

CHINA BILLION

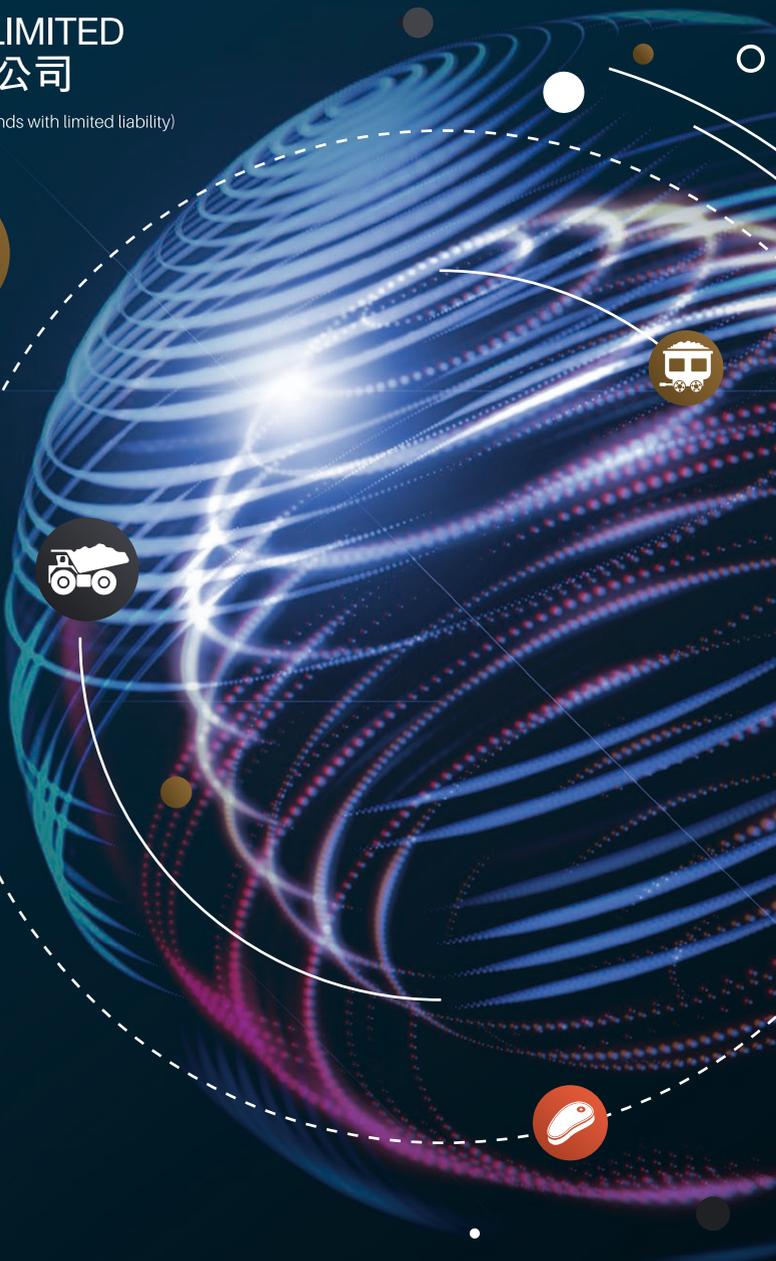
RESOURCES LIMITED
中富資源有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 274



INTERIM
REPORT
2021



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Corporate Governance and Other Information	8
Condensed Consolidated:	
Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	17
Statement of Financial Position (Unaudited)	18
Statement of Changes in Equity (Unaudited)	19
Statement of Cash Flows (Unaudited)	20
Notes to the Condensed Consolidated Financial Statements (Unaudited)	21
Definitions	37

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Qiao Bingya (*Chairman and CEO*)

Mr. Xie Qiangming

Mr. Zhu Shengsheng (*appointed on 3 June 2021*)

NED

Mr. Sun Aimin

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. Xie Qiangming

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1802, 18/F

The L Plaza

367-375 Queen's 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 three business segments: (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 and wholesale and trading of frozen meat in the PRC.

BUSINESS REVIEW

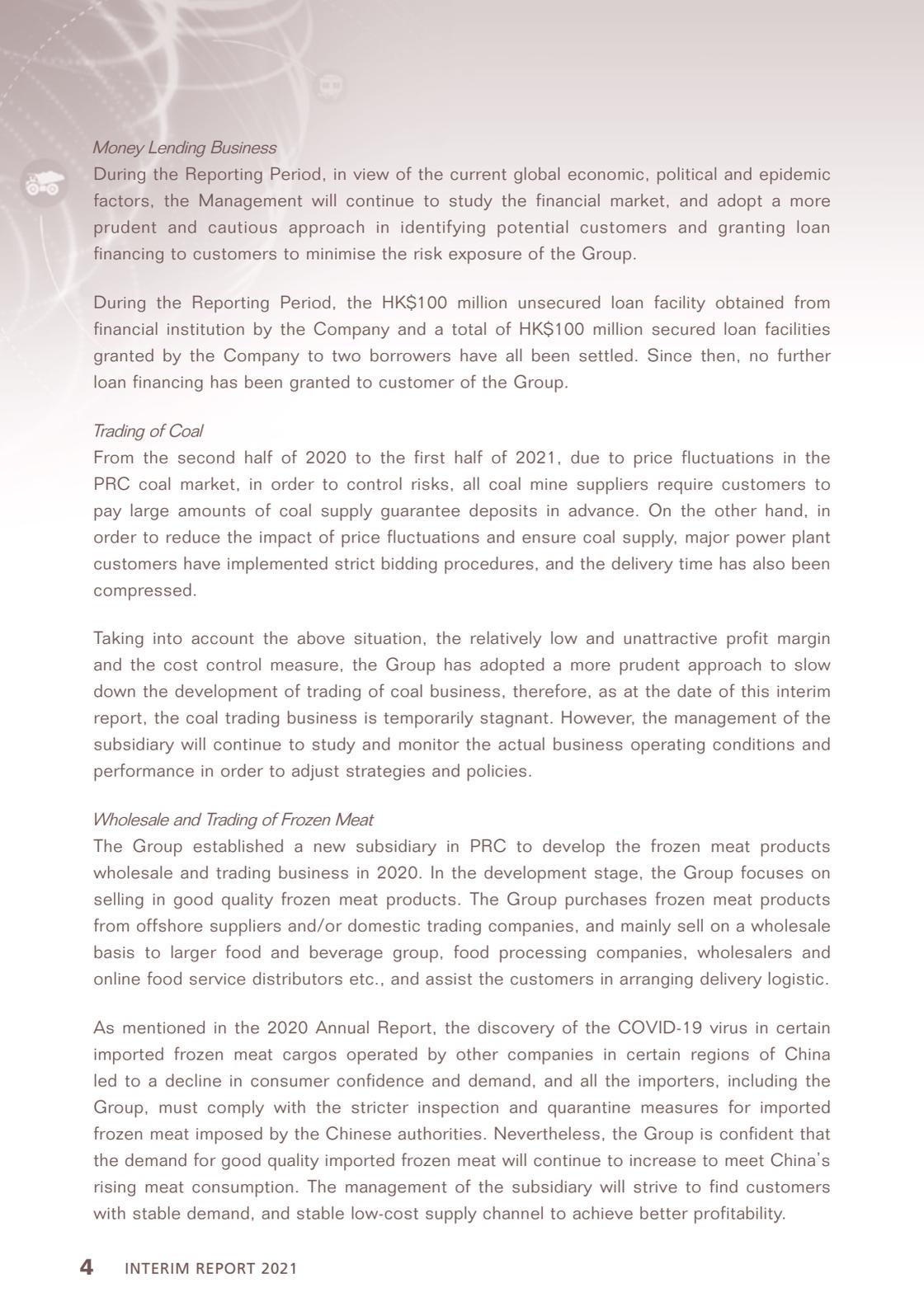
Mining Products

Although the adverse effects of COVID-19 continued to exist during the Reporting Period, the Gold Mine that resumed production since August 2020 have gradually generate revenue.

As mentioned in the 2020 Annual Report, Hunan Westralian developed in 2017 a mine enhancement project to enhance the quality of output of its Gold Mine. This project involved (i) mining technical reform in the east mining area of the Gold Mine which was completed in 2019, (ii) technological upgrading of an existing ore processing plant to enable it to achieve production capacity of 150 tons/day which was completed in 2020; (iii) a construction and bringing into operation of new ore processing plant with designed capacity of 500 tons/day which is targeted to be fully operational by the end of 2022; and (iv) the expansion of the tailings processing and storage yard, the works for which is scheduled for completion by the end of 2021. Hunan Westralian continues to implement continuous maintenance and enhancement works program annually and review the expansion of existing mining locations within current mining right (valid until 31 December 2025). In addition, it has also commissioned the exploration of the Jiufa mining area that is in the vicinity of the new processing plant that is being built.

During the Reporting Period, Hunan Westralian has generated and sold gold products to customers that are engaged in metal trading operations on site, based on the weighted average trading price for gold published by the Shanghai Gold Exchange and on immediate payment against delivery basis.

Based on (i) the aggregate of the probable reserves and 50% of the inferred resources of the Gold Mine as of 31 March 2015 (stated in the independent technical review updated report prepared by SRK in May 2015) less (ii) the aggregate of 50% of gold from sub-mining ores produced from the mine enhancement projects and other works and 100% of the gold output on a planned production basis in 2020, Hunan Westralian estimates that the remaining reserves and resources will support just over 14 years of operating at full capacity by the existing processing plant and (from November 2022) the new process plant. The Company will look to commission an update technical report at an appropriate time to "upgrade" the reserves and/or resources of the gold mine.



Money Lending Business

During the Reporting Period, in view of the current global economic, political and epidemic factors, the Management will continue to study the financial market, and adopt a more prudent and cautious approach in identifying potential customers and granting loan financing to customers to minimise the risk exposure of the Group.

During the Reporting Period, the HK\$100 million unsecured loan facility obtained from financial institution by the Company and a total of HK\$100 million secured loan facilities granted by the Company to two borrowers have all been settled. Since then, no further loan financing has been granted to customer of the Group.

Trading of Coal

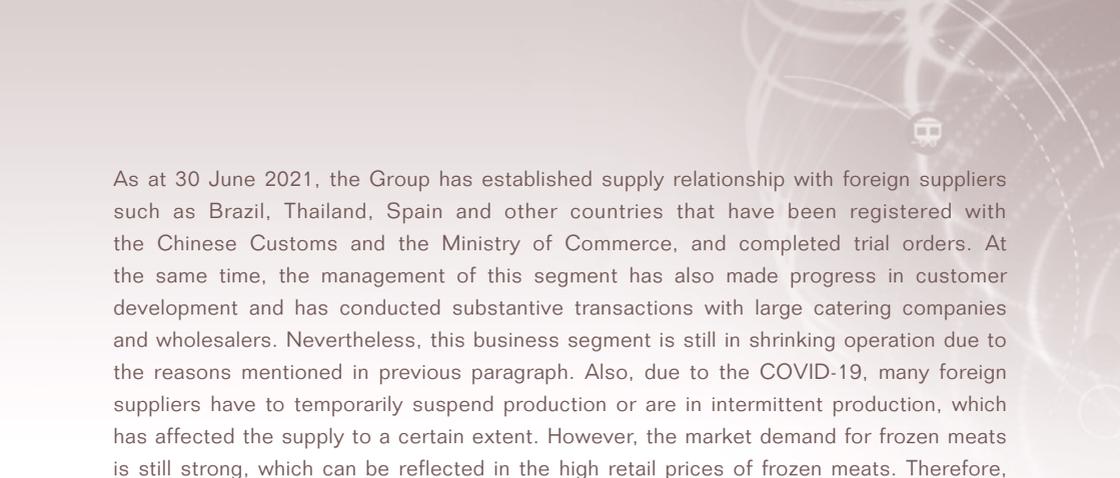
From the second half of 2020 to the first half of 2021, due to price fluctuations in the PRC coal market, in order to control risks, all coal mine suppliers require customers to pay large amounts of coal supply guarantee deposits in advance. On the other hand, in order to reduce the impact of price fluctuations and ensure coal supply, major power plant customers have implemented strict bidding procedures, and the delivery time has also been compressed.

Taking into account the above situation, the relatively low and unattractive profit margin and the cost control measure, the Group has adopted a more prudent approach to slow down the development of trading of coal business, therefore, as at the date of this interim report, the coal trading business is temporarily stagnant. However, the management of the subsidiary will continue to study and monitor the actual business operating conditions and performance in order to adjust strategies and policies.

Wholesale and Trading of Frozen Meat

The Group established a new subsidiary in PRC to develop the frozen meat products wholesale and trading business in 2020. In the development stage, the Group focuses on selling in good quality frozen meat products. The Group purchases frozen meat products from offshore suppliers and/or domestic trading companies, and mainly sell on a wholesale basis to larger food and beverage group, food processing companies, wholesalers and online food service distributors etc., and assist the customers in arranging delivery logistic.

As mentioned in the 2020 Annual Report, the discovery of the COVID-19 virus in certain imported frozen meat cargos operated by other companies in certain regions of China led to a decline in consumer confidence and demand, and all the importers, including the Group, must comply with the stricter inspection and quarantine measures for imported frozen meat imposed by the Chinese authorities. Nevertheless, the Group is confident that the demand for good quality imported frozen meat will continue to increase to meet China's rising meat consumption. The management of the subsidiary will strive to find customers with stable demand, and stable low-cost supply channel to achieve better profitability.



As at 30 June 2021, the Group has established supply relationship with foreign suppliers such as Brazil, Thailand, Spain and other countries that have been registered with the Chinese Customs and the Ministry of Commerce, and completed trial orders. At the same time, the management of this segment has also made progress in customer development and has conducted substantive transactions with large catering companies and wholesalers. Nevertheless, this business segment is still in shrinking operation due to the reasons mentioned in previous paragraph. Also, due to the COVID-19, many foreign suppliers have to temporarily suspend production or are in intermittent production, which has affected the supply to a certain extent. However, the market demand for frozen meats is still strong, which can be reflected in the high retail prices of frozen meats. Therefore, it is believed that after the epidemic is brought under control, the Group's frozen meat business will achieve rapid growth.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$47.1 million, representing an approximately 151.3% increase as compared with approximately HK\$18.7 million for the Corresponding Period. The increase in the Group's revenue mainly due to the increase in revenue derived from sales of gold products.

The revenue contributed by the mining products business segment during the Reporting Period was approximately HK\$36.5 million, representing an increase of approximately 9.2 times as compared with approximately HK\$3.6 million for the Corresponding Period. The increase in revenue was mainly due to Gold Mine that resumed production since August 2020 have gradually generate revenue.

During the Reporting Period, the revenue contributed by the money lending business segment was approximately HK\$2.3 million, representing a decrease of approximately 44.0% as compared with approximately HK\$4.0 million for the Corresponding Period. The decrease in revenue was mainly due to early loan repayment of borrowers during the Reporting Period.

During the Reporting Period, the revenue contributed by the trading of coal and wholesale and trading of frozen meat business segment was approximately HK\$8.3 million, representing a decrease of approximately 24.9% as compared with approximately HK\$11.1 million for the Corresponding Period. The decrease in revenue was mainly due to the reasons mentioned in the "Trading of Coal" section above, which resulted in no revenue contributed by the trading of coal (approximately HK\$11.1 million for the Corresponding Period). The wholesale and trading of frozen meat business started to generate revenue for the Group in the second half of 2020.



The gross profit for the Reporting Period was approximately HK\$8.6 million, representing an increase of approximately 17.3% as compared with approximately HK\$7.3 million for the Corresponding Period.

The loss for the Reporting Period was approximately HK\$20.0 million and the Corresponding Period was approximately HK\$37.7 million. The decrease in loss was mainly due to gain on the early settlement of other borrowings.

PROSPECTS

Except for the trading of coal business after the trial operation, the management of the subsidiary decided to slow down its development pace based on the actual business operating conditions and performance, as at the date of this interim report, the prospects of the Group and the core direction of the Company has not changed materially from the information disclosed in 2020 Annual Report.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had unpledged cash and bank balances of approximately HK\$2.1 million (31 December 2020: approximately HK\$9.3 million). The gearing ratio was not applicable to the Group (31 December 2020: approximately 26,774.2%) and the borrowings of the Group was approximately HK\$268.7 million (31 December 2020: approximately HK\$308.1 million). The Group recorded a net current liabilities of approximately HK\$82.5 million as at 30 June 2021 (31 December 2020: net current liabilities of approximately HK\$97.8 million).

Details of the maturity profile and interest rate structure of the borrowings of the Group are set out in note 17 to the Interim Financial Statements of this interim report.

COMMITMENTS

As at 30 June 2021, the Group did not have any significant commitments (31 December 2020: nil).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

BANK BORROWINGS

As at 30 June 2021, the Group did not have any outstanding bank loan (31 December 2020: 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 2021, the Group employed 514 staff (2020: 453). 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 (2020: nil).

EVENT AFTER THE REPORTING PERIOD

Details of the event occurring after the Reporting Period are set out in note 22 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.

Regarding the disclaimer of opinion in relation to the going concern issue of the Group raised by the Auditor as set out in 2020 Annual Report, the Group has taken and will continue to take certain measures ("Proposed Measures") to improve the Group's working capital and cash flow position and mitigate its liquidity pressure. Save for the following Proposed Measures summary updates, as at the date of this interim report, there have been no material changes in respect of this matter since the publication of the 2020 Annual Report:

Proposed Measures

The Group is actively negotiate with the financial institution(s) for obtaining additional financing/new borrowings

The Group has obtained letters of undertakings from Substantial Shareholders confirming that they will provide continued financial support to the Group to meet its present and future financial obligations as they fall due

The Group will actively negotiate and obtain additional funds through fundraising activities

The Group will continue to negotiate with the Group's creditors with a view to extend the repayment terms of the Group's current liabilities as they fall due

The Management will continue to save or reduce costs aiming at improving the working capital and cash flow of the Group, including close monitoring of administrative expense and operating cost

Current status

The Group is actively liaising with financial institutions/individuals/bankers to seek new loan facilities with lower interest rate and longer maturities to improve the current financial position of the Group. This measure will be under monitoring and may be adjusted based on actual funding need and the results of other possible fundraising activities of the Group as mentioned below

Obtained

On 2 July 2021, the Company issued 252,542,676 Shares to independent third parties and raised approximately HK\$59 million net proceeds and mainly used for partial repayment of the Group's high yield borrowings which have been taken out to fund the mining operations of the Group in the PRC, and general working capital. The Group will continue to actively liaise with the financial institutions and other potential investors to invest in the Group by way of placement of new shares, issue of convertible bonds or other financial activities etc. to fund its working capital. Further announcement(s) will be made as and when appropriate subject to the applicable regulations and rules

The Management is actively liaison with the remaining creditors, and the creditors have initially agreed to extend the loans to 2022, details and final terms and conditions are still under negotiation, and the Management will try its best to strive for a longer repayment period and lower interest rate

The Management has conducted a cost and expenses review on each operating department to cut the administrative costs and/or expenses that are unnecessary and control and/or reduce other operating costs and/or expenses while the Group is able to maintain the existing operations. The Group strives to continue managing its operation with appropriate cost measures and anticipates further saving on costs of staffing, administrative and otherwise can be achieved in 2021

SHARE CAPITAL

As at 30 June 2021, the authorised share capital of the Company was HK\$250 million, divided into 25,000 million Shares of HK\$0.01 each, of which 1,262,713,382 Shares were issued and fully paid up or credited as fully paid up in the amount of HK\$12,627,133.82. 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

On 27 November 2019, The Board proposed to implement the capital reorganisation which entails the Share Consolidation and Capital Reduction. The Capital Reorganisation was approved by the Shareholders at the EGM and was completed on 16 March 2020.

Details of abovementioned Capital Reorganisation, please refer to the (i) circular which published on the websites of Stock Exchange and the Company on 6 December 2019; (ii) the announcement of the Company dated 30 December 2019 in respect of the poll results of the EGM; and (iii) the announcements of the Company dated 5 February 2020 and 16 March 2020 in respect of the updated expected timetable of the Capital Reorganisation and the change in board lot size.

SETTLEMENT AGREEMENTS AND SUBSCRIPTION AGREEMENTS

(i) On 27 March 2020, the Company entered into Wu 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. On 30 June 2020, further supplementary agreement was entered into between the Company and Creditor B to extend the final settlement date of the remaining outstanding amount under the Wu Settlement Agreement to 30 September 2020. Pursuant to the aforesaid Wu 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.

On 20 August 2020, the Company received a transfer form signed by Creditor B as transferor and Ms. Tung as transferee whereby Creditor B assigned to Ms. Tung all his rights under the Relevant Bonds (as amended by the Wu Settlement Agreement) with respect to the entire outstanding amount of HK\$9,951,528.08.

On 31 August 2020, the Company and Ms. Tung entered into Tung Settlement Agreement in relation to the settlement of the amount owed by the Company under the Relevant Bonds and the Wu Settlement Agreement, being HK\$9,951,528.08. On 9 October 2020, the Company issued and allotted 70,789,074 Shares to Ms. Tung at a price of HK\$0.14058 per Share (the closing market price on the agreement date was HK\$0.153) under general mandate to fully settle and repay the aforesaid outstanding amount pursuant to the Tung Settlement Agreement. The nominal value of the settlement shares is HK\$707,890.74.

For details of abovementioned settlement agreements, please refer to the note 19 to the consolidated financial statements of this interim report, and the announcements of the Company dated 27 March 2020, 31 August 2020 and 9 October 2020.

- (ii) On 9 November 2020, the Company entered into one subscription agreement with each of the three parties independent of the Company and its connected persons, namely Mr. Liu Jie, Mr. Wang Baoli and Mr. Zhou Hongliang. On 27 November 2020, a total of 139,500,000 Shares were issued and allotted by the Company under general mandate to the aforesaid subscribers at the subscription price of HK\$0.09918 per Share (the closing market price on the agreement date was HK\$0.120) pursuant to the subscription agreements. The aggregate nominal value of the subscription shares is HK\$1,395,000. One of the major reasons for the issuance of the subscription is that the subscription can provide the Company with additional funds to settle its committed payment obligations under the capital increase agreement entered into with the Target Company.

As at 30 June 2021, the net proceeds of approximately HK\$13.7 million have been fully utilised in according with the announcement of the Company dated 27 November 2020.

Details of the subscription agreements, please refer to note 19 to the consolidated financial statements of this interim report, and the announcements of the Company dated 9 November 2020 and 27 November 2020.

- (iii) On 2 July 2021, the Company entered into one subscription agreement with each of the four parties independent of the Company and its connected persons, namely Mr. Liu Jie, Mr. Wang Wenhuan, Mr. Luo Li and Ms. Yu Xiaofeng. On 19 July 2021, a total of 252,542,676 Shares were issued and allotted by the Company under general mandate to the aforesaid subscribers at the subscription price of HK\$0.234 per Share (the closing market price on the agreement date was HK\$0.239) pursuant to the subscription agreements. The aggregate nominal value of the subscription shares is HK\$2,525,426.76. One of the major reasons for the issuance of the subscription is that the subscription can provide the Company with additional funds, enhance its working capital and strengthen its capital base and financial position.

The net proceeds from the issue of the subscription shares, after the deduction of the relevant expenses, were approximately HK\$59 million, of which approximately HK\$54 million was planned to be used as partial repayment of the Group's high yield borrowings which had been taken out to fund the mining operations of the Group in the PRC, and the remaining approximately HK\$5 million was planned to be used as general working capital of the Group. As at the date of this interim report, the net proceeds have been fully utilised in according with the announcement of the Company dated 2 July 2021.

Details of the subscription agreements, please refer to the announcements of the Company dated 2 July 2021 and 19 July 2021.

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. Zhu Shengsheng (*appointed on 3 June 2021*)

Mr. Zhang Yiwen (*resigned on 3 June 2021*)

NED

Mr. Sun Aimin

INEDS

Mr. Cai Jianhua

Mr. Ho Wing Chung

Mr. Yan Xiaotian

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed below or in the 2020 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. Zhang Yiwen	Resigned from all positions with the Company on 3 June 2021
Mr. Zhu Shengsheng	Appointed as an executive director on 3 June 2021
Mr. Xie Qiangming	Appointed as the Company's authorised representative on 3 June 2021 Resigned as an executive director and all other positions of Prosperity International Holding (H.K.) Limited, a company listed on the main board of Stock Exchange (stock code: 803) on 11 June 2021
Mr. Yan Xiaotian	Appointed as an independent non-executive director of ISP Global Limited, a company listed on the GEM of the Stock Exchange (stock code: 8487) on 27 November 2020 Resigned as an independent non-executive director and all other positions of Prosperity International Holdings (H.K.) Limited, a company listed on the main board of Stock Exchange (stock code: 803) on 23 June 2021

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 1,262,713,382 issued Shares as at 30 June 2021 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 126,271,338 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 126,271,338 Shares, representing 10% of the total number of Shares in issue at 30 June 2021. 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 2021, 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 2021, 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	143,423,489	11.35%
	A concert party to an agreement to buy shares	50,090,975	3.97%
Mr. Wang Tao <i>(note 1)</i>	Beneficial owner	27,540,000	2.18%
	Interest of controlled corporation	143,423,489	11.35%
	A concert party to an agreement to buy shares	50,090,975	3.97%
Ms. Wang Juan	Beneficial owner	165,101,665	13.08%
Ms. Zhao Xiaohong <i>(note 2)</i>	Beneficial owner	50,090,975	3.97%
	A concert party to an agreement to buy shares	143,423,489	11.35%
Mr. Zhao Tao <i>(note 2)</i>	Interest of spouse	193,514,464	15.32%
Mr. Li Tie Jian	Beneficial owner	70,489,438	5.58%
Wealthking Investments Limited <i>(note 3)</i>	Beneficial owner	61,467,209	4.87%
	Security interest	308,525,154	24.43%

Notes:

1. Chunda International Technology Development Co., Limited, is a company wholly-owned by Mr. Wang Tao, therefore, 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. Wealthking Investments Limited (formerly known as OP Financial Limited).

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 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	47,070	18,727
Cost of sales and services rendered		(38,480)	(11,404)
Gross profit		8,590	7,323
Other income and gains		21,594	553
Administrative expenses		(15,786)	(15,867)
Profit/(loss) from operations		14,398	(7,991)
Finance costs	6	(35,157)	(28,105)
Loss before tax		(20,759)	(36,096)
Income tax credit/(expense)	7	708	(1,606)
Loss for the period	8	(20,051)	(37,702)
Other comprehensive loss after tax: <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(18,779)	(5,129)
Other comprehensive loss for the period		(18,779)	(5,129)
Total comprehensive loss for the period		(38,830)	(42,831)
Loss for the period attributable to:			
Owners of the Company		(4,238)	(32,990)
Non-controlling interests		(15,813)	(4,712)
Loss for the period		(20,051)	(37,702)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,159)	(37,710)
Non-controlling interests		(37,671)	(5,121)
Total comprehensive loss for the period		(38,830)	(42,831)
Loss per share (HK cents)			
Basic	9	(0.34)	(7.10)
Diluted	9	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Non-current assets			
Property, plant and equipment	10	115,717	114,917
Right-of-use assets	11	229	3,752
Mining right	12	78,146	75,746
Equity investment at fair value through other comprehensive income	13	60,088	60,058
		254,180	254,473
Current assets			
Inventories		2,961	–
Trade and other receivables	15	17,877	18,400
Loan receivables	14	411	91,003
Bank and cash balances		2,123	9,307
		23,372	118,710
Current liabilities			
Trade and other payables	16	27,999	36,812
Contract liabilities		6,856	10,946
Borrowings	17	70,822	53,655
Lease liabilities		216	2,476
Other borrowings		–	112,575
		105,893	216,464
Net current liabilities		(82,521)	(97,754)
Total assets less current liabilities		171,659	156,719
Non-current liabilities			
Borrowings	17	197,867	141,873
Lease liabilities		19	1,690
Deferred tax liabilities	18	11,249	11,802
		209,135	155,365
NET (LIABILITIES)/ASSETS		(37,476)	1,354
Capital and reserves			
Share capital	19	12,627	12,627
Reserves		234,420	235,579
Equity attributable to owners of the Company		247,047	248,206
Non-controlling interests		(284,523)	(246,852)
TOTAL EQUITY		(37,476)	1,354

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2021

	Attributable to owners of the Company								
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Equity investment revaluation reserve	Accumulated profits/(losses)	Total	Non-Controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 January 2021	12,627	20,652	300	39,761	2,853	172,013	248,206	(246,852)	1,354
Total comprehensive (loss)/income for the period	-	-	-	3,079	-	(4,238)	(1,159)	(37,671)	(38,830)
At 30 June 2021	12,627	20,652	300	42,840	2,853	167,775	247,047	(284,523)	(37,476)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	81,576	(23,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,978)	(11,405)
Purchase of financial assets at fair value through other comprehensive income	-	(32,000)
Other investing cash flows (net)	7	1
Net cash used in investing activities	(1,971)	(43,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities and lease interest paid	(4,167)	(1,035)
Repayment of borrowings	(96,320)	(44)
Borrowings raised	39,450	29,832
Net cash generated from financing activities	(61,037)	28,753
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,568	(37,838)
Effect of foreign exchange rate changes	(25,752)	(1,275)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,307	42,497
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,123	3,384
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	2,123	3,384

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

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 Unit 1802, 18/F., The L Plaza, 367-375 Queen's 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 and wholesale and trading of frozen meat 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, applicable disclosures required by the Listing Rules, and on a going concern basis, the validity of which depends upon the financial support of the substantial Shareholders, at a level sufficient to finance the working capital requirements of the Group. The substantial Shareholders has 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 consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

These condensed financial statements should be read in conjunction with the 2020 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 2020.

The Group incurred a loss attributable to owners of the Company of approximately HK\$4,238,000 for the period and the Group had net current liabilities and net liabilities of approximately HK\$82,521,000 and HK\$37,476,000 respectively as at 30 June 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

For the six months ended 30 June 2021

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

The HKICPA has issued the following new and revised HKFRS, HKAS and Interpretations which are effective for accounting periods beginning on or after 1 January 2021:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions

The adoption of the above new and revised HKFRSs has no material impact on these financial statements.

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
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
HKFRS 17	Insurance Contracts and the Related Amendments	1 January 2023
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022

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.

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

For the six months ended 30 June 2021

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.

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.

Level 3
HK\$'000

At 30 June 2021

Recurring fair value measurements:

Equity investments at fair value through other comprehensive income

Private equity investments

57,853

Level 3
HK\$'000

At 31 December 2020

Recurring fair value measurements:

Equity investments at fair value through other comprehensive income

Private equity investments

57,853

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 and wholesale segment – engaged in trading of coal and wholesale and trading of frozen meat.

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 2021

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 and wholesale <i>HK\$'000</i>	Total <i>HK\$'000</i>
<u>For the six months ended 30 June 2021</u>				
Revenue from external customers	36,465	2,257	8,348	47,070
Segment (loss)/profit	(32,280)	3,829	(498)	(28,949)
Depreciation of property, plant and equipment	5,572	-	1	5,573
Depreciation of right-of-use assets	-	57	-	57
Amortisation of mining right	651	-	-	651
Income tax credit	708	-	-	708
Additions to segment non-current assets	1,978	-	-	1,978
<u>As at 30 June 2021</u>				
Segment assets	207,289	733	68,359	276,381
Segment liabilities	283,044	292	1,701	285,037
<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 of property, plant and equipment	172	-	1	173
Income tax expense	(1,606)	-	-	(1,606)
Additions to segment non-current assets	11,405	-	-	11,405
<u>As at 31 December 2020</u>				
Segment assets	201,791	91,585	73,776	367,152
Segment liabilities	226,315	94,137	1,424	321,876

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

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment revenue, profit or loss:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<u>Revenue</u>		
Total revenue of reportable segments and consolidated revenue	47,070	18,727
<u>Profit or loss</u>		
Total loss of reportable segments	(28,949)	(23,145)
Finance costs	(4,438)	(10,203)
Other profit or loss	13,336	(4,354)
Consolidated loss for the period	(20,051)	(37,702)

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	
	2021	2020
	HK\$'000	HK\$'000
Mining products	36,465	3,575
Trading of coal and wholesale and trading of frozen meat	8,348	11,121
Revenue from contract with customers	44,813	14,696
Interest income of money lending	2,257	4,031
Total revenue	47,070	18,727

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 2021 and 2020. 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 2021 and 2020.

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

For the six months ended 30 June 2021

6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loan interests	35,498	28,090
Lease interests	7	15
Total borrowing costs	35,505	28,105
Amount capitalised	(348)	–
	35,157	28,105

7. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Deferred tax	708	(1,606)

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2020: Nil).

The applicable income tax rate for the subsidiaries of the Group in the PRC in the Reporting Period is 2.5% – 25% (2020: 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	
	2021	2020
	HK\$'000	HK\$'000
Directors' remuneration	660	726
Depreciation of property, plant and equipment	5,572	172
Depreciation of right-of-use assets	57	–
Amortisation of mining right	651	150
Cost of sales and services rendered	38,480	11,404

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

For the six months ended 30 June 2021

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\$4,238,000 (2020: approximately HK\$32,990,000) and the weighted average number of ordinary shares of approximately 1,262,713,000 (2020: approximately 464,627,000 ordinary shares) 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 2021, the Group acquired property, plant and equipment of approximately HK\$1,978,000 (2020: approximately HK\$11,405,000).

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 2020	1,407,535
Exchange differences	86,226
	<hr/>
At 31 December 2020	1,493,761
Exchange differences	20,205
	<hr/>
At 30 June 2021	1,513,966
	<hr/>
Accumulated amortisation and impairment	
At 1 January 2020	1,300,209
Amortisation for the year	1,044
Impairment loss for the year	45,344
Exchange differences	71,418
	<hr/>

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

For the six months ended 30 June 2021

12. MINING RIGHT (CONT'D)

	<i>HK\$'000</i>
At 31 December 2020	1,418,015
Amortisation for the period	651
Exchange differences	17,154
At 30 June 2021	1,435,820
Carrying amount	
At 30 June 2021	78,146
At 31 December 2020	75,746

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 31 December 2025. 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. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Equity securities, at fair value		
Unlisted equity securities	60,088	60,058
Analysed as:		
Non-current assets	60,088	60,058

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

For the six months ended 30 June 2021

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Notes:

- (i) The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.
- (ii) On 20 January 2020, the Group completed an investment in Target Company, which is principally engaged in: (i) comprehensive utilisation 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. The purchase consideration was settled at a total cash consideration of HKD55,000,000. The fair value of this investment as at 31 December 2020 was approximately HK\$57,853,000, its carrying amount accounts for more than 5% of the Group's total assets as at 31 December 2020. The fair value gain of equity investment at fair value through other comprehensive income for the year ended 31 December 2020 was approximately HK\$2,853,000.

On 25 September 2020, the Group completed another investment in a company, which is principally engaged in online auction. The purchase consideration was settled at a total cash consideration of HK\$2,205,000. The fair value of this investment as at 30 June 2021 was approximate to investment cost.

14. LOAN RECEIVABLES

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Loan receivables	8,361	102,492
Provision for loss allowance	(7,950)	(11,489)
Carrying amount	411	91,003

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

For the six months ended 30 June 2021

14. LOAN RECEIVABLES (CONT'D)

On 27 November 2018, the Group entered into a loan agreement with a third party ("Borrower A"). Pursuant to the loan agreement, the loan is secured by the 96% shares of the Borrower A and guaranteed by the directors of Borrower A, the principal amount of the loan is HK\$85,000,000 with interest rate of 7.5% per annum and repayable in twelve months. On 9 January 2020, the Group and Borrower A entered into a supplementary agreement to extend the original maturity date under the loan agreement to 25 November 2021, and all other terms and conditions remain unchanged.

On 31 December 2018, the Group entered into a loan agreement with another third party ("Borrower B"). Pursuant to the loan agreement, the loan is secured by the entire interest on the Borrower B and guaranteed by the director of Borrower B, the principal amount of the loan is HK\$15,000,000 with interest rate of 7.5% per annum and repayable in twelve months. On 30 December 2019, the Group and Borrower B entered into a supplementary agreement to extend the original maturity date under the loan agreement from 1 January 2020 to 25 November 2021, and all other terms and conditions remain unchanged.

During the Reporting Period, both Borrower A & Borrower B has early repaid the loan in full.

The directors of the Company 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 2021 HK\$'000	As at 31 December 2020 HK\$'000
Within one year	411	91,003

Reconciliation of loss allowance for loan receivables:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
At 1 January	11,489	6,752
(Decrease)/Increase in loss allowance for the period/year	(3,539)	4,737
	7,950	11,489

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

For the six months ended 30 June 2021

15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trade receivables	5,110	7,630
Prepayments, deposit and other receivables	8,683	8,238
Prepayment for construction	3,740	2,178
Prepayments for property, plant and equipment	344	354
	17,877	18,400

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

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
0 – 30 days	443	661
31 – 60 days	571	852
61 – 90 days	–	–
Over 90 days	4,096	6,117
	5,110	7,630

16. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trade payables	913	1,029
Accrued liabilities and other payables	27,086	35,783
	27,999	36,812

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

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES (CONT'D)

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

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
0 – 30 days	114	128
31 – 60 days	799	901
	913	1,029

17. BORROWINGS

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Short-term borrowings		
– secured, 24% interest per annum and due within one year (<i>note(i)</i>)	27,126	24,479
– unsecured, 24% interest per annum and due within one year (<i>note(ii)</i>)	1,631	1,467
– secured, 36% interest per annum and due within one year (<i>note(iii)</i>)	42,065	27,709
	70,822	53,655
Long-term borrowings		
– secured, 36% interest per annum and due within three years (<i>note(iii)</i>)	118,677	86,115
– unsecured, 36% interest per annum and due within three years	79,190	55,758
	197,867	141,873
	268,689	195,528

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

For the six months ended 30 June 2021

17. BORROWINGS (CONT'D)

Notes:

- (i) During 2019, the borrowing is secured by the entire 80% shares of Hunan Westralian held by the Westralian Resources and it is due to Mr. Cai, one of the former directors of Hunan Westralian.

On 10 August 2020, the Company and Westralian Resources, entered into the Settlement Agreement with Mr. Cai. In connection with the settlement arrangements, the Company and Westralian Resources have agreed to sell the 29% equity interest in Hunan Westralian, a company owned as to 80% by Westralian Resources, to Mr. Cai for approximately HK\$42,842,000 (equivalent to RMB38,485,000) to partially settle the outstanding amount owed to Mr. Cai. Mr. Cai has agreed to extend the maturity date to 31 August 2021. The borrowing is secured by the 51% shares of Hunan Westralian as at 30 June 2021.

- (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.

18. DEFERRED TAX LIABILITIES

	Revaluation of mining right <i>HK\$'000</i>
At 1 January 2020	17,191
Charge to profit or loss for the year	(6,256)
Exchange differences	867
	<hr/>
At 31 December 2020 and 1 January 2021	11,802
Charge to profit or loss for the period	(708)
Exchange differences	155
	<hr/>
At 30 June 2021	11,249

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

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

For the six months ended 30 June 2021

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 30 June 2021 (25,000,000,000 ordinary shares of HK\$0.01 each)	25,000,000	250,000
Issued and fully paid:		
At 1 January 2019 (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
At 31 December 2019 (21,048,486,179 ordinary shares of HK\$0.01 each)	21,048,486	210,485
Capital Reorganisation (iii)	(19,996,062)	(199,961)
Issue of settlement shares (iv)	70,789	708
Issue of subscription shares (v)	139,500	1,395
At 31 December 2020 and 30 June 2021 (1,262,713,382 ordinary shares of HK\$0.01 each)	1,262,713	12,627

- (i) On 23 October 2019, the Company entered into a settlement agreement in respect of issue and allotment of 1,403,508,771 then shares of the Company 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 one subscription agreement with each of the three subscribers, pursuant to which the subscribers subscribed for a total of 2,100,000,000 then shares of the Company at a price of HK\$0.018 per share. The share subscription 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.

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

For the six months ended 30 June 2021

19. SHARE CAPITAL (CONT'D)

- (iii) On 27 November 2019, The Board proposed to implement the capital reorganisation involving (1) Share Consolidation: consolidation of every twenty issued and unissued shares into one Consolidated Share; and (2) Capital Reduction: (i) reduction of issued capital thereby the par value of each issued Consolidated Share reduced from HK\$0.20 to HK\$0.01; (ii) subdivision of each authorised but unissued Consolidated Share of par value of HK\$0.20 into 20 unissued Adjusted Shares; and (iii) application of the credit standing to the credit of the share premium account of the Company in and towards setting off of part of the accumulated deficit of the Company. The Capital Reorganisation was completed on 16 March 2020.
- (iv) On 31 August 2020, the Company entered into Tung Settlement Agreement with Ms. Tung for the settlement of the amount owed by the Company under the Relevant Bonds and the Wu Settlement Agreement, being approximately HK\$9,952,000. The amount was settled in full by the Company by the issue and allotment of 70,789,074 Shares to Ms. Tung at a price of HK\$0.14058 per Share (the closing market price on the issue date was HK\$0.126). The issue of settlement shares was completed on 9 October 2020 and the premium on the issue of shares, amounting to approximately HK\$8,212,000, was credited to the Company's share premium account.
- (v) On 9 November 2020, the Company entered into one subscription agreement with each of the three subscribers, pursuant to which the subscribers subscribed for a total of 139,500,000 Shares at a price of HK\$0.09918 per Share. The issue of subscription shares was completed on 27 November 2020 and the premium on the issue of shares, amounting to approximately HK\$12,440,000, was credited to the Company's share premium account.

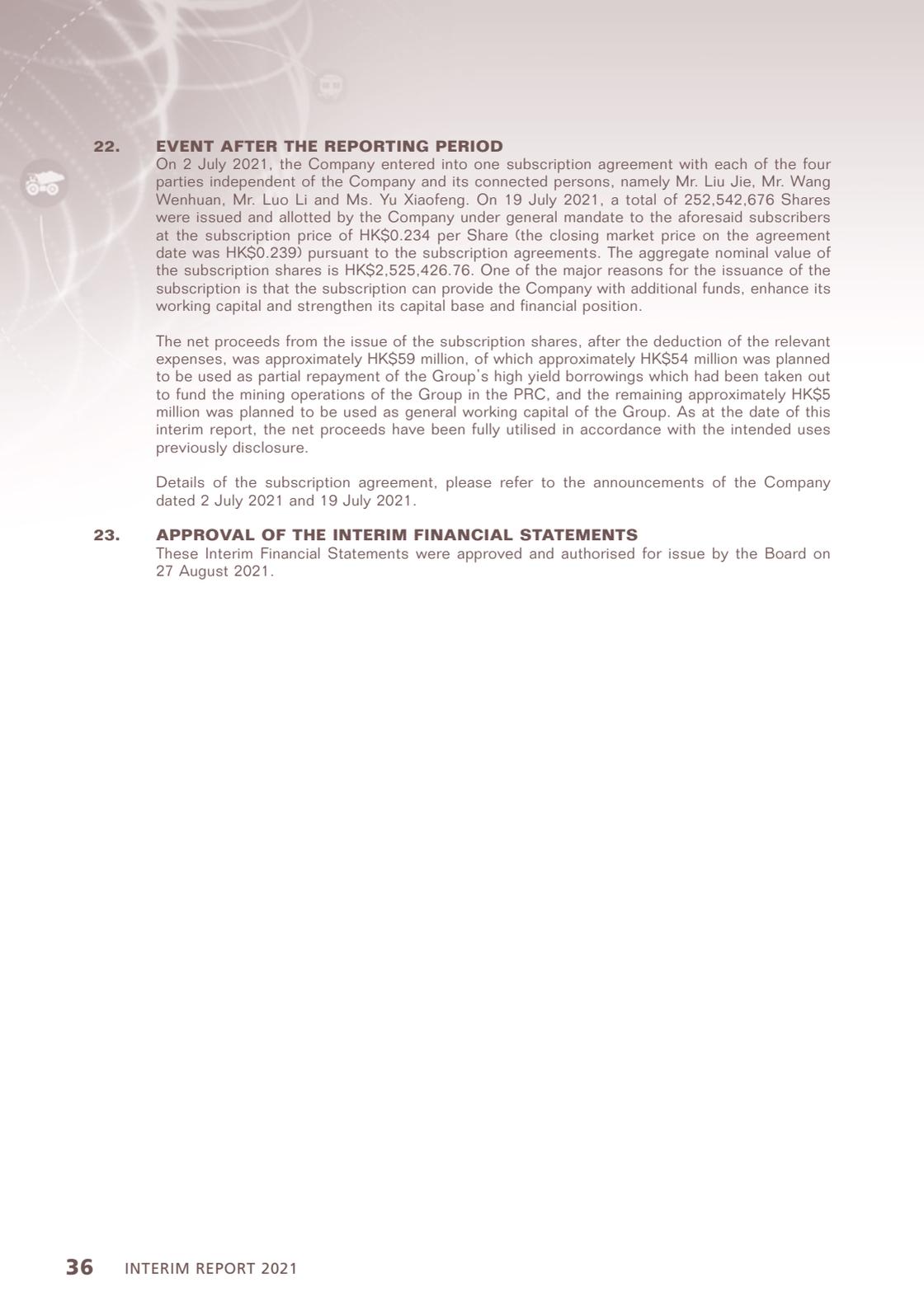
20. CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2021 and 31 December 2020.

21. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the periods:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses to other borrowings	<u>1,787</u>	<u>2,992</u>



22. EVENT AFTER THE REPORTING PERIOD

On 2 July 2021, the Company entered into one subscription agreement with each of the four parties independent of the Company and its connected persons, namely Mr. Liu Jie, Mr. Wang Wenhuan, Mr. Luo Li and Ms. Yu Xiaofeng. On 19 July 2021, a total of 252,542,676 Shares were issued and allotted by the Company under general mandate to the aforesaid subscribers at the subscription price of HK\$0.234 per Share (the closing market price on the agreement date was HK\$0.239) pursuant to the subscription agreements. The aggregate nominal value of the subscription shares is HK\$2,525,426.76. One of the major reasons for the issuance of the subscription is that the subscription can provide the Company with additional funds, enhance its working capital and strengthen its capital base and financial position.

The net proceeds from the issue of the subscription shares, after the deduction of the relevant expenses, was approximately HK\$59 million, of which approximately HK\$54 million was planned to be used as partial repayment of the Group's high yield borrowings which had been taken out to fund the mining operations of the Group in the PRC, and the remaining approximately HK\$5 million was planned to be used as general working capital of the Group. As at the date of this interim report, the net proceeds have been fully utilised in accordance with the intended uses previously disclosure.

Details of the subscription agreement, please refer to the announcements of the Company dated 2 July 2021 and 19 July 2021.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board on 27 August 2021.

DEFINITIONS

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

“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“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 Reduction”	the Reduction of Issued Capital, the subdivision of each authorised 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 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

“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

“Consolidated Share(s)”

the ordinary share(s) of HK\$0.20 each in the share capital of the Company after the Share Consolidation but prior to the Capital Reduction

“Corresponding Period”

the period for the six months ended 30 June 2020

“Creditor A”	Mr. 李鐵鍵, one of the CB Settlement Creditors
“Creditor B”	Mr. 吳躍新, one of the CB Settlement Creditors
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 30 December 2019
“Executive Director(s)”	the executive Director(s)
“Gold Mine”	the Group’s Yuanling gold project in Hunan Province, the PRC
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKFRSs”	Hong Kong Financial Reporting Standards comprise HKFRS, HKAS and Interpretations
“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 and is a subsidiary of the Company
“Interim Financial Statement”	the unaudited condensed consolidated financial statements for the six months ended 30 June 2021

“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)

“Ms. Tung”

Ms. Tung Yuen Ling

“NED(s)”

the non-executive Director(s)

“Nomination Committee”

the nomination committee of the Company

“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

“Relevant Bonds”

the convertible bonds issued by the Company to Creditor B on 24 May 2016 in the principal amount of HK\$13,970,030.14, which matured on 23 May 2019 (upon which the rights to conversion ceased) and part of the amount due thereunder has been repaid by the Company

“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the period for the six months ended 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement”	the agreement dated 10 August 2020 entered into between the Company, Westralian Resources and Mr. Cai in relation to the settlement of amounts owed by the Company to Mr. Cai under the Loan Agreement
“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 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
“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)

“SRK”

SRK Consulting China Limited, an independent technical adviser

“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

“Tung Settlement Agreement”

the agreement dated 31 August 2020 entered into between the Company and Ms. Tung in relation to the settlement of HK\$9,951,528.08 outstanding amount and issue of 70,798,074 settlement shares

“Westralian Resources”

Westralian Resources Pty Ltd, a wholly-owned subsidiary of the Company incorporated in Australia

“Wu Settlement Agreement”

the agreement dated 27 March 2020 (as amended and supplemented by the supplemental agreement) entered into between the Company and Creditor B relation to the settlement of debt owed by the Company to Creditor B under the Relevant Bonds

“%”

per cent

By order of the Board

China Billion Resources Limited

Qiao Bingya

Chairman and CEO

Hong Kong, 27 August 2021