



RESOURCES LIMITED



(incorporated in the Cayman Islands with limited liability)

Stock code: 274

INTERIM REPORT
2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Qiao Bingya (*Chairman and CEO*)

Mr. Xie Qiangming

Mr. Zhang Yiwen

NED

Mr. Sun Aimin (*appointed on 12 June 2020*)

INEDs

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Yan Xiaotian

AUDIT COMMITTEE

Mr. Cai Jianhua (*chairman*)

Mr. Ho Wing Chung

Mr. Yan Xiaotian

REMUNERATION COMMITTEE

Mr. Yan Xiaotian (*chairman*)

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Xie Qiangming

NOMINATION COMMITTEE

Mr. Qiao Bingya (*chairman*)

Mr. Xie Qiangming

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Yan Xiaotian

COMPANY SECRETARY

Ms. Sun Shui

AUTHORISED REPRESENTATIVES

Mr. Qiao Bingya

Mr. Zhang Yiwen

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2207, 22/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 54, 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*)

17/F., One Island East

Taikoo Place, 18 Westlands Road

Quarry Bay

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

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

BUSINESS REVIEW

Mining Products

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. After carrying out a number of safety technical rectifications in accordance with the requirements of the local government's mining authorities, Hunan Westralian has completed the mining technical reform project in east mine in the fourth quarter of 2019. Hunan Westralian will continue to complete the remaining improvement constructions works as soon as possible under the guidance or instruction of relevant regulatory bodies.

As stated in the 2019 Annual Report, Hunan Westralian will require further capital investment for improvement of its mining capability and facilities. In order to increase the overall production capacity of the Gold Mine and improve (including) the working environment and the living environment of the employees, in the past few years, the Gold Mine has been carrying out rectification works and upgrading mining facilities in accordance with government requirements. Therefore, the production of the Gold Mine has been kept at a minimal level for safety reason and only sub-mining ore produced during the rectification improvement process. This situation is expected to improve after the main rectification improvement works are completed and production is resumed. The production capacity of existing ore processing plant (150 tons per day) and new ore processing plant (still under construction) is expected to increase to a minimum of 500 tons per day. It should be noted that the rectification improvement works and relevant maintenance for the mining industry are continuing requirements.

The outbreak of the COVID-19 at the end of 2019 has had impact on the production and the rectification improvement work of the Gold Mine. Facing adverse factors such as production and transportation restrictions as well as difficulties of personnel in returning to mine sites, the Gold Mine has temporarily suspended the production in the first half of 2020 to cooperate with the emergency COVID-19 prevention and control measures announced by the Chinese government to ensure employee safety. As at the date of this interim report, Gold Mine has gradually resumed to production and continued to carry out the overall rectification improvement works.

Although the mining permit will expire on 2 September 2020, the Directors considered that the Group will be able to renew the mining permit with the Department of Land and Resources of Hunan Province, the PRC at relatively low cost based on the management's experience and the PRC lawyer's opinion. The management of Hunan Westralian has applied for the renewal permit, and the renewal mining permit is expected to be issued in September 2020.

Money Lending Business

As stated in the 2019 Annual Report, the Company has appointed several Directors and management staff to assist the Group in expanding its business through their background and business connection. The Management will continue to study the financial market and identify potential customers.

Save as the supplementary agreement entered into with relevant financial institution in 2019 to extend the HK\$100 million unsecured loan facility granted to the Company at a favourable rate for further two years, in December 2019 and January 2020, the Group has entered into supplementary loan agreements with two Borrowers to extend the total of HK\$100 million secured loan facilities for further approximately two years (for details of the HK\$85 million supplementary loan agreement, please refer to the Company's announcement dated 9 January 2020).

Trading of Coal

In the first half of 2020, the Group continued to develop the coal trading business in PRC. In the development stage, the subsidiary mainly target on selling coal to power plant. On one hand, the management of the subsidiary will strive to find customers with stable demand, and stable low-cost coal supply channel to achieve better profitability, and on the other hand, they will continue to study and monitor the actual business operating conditions and performance in order to adjust strategies and policies.

Cosmetics and Skincare Products (discontinued operation)

On 28 December 2018, the Group completed disposal of Cristal Marketing, after which Cristal Marketing ceased to be a subsidiary of the Group. Taking into account the recent economic situation in China and Hong Kong, the Group officially terminated the operation of this business segment from September 2019.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$18.7 million, representing an approximately 197.8% increase as compared with approximately HK\$6.3 million for the Corresponding Period. The increase in the Group's revenue mainly due to the increase in revenue derived from trading of coal business segment.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK\$3.6 million, representing an increase of approximately 72.5% as compared with approximately HK\$2.1 million for the Corresponding Period. The increase in revenue was mainly due to additional sales of sub-mining ore produced during the rectification improvement process.

During the Reporting Period, the revenue contributed by the money lending business segment was approximately HK\$4.0 million, representing a decrease of approximately 4.4% as compared with approximately HK\$4.2 million for the Corresponding Period. The decrease in revenue was mainly due to decrease in loan principal in the second half of 2019.

During the Reporting Period, the revenue contributed by the trading of coal business segment was approximately HK\$11.1 million. The trading of coal business started to generate revenue in the fourth quarter of 2019 to the Group.

The gross profit for the Reporting Period was approximately HK\$7.3 million, representing an increase of approximately 52.9% as compared with approximately HK\$4.8 million for the Corresponding Period.

The loss for the Reporting Period was approximately HK\$37.7 million and the Corresponding Period was approximately HK\$20.6 million. The increase in loss was mainly due to the increase in the finance costs incurred from the mining products business segment during the Reporting Period of approximately HK\$18.0 million.

During the Reporting Period, the Group made a partial capital contribution of HK\$32.0 million in cash to the Target Company pursuant to the relevant capital increase agreement after the Target Company obtained a provisional hazardous waste treatment licence on 20 January 2020.

PROSPECTS

As disclosed in the 2019 Annual Report, the core direction of the Company will remain unchanged. The Company's mining products business segment will continue its effort to improve its mining capability and facilities with the goal to maximise the output efficiency of the Gold Mine, and the Company will inject capital properly in accordance with the needs of the Gold Mine rectification improvement works. As at the date of this interim report, Gold Mine has gradually resumed to production and carried out the overall improvement works.

Regarding the newly launched coal trading business, the Management adopted a relatively conservative approach at this stage and will adjust the business scale according to the actual business operating conditions and performance after the trial operation in order to steadily increase revenue while reducing business risks.

With the increasing demand for the frozen meat and the gradual standardisation and regularisation of related import trade, this business has begun to grow rapidly in China in recent years. Since the second half of 2019, the Management has begun to conduct a number of market surveys on the import trade of frozen chicken by-products imported into China. After nearly half year of industrial studies and analysis, the Company decided to develop the wholesale and trading frozen chicken by-products as an entry point for the international frozen meat import business. After stabilising the business, the management plans to extend the scope of business to other frozen meats such as beef, pork and seafood, and hopes to eventually achieve the goal of establishing its own online store and cold chain e-commerce and/or cooperation with large e-commerce platform.

As disclosed in the 2019 Annual Report and 2019 Interim Report, after considering and studying the global economic environment, the trends in the PRC's future economic and business development model and the future development of the Company's existing business, the Board believes that the Group, among others, should focus on big data, e-commerce and blockchain technology, especially in providing and assisting its internal and external customers in tailor-made blockchain services in order to add value for their businesses. The project team is conducting research looking for potential partners or acquisition targets to bring long-term benefits to the Shareholders. Moreover, the Management will continue to explore other strategic investment opportunities and use of the new substantial Shareholders' connections, experience, networks and resources to enhance the business prospects of the Group, thereby maximising the value for the Shareholders.

With the continuous strengthening the relevant national environmental governance policies and the promotion and development of the comprehensive mutual benefit "One Belt One Road" policy by the Chinese government, the Group, as stated in the 2019 Annual Report, has exploited the new Management's connections, experience, network and resources, and is conducting research on several potential projects, including hazardous waste treatment business in the downstream industry chain as well as infrastructure construction and building materials trading business in the countries along the "Belt and Road".

As such, in 2019, the Group entered into a capital increase agreement with Target Company, principally engaged in: (i) comprehensive utilization of waste resources; (ii) procurement, processing, production and sales of metal scrap and metal-containing waste; (iii) trading in mineral products; and (iv) sales of metal materials in Jiangxi Province, PRC. Target Company owns a number of patents and an engineering and technology research center, and is building a harmless waste residue and polymetallic comprehensive recycling manufacturing plant with an annual treatment capacity up to approximately 300,000 tons in Dexing Economic Development Zone in Jiangxi Province. As at the date of this interim report, the Group owns 12.41% equity interest in the capital of the Target Company and since the Target Company has obtained the provisional hazardous waste treatment licence, the Group has made a capital contribution of HK\$42 million to the Target Company.

The Board is of the view that the abovementioned investments enables the Company to explore more business opportunities in the downstream business of the Group and expects to generate more profit in the future. Depending on the future performance of Target Company, the Company may consider investing more funds and/or resources in Target Company with a view to improving the financial condition of the Group.

As such, the Board, having considered the funding needs of the Group for its existing business operations and future business development, has decided that the Company may consider raising funds in different ways, including issuance of convertible bonds, issuance of new Shares under general mandate or loan financing, etc. The final result will be subject to the market conditions and the outcomes of the negotiations with the potential investors.

Looking forward, the Management will continue modifying and finessing the Group's strategic plan, adjusting to the changes in the dynamic business environment in the PRC 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. The Management will strive to leverage our internal and external resources through fundraising or introducing strategic investors to achieve this goal.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had unpledged cash and bank balances of approximately HK\$3.4 million (31 December 2019: approximately HK\$42.5 million). The gearing ratio was approximately 802.3% (31 December 2019: approximately 296.5%) and the borrowings of the Group was approximately HK\$281.0 million (31 December 2019: approximately HK\$224.1 million). The Group recorded a net current liabilities of approximately HK\$59.9 million as at 30 June 2020 (31 December 2019: net current assets of approximately HK\$72.4 million).

Details of the maturity profile and interest rate structure of the borrowings of the Group are set out in notes 16 and 18 to the Interim Financial Statements of this interim report.

COMMITMENTS

Particulars of commitments of the Group as at 30 June 2020 and 31 December 2019 are set out in note 20 to the Interim Financial Statements of this interim report.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: nil).

BANK BORROWINGS

As at 30 June 2020, the Group did not have any outstanding bank loan (31 December 2019: nil).

EMPLOYEES AND REMUNERATION

The remuneration policy of the Group is designed to ensure that remuneration offered to the Directors and/or employees is appropriate for their respective duties performed, sufficiently compensates 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 when appropriate, other allowances, incentive bonuses, mandatory provident funds and share options granted (if any) under the Share Option Scheme.

The emoluments payable to the Directors are determined by the responsibilities, qualifications, experience, duties, performance of the Directors, the prevailing market conditions and remuneration benchmarks of listed companies of similar size and industry nature. They include incentive bonuses primarily based on the results of the Group and share options granted (if any) under the Share Option Scheme. The remuneration committee of the Company performs review on the emoluments of the Directors from time to time. No Director, or any of his associates or executives, is involved in deciding his own emoluments.

Employees' remuneration packages are determined by the responsibilities, qualifications and experience, duties and performance of individuals as well as prevailing compensation packages in the market. The packages are reviewed annually and anytime as required.

The Group will allocate resources in training, retention and recruitment programs, and encouraging staff to upgrade their skillsets. The Group monitors and evaluates the performances of managerial staff regularly to ensure the Group is led by the finest.

As at 30 June 2020, the Group employed 453 staff (2019: 285). The remuneration of employees was commensurate with the market trend, the level of pay in the industry and with the performance of individual employees that are regularly reviewed every year.

FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group had generated revenues and incurred costs mainly in Hong Kong dollar and Renminbi. After considering the fluctuation in Renminbi, the Directors believed that the Group's exposure to fluctuation in foreign exchange rates was minimal, and therefore, the Group had not employed any financial instruments for hedging purpose.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (2019: nil).

EVENTS AFTER THE REPORTING PERIOD

Details of the events occurring after the Reporting Period are set out in note 23 to the Interim Financial Statements of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company acknowledges corporate governance as one of the key elements in enhancing Shareholders' value. The Company is committed to ensure its corporate governance practices are in compliance with regulatory requirements and recommended practices. As at the date of this interim report, the Company has adopted the CG Code to regulate the corporate governance matters of the Company. The Board has reviewed the Company's corporate governance practices for the Reporting Period and has formed the opinion that the Company, throughout the Reporting Period and up to the date of this interim report, has complied with the code provisions as set out in the CG code except for the following deviation:

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Accordingly, following the appointment of Mr. Qiao Bingya as CEO on 12 June 2020, there is a deviation from the code provision A.2.1 of the CG Code as Mr. Qiao Bingya is also the Chairman.

Notwithstanding the aforesaid deviation, the Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. Nevertheless, the Company will continue to review its operation and seek to re-comply with the code provision A.2.1 of the CG Code by splitting the roles of Chairman and CEO at a time when it is appropriate to increase the independence of corporate governance of the Group.

SHARE CAPITAL

As at 30 June 2020, the authorised share capital of the Company was HK\$250 million, divided into 25,000 million Shares of HK\$0.01 each, of which 1,052,424,308 Shares were issued and fully paid up or credited as fully paid up in the amount of HK\$10,524,243.08. Details of movement in the share capital of the Company during the Reporting Period are set out in note 19 to the Interim Financial Statements of this interim report.

CAPITAL REORGANISATION

The Capital Reorganisation was approved by the Shareholders at the Company's extraordinary general meeting held on 30 December 2019. The Capital Reorganisation involves the following steps which took effect on 16 March 2020 in the following order:

Share Consolidation

Pursuant to the Share Consolidation, every twenty (20) then issued and unissued shares of the Company of HK\$0.01 each immediately before the Share Consolidation were consolidated into one (1) Consolidated Share.

Capital Reduction

Immediately after the Share Consolidation became effective, (i) the par value of each issued Consolidated Share was reduced from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 of the paid-up capital on each issued Consolidated Share; (ii) each authorised but unissued Consolidated Share was subdivided into 20 Adjusted Share; and (iii) the credit arising from the Reduction of Issued Capital along with the entire amount standing to the credit of the share premium account of the Company, which amounted to approximately HK\$517,792,000 as at 31 December 2019, was applied to set off against part of the accumulated deficit of the Company.

For details of abovementioned Capital Reorganisation, please refer to (i) the circular of the Company dated 6 December 2019 in respect of, among other things, the proposed Capital Reorganisation; (ii) the announcement of the Company dated 30 December 2019 in respect of the poll results of the Company's extraordinary general meeting held on 30 December 2019; (iii) the announcement of the Company dated 5 February 2020 in respect of, among other things, the updated expected timetable of the Capital Reorganisation; and (iv) the announcement of the Company dated 16 March 2020 in respect of, among other things, the Capital Reorganisation becoming effective.

SETTLEMENT CONVERTIBLE BONDS AND SETTLEMENT AGREEMENTS

The unsecured 10% convertible bonds due 2019 issued by the Company on 24 May 2016 pursuant to the CB Settlement Agreements 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 was matured on 23 May 2019, upon which date the rights to conversion ceased. Originally, the bonds could be 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 should be paid on the maturity date. No shares have been converted, purchased or redeemed pursuant to the terms and conditions of the Settlement Convertible Bonds on or before the maturity date. 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. The convertible bond of the Company was reclassified as other payables in 2019, the balance of the other payables is set out in note 15 to the Interim Financial Statements of this interim report.

As at the date of this interim report, the Company settled the entire amount due to the two CB Settlement Creditors either by way of cash repayments, or by way of partial cash repayments and partial issuance of new Shares.

On 27 March 2020, the Company entered into a settlement agreement with Creditor B, being the only remaining CB Settlement Creditor, for the settlement of the amount due to him as at 23 May 2019, i.e. HK\$18,161,039.18, being the principal amount and interest accrued under the bonds up to 23 May 2019. As at the date of this interim report, the amount due to Creditor B was HK\$9,951,528.08. Details of the settlement agreement with Creditor B, please refer to the announcement of the Company dated 27 March 2020.

On 30 June 2020, further supplementary agreement was entered into between the company and Creditor B. Pursuant to the aforesaid settlement agreement and the supplementary agreement, the Company may, in its absolute discretion, elect to repay the remaining either in cash or by the issue of new Shares to Creditor B as settlement shares by 30 September 2020. If the Company elects to issue settlement shares, the Company and Creditor B will enter into a supplemental agreement to confirm the terms of such issue and further announcement will be made by the Company in due course.

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Qiao Bingya (*Chairman and CEO*)

Mr. Xie Qiangming

Mr. Zhang Yiwen

NED

Mr. Sun Aimin (*appointed on 12 June 2020*)

INEDS

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Yan Xiaotian

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed below or in the 2019 Annual Report or otherwise in this interim report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Directors	Details of Changes
Mr. Qiao Bingya	appointed as CEO on 12 June 2020
Mr. Sun Aimin	appointed as NED on 12 June 2020
Mr. Zhang Yiwen	resigned as CEO on 12 June 2020, and continued to serve as an Executive Director and other positions of the Company, if any. His remuneration has been adjusted accordingly to HK\$30,000 per month with effect from 1 July 2020

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Reporting Period.

SHARE OPTION SCHEME

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. The Board is 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.

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 1,052,424,308 issued Shares as at 30 June 2020 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 105,242,430 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 105,242,430 Shares, representing 10% of the total number of Shares in issue at 30 June 2020. No share options under the Share Option Scheme were granted, exercised, cancelled, lapsed or outstanding during the Reporting Period.

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

As at 30 June 2020, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

Save as disclosed below, as at 30 June 2020, 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 Shares	Approximate percentage of shareholding
Chunda International Technology Development Co., Limited <i>(note 1)</i>	Beneficial owner	204,890,698	19.47%
	A concert party to an agreement to buy shares	50,090,975	4.75%
Mr. Wang Tao <i>(note 1)</i>	Beneficial owner	27,300,000	2.59%
	Interest of controlled corporation	204,890,698	19.47%
	A concert party to an agreement to buy shares	50,090,975	4.75%
Ms. Wang Juan	Beneficial owner	165,101,665	15.68%
Ms. Zhao Xiaohong <i>(note 2)</i>	Beneficial owner	50,090,975	4.75%
	A concert party to an agreement to buy shares	204,890,698	19.47%
Mr. Zhao Tao <i>(note 2)</i>	Interest of spouse	254,981,673	24.22%
Mr. Li Tiejian	Beneficial owner	70,489,438	6.69%
Mr. Liu Zhiwei	Beneficial owner	70,538,476	6.70%
OP Financial Limited <i>(note 3)</i>	Security interest	432,376,839	41.08%

Notes:

1. Chunda International Technology Development Co., Limited is beneficially and wholly owned by Mr. Wang Tao. Mr. Wang Tao is deemed to be interested in the Shares in which Chunda International Technology Development Co., Limited is interested in. Chunda International Technology Development Co., Limited, Mr. Wang Tao and Ms. Zhao Xiaohong are deemed as concert party pursuant to section 317(1)(a) of the SFO.
2. Chunda International Technology Development Co., Limited, Mr. Wang Tao and Ms. Zhao Xiaohong are deemed as concert party pursuant to section 317(1)(a) of the SFO. Mr. Zhao Tao is spouse of Ms. Zhao Xiaohong and is deemed to be interested in the Shares in which Ms. Zhao Xiaohong is interested in.
3. OP Financial Limited has a security interest over 432,376,839 Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with the Management the accounting principles and policies as adopted by the Company, the practices of the Group and the unaudited condensed consolidated financial statements for the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued share capital throughout the Reporting Period and as at the date of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2020

		Six months ended 30 June	
	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	5	18,727	6,288
Cost of sales and services rendered		(11,404)	(1,500)
Gross profit		7,323	4,788
Other income and gains		553	7
Administrative expenses		(15,867)	(13,701)
Loss from operations		(7,991)	(8,906)
Finance costs	6	(28,105)	(10,001)
Loss before tax		(36,096)	(18,907)
Income tax expense	7	(1,606)	(1,644)
Loss for the period	8	(37,702)	(20,551)
Other comprehensive loss after tax: <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(5,129)	(228)
Other comprehensive loss for the period, net of tax		(5,129)	(228)
Total comprehensive loss for the period		(42,831)	(20,779)
Loss for the period attributable to:			
Owners of the Company		(32,990)	(18,461)
Non-controlling interests		(4,712)	(2,090)
Loss for the period		(37,702)	(20,551)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(37,710)	(18,669)
Non-controlling interests		(5,121)	(2,110)
Total comprehensive loss for the period		(42,831)	(20,779)
			(restated)
Loss per share (HK cents)			
Basic and diluted	9	(7.10)	(2.10)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Non-current assets			
Property, plant and equipment	10	89,536	78,303
Right-of-use assets	11	–	1,010
Financial assets at fair value through other comprehensive income		32,000	–
Mining right	12	102,978	107,326
Loan receivables	13	111,819	16,128
		336,333	202,767
Current assets			
Inventories		14,769	–
Trade and other receivables	14	28,297	41,546
Loan receivables	13	1,025	92,685
Bank and cash balances		3,384	42,497
		47,475	176,728
Current liabilities			
Trade and other payables	15	42,196	52,221
Borrowings	16	65,175	51,120
Lease liabilities		–	1,035
		107,371	104,376
Net current (liabilities)/assets		(59,896)	72,352
Total assets less current liabilities		276,437	275,119
Non-current liabilities			
Borrowings	16	106,256	66,361
Deferred tax liabilities	17	18,453	17,191
Other borrowings	18	109,567	106,575
		234,276	190,127
NET ASSETS		42,161	84,992
Capital and reserves			
Share capital	19	10,524	210,485
Reserves		110,672	(51,579)
Equity attributable to owners of the Company		121,196	158,906
Non-controlling interests		(79,035)	(73,914)
TOTAL EQUITY		42,161	84,992

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated profits/(losses) HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	
At 1 January 2019	175,449	488,361	300	30,135	(497,512)	196,733	(53,754)	142,979
Total comprehensive loss for the period	-	-	-	(209)	(18,460)	(18,669)	(2,110)	(20,779)
At 30 June 2019	175,449	488,361	300	29,926	(515,972)	178,064	(55,864)	122,200
At 1 January 2020	210,485	517,792	300	26,275	(595,946)	158,906	(73,914)	84,992
Capital Reduction	(199,961)	-	-	-	199,961	-	-	-
Set-off against accumulated losses	-	(517,792)	-	-	517,792	-	-	-
Total comprehensive loss for the period	-	-	-	(4,720)	(32,990)	(37,710)	(5,121)	(42,831)
At 30 June 2020	10,524	-	300	21,555	88,817	121,196	(79,035)	42,161

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Net cash used in operating activities	(23,187)	(30,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(11,405)	(13,389)
Purchase of financial assets at fair value through other comprehensive income	(32,000)	–
Other investing cash flows (net)	1	11,487
Net cash used in investing activities	(43,404)	(1,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in amount due to a related company	–	(2,385)
Repayment of lease liabilities and lease interest paid	(1,035)	(896)
Repayment of convertible bonds	–	(1,000)
Repayment of borrowings	(44)	–
Other borrowings raised	–	32,497
Borrowings raised	29,832	5,749
Net cash generated from financing activities	28,753	33,965
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(37,838)	1,818
Effect of foreign exchange rate changes	(1,275)	(377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	42,497	1,213
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,384	2,654
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	3,384	2,654

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2020

1. GENERAL INFORMATION

China Billion Resources Limited was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2207, 22nd 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.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) gold mining, exploration and trading of gold products in the PRC; (ii) provision of money lending services in Hong Kong; and (iii) trading of coal in the PRC.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

The Group incurred a loss attributable to owners of the Company of approximately HK\$32,990,000 for the period and the Group had net current liabilities of approximately HK\$59,896,000 as at 30 June 2020.

These condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the Shareholders, at a level sufficient to finance the working capital requirements of the Group. The Shareholders have agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The Directors are therefore of the opinion that it is appropriate to prepare the condensed financial statements on a going concern basis.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020. HKFRSs comprise HKFRS, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior periods.

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

For the six months ended 30 June 2020

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

		Effective for the financial periods beginning on or after
HKFRS 3	Amendments in relation to Definition of a Business	1 January 2020
HKAS 1 and 8	Amendments in relation to Definition of Material	1 January 2020
HKFRS 7, HKFRS 9 and HKAS 39	Amendments in relation to Hedge Accounting Requirements	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current	1 January 2022
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

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

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

For the six months ended 30 June 2020

4. FAIR VALUE MEASUREMENTS (CONT'D)

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 3
	<i>HK\$'000</i>
<hr/>	
At 30 June 2020	
Recurring fair value measurements:	
Financial assets at fair value through other comprehensive income	32,000

The fair value of financial assets at fair value through other comprehensive income in Level 3 was assessed with reference to income approach by management.

5. REVENUE AND SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

Money lending segment – provision of money lending services; and

Trading of coal segment – engaged in trading of coal.

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.

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

For the six months ended 30 June 2020

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

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

	Mining products <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Trading of coal <i>HK\$'000</i>	Total <i>HK\$'000</i>
<u>For the six months ended 30 June 2020</u>				
Revenue from external customers	3,575	4,031	11,121	18,727
Segment (loss)/profit	(23,560)	538	(123)	(23,145)
Depreciation	172	-	1	173
Income tax expense	1,606	-	-	1,606
Additions to segment non-current assets	11,405	-	-	11,405
<u>As at 30 June 2020</u>				
Segment assets	226,363	112,910	43,542	382,815
Segment liabilities	153,312	2	4,024	157,338
<u>For the six months ended 30 June 2019</u>				
Revenue from external customers	2,072	4,216	-	6,288
Segment (loss)/profit	(11,482)	742	-	(10,740)
Depreciation	177	-	-	177
Income tax expense	1,644	-	-	1,644
Additions to segment non-current assets	13,389	-	-	13,389
<u>As at 31 December 2019</u>				
Segment assets	207,900	108,830	21,415	338,145
Segment liabilities	104,033	107,671	13,638	225,342

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

For the six months ended 30 June 2020

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, profit or loss:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
<u>Revenue</u>		
Total revenue of reportable segments and consolidated revenue	18,727	6,288
<u>Profit or loss</u>		
Total loss of reportable segments	(23,145)	(10,740)
Finance costs	(10,203)	(7,327)
Other profit or loss	(4,354)	(2,484)
Consolidated loss for the period	(37,702)	(20,551)

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

Breakdown of revenue:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Mining products	3,575	2,072
Trading of coal	11,121	–
Revenue from contract with customers	14,696	2,072
Interest income of money lending	4,031	4,216
Total revenue	18,727	6,288

Disaggregation of revenue from contracts with customers:

All revenue from contracts with customers was derived from the PRC for the six months ended 30 June 2020 and 2019. The timing of revenue recognition of all revenue from contracts with customers was at a point in time for the six months ended 30 June 2020 and 2019.

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

For the six months ended 30 June 2020

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interest of Settlement Convertible Bonds	–	3,534
Loan interest	28,090	6,364
Interest of lease liability	15	103
	28,105	10,001

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Deferred tax	1,606	1,644

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2019: Nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the Reporting Period is 5% – 25% (2019: 5% – 25%).

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Directors' remuneration	726	1,763
Cost of sales and services rendered	11,404	1,500

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

For the six months ended 30 June 2020

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the Reporting Period is based on the loss for the period attributable to owners of the Company of approximately HK\$32,990,000 (2019: approximately HK\$18,461,000) and the weighted average number of ordinary shares of approximately 464,627,000, adjusted by Share Consolidation completed on 16 March 2020 (2019 (restated): approximately 877,249,000 ordinary shares, adjusted by the Share Consolidation completed on 16 March 2020) in issue during the Reporting Period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the Reporting Period and Corresponding Period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$11,405,000 (2019: approximately HK\$13,389,000).

11. RIGHT-OF-USE ASSETS

During the Reporting Period, the Group did not enter into new lease agreement for the use of assets with lease term more than 12 months.

12. MINING RIGHT

	<i>HK\$'000</i>
Cost	
At 1 January 2019	1,434,127
Exchange differences	(26,592)
	<hr/>
At 31 December 2019	1,407,535
Exchange differences	(26,894)
	<hr/>
At 30 June 2020	<u>1,380,641</u>
Accumulated amortisation and impairment	
At 1 January 2019	1,278,879
Amortisation for the year	1,465
Impairment loss for the year	43,035
Exchange differences	(23,170)
	<hr/>

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

For the six months ended 30 June 2020

12. MINING RIGHT (CONT'D)

	<i>HK\$'000</i>
At 31 December 2019	1,300,209
Amortisation for the period	150
Exchange differences	(22,696)
	<u>1,277,663</u>
At 30 June 2020	1,277,663
Carrying amount	
At 30 June 2020	<u>102,978</u>
At 31 December 2019	<u>107,326</u>

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.

13. LOAN RECEIVABLES

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Loan receivables	119,596	115,565
Provision for loss allowance	(6,752)	(6,752)
Carrying amount	<u>112,844</u>	<u>108,813</u>

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

For the six months ended 30 June 2020

13. LOAN RECEIVABLES (CONT'D)

The Directors monitored the collectability of the loan receivables closely with reference to their respective current creditworthiness.

The maturity profile of loan receivables net of allowance at the end of reporting period, analysed by the remaining period to the contractual maturity date is as follows:

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
within one year	1,025	92,685
In the second year	111,819	16,128
	112,844	108,813

Reconciliation of loss allowance for loan receivables:

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
At 1 January	6,752	6,267
Increase in loss allowance for the period/year	-	485
	6,752	6,752

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

For the six months ended 30 June 2020

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Trade receivables	15,109	27,625
Prepayments, deposits and other receivables	4,886	7,408
Prepayment for construction	7,904	5,129
Prepayments for property, plant and equipment	398	1,384
	28,297	41,546

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

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
0 – 30 days	14,115	25,808
31 – 60 days	994	1,601
Over 90 days	–	216
	15,109	27,625

15. TRADE AND OTHER PAYABLES

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Trade payables	3,525	13,618
Accrued liabilities and other payables	28,719	19,589
Amount due to a matured convertible bond holder	9,952	19,014
	42,196	52,221

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

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
0 – 30 days	3,525	13,618

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

For the six months ended 30 June 2020

16. BORROWINGS

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Short-term borrowings		
– secured, 24% interest per annum and due within one year (<i>note(i)</i>)	63,951	49,961
– unsecured, 24% interest per annum and due within one year (<i>note (ii)</i>)	1,224	1,159
	65,175	51,120
Long-term borrowings		
– secured, 36% interest per annum and due within three years (<i>note (iii)</i>)	90,810	59,473
– unsecured, 36% interest per annum and due within three years	15,446	6,888
	106,256	66,361
	171,431	117,481

Notes:

- (i) The borrowing is secured by the entire 80% shares of Hunan Westralian held by the Westralian Resources and it is due to one of directors of Hunan Westralian.
- (ii) The borrowings are guaranteed by a general manager (“General Manager”) of Hunan Westralian.
- (iii) The borrowing is secured by 35% of mining right owned by Hunan Westralian and guaranteed by 10.4% of shares of Xinhua Choumu Mining Co., Limited owned by the General Manager.

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

For the six months ended 30 June 2020

17. DEFERRED TAX LIABILITIES

	Revaluation of mining right
	<i>HK\$'000</i>
At 1 January 2019	25,452
Charge to profit or loss for the year	(7,862)
Exchange differences	(399)
	<hr/>
At 31 December 2019 and 1 January 2020	17,191
Charge to profit or loss for the period	1,606
Exchange differences	(344)
	<hr/>
At 30 June 2020	18,453
	<hr/>

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

18. OTHER BORROWINGS

The lender has a security interest over the shares of the Company and is deemed to be interested in such shares. The other borrowings is unsecured, 6% interest per annum and maturity date within 24 months (2019: 24 months).

19. SHARE CAPITAL

	Number of shares	Amount
	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
At 1 January 2019, 31 December 2019 and 30 June 2020 (25,000,000,000 ordinary shares of HK\$0.01 each)	25,000,000	250,000
	<hr/>	<hr/>
Issued and fully paid:		
At 1 January 2018 and 31 December 2018 (17,544,977,408 ordinary shares of HK\$0.01 each)	17,544,977	175,449
Issue of settlement shares	(i) 1,403,509	14,036
Issue of subscription shares	(ii) 2,100,000	21,000
	<hr/>	<hr/>

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

For the six months ended 30 June 2020

19. SHARE CAPITAL (CONT'D)

		Number of shares '000	Amount HK\$'000
At 1 January 2019 and 31 December 2019 (21,048,486,179 ordinary shares of HK\$0.01 each)		21,048,486	210,485
Share Consolidation	(iii)	(19,996,061)	–
Capital Reduction	(iv)	–	(199,961)
At 30 June 2020 (1,052,424,308 ordinary shares of HK\$0.01 each)		1,052,425	10,524

- (i) On 23 October 2019, the Company entered into a supplementary agreement in respect of issue and allotment of the 1,403,508,771 Shares at a price of HK\$0.01995 per share (the closing market price on the issue date was HK\$0.019) to Creditor A to settle part of convertible bonds. The issue of settlement shares was completed on 6 November 2019 and the premium on the issue of shares, amounting to approximately HK\$12,631,000, was credited to the Company's share premium account.
- (ii) On 27 November 2019, the Company entered into three subscription agreements with three subscribers, and the subscribers subscribed for a total of 2,100,000,000 Shares to three subscribers at a price of HK\$0.018 per share. The issue of subscription shares was completed on 4 December 2019 and the premium on the issue of shares, amounting to approximately HK\$16,800,000, was credited to the Company's share premium account.
- (iii) Effective on 16 March 2020, pursuant to the Share Consolidation, every twenty (20) shares of HK\$0.01 each were consolidated into one (1) share of HK\$0.01 each. As a result, the then 21,048,486,179 issued shares of the Company of HK\$0.01 each were consolidated into 1,052,424,308 issued shares of HK\$0.01 each.
- (iv) The reduction of issued capital whereby the par value of each issued consolidated share was reduced from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 on each issued and fully paid share.

20. CAPITAL COMMITMENTS

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

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Construction contracted but not provided for	1,239	7,215

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

For the six months ended 30 June 2020

21. CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2020 and 31 December 2019.

22. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interest expenses to other borrowings	<u>2,992</u>	<u>2,975</u>

23. EVENTS AFTER THE REPORTING PERIOD

On 6 August 2019, the Company, Westralian Resources and the Lender entered into a one-year term RMB80,000,000 loan facility agreement at an interest rate of 24% per annum. The loan is secured by the entire 80% shares of Hunan Westralian held by Westralian Resources. The Company has drawn down RMB50,000,000 from the loan as at the date of this interim report.

On 10 August 2020, the aforesaid three parties of the Loan Agreement further entered into a settlement agreement with respect to the settlement and rescheduling of RMB58,485,000, being the amount owed by the Company to the Lender under the Loan Agreement as at 31 July 2020. In connection with the settlement arrangements, the Company and Westralian Resources agreed to sell the 29% equity interest in Hunan Westralian to the Lender for RMB38,485,000 to partially settle the outstanding amount owed to Lender on a dollar for dollar basis. In return, the Lender agreed to extend the maturity date and the drawdown period under the Loan Agreement to 31 August 2021. As the Lender was a director of Hunan Westralian, he was regarded as a connected person of the Company at subsidiary level. As such, the foresaid disposal and the extension also constituted connected transactions of the Company under Chapter 14A of the Listing Rules, but were exempted from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

For details of the abovementioned transactions, please refer to the Company's announcement dated 10 August 2020.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board on 28 August 2020.

DEFINITIONS

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

“Adjusted Share”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Reduction”	the Reduction of Issued Capital, the subdivision of each authorized but unissued Consolidated Share into 20 unissued Adjusted Shares and the Share Premium Reduction
“Capital Reorganisation”	the capital reorganisation approved by Shareholders at the EGM held on 30 December 2019 which involves the Share Consolidation and the Capital Reduction and became effective on 16 March 2020
“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)
“CEO”	the chief executive officer of the Company
“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Chairman”	the chairman of the Board

“China” or “PRC”	the People’s Republic of China, but for the purposes of this interim report 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
“Company”	China Billion Resources Limited, a company incorporated in the Cayman Islands with limited liability, shares of which are listed on the Stock Exchange
“Creditor B”	Mr. 吳躍新, one of the CB Settlement Creditors
“Consolidated Share”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company after Share Consolidation but prior to the Capital Reduction
“Corresponding Period”	the period for the six months ended 30 June 2019
“Cristal Marketing”	Cristal Marketing Management Company Limited, a company incorporated in Hong Kong with limited liability and was a subsidiary of the Group prior to the completing of the disposal
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province of the PRC
“Group”	the Company and its subsidiaries

“HKAS”	Hong Kong Accounting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“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, is an indirect subsidiary of the Company
“Interim Financial Statements”	the unaudited condensed consolidated financial statements for the six months ended 30 June 2020
“INED(s)”	the independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 6 August 2019 entered into between the Company as borrower, Westralian Resources as co-borrower and Mr. Cai as lender, pursuant to which Mr. Cai has agreed to advance a facility of up to RMB80,000,000 to the Company
“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
“Mr. Cai” or “Lender”	Mr. Cai Shuo, a former director of Hunan Westralian (appointed as director on 15 August 2019 and resigned on 20 August 2020)

“NED(s)”	the non-executive Director(s)
“Reduction of Issued Capital”	the reduction of the par value of each issued Consolidated Share from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 of the paid-up capital on each issued Consolidated Share
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the period for the six months ended 30 June 2020
“Share Consolidation”	the consolidation of every twenty (20) then issued and unissued shares of the Company of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme approved by the Shareholders for adoption at the extraordinary general meeting of the Company held on 22 February 2016
“Share Premium Reduction”	the application of the credit arising from the Reduction of Issued Capital and the credit standing in the Company’s share premium account towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction in a manner as permitted by the Companies Law and other applicable laws

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	德興市益豐再生有色金屬有限責任公司, a limited liability company incorporated in the PRC
“Westralian Resources”	Westralian Resources Pty Ltd., a wholly-owned subsidiary of the Company incorporated in Australia
“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“2019 Interim Report”	the interim report of the Company for the six months ended 30 June 2019
“%”	per cent

By order of the Board

China Billion Resources Limited

Qiao Bingya

Chairman and CEO

Hong Kong, 28 August 2020