		**55,489**	56,603
Total assets less current liabilities		**351,694**	345,985
Non-current liabilities			
Convertible bonds	26	**57,685**	50,487
Deferred tax liabilities	27	**38,182**	34,572
		95,867	85,059
NET ASSETS		**255,827**	260,926

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital	28	**175,449**	175,449
Reserves	29	**110,368**	110,606
Equity attributable to owners of the Company		**285,817**	286,055
Non-controlling interests		**(29,990)**	(25,129)
TOTAL EQUITY		**255,827**	260,926

The consolidated financial statements on pages 41 to 91 were approved and authorised for issue by the board of directors on 29 March 2018 and are signed on its behalf by:

Approved 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$'000	Foreign currency translation reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-Controlling interests HK$'000	Total HK$'000
At 1 January 2016	523,530	2,101,765	300	43,727	99,389	(3,080,248)	(311,537)	(23,321)	(334,858)
Capital Reduction	(497,354)	–	–	–	–	497,354	–	–	–
Issue of New Shares upon Open Offer	52,353	100,680	–	–	–	–	153,033	–	153,033
Issue of Settlement Shares to the convertible bondholders under debt restructuring arrangements	61,933	247,731	–	–	–	–	309,664	–	309,664
Release of convertible bond reserve	–	–	–	–	(99,389)	99,389	–	–	–
Issue of Settlement Shares to the creditors under debt restructuring arrangements	34,987	139,950	–	–	–	–	174,937	–	174,937
Set-off against accumulated losses	–	(2,101,765)	–	–	–	2,101,765	–	–	–
Total comprehensive loss for the year	–	–	–	(12,861)	–	(27,181)	(40,042)	(1,808)	(41,850)
Changes in equity for the year	(348,081)	(1,613,404)	–	(12,861)	(99,389)	2,671,327	597,592	(1,808)	595,784
At 31 December 2016	175,449	488,361	300	30,866	–	(408,921)	286,055	(25,129)	260,926
At 1 January 2017	**175,449**	**488,361**	**300**	**30,866**	**–**	**(408,921)**	**286,055**	**(25,129)**	**260,926**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**15,611**	**–**	**(15,849)**	**(238)**	**(4,861)**	**(5,099)**
At 31 December 2017	**175,449**	**488,361**	**300**	**46,477**	**–**	**(424,770)**	**285,817**	**(29,990)**	**255,827**

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(23,164)**	(13,910)
Adjustments for:		
Finance costs	**7,216**	42,095
Interest income	**(40)**	(80)
Depreciation	**1,999**	2,078
Amortisation of mining right	**3,096**	2,084
Loss on disposals of property, plant and equipment	**23**	–
Fair value gain from the settlement of the indebtedness and liabilities of the Group owing to the other loan holders	**–**	(57)
Fair value gain of derivative financial instruments	**(1,472)**	(5,282)
Impairment loss on property, plant and equipment	**2,032**	–
Reversal of impairment loss on property, plant and equipment	**–**	(10,826)
Impairment loss on mining right	**6,598**	–
Reversal of impairment loss on mining right	**–**	(34,555)
Operating loss before working capital changes	**(3,712)**	(18,453)
Decrease/(increase) in inventories	**240**	(41)
Increase in loan to a customer	**(123)**	(18,122)
(Decrease)/increase in trade and other receivables	**(9,998)**	2,579
Increase/(decrease) in trade and other payables	**624**	(1,600)
Net cash used in operating activities	**(12,969)**	(35,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in amount due from directors	**(4,500)**	–
Increase in amount due from a related company	**(9,508)**	–
Interest received	**2**	80
Prepayment of property, plant and equipment	**–**	(28,046)
Purchases of property, plant and equipment	**(730)**	(52,778)
Proceeds from disposals of property, plant and equipment	**130**	–
Net cash used in investing activities	**(14,606)**	(80,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of new shares upon Open Offer	**–**	153,033
Borrowings raised	**–**	8,054
Repayment of borrowings	**(18,000)**	–
Net cash (used in)/generated from financing activities	**(18,000)**	161,087

	2017 HK$'000	2016 HK$'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(45,575)**	44,706
Effect of foreign exchange rate changes	**(346)**	(3,463)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**49,134**	7,891
CASH AND CASH EQUIVALENTS AT END OF YEAR	**3,213**	49,134
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**3,213**	49,134

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 2105, 21st Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the main board of the Stock Exchange of Hong Kong Limited.

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards 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 2017. 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.

3. 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 Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong 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 where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

(c) Translation on consolidation *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Convertible bonds

Combined instrument

Convertible bond which entitles the holder to convert the bond into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consist of a liability and derivative components. At the date of issue, the fair values of the derivative components are determined using an option pricing model. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components on initial recognition.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

3. 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.

3. 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.

4. KEY ESTIMATES

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.

(a) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flow, a material impairment loss may arise. The directors performed impairment assessment of the Group's property, plant and equipment and impairment loss of approximately HK$2,032,000 (2016: reversal of impairment loss of approximately HK$10,826,000) was recognised in profit or loss during the year.

4. KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment of mining right

Mining right is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flow, a material impairment loss may arise. The directors performed impairment assessment of the Group's mining right and impairment loss of approximately HK$6,598,000 (2016: reversal of impairment loss of approximately HK$34,555,000) was recognised in profit or loss during the year.

(c) Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of receivables. The assessment of impairment of receivables 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 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.

5. 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, trade and other receivables and loan to a customer 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 and loan 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.

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

(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.

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 2017				
Trade and other payables	37,202	–	–	–
Borrowings	1,283	–	–	–
Convertible bonds	–	69,443	–	–
At 31 December 2016				
Trade and other payables	35,164	–	–	–
Borrowings	20,678	–	–	–
Convertible bonds	–	–	69,443	–

(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.

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

(e) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets:		
Loans and receivables		
Loan to a customer	**18,245**	18,122
Amount due from directors	**4,538**	–
Amount due from a related company	**9,508**	–
Trade and other receivables	**26,289**	16,250
Bank and cash balances	**3,213**	49,134
	61,793	83,506
Financial liabilities:		
Financial liabilities at amortised cost		
Trade and other payables	**37,202**	35,164
Borrowings	**1,283**	20,678
Convertible bonds	**57,685**	50,487
	96,170	106,329
Financial liabilities at fair value through profit or loss (Held for trading)		
Derivative financial instruments	**34**	1,506

(f) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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

(f) Fair values *(Continued)*

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(i) Disclosures of level in fair value hierarchy

Fair value measurements using:

	Level 2 HK$'000
At 31 December 2017	
Recurring fair value measurements:	
Derivative financial instruments	34

	Level 2 HK$'000
At 31 December 2016	
Recurring fair value measurements:	
Derivative financial instruments	1,506

(ii) Disclosure of valuation techniques and inputs used in fair value measurements:

Description	**Valuation technique**	**Inputs**	**Fair value 2017 HK$'000**	Fair value 2016 HK$'000
Derivative financial instruments	Binomial model	Expected Volatility	**34**	1,506
		Discount rate		
		Expected dividend yield		

During the year, there was no changes in the valuation techniques used.

6. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

Cosmetics and skincare products segment – provision of beauty treatment services and trading of cosmetics and skincare products; and

Money lending segment – provision of money lending services.

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 3 to the consolidated financial statements. Segment liabilities do not include convertible bonds.

Information about reportable segment profits or losses, assets and liabilities:

	Mining products HK$'000	**Cosmetics and skincare products** HK$'000	**Money lending** HK$'000	**Total** HK$'000
For the year ended 31 December 2017				
Revenue from external customers	**21,363**	**21,424**	**1,440**	**44,227**
Segment (loss)/profit	**(3,079)**	**(1,783)**	**1,353**	**(3,509)**
Depreciation	**456**	**1,524**	**–**	**1,980**
Income tax expense	**1,015**	**–**	**–**	**1,015**
Additions to segment non-current assets	**–**	**730**	**–**	**730**
As at 31 December 2017				
Segment assets	**354,273**	**10,657**	**18,444**	**383,374**
Segment liabilities	**48,404**	**26,155**	**10**	**74,569**
For the year ended 31 December 2016				
Revenue from external customers	17,714	22,322	363	40,399
Segment profit/(loss)	37,690	(978)	224	36,936
Depreciation	532	1,512	–	2,044
Income tax expense	11,549	–	–	11,549
Additions to segment non-current assets	50,581	2,125	–	52,706
As at 31 December 2016				
Segment assets	324,143	12,065	19,720	355,928
Segment liabilities	44,794	26,390	–	71,184

6. SEGMENT INFORMATION *(Continued)*

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

	2017	2016
	HK$'000	HK$'000
Revenue		
Total revenue of reportable segments and consolidated revenue	**44,227**	40,399
Profit or loss		
Total (loss)/profit of reportable segments	**(3,509)**	36,936
Other profit or loss	**(20,670)**	(62,395)
Consolidated loss for the year	**(24,179)**	(25,459)
Assets		
Total assets of reportable segments	**383,374**	355,928
Other assets	**6,839**	47,405
Consolidated total assets	**390,213**	403,333
Liabilities		
Total liabilities of reportable segments	**74,569**	71,184
Convertible bonds	**57,685**	50,487
Borrowings	**–**	18,000
Other liabilities	**2,132**	2,736
Consolidated total liabilities	**134,386**	142,407

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

6. SEGMENT INFORMATION *(Continued)*

Geographical information:

(a) Revenue from external customers

	2017	2016
	HK$'000	HK$'000
Hong Kong	**22,864**	22,685
PRC	**21,363**	17,714
	44,227	40,399

(b) Non-current assets

	2017	2016
	HK$'000	HK$'000
Hong Kong	**2,283**	3,250
PRC	**293,922**	286,132
	296,205	289,382

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

7. REVENUE

	2017 HK$'000	2016 HK$'000
Mining products	21,363	17,714
Cosmetics and skincare products	21,424	22,322
Money lending services	1,440	363
	44,227	40,399

8. OTHER INCOME AND GAINS

	2017 HK$'000	2016 HK$'000
Interest income from amount due from directors	38	–
Reversal of impairment loss of property, plant and equipment	–	10,826
Reversal of impairment loss of mining right	–	34,555
Bank interest income	2	80
Others	8	86
	48	45,547

9. OTHER EXPENSES

	2017 HK$'000	2016 HK$'000
Impairment loss on property, plant and equipment	2,032	–
Impairment loss on mining right	6,598	–
Loss on disposal of financial asset at fair value through profit or loss	235	–
	8,865	–

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest of Settlement Convertible Bonds	7,198	3,915
Settlement interest of 2010 Convertible Bonds	–	37,473
Loan interest	18	707
	7,216	42,095

11. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Deferred tax (note 27)	(1,015)	(11,549)

No provision for Hong Kong Profits Tax is required since the Group 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% (2016: 25%).

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

	2017 HK$'000	2016 HK$'000
Loss before tax	(23,164)	(13,910)
Tax at the domestic income tax rate	(7,276)	(581)
Tax effect of income that is not taxable	(4,367)	(917)
Tax effect of expenses that are not deductible	1,346	6,380
Tax effect of temporary differences not recognised	–	187
Tax effect of tax losses not recognised	11,312	6,480
Income tax expense	1,015	11,549

12. LOSS FOR THE YEAR

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

	2017 **HK$'000**	2016 HK$'000
Auditor's remuneration	**1,000**	950
Amortisation of mining right	**3,096**	2,084
Cost of sales and services rendered*	**12,244**	8,556
Loss on disposal of property, plant and equipment	**23**	–
Depreciation	**1,999**	2,078
Operating lease charges	**6,397**	7,015
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**20,732**	27,207
Retirement benefits scheme contributions	**889**	1,197

* Cost of sales and services rendered includes staff costs, depreciation and operating lease charges of approximately HK$3,502,000 (2016: approximately HK$1,971,000) 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 2017

		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		–	918	–	–	18	936
Mr. Zuo Weiqi		–	918	–	–	18	936
Mr. Chen Yi-chung		–	1,444	–	–	18	1,462
Mr. Xiao Jie		–	600	–	–	–	600
INEDs:							
Mr. Cai Jianhua	(iv)	120	–	–	–	–	120
Ms. Liu Shuang		120	–	–	–	–	120
Mr. Liu Feng	(iii)	120	–	–	–	–	120
		360	3,880	–	–	54	4,294

For the year ended 31 December 2016

		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		–	1,014	1,500	–	18	2,532
Mr. Zuo Weiqi		–	1,014	1,500	–	18	2,532
Mr. Chen Yi-chung		–	1,537	1,500	–	18	3,055
Mr. Xiao Jie		–	650	500	–	–	1,150
INEDs:							
Mr. Cai Jianhua	(iv)	58	–	–	–	–	58
Ms. Liu Shuang		230	–	–	–	–	230
Mr. Liu Feng	(iii)	65	–	–	–	–	65
Mr. Jin Shunxing	(i)	30	–	–	–	–	30
Mr. Chiang Tsung-Nien	(ii)	160	–	–	–	–	160
		543	4,215	5,000	–	54	9,812

13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL REMUNERATION

(Continued)

Notes:

(i) Resigned on 5 April 2016

(ii) Retired on 28 June 2016

(iii) Appointed on 29 June 2016

(iv) Appointed on 22 July 2016

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2016: Nil).

The five highest paid individuals in the Group during the year included three (2016: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2016: one) individuals are set out below:

	2017	2016
	HK$'000	HK$'000
Basic salaries and allowances	**1,518**	1,060
Retirement benefit scheme contributions	**36**	18
	1,554	1,078

The emoluments fell within the following band:

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**2**	–
HK$1,000,001 to HK$1,500,000	**–**	1

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 year ended 31 December 2017 is based on the loss for the year attributable to owners of the Company of approximately HK$15,849,000 (2016: approximately HK$27,181,000) and the weighted average number of ordinary shares of 17,544,977,000 (2016: 12,504,032,000) 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 2017 and 2016.

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	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 January 2016	6,633	10,269	10,792	16,619	2,447	87,561	–	134,321
Additions	239	1,791	102	407	–	179	50,060	52,778
Exchange differences	(431)	–	(702)	(240)	(159)	(5,694)	–	(7,226)
At 31 December 2016	6,441	12,060	10,192	16,786	2,288	82,046	50,060	179,873
Additions	–	646	–	84	–	–	–	730
Disposals	–	–	–	(766)	(236)	–	–	(1,002)
Exchange differences	477	–	754	255	161	6,073	3,705	11,425
At 31 December 2017	**6,918**	**12,706**	**10,946**	**16,359**	**2,213**	**88,119**	**53,765**	**191,026**
Accumulated depreciation and impairment								
At 1 January 2016	6,340	10,109	10,370	14,162	2,333	80,140	–	123,454
Charge for the year	156	521	165	1,045	111	80	–	2,078
Reversal of impairment loss	–	–	–	–	–	(10,826)	–	(10,826)
Exchange differences	(418)	–	(679)	(239)	(156)	(4,851)	–	(6,343)
At 31 December 2016	6,078	10,630	9,856	14,968	2,288	64,543	–	108,363
Charge for the year	150	624	206	919	–	100	–	1,999
Disposals	–	–	–	(613)	(236)	–	–	(849)
Impairment loss for the year	11	–	10	–	–	521	1,490	2,032
Exchange differences	458	–	740	253	161	5,623	–	7,235
At 31 December 2017	**6,697**	**11,254**	**10,812**	**15,527**	**2,213**	**70,787**	**1,490**	**118,780**
Carrying amount								
At 31 December 2017	**221**	**1,452**	**134**	**832**	**–**	**17,332**	**52,275**	**72,246**
At 31 December 2016	363	1,430	336	1,818	–	17,503	50,060	71,510

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group carried out reviews of the recoverable amount of its property, plant and equipment in 2017. The reviews of property, plant and equipment led to the recognition of impairment losses of approximately HK$2,032,000 (2016: Reversal of impairment loss of approximately HK$10,826,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$69,963,000 (2016: approximately HK$68,260,000) 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 12.70% (2016: 12.11%).

16. MINING RIGHT

	HK$'000
Cost	
At 1 January 2016	1,504,128
Exchange differences	(97,814)
At 31 December 2016	1,406,314
Exchange differences	104,087
At 31 December 2017	**1,510,401**
Accumulated amortisation and impairment	
At 1 January 2016	1,304,665
Amortisation for the year	2,084
Reversal of impairment loss	(34,555)
Exchange differences	(83,752)
At 31 December 2016	1,188,442
Amortisation for the year	3,096
Impairment loss for the year	6,598
Exchange differences	88,306
At 31 December 2017	**1,286,442**
Carrying amount	
At 31 December 2017	**223,959**
At 31 December 2016	217,872

16. MINING RIGHT *(Continued)*

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 using the units of production method.

The Group carried out reviews of the recoverable amount of its mining right in 2017. The reviews of mining right led to the recognition of impairment losses of approximately HK$6,598,000 (2016: reversal of impairment loss of approximately HK$34,555,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets of approximately HK$223,959,000 (2016: approximately HK$217,872,000) 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 12.70% (2016: 12.11%).

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		Principal activities and place of operation
			Direct	Indirect	
GCC Finance Company Limited	Hong Kong	HK$2 Ordinary shares	100.0%	–	Money lending services in Hong Kong
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 PRC
Critstal Marketing Management Company Limited	Hong Kong	HK$5,010,000 Ordinary shares	–	100.0%	Provision of beauty treatment services and trading of cosmetics and skincare products in Hong Kong
Hunan Westralian Mining Co., Limited (Note (i))	PRC	US$29,700,000	–	80.0%	Gold mining, exploration and trading of gold products in the PRC

17. SUBSIDIARIES *(Continued)*

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.

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**	
	2017	2016
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	**282,984**	275,194
Current assets	**60,346**	47,570
Current liabilities	**(455,098)**	(412,356)
Non-current liabilities	**(38,182)**	(36,051)
Net liabilities	**(149,950)**	(125,643)
Accumulated NCI	**(29,990)**	(25,129)
Year ended 31 December:		
Revenue	**21,363**	17,714
(Loss)/profit for the year	**(41,650)**	8,614
Total comprehensive loss	**(24,307)**	(9,035)
(Loss)/profit allocated to NCI	**(8,330)**	1,722
Net cash generated from operating activities	**13,105**	10,094
Net cash used in investing activities	**–**	(78,627)
Net cash generated from financing activities	**10,306**	72,582
Effect of foreign exchange rate changes	**(23,487)**	(4,722)
Net decrease in cash and cash equivalents	**(76)**	(673)

18. INVENTORIES

	2017 HK$'000	2016 HK$'000
Finished goods	**239**	479

19. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**21,501**	1,880
Prepayments	**1,854**	1,920
Prepayments for property, plant and equipment	**30,121**	28,046
Deposits	**4,347**	5,013
Other receivables	**442**	9,357
	58,265	46,216

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:

	2017 HK$'000	2016 HK$'000
Current to 30 days	**6,419**	538
31 – 60 days	**13,755**	1,342
61 – 90 days	**1,327**	–
	21,501	1,880

As of 31 December 2017 and 2016, no trade and other receivables was past due but not impaired.

20. LOAN TO A CUSTOMER

	2017 HK$'000	2016 HK$'000
Loan to a customer (current portion)	**18,245**	18,122

Loan to a customer is denominated in HK$. The loan to a customer carries a fixed effective interest at 8% per annum with credit terms mutually agreed with the customer.

The maturity profile of loan to a customer net of allowance at the end of Reporting Period, analysed by the remaining period to the contractual maturity date is as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**18,245**	18,122

As of 31 December 2017 and 2016, no loan to a customer was past due but not impaired.

21. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company disclosed pursuant to section 383(1)(d) of the Companies Ordinance are as follows:

	2017 HK$'000	2016 HK$'000
Amount due from a related company		
深圳市柏恩投資有限責任公司 (Note a)	**9,508**	–

	2017 HK$'000	2016 HK$'000
Maximum outstanding balance during the year:		
深圳市柏恩投資有限責任公司 (Note a)	**9,508**	–

Note:

a. One of the directors has control over the related company.

b. The above amount is unsecured, interest-free and repayable on demand.

22. AMOUNT DUE FROM DIRECTORS

Amount due from directors disclosed pursuant to section 383(1)(d) of the Companies Ordinance are as follows:

	2017 HK$'000	2016 HK$'000
Amount due from directors:		
Mr. Long Xiaobo	**1,513**	–
Mr. Zuo Weiqi	**3,025**	–
	4,538	–

	2017 HK$'000	2016 HK$'000
Maximum outstanding balance during the year:		
Mr. Long Xiaobo	**1,513**	–
Mr. Zuo Weiqi	**3,025**	–
	4,538	–

All the above amount are unsecured, with 2% interest rate per annum and maturity date within 12 months.

23. TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	**1,747**	1,152
Accrued liabilities and other payables	**35,455**	34,012
	37,202	35,164

23. TRADE AND OTHER PAYABLES *(Continued)*

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

	2017 **HK$'000**	2016 HK$'000
Current to 30 days	**–**	–
31 – 60 days	**699**	179
61 – 90 days	**–**	572
Over 90 days	**1,048**	401
	1,747	1,152

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 **HK$'000**	2016 HK$'000
Embedded derivatives in convertible bonds	**34**	1,506

25. BORROWINGS

	2017 **HK$'000**	2016 HK$'000
Short-term borrowings		
Other loans		
– unsecured, interest-free and due within one year	**1,283**	20,678

26. CONVERTIBLE BONDS

Settlement Convertible Bonds

On 24 May 2016, the Company issued unsecured 10% Settlement Convertible Bonds due 2019 in the principal amount of approximately HK$53,417,000 with fair value of approximately HK$53,360,000 for the settlement of the outstanding debts together with the accrued interests of the Company owing to the CB Settlement Creditors pursuant to the CB Settlement Agreements. The Settlement Convertible Bonds are convertible into ordinary shares of the Company at the initial conversion price of HK$0.1 per share at any time commencing on the seventh day next following the issue date up to and including the date which is seven days prior to the maturity date. Interest of 10% per annum will be paid on the maturity date. If the Settlement Convertible Bonds have not been converted or repurchased or redeemed in accordance with the terms and conditions of the Settlement Convertible Bonds, they will be redeemed at the principal amount plus the accrued but unpaid interests on 23 May 2019.

	HK$'000
Nominal value of convertible bonds issued	53,417
Fair value gain from the settlement of the indebtedness and liabilities of the Group owing to the other loan holders	(57)
Derivative component	(6,788)
	46,572
Effective interest charged to profit or loss during the year 2016	3,915
Liability component at 31 December 2016	50,487
Effective interest charged to profit or loss during the year 2017	7,198
Liability component at 31 December 2017	**57,685**

The interest charged for the year is calculated by applying an effective interest rate of 13.33% to the liability component for the period since the Settlement Convertible Bonds were issued.

The Directors estimate the fair values of the liability component of the Settlement Convertible Bonds at 31 December 2017 to be approximately HK$57,685,000 (2016: approximately HK$50,487,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

27. DEFERRED TAX LIABILITIES

	Revaluation of mining right HK$'000
At 1 January 2016	25,040
Charge to profit or loss for the year	11,549
Exchange differences	(2,017)
At 31 December 2016	34,572
Charge to profit or loss for the year	1,015
Exchange differences	2,595
At 31 December 2017	38,182

No deferred tax asset have been recognised in respect of approximately HK$41,692,000 (2016: approximately HK$37,352,000) due to the unpredictability of future profit streams.

28. SHARE CAPITAL

	Notes	Number of Shares '000	Amount HK$'000
Authorised:			
At 1 January 2015, 31 December 2015 and 1 January 2016 (8,000,000,000 ordinary shares of HK$0.1 each)		8,000,000	800,000
Capital Reduction	(i)	–	(497,354)
Capital Cancellation	(ii)	(2,764,697)	(276,470)
Share Consolidation	(iii)	(2,617,651)	–
Increase in authorised share capital	(iv)	22,382,348	223,824
At 31 December 2016 and 2017 (25,000,000,000 ordinary shares of HK$0.01 each)		**25,000,000**	**250,000**
Issued and fully paid:			
At 1 January 2015, 31 December 2015 and 1 January 2016 (5,235,303,300 ordinary shares of HK$0.1 each)		5,235,303	523,530
Capital Reduction	(i)	–	(497,354)
Share Consolidation	(iii)	(2,617,651)	–
Open Offer	(v)	5,235,303	52,353
Issue of Settlement Shares	(vi)	9,692,022	96,920
At 31 December 2016 and 2017 (17,544,977,408 ordinary shares of HK$0.01 each)		**17,544,977**	**175,449**

28. SHARE CAPITAL *(Continued)*

Notes:

(i) The nominal value of each of the then issued share of the Company was reduced from HK$0.10 to HK$0.005 by the reduction of HK$0.095 for each of the then issued share of the Company. The credit balance arising from the Capital Reduction of HK$497,353,813.50 was applied in a manner as permitted by the Companies Law of Cayman Islands, 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 19 April 2016, being the effective date of the Capital Reduction.

(ii) The 2,764,696,700 unissued shares in the then unissued share capital of the Company of HK$276,469,670.00 was, immediately after the completion of the Capital Reduction, cancelled in its entirety resulting in the authorized share capital being reduced to the amount of the then Company's issued share capital, namely HK$26,176,516.50.

(iii) Immediately after the Capital Reduction and Capital Cancellation became effective, every two (2) shares of HK$0.005 each were consolidated into one (1) share of HK$0.01 each. As a result, the then 5,235,303,300 issued shares of the Company of HK$0.005 each were consolidated into 2,617,651,650 issued shares of HK$0.01 each.

(iv) Immediately after the Share Consolidation became effective, the Company increased its authorised share capital from HK$26,176,516.50 to HK$250,000,000.00 by the creation of 22,382,348,350 new shares of HK$0.01 each.

(v) After the Capital Reorganisation became effective, the Company launched the Open Offer on the basis of two (2) Offer Shares for every one (1) Share held on 28 April 2016 by the Qualifying Shareholders. A total of 5,235,303,300 Offer Shares were allotted and issued by the Company to the Qualifying Shareholders and the underwriter at the offer price of HK$0.03 for each Offer Share and the gross proceeds raised from the issue of the Offer Shares is approximately HK$157.1 million.

(vi) The Company entered into 10 sets of Share Settlement Agreements with the Share Settlement Creditors respectively, pursuant to which the Company allotted and issued an aggregate of 9,692,022,458 Settlement Shares at 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.

The Group's objectives in 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.

28. SHARE CAPITAL *(Continued)*

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.

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 2017 and 2016 are as follows:

	2017 **HK$'000**	2016 HK$'000
Total debt	**134,386**	142,407
Less: bank and cash balances	**(3,213)**	(49,134)
Net debt	**131,173**	93,273
Total equity	**255,827**	260,926
Gearing ratio	**51.27%**	35.75%

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

29. 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.

29. RESERVES *(Continued)*

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	2,101,765	300	99,389	(3,036,521)	(835,067)
Capital Reduction	–	–	–	497,354	497,354
Issue of new shares upon Open Offer	100,680	–	–	–	100,680
Issue of Settlement Shares to the convertible bondholders under debt restructuring arrangements	247,731	–	–	–	247,731
Release of convertible bond reserve	–	–	(99,389)	99,389	–
Issue of Settlement Shares to the creditors under debt restructuring arrangements	139,950	–	–	–	139,950
Set-off against accumulated losses	(2,101,765)	–	–	2,101,765	–
Loss for the year	–	–	–	(40,042)	(40,042)
At 31 December 2016	488,361	300	–	(378,055)	110,606
Loss for the year	–	–	–	(238)	(238)
At 31 December 2017	**488,361**	**300**	**–**	**(378,293)**	**110,368**

(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 3.

29. RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(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 3.

30. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2017 **HK$'000**	2016 HK$'000
Property, plant and equipment		
Contracted but not provided for	**16,763**	15,608

31. LEASE COMMITMENTS

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**4,710**	5,160
In the second to fifth years, inclusive	**213**	3,429
	4,923	8,589

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

32. 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:

	2017	2016
	HK$'000	HK$'000
Professional fee paid to a related company	**836**	–
Interest income from amount due from directors	**38**	–
Addition of property, plant and equipment from a related company	**–**	2,006
Settlement interest of 2010 Convertible Bonds paid to related companies	**–**	19,835

The above mentioned related companies are respectively controlled by two Directors.

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

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	65	75
Investments in subsidiaries	30,884	29,109
	30,949	29,184
CURRENT ASSETS		
Other receivables	1,703	6,683
Amounts due from subsidiaries	312,947	281,634
Bank and cash balances	532	40,648
	315,182	328,965
CURRENT LIABILITIES		
Other payables	1,698	1,231
Derivative financial instruments	34	1,506
Other borrowings	–	18,000
Amounts due to subsidiaries	897	870
	2,629	21,607
NET CURRENT LIABILITIES	312,553	307,358
TOTAL ASSETS LESS CURRENT LIABILITIES	343,502	336,542
NON-CURRENT LIABILITIES		
Convertible bonds	57,685	50,487
	57,685	50,487
NET ASSETS	285,817	286,055
EQUITY		
Share capital	175,449	175,449
Reserves	110,368	110,606
Total equity	285,817	286,055

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Settlement Convertible Bonds	**Borrowings**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2016	–	222,271	222,271
Changes in cash flows	–	8,054	8,054
Non-cash changes			
– Fair value gain from the settlement of the indebtedness and liabilities of the Group owing to the other loan holders	(57)	–	(57)
– Derivative component	(6,788)	–	(6,788)
– Reallocation from 2010 Convertible Bonds	–	18,000	18,000
– Issue of Settlement Shares	–	(174,937)	(174,937)
– Issue of Settlement Convertible Bonds	53,417	(53,417)	–
– Interest charged	3,915	707	4,622
At 31 December 2016 and 1 January 2017	50,487	20,678	71,165
Changes in cash flows	–	(18,000)	(18,000)
Non-cash changes			
– Reallocation to other payable	–	(1,395)	(1,395)
– Interest charged	7,198	–	7,198
At 31 December 2017	57,685	1,283	58,968

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 29 March 2018.

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

RESULTS

	Year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**44,227**	40,399	43,613	43,679	30,166
Loss before tax	**(23,164)**	(13,910)	(35,205)	(957,699)	(590,479)
Income tax (expense)/credit	**(1,015)**	(11,549)	(2,797)	214,935	116,678
Loss for the year	**(24,179)**	(25,459)	(38,002)	(742,764)	(473,801)
Attributable to:					
Owners of the Company	**(15,849)**	(27,181)	(34,460)	(601,987)	(386,735)
Non-controlling interests	**(8,330)**	1,722	(3,542)	(140,777)	(87,066)
	(24,179)	(25,459)	(38,002)	(742,764)	(473,801)

ASSETS AND LIABILITIES

	As at 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**296,205**	289,382	210,330	226,387	1,133,211
Current assets	**94,008**	113,951	29,078	17,473	17,873
Current liabilities	**(38,519)**	(57,348)	(509,744)	(501,832)	(466,126)
Non-current liabilities	**(95,867)**	(85,059)	(64,522)	(23,548)	(239,349)
Net assets/(liabilities)	**255,827**	260,926	(334,858)	(281,520)	445,609
Attributable to:					
Owners of the Company	**285,817**	286,055	(311,537)	(265,597)	346,478
Non-controlling interests	**(29,990)**	(25,129)	(23,321)	(15,923)	99,131
Total equity/(deficit)	**255,827**	260,926	(334,858)	(281,520)	445,609

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 then 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 then 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 2016
"Creditors"	the Share Settlement Creditors and CB Settlement Creditors
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company
"Executive Director(s)"	the executive Director(s)
"Excluded Shareholder(s)"	overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares where, in the opinion of the Board (having made relevant and necessary enquiries), it would or might be unlawful or impracticable to offer the Offer Shares in such places on account of any legal or regulatory restrictions or special formalities in such places

"Gold Mine"	the Group's Yuanling gold project in Hunan Province, the PRC
"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 23 January 2018 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
"MOU"	the memorandum of understanding entered into between the Company and Mr. Long on 18 July 2016
"MPF Scheme"	Mandatory Provident Fund retirement benefits scheme
"Mr. Long"	Mr. Long Xiaobo
"NED(s)"	the non-executive Director(s)
"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 2017
"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
"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 before the Capital Reorganisation
"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)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Term Sheet"	a non-legally binding term sheet entered into between the Company and 15 individuals on 13 October 2017, details of which are disclosed in the Company's announcement dated 13 October 2017
"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
"%"	per cent