莊勝百貨集團有限公司
JUNEFIELD DEPARTMENT STORE GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 758)

JUNEFIELD DEPARTMENT STORE GROUP LIMITED

Annual Report 2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhou Chu Jian He *(Chairman)*
Mr. Zhou Jianren
Mr. Xiang Xianhong
Mr. Lei Shuguang

NON-EXECUTIVE DIRECTOR

Mr. Jorge Edgar Jose Muñiz Ziches

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

AUDIT COMMITTEE

Mr. Lam Man Sum, Albert *(Chairman)*
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

REMUNERATION COMMITTEE

Mr. Cheung Ka Wai *(Chairman)*
Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu

NOMINATION COMMITTEE

Mr. Zhou Chu Jian He *(Chairman)*
Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

COMPANY SECRETARY

Mr. Chan Kin Lung

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower, The Landmark
11 Pedder Street, Central
Hong Kong

SOLICITORS

David Lo & Partners
Suite 2101, Nine Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

SHARE REGISTRARS AND TRANSFER OFFICE

PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM08, Bermuda

HONG KONG BRANCH REGISTRAR

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

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13/F., Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

20/F, South Wing, Central Tower, Junefield Plaza
No. 10 Xuan Wu Man Wai Street
Xi Cheng District, Beijing
The People's Republic of China

STOCK CODE

758

WEBSITE

http://junefield.etnet.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Junefield Department Store Group Limited (the "Company"), I am pleased to announce the annual results of the Company together with its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

RESULTS

In 2014, the Group's revenue increased to approximately HK$354,757,000 (2013: HK$156,545,000), representing an increase of 127% compared with last year.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK0.8 cent per share).

BUSINESS REVIEW

Undoubtedly, the Group's result for the year 2014 was disappointed. In light of the setbacks for the investments in overseas and the failure on the request for extension of the term of the joint venture agreement of Wuhan Plaza Management Co., Ltd. ("WPM", the Group's 49%-owned former joint venture), the Group recorded a significant loss for the year. Following with the final rulings from the courts, the Group recorded a loss of approximately HK$62,822,000 on the disposal of the parcel of land in Ecuador in respect of a mandatory expropriation by local government and nil share of profit from WPM in respect of no extension of the operation term due to a mandatory dissolution was granted to proceed. In additions, due to the reason that international resources prices have decreased significantly during the year, the global resources sector was generally operating at a loss position and losses of totalled approximately HK$17,664,000 included the impairment loss and share of the loss in respect of the investment in an associate in Australia were recognised for the year. The Group's manufacture and sale of construction business also performed unsatisfactory for 2014 under the effect of the dispute on the supply of raw materials, however the Group expects that this business will achieve a better result in 2015 since the dispute on the supply of raw materials has been resolved in early 2015.

To mitigate the effect of lack of profit contribution from WPM, the Group commenced certain new businesses in South America in the past years. Currently, the Group's trading of mineral concentrates business in Ecuador performs satisfactory and the sale of the residential property development project in Peru will be recognised in 2015. In view of the fact that these new businesses of the Group are not in large scale, there is hardly to generate recurring profit contribution same as from WPM in the meantime.

CHAIRMAN'S STATEMENT

FUTURE OUTLOOK

In the past two years, the Group was involved in certain legal disputes with its business counterparties and made significant losses on investments in overseas. The Group's business performances were adversely affected. Following with some of disputes have been resolved recently, the Group will focus on strengthening its existing profitable businesses as well as alleviate the investments in new business to improve its financial position. In addition, the Group will follow up closely with the development of the pending litigations and continue to pursue further negotiations with the counterparties involved with a view to achieving a settlement that will be in the interest of the Group and its shareholders as a whole.

Nevertheless, the Group will be cautious about looking for other investment opportunities to enhance its growth in the long run. In addition, the Group will also consider raising funds by suitable means when investment opportunities arise.

APPRECIATION

I would like to take this opportunity to express my gratitude to all our shareholders, fellow directors, customers, suppliers, business associates and staff for their continuing support.

Zhou Chu Jian He
Chairman

Hong Kong, 31 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year under review, the Group recorded a revenue of approximately HK$354,757,000 which surged significantly by 127% over HK$156,545,000 as compared to the last year under review. It was mainly contributed from the trading of mineral concentrates segment.

The consolidated loss attributable to owners of the Company was approximately HK$104,923,000 for the year under review as compared with the consolidated profit attributable to the owners of the Company (restated) of approximately HK$79,361,000 for the last year under review. Prior year adjustments have been made to reflect the understatement of the share of profit of the Group's 49%-owned former joint venture and its corresponding deferred tax charge for the period from 1 November 2013 to 31 December 2013 with an increase of profit for the year by HK$39,063,000 in the consolidated statement of profit or loss for the year ended 31 December 2013. The said consolidated loss for the year under review was mainly attributable to the absence of share of results recognised from the former joint venture since its term under the joint venture agreement expired by the year end of 2013 and a loss on disposal of the investment properties in Ecuador of approximately HK$62,822,000 with respect of the land expropriation.

OPERATIONS REVIEW

CONSTRUCTION MATERIAL BUSINESS

The Group's indirect 60%-owned subsidiary engaged in manufacture and sale of slag powder business in the People's Republic of China (the "PRC"), Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji"), recorded a turnover and profit of approximately HK$86,452,000 (2013: HK$106,258,000) and HK$4,972,000 (2013: HK$27,229,000) during the year under review, representing significant decreases of 19% and 82% respectively compared to last year under review mainly due to the reduction in supply of the granulated steel slag for production ("Supply") by its sole supplier. This was caused by the minority shareholder of Hunan Taiji failed to procure the Supply in requested quantities from the supplier pursuant to the terms stipulated in the joint venture agreement. On 5 January 2015, the China International Economics and Trade Arbitration Commission ruled that the minority shareholder of Hunan Taiji shall continue to honour its obligations by procuring the stipulated quantity of Supply in accordance with the joint venture agreement until the end of its term and it is also liable to pay the Group a compensation of approximately RMB13,850,000 (equivalent to approximately HK$17,312,000) for the compensation arisen from the shortfall in Supply for the period from 1 January 2011 to 31 August 2013. The above compensation will be reflected in the Group's consolidated financial statements for the year ending 31 December 2015. Currently, the Group is arranging for the collection of the above-mentioned compensation through its PRC legal advisors and considers to further claim compensation against the minority of the shareholder of Hunan Taiji for the period from September 2013 and onwards.

The Group anticipates that the result performance of Hunan Taiji will be marked to the market demand provided that the Supply would be no intermittent in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (continued)

RETAIL BUSINESS IN WUHAN

During the year under review, no share of result of the former joint venture was recognised (2013 (Restated): profit of approximately HK$189,358,000). In August 2014, the Group withdrew the arbitration for rulings against the joint venturer, Wuhan Department Store Group Co., Ltd (the "PRC Partner") to extend the term of the joint venture agreement of Wuhan Plaza Management Co., Ltd. ("WPM"). The Group considered that the joint controls of both parties stipulated under WPM's joint venture agreement has been no longer existed, the investment in WPM was previously classified as investment in joint venture in prior years and thereafter was reclassified as investment in associate in the consolidated financial statements for the year ended 31 December 2014 accordingly. In January 2015, a civil ruling was issued by the Intermediate People's Court of Wuhan City, the PRC（中國武漢市中級人民法院）, pursuant to which the court accepted the request from the PRC Partner and agreed to proceed with the mandatory dissolution of WPM.

In January 2015, the management financial statements of WPM was made available to the Group. Since the share of profit of WPM and its corresponding deferred tax charge for the period from 1 January 2013 to 31 October 2013 were recorded in its consolidated statement of profit or loss for the year ended 31 December 2013, prior year adjustments have been made to reflect the understatement of share of profit of the former joint venture and its corresponding deferred tax charge for the period with an increase of profit for the year by HK$39,063,000 for the year ended 31 December 2013 in the current year's consolidated financial statements accordingly. However, the independent auditors of the Company were unable to obtain sufficient appropriate audit evidence about the financial information of WPM and therefore issued a qualified opinion on the amount of the share of results for the years ended 31 December 2013 and 2014 and the carrying values of the Group's interest in WPM as at 31 December 2013 and 2014. The qualified opinion as extracted from the independent auditors' report which is set out under the section headed "INDEPENDENT AUDITORS' REPORT".

The Group is still in dispute to claim for damages against the PRC Partner on the legitimate interests of the Group and WPM being jeopardised since the PRC Partner (also as landlord) unilaterally terminated the 20-year lease agreement and arranged its related party to continue operation in the property since 1 January 2014. Currently, the Group is unable to estimate both the time required and possible outcome on the pending litigation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (continued)

PROPERTY INVESTMENT AND DEVELOPMENT

Investment properties in Beijing

During the year under review, the income from property leasing in Beijing, the PRC was approximately HK$2,738,000 (2013: HK$2,300,000), representing an increase of 19% over last year under review. It also recorded fair value gains of approximately HK$6,610,000 (2013: HK$8,221,000) in respect of the revaluation of investment properties and resulted in a profit of approximately HK$5,805,000 (2013: HK$4,820,000), representing an increase of 20% over 2013. The Group expects the investment properties in Beijing currently held on hand will keep generating a stable rental income stream and capture potential appreciation.

Investment properties in Ecuador

On 14 July 2014 (of Ecuador time), the court in Ecuador formally issued the ruling that it rebutted the request from Profit Land Property Development PROLANDPRO S.A. ("Profit Land"), an indirect wholly-owned subsidiary of the Company, for land revaluation and reaffirmed the initial compensation of approximately USD8,725,240 offered by the Ecuadorian government authority. Profit Land submitted a request for clarification on the ruling to the court in Ecuador but it was subsequently rejected on 29 July 2014 (of Ecuador time). Profit Land formally filed the appeal against the court ruling in Ecuador on 30 July 2014 (of Ecuador time) but withdrew on 6 August 2014 (of Ecuador time) on the basis of the legal opinions from solicitors in Ecuador that it was highly unlikely to succeed in the said appeal. Profit Land subsequently received the compensation in October 2014. In this regard, the Group recorded a loss on disposal of its investment properties in Ecuador of approximately HK$62,822,000 for the year ended 31 December 2014 with respect of the land expropriation.

Property development in Peru

During the year under review, Lima Junefield Plaza S.A.C., an indirect wholly-owned subsidiary of the Company in Peru, commenced presale of its residential property project in Lima City of Peru. This project provides 21 residential apartments with a gross saleable floor area of approximately 3,500 square meters. During the year under review, there were 14 units being sold for approximately HK$26,092,000 which will be recognised as revenue in 2015.

PROPERTY MANAGEMENT AND AGENCY SERVICES BUSINESS

During the year under review, the Group's property management and agency services business recorded a turnover and net profit of approximately HK$18,983,000 (2013: HK$18,475,000) and HK$1,926,000 (2013: HK$1,378,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (continued)

SECURITIES INVESTMENTS

The securities investments held for trading recorded gains on change in fair value amounted to approximately HK$423,000 (2013: loss of approximately HK$12,181,000) as a result of the volatile market conditions during the year under review.

During the year under review, the Group further subscribed 394,737 fully paid ordinary shares of its associated company, Latin Resources Limited ("Latin Resources", a listed company in Australia), by placement. The Group currently holds 47,139,797 fully paid ordinary shares of Latin Resources, representing approximately 14.71% of its issued share capital as at 31 December 2014. In respect of the investment in associate, an impairment loss on investment of approximately HK$11,151,000 (2013: HK$32,958,000), share of loss of approximately HK$6,513,000 (2013: HK$6,406,000) and the fair value loss of approximately HK$5,771,000 (2013: gain of approximately HK$3,083,000) over the conversion option component of the convertible note issued by Latin Resources have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

TRADING OF MINERAL CONCENTRATES BUSINESS

During the year under review, the trading of mineral concentrates segment recorded a turnover of approximately HK$246,161,000 (2013: HK$41,693,000) and a net profit of approximately HK$14,283,000 (2013: HK$3,135,000). In light of the growing demand for mineral concentrates from our existing PRC customer and having well-established relationships with suppliers in Ecuador through the sourcing agent to secure stable supplies, the Group expects a stable growth of revenue and profit from this sector in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURE

The Group had no material acquisition and disposal of subsidiaries, associated companies and joint venture during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had net assets of approximately HK$687,552,000 (2013 (Restated): HK$869,152,000) with total assets of approximately HK$922,807,000 (2013 (Restated): HK$1,141,671,000) and total liabilities of approximately HK$235,255,000 (2013 (Restated): HK$272,519,000). The Group's current ratio, which equals to current assets divided by current liabilities, was 1.58 (2013: 1.51).

In October 2014, the Group early repaid an interest-bearing bank borrowing of approximately HK$60,684,000. An unsecured other loan of approximately HK$6,234,000 (2013: HK$6,405,000) is denominated in Renminbi ("RMB") and interest-bearing at 9.5% per annum with no fixed term of repayment. The Group's bank balances and short term deposits which were mainly denominated in Hong Kong dollars, USD, RMB and Peruvian Soles, amounted to approximately HK$54,721,000 as at 31 December 2014 (2013: HK$85,494,000). The Group's gearing ratio, as a ratio of total interest-bearing borrowing and bank borrowing to total assets as at 31 December 2014, was 0.01 (2013: 0.08).

The directors believe that the Group currently has sufficient financial resources for its operations. However, the Group will remain cautious in its liquidity management.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

CAPITAL COMMITMENTS

As at 31 December 2014 and 2013, the Group had no significant capital commitments.

CHARGE OF ASSETS

The Group did not have any pledge or charge on assets as at 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTSTANDING LITIGATIONS

Details of outstanding litigations are shown in note 44 to the financial statements.

EXCHANGE RATE EXPOSURE

During the year under review, the business activities of the Group were mainly denominated in Hong Kong dollars, RMB, USD and Peruvian Soles. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. For the year ended 31 December 2014, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group had about 276 employees (2013: 317 employees) with the majority based in the PRC. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice. The remuneration policy and package of the Group's employees are periodically reviewed by the Company's Remuneration Committee and approved by the executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to individual performance.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhou Chu Jian He, aged 51, has been the Chairman and an executive director of the Company since October 2003 and also the chairman of nomination committee of the Company. Mr. Zhou acted as the Managing Director of the Company from 2003 to 2005. He is also currently the president of Junefield (Holdings) Limited ("JHL", the ultimate holding company of the Group) and is responsible for the overall business of JHL. Mr. Zhou serves as a member of the Beijing Committee of the People's Political Consultative Conference (中國人民政治協商會議北京委員會) in the People's Republic of China (the "PRC"). Mr. Zhou has extensive experience in managing property development companies and in operating department stores in the PRC. Mr. Zhou also acts as a director of certain investments of the Company. Mr. Zhou is the brother of Mr. Zhou Jianren.

Mr. Zhou Jianren, aged 56, has been an executive director of the Company since July 2014. Mr. Zhou is the elder brother of Mr. Zhou Chu Jian He, the Chairman and an executive director of the Company. He is also currently the director and vice president of JHL and is responsible for the business of JHL. Mr. Zhou has more than 30 years of experience in international trading. Mr. Zhou also acts as a director of certain subsidiaries of the Company.

Mr. Xiang Xianhong, aged 50, has been an executive director of the Company since November 2011 and is the vice president of JHL since November 2008. Mr. Xiang had been the general manager of Beijing Junefield Sogo Department Store. Mr. Xiang has extensive experience in education, corporate management, real estates, retail and department store sectors. Mr. Xiang holds a Master Degree in Engineering Science from the Hua Zhong University of Science and Technology, the PRC and obtained a certificate of senior technical qualification from the Ministry of Railways, the PRC. Mr. Xiang also acts as a director of the indirect 49%-owned former joint venture and certain subsidiaries of the Company.

Mr. Lei Shuguang, aged 51, has been an executive director of the Company since November 2011 and is currently the general manager of Beijing Junefield Real Estate Development Co., Ltd. (indirectly-owned as to 55% by Mr. Zhou Chu Jian He, the Chairman and the controlling shareholder of the Company). Mr. Lei has extensive experience in financial management, auditing, energy engineering and real estates industries. Mr. Lei holds a Master Degree in Business Administration from the China Europe International Business School, the PRC, and has completed the national audit examination of the National Audit Office of the PRC. Mr. Lei also acts as a director of an indirect subsidiary of the Company.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Mr. Jorge Edgar Jose Muñiz Ziches, aged 62, has been a non-executive director of the Company since December 2011. He obtained his Bachelor Degree in Laws from the Pontificial Catholic University of Peru in 1976. He is currently a Peruvian practising solicitor and is a founding partner and major partner of Estudio Muñiz, Ramirez, Perez-Taiman & Olaya Abogados, a solicitor firm in Peru. He has extensive experience in the Peruvian legal industry and is specialised in commercial law, banking and intellectual property. Mr. Muñiz Ziches had a few key appointments with the Ministry of Justice in Peru in relation to the law reform and legislation and was a member of the Peruvian Congress. He is currently the Peruvian legal consultant of JHL and, before his appointment, had provided independent legal services to an indirect wholly-owned subsidiary of the Company in Peru.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Sum, Albert, aged 59, has been an independent non-executive director of the Company since September 2004 and is the chairman of the audit committee; and a member of each of the remuneration committee and nomination committee of the Company. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants as well as a member of the Hong Kong Securities Institute, Society of Chinese Accountants & Auditors, Australia • New Zealand Institute of Chartered Accountants, Taxation Institute of Hong Kong and Certified Tax Adviser. Mr. Lam is currently an independent non-executive director of Dragonite International Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lam was the shareholder and director of Hopkins CPA Limited and was the proprietor of Albert Lam & Co. CPA from 1993 to 2007. Mr. Lam holds a Bachelor Degree in Arts (Economics) from the University of Manchester, the United Kingdom.

Mr. Cao Kuangyu, aged 64, has been an independent non-executive director of the Company since January 2013 and is a member of each of the audit committee, remuneration committee and nomination committee. Mr. Cao holds a Bachelor Degree in Economics from Hunan University and a Master Degree in Financial Management from the University of London. He has over 30 years of experience in the banking industry. Mr. Cao worked in the Bank of China, Hunan branch from 1981 to 1996 and his last position was the deputy general manager of the branch. In 1996, Mr. Cao was transferred to the Singapore branch of Bank of China as deputy general manager until 1999. Mr. Cao worked in Citic Bank, Shenzhen branch from 1999 to 2003 and his last position was the president of the branch. Mr. Cao came to Hong Kong in 2003 when he worked as managing director, head of global investment banking division of BOCI Asia Limited until 2007.

Mr. Cao is currently an independent non-executive director of Dongwu Cement International Limited, Huili Resources (Group) Limited, JLF Investment Company Limited and Dingyi Group Investment Limited, all of which are companies listed on the Stock Exchange. Mr. Cao served as an independent non-executive director of King Stone Energy Group Limited (resigned in April 2012), which is a company listed on the Stock Exchange.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Cheung Ka Wai, aged 57, has been an independent non-executive director of the Company since March 2013 and is the chairman of the remuneration committee and a member of each of the audit committee and nomination committee. Mr. Cheung holds a Bachelor Degree in Economics and a Bachelor Degree in Law from the University of Hong Kong. He also holds two Masters Degrees respectively in Public Administration and in Laws from the University of Hong Kong. Mr. Cheung has worked in various government departments for 12 years, and has over 20 years in the practice of company law and civil litigation matters. Currently Mr. Cheung is the senior partner of Messrs. Kelvin Cheung & Co., Solicitors & Notaries. Mr. Cheung and his law firm have been the legal advisors of a number of companies listed on the Stock Exchange, asset fund management firms and non-profit making organizations and charities in Hong Kong.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") present their report together with the audited financial statements of the Company together with its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, and its subsidiaries are principally engaged in property investment and development, provision of property management and agency services, manufacture and sale of construction materials, securities investments and trading of mineral concentrates. Details of the Group's principal subsidiaries, the joint venture and the associates as at and for the year ended 31 December 2014 are set out in notes 21, 22 and 23 respectively to the financial statements.

An analysis of the Group's turnover and results by operating segments are set out in note 7 to the financial statements. A detailed review of the business of the Group during the year is set out in the section of Management Discussion and Analysis of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 36.

No interim dividend (2013: HK1 cent per share) was paid during 2014. The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK0.8 cent per share).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 17 to the financial statements.

INVESTMENT PROPERTIES

Details of investment properties of the Group are set out in note 18 to the financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 38 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity on page 41 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company had retained profits available for cash distribution and/or distribution in specie, amounted to approximately HK$194,538,000.

DONATIONS

During the year, no charitable donation was made (2013: HK$1,750,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 156.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

EXECUTIVE DIRECTORS

Mr. Zhou Chu Jian He *(Chairman)*	
Mr. Zhou Jianren	(appointed on 7 July 2014)
Mr. Xiang Xianhong	
Mr. Lei Shuguang	
Mr. Ng Man Chung, Siman *(Deputy Chairman)*	(resigned on 30 June 2014)
Mr. Liu Zhongsheng *(Chief Executive Officer)*	(resigned on 15 March 2015)

NON-EXECUTIVE DIRECTOR

Mr. Jorge Edgar Jose Muñiz Ziches

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

In accordance with the Company's bye-law 86(2), Mr. Zhou Jianren shall retire at the forthcoming annual general meeting and, being eligible, shall offer himself for re-election. In accordance with the Company's bye-law 87, Mr. Jorge Edgar Jose Muñiz Ziches, Mr. Lam Man Sum, Albert and Mr. Cao Kuangyu will retire by rotation at the forthcoming annual general meeting and, being eligible, shall offer themselves for re-election.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors of the Company are set out on pages 11 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensations). Details of directors' remuneration are set out in note 11 to the financial statements.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

A share option scheme was adopted pursuant to the written resolutions passed by the shareholders of the Company on 29 June 2009 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives to eligible participants who contribute to the success of the Group's operations. Further details of the Share Option Scheme are set out in note 39 to the financial statements.

During the year under review, details of the movements of the outstanding share options granted under the Share Option Scheme are as follows:

			Number of share options					
	Date of grant	Exercisable period	Balance as at 1 January 2014	Granted during the year (Note 2)	Exercised during the year	Lapsed during the year	Balance as at 31 December 2014	Exercise price per share HK$
Directors (Note 1)			18,280,000	–	–	–	18,280,000	0.229
Other participants in aggregate	6 July 2009	6 July 2009 – 5 July 2019	22,250,000	–	(3,582,000)	(1,468,000)	17,200,000	0.229
			40,530,000	–	(3,582,000)	(1,468,000)	35,480,000	

Notes:

1. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' and Chief Executives' Interests in Securities" on page 21 of this annual report.

2. No share options have been granted during the year ended 31 December 2014.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers in aggregate accounted for 80% of the total turnover for the year and sales to the largest customer included therein accounted for 69%. Purchases from the Group's five largest suppliers accounted for 48% of the total purchases for the year and purchases from the largest supplier included therein accounted for 14%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five customers and suppliers during the year ended 31 December 2014.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions of the Group during the year ended 31 December 2014 (collectively the "2014 Continuing Connected Transactions") subject to annual review requirements pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are set out below:

1. On 20 January 2014, Like Top Corporation Limited, an indirect wholly-owned subsidiary of the Company, entered into the exclusive sourcing agent agreement to appoint Ecuamining Mineral S.A. ("Ecuamining Mineral"), as its exclusive sourcing agent of mineral concentrates or its related products in Ecuador for a term of two years. Ecuamining Mineral is a company incorporated in Ecuador and is ultimately owned as to 100% by Mr. Zhou Chu Jian He, the Chairman, an executive director and a controlling shareholder of the Company. Therefore, Ecuamining Mineral is a connected person of the Company under the Listing Rules and the transaction under the aforesaid agreement constituted a continuing connected transaction of the Group, details of which are set out in the Company's announcement dated 20 January 2014.

   During the year ended 31 December 2014, the commission charged by Ecuamining Mineral amounted to approximately HK$3,720,000.

2. Lianyuan Logistics Co., Ltd. ("Lianyuan Logistics") agreed to provide logistics services to Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji") on a continuous basis for the transportation of granulated steel slag at RMB7.98 per ton (VAT inclusive) (subject to adjustments upon change of government policy on fuel price and other related costs in the PRC). During the year under review, the terms for the services of transportation of granulated steel slag (the "Logistics Transaction") were the same under the former logistics service agreement entered into on 25 November 2012. Lianyuan Logistics is a connected person of the Company under the Listing Rules and therefore the Logistics Transaction constituted a continuing connected transaction of the Group, details of which as well as the wavier application are set out in the Company's announcements dated 27 May 2014 and 7 August 2014.

   During the year ended 31 December 2014, the logistics services fee charged by Lianyuan Logistics amounted to approximately HK$5,230,000 (VAT inclusive) or HK$4,712,000 (VAT exclusive).

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS (continued)

3. Hunan Taiji purchased granulated steel slag from Hualing Steel Co., Ltd. ("Hualing Steel") for its production. During the year under review, the terms for the supply of granulated steel slag were same under the supply agreement made between Hunan Taiji and Hualing Steel on 26 December 2008. Hualing Steel is a connected person of the Company under the Listing Rules and therefore the transaction of supply of the granulated steel slag constituted a continuing connected transaction of the Group, details of which as well as the wavier application are set out in the Company's announcement dated 7 August 2014.

   During the year ended 31 December 2014, the purchases amounted to approximately HK$2,432,000 (VAT inclusive) or HK$2,078,000 (VAT exclusive).

The Company's auditors were engaged to report on the 2014 Continuing Connected Transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the 2014 Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

The independent non-executive directors of the Company have reviewed the 2014 Continuing Connected Transactions and confirmed that the 2014 Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Significant related party transactions entered by the Group with parties regarded as "Related Parties" under applicable accounting principles for the year ended 31 December 2014 (but did not fall under Chapter 14A of the Listing Rules) are set out in note 45 to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report and except for those set out below, no director of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its holding companies and subsidiaries was a party during the year:

Nature of the contract	Name of the parties to the contract	Duration of the contract	Nature of director's interest
Tenancy agreement in respect of an office in Hong Kong	(1) the Company (as tenant) (2) Junefield (Holdings) Limited ("JHL")	2 years (starting from 1 January 2013 to 31 December 2014)	Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2014, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(a) LONG POSITION IN SHARES

Name of director	Number of shares held		Percentage of the Company's issued share capital
Mr. Zhou Chu Jian He	697,837,417	(Note)	68.67
Mr. Lam Man Sum, Albert	1,700,000		0.17

Note: These 697,837,417 shares are held by Prime Century Investments Limited ("PCI"), a company wholly-owned by JHL. Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(continued)

(b) LONG POSITION IN UNDERLYING SHARES – SHARE OPTIONS

The following directors of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period	Number of share options: Balance as at 1 January 2014	Granted during the year	Exercised during the year	Balance as at 31 December 2014	Exercise price per share HK$
Mr. Zhou Chu Jian He	6 July 2009	6 July 2009 – 5 July 2019	9,980,000	–	–	9,980,000	0.229
Mr. Liu Zhongsheng (resigned on 15 March 2015)	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Lam Man Sum, Albert	6 July 2009	6 July 2009 – 5 July 2019	3,300,000	–	–	3,300,000	0.229
			18,280,000	–	–	18,280,000	

Note: The cash consideration paid by each of the directors for the grant of share option is HK$1.

Save as disclosed above, as at 31 December 2014, so far as is known to the directors and chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2014, so far as is known to the directors and chief executives of the Company, the interests or short positions of the persons (other than directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
PCI (Note)	Directly beneficially owned	697,837,417	68.67
JHL (Note)	Through a controlled corporation	697,837,417	68.67

Note: These 697,837,417 shares are held by PCI, a company wholly-owned by JHL. Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any person (other than the directors or chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the interests disclosed in the section headed "Directors' and Chief Executives' Interests in Securities" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rules, during the year ended 31 December 2014, the following director of the Company was considered to have interests in the following businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

Mr. Zhou Chu Jian He, the Chairman and the substantial shareholder of the Company, currently engages in businesses including property management and agency services, properties investment, retail business, mineral exploitation and related investment through a number of private companies (collectively the "Private Group").

In the event that there are transactions between the Private Group and the Company, Mr. Zhou Chu Jian He, as and when required under the Company's bye-laws, will abstain from voting on any board resolution in respect of any contract, arrangement, or proposal in which he or any of his close associates has a material interest.

As the Board is independent from the board of directors of the Private Group and maintains no less than three independent non-executive directors, the Group is capable of carrying on its businesses independently of, and at an arm's length from, the businesses of the Private Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, at least 25% of the total issued share capital of the Company was held by the public as required under the Listing Rules.

CORPORATE GOVERNANCE

The Corporate Governance Report of the Company is set out on pages 24 to 32 of this annual report.

AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng Limited for the years ended 31 December 2012, 2013 and 2014 whose term of office will expire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Zhou Chu Jian He
Chairman

Hong Kong, 31 March 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good standard of corporate governance practices. The Company has adopted all the code provisions (the "Code Provisions") as stated in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

For the year under review and up to the date of this report, the Company has complied with all the Code Provisions as set out in Appendix 14 to the Listing Rules except for the following deviation:

– Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the board of the Company did not attend the annual general meeting of the Company held on 4 June 2014 ("AGM") due to other business engagement. The then Chief Executive Officer and Deputy Chairman, and the chairman of the Audit Committee were present at the AGM to answer the shareholders' questions.

– Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. After the resignation of Mr. Liu Zhongsheng as Chief Executive Officer of the Company with effect from 15 March 2015, the roles of chairman and chief executive officer are currently performed by Mr. Zhou Chu Jian He, the Chairman of the Board. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss operation issues of the Group.

– Under code provision D.1.4 of the CG Code, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. Following the expiry of the services contract of Mr. Liu Zhongsheng (a former executive director of the Company) on 10 March 2015, the Company did not have a new services contract for him due to the fact that he was considering his resignation as director effective on 15 March 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Board currently comprises eight Directors and is of the opinion that it has a balance of skill and experience based on the following composition:

EXECUTIVE DIRECTORS

Mr. Zhou Chu Jian He *(Chairman)*
Mr. Zhou Jianren
Mr. Xiang Xianhong
Mr. Lei Shuguang

NON-EXECUTIVE DIRECTOR

Mr. Jorge Edgar Jose Muñiz Ziches

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

At least one of the Independent Non-Executive Directors possess appropriate professional qualification and/or experience in accounting and/or related financial management expertise. Throughout the year ended 31 December 2014, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules. Each Non-Executive Director or Independent Non-Executive Director has entered into a service contract with the Company for a period of two years until terminated in accordance with the terms and conditions specified therein.

The brief biographical details of each Director are set out on pages 11 to 13 of this annual report. Save as disclosed above, there are no other relationship (including financial, business, family or other material or relevant relationships) among members of the Board.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The regular Board meetings are scheduled to be held at least four times a year at approximately quarterly intervals and additional meetings are held as and when the Board thinks appropriate. Board meetings involve active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year, the Board held four regular Board meetings. Details of Directors' attendance at the Board meetings, committee meetings and the AGM are set out below:

	Meetings Attended/Held				
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**AGM**
Executive Directors					
Mr. Zhou Chu Jian He	4/4	–	0/1	–	0/1
Mr. Zhou Jianren (appointed on 7 July 2014)	2/2	–	–	–	–
Mr. Xiang Xianhong	4/4	–	–	–	1/1
Mr. Lei Shuguang	4/4	–	–	–	1/1
Mr. Ng Man Chung, Siman (resigned on 30 June 2014)	2/2	–	–	–	1/1
Mr. Liu Zhongsheng (resigned on 15 March 2015)	4/4	–	1/1	–	1/1
Non-Executive Director					
Mr. Jorge Edgar Jose Muñiz Ziches	4/4	–	–	–	0/1
Independent Non-Executive Directors					
Mr. Lam Man Sum, Albert	3/4	2/2	0/1	1/1	1/1
Mr. Cao Kuangyu	2/4	1/2	0/1	1/1	0/1
Mr. Cheung Ka Wai	4/4	2/2	1/1	1/1	0/1

Notice of at least 14 days is given to all Directors in advance for regular Board meetings. For other Board meetings, reasonable notice period is given. Meeting agendas and other relevant information are normally provided to the Directors at least 3 days in advance of the Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

The company secretary is responsible for keeping minutes of all Board and committee meetings which are recorded in sufficient detail about the matters considered. Both draft and final versions of the minutes are sent to all Directors for their comments and records. Directors have access to the advice and services of the company secretary who is responsible to the Board for ensuring that Board meeting procedures are followed. The company secretary will arrange induction package covering regulatory obligations for each newly appointed Director.

CORPORATE GOVERNANCE REPORT

DIRECTORS' COMMITMENTS

Each Director has reported his time commitment on the affairs of the Company and other major appointment for 2014 to the Company. Apart from Mr. Liu Zhongsheng being a non-execuitve director of Latin Resources Limited (a listed company in Australia), none of the Executive Directors hold any directorship in any other public companies during 2014. In respect of those Directors who stand for re-election at the coming annual general meeting, all their directorships held in listed public companies in the past three years are set out in the circular thereof.

The Company encourages the participation of ongoing professional trainings by individual Director at the Company's expenses and has circulated training materials including legal and regulatory update and seminar handouts relating to amendments of the Listing Rules, inside information and directors' duties and responsibilities to all Directors during 2014. The training participation by individual Directors during 2014 is summarised as below:

	Reading legal and regulatory updates	Attending seminars/ briefings
Executive Directors		
Mr. Zhou Chu Jian He	✓	–
Mr. Zhou Jianren	✓	✓
Mr. Xiang Xianhong	✓	–
Mr. Lei Shuguang	✓	–
Non-Executive Director		
Mr. Jorge Edgar Jose Muñiz Ziches	✓	–
Independent Non-Executive Directors		
Mr. Lam Man Sum, Albert	✓	✓
Mr. Cao Kuangyu	✓	–
Mr. Cheung Ka Wai	✓	✓

CORPORATE GOVERNANCE REPORT

BOARD RESPONSIBILITY

On top of the regulatory and statutory responsibilities, the main duties of the Board include formulating strategy as well as monitoring and controlling operating and financial performance of the Group. The Board is also responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. All Directors (including Independent Non-Executive Directors) have been consulted on major and material matters of the Company and have made active contribution to the affairs of the Board. All Directors are aware of their collective and individual responsibilities to the shareholders of the Company and are committed to act in good faith and make decisions in the best interests of both the Group and the shareholders of the Company. The Board delegates day-to-day management of the businesses of the Group to the management of the relevant principal divisions. Audit Committee, Remuneration Committee and Nomination Committee have been set up to assist the Board to discharge its duties and to oversee particular aspects of the Group's affairs. All Committees have specific functions and authority to examine issues and report to the Board with recommendations. The final decisions are rested with the Board, unless otherwise provided in terms of reference of the relevant Committees.

The Board is responsible for performing the corporate governance functions as set out in the code provision D.3.1 of the CG Code and has adopted the latest corporate governance code manual (including continuous professional development of directors, the compliance of the Model Code, etc) since August 2014 and employee whistleblowing guidelines since March 2012. The records under the manual have been maintained by the company secretary. Liability insurance for the Company's directors and senior management was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2014 that give a true and fair view of the financial position of the Group in accordance with statutory requirements and applicable accounting standards. The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and, therefore, the consolidated financial statements were prepared on a going concern basis. The statement of the auditors of the Company regarding their reporting responsibilities for the financial statements is set out in the Independent Auditors' Report on pages 33 to 35 of this annual report.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year under review, the roles of the Chairman of the Board and the Chief Executive Officer of the Company were performed by different individuals. After the resignation of Mr. Liu Zhongsheng as Chief Executive Officer of the Company with effect from 15 March 2015, the roles of Chairman and Chief Executive Officer are currently performed by Mr. Zhou Chu Jian He, the Chairman of the Board. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss operation issues of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent Non-Executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group. Their presence and participation also enable the Board to maintain good standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of shareholders of the Company and the Company. Each of the Independent Non-Executive Directors has been appointed for a term of two years and subject to retirement by rotation at annual general meeting and, being eligible, offer themselves for re-election. Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors met the independent guideline as set out in Rule 3.13 of the Listing Rules and are independent. The Independent Non-Executive Directors are explicitly identified in all of the Company's corporate communications.

NOMINATION COMMITTEE

The Company's Nomination Committee was set up in 2012 to review and make recommendations for new candidates to the Board. The Nomination Committee comprises an Executive Directors (Mr. Zhou Chu Jian He (Chairman of the Nomination Committee)) and three Independent Non-Executive Directors (Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai). The Nomination Committee will assess new candidates based on their skills, experience and who, in its opinion, are able to make positive contribution to the performance of the Board. The terms of reference of the Nomination Committee are available on the Company's website.

The Board has adopted a board diversity policy in 2013 which sets out the approach to achieve diversity on the Board. The Nomination Committee is also responsible to review the policy and any measurable objectives as may be adopted from time to time and to review the progress on achieving the objectives. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. The Company will also take into account of its own business model and specific needs from time to time in determining the optimum composition of the Board. Although the Board supports the principle of diversity, it currently does not intend to fix a diversity quota for Board members appointment or set a short term objective on gender diversity, for such policies may compromise on the calibre of Directors.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (continued)

During 2014, the Nomination Committee held one meeting, with 40% attendance of its members, to review the Board's structure, size and composition to ensure that it has a balance of knowledge and experience appropriate to complement the Company's corporate strategy. In accordance with the bye-laws of the Company, at each annual general meeting one-third of the Directors for the time (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors shall have the power to appoint any person as a director either to fill a casual vacancy on the Board or, subject to authorization by the members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined by the members in that general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The new Director appointed in July 2014 will retire and be subject to re-election at the coming annual general meeting.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in 2005. The Remuneration Committee comprises three Independent Non-Executive Directors, namely, Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai. Mr. Cheung Ka Wai is the chairman of the Remuneration Committee. The principal responsibility of the Remuneration Committee includes making recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management and reviewing the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board. The remuneration of Directors are based on the skill and contribution in the Company's affairs and are determined by reference to duties and responsibilities of the Executive Directors after considering the Group's performance and the prevailing market situations including salaries paid by comparable companies. No Director is involved in determining his own remuneration. The terms of reference of the Remuneration Committee are available at the Company's website. During 2014, the Remuneration Committee held one meeting with 100% attendance of its members and performed its duties in accordance with its terms of reference and reviewed the remuneration packages of the Directors and remuneration policies. The remuneration paid to each Director for 2014 are shown in note 11 to the financial statements.

AUDITORS' REMUNERATION

The external auditors of the Company are HLB Hodgson Impey Cheng Limited and provided services to the Company in respect of the audit of Company's financial statements for the year ended 31 December 2014 which were prepared in accordance with Hong Kong Financial Reporting Standards and applicable disclosure requirements of the Hong Kong Companies Ordinance. The fee in respect of audit service provided by the external auditors to the Company for the year ended 31 December 2014 was approximately HK$790,000 (2013: HK$750,000). The fees paid to the external auditors for non-audit services relating to interim financial report were HK$190,000 (2013: HK$165,000).

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was established in 1999 with written terms of reference. The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai, and is chaired by Mr. Lam Man Sum, Albert. The chairman of the Audit Committee possesses appropriate professional qualifications and/or experience in accounting and/or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The Company has complied with Rule 3.21 of the Listing Rules. The terms of reference of the Audit Committee are available on the Company's website.

The Audit Committee held two meetings in 2014 with 83% attendance of its members. During the year, the Audit Committee provided accounting and financial advices and recommendations to the Board as well as reviewed the independence of external auditors and relevant auditing matters. Also, the Audit Committee reviewed the internal control system of the Group and transactions with connected persons and the caps for continuing connected transactions. The Group's unaudited interim results for the six months ended 30 June 2014 and audited annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

COMPANY SECRETARY

During the year ended 31 December 2014, the company secretary attended relevant professional training for not less than 15 hours.

INTERNAL CONTROL

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control system to safeguard the Group's assets against unauthorized use or disposition, and to protect the interest of shareholders of the Company. Furthermore, the internal control system is designed to manage rather than eliminate the risk of failure and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group is of the view that an effective internal control system is in place which encompasses sound control environment, appropriate segregation of duties, well-defined policies and monitoring procedures and is reviewed and enhanced by the management at regular intervals.

The Group is committed to maintaining and upholding good corporate governance practices and internal control system. In respect of the year ended 31 December 2014, the Group (excluding the 49%-owned former joint venture, Wuhan Plaza Management Co., Ltd.) engaged external consultants to perform annual review on the effectiveness of the internal control system of the manufacture and sale of construction materials business in the PRC as well as the mineral concentrates trading business and make recommendations for improvement and strengthening of its internal control system. Based on the reports on the findings from the external consultants, the Board is satisfied that the Group has operated an effective internal control system.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Pursuant to the Company's bye-laws, special general meetings may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the company secretary at the Company's head office and principal place of business at 13/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong ("Head Office"), specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT A GENERAL MEETING

A shareholder shall make a written requisition to the Board or the company secretary at the Company's head office and principal place of business at its Head Office, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary at the Company's head office and principal place of business at its Head Office. Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year ended 31 December 2014.

INVESTOR RELATIONS

The Directors are aware of the importance of maintaining good relations and communications with shareholders of the Company. The Company continues to promote investor relations and communication with its investors. The Company uses a range of communication tools, such as annual general meetings, annual and interim reports, various notices, announcements and circulars etc, to ensure its shareholders are kept informed of the Company's information.

The Company has maintained a website at http://junefield.etnet.com.hk, which serves as a platform for corporate communications with its shareholders and the general public. All corporate communications required under the Listing Rules are displayed (for documents published in the previous 5 years) on the Company's website, which has established procedures to ensure timely update in compliance with the Listing Rules.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
JUNEFIELD DEPARTMENT STORE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Junefield Department Store Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 153, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY (continued)

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

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

BASIS FOR QUALIFIED OPINION

Included in the consolidated statement of financial position is an investment in an associate, Wuhan Plaza Management Co., Ltd. ("WPM"). WPM is an equity joint venture company established in the People's Republic of China and was formerly classified as a joint venture in the consolidated financial statements for the year ended 31 December 2013. As further explained in note 22 and 44(c) to the financial statements, the Group is in dispute with the joint venturer about the term of the joint arrangement.

WPM was equity-accounted for up to 31 October 2013 in the consolidated financial statements of the Group for the year ended 31 December 2013, which were approved and authorised for issue by the board of directors on 31 March 2014. In early 2015, the management financial statements of WPM for the year ended 31 December 2013 were made available to the management of the Group and, consequently, the directors of the Company have restated the comparative information for the year ended 31 December 2013 in the current year's consolidated financial statements for the effect of equity-accounting for the results of WPM from 1 November 2013 to 31 December 2013. The restated carrying amount and restated share of results of WPM are approximately HK$225,832,000 and HK$189,358,000, respectively.

WPM is carried at an amount of approximately HK$225,832,000 on the consolidated statement of financial position as at 31 December 2014, and the Group's share of WPM's net income of nil is included in the Group's consolidated statement of profit or loss for the year then ended.

INDEPENDENT AUDITORS' REPORT

BASIS FOR QUALIFIED OPINION (continued)

We were unable to obtain sufficient appropriate audit evidence about the management financial statements and financial information of WPM for the years ended 31 December 2013 and 2014 because we did not have sufficient access to the financial information, books and records and the management of WPM. In view of the above and in the absence of any alternative procedures to be carried out in respect of the financial information of WPM, we were unable to satisfy ourselves as to whether (i) the restated carrying amount and carrying amount of the Group's investment in WPM in the consolidated statements of financial position as at 31 December 2013 and 2014, respectively; and (ii) the Group's restated share of the results and other comprehensive income or expense and share of the results and other comprehensive income or expense of WPM, as included in the Group's consolidated statements of profit or loss and consolidated statements of comprehensive income for the years ended 31 December 2013 and 2014, respectively, were fairly stated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments that might have been found to be necessary in respect of the abovementioned financial information could have a consequential effect on the Group's net assets as at 31 December 2013 and 2014, and the Group's results for the years then ended and related disclosures in these consolidated financial statements. In addition, the required summarised financial information of WPM is not disclosed in accordance with Hong Kong Financial Reporting Standard 12 "Disclosure of Interests in Other Entities" issued by the Hong Kong Institute of Certified Public Accountants.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong, 31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Revenue	8	**354,757**	156,545
Cost of sales and services		**(289,982)**	(110,636)
Gross profit		**64,775**	45,909
Other income and gains	8	**5,160**	7,309
Selling and distribution expenses		**(1,321)**	(1,351)
Administrative expenses		**(64,952)**	(64,732)
Other operating expenses		**(12,931)**	(14,824)
Fair value (loss)/gain on convertible note – conversion option component	25	**(5,771)**	3,083
Fair value losses on reclassification of available-for-sale investments to an associate		**–**	(36,961)
Fair value gains on investment properties	18	**6,610**	17,246
Impairment loss on investment in an associate		**(11,151)**	(32,958)
Impairment loss on loan receivables	29	**–**	(3,784)
Loss on disposal of investment properties in Ecuador		**(62,822)**	–
Operating loss	9	**(82,403)**	(81,063)
Finance costs	10	**(3,250)**	(5,643)
Share of profit of a joint venture		**–**	189,358
Share of loss of an associate		**(6,513)**	(6,406)
(Loss)/profit before tax		**(92,166)**	96,246
Income tax expense	13	**(9,825)**	(5,318)
(Loss)/profit for the year		**(101,991)**	90,928
Attributable to:			
Owners of the Company		**(104,923)**	79,361
Non-controlling interests		**2,932**	11,567
		(101,991)	90,928
(Loss)/earnings per share attributable to owners of the Company	16		
Basic *(HK cents per share)*		**(10.26)**	7.80
Diluted *(HK cents per share)*		**(10.26)**	7.64

Details of the dividend payable and proposed for the year are disclosed in note 14 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014 HK$'000	2013 HK$'000 (Restated)
(Loss)/profit for the year	**(101,991)**	90,928
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investments	–	290
Fair value losses on reclassification of available-for-sale investments to an associate	–	36,961
Exchange differences on translation of foreign operations	**(15,367)**	10,125
Share of other comprehensive income of an associate	**1,802**	2,374
Other comprehensive (expense)/income for the year, net of tax	**(13,565)**	49,750
Total comprehensive (expense)/income for the year	**(115,556)**	140,678
Attributable to:		
Owners of the Company	**(113,302)**	124,784
Non-controlling interests	**(2,254)**	15,894
	(115,556)	140,678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	17	**202,999**	221,755
Investment properties	18	**62,593**	187,321
Prepaid land lease payments	19	**23,432**	24,547
Other intangible assets	20	**138,997**	143,528
Investment in a joint venture	22	**–**	225,832
Investments in associates	23	**232,699**	22,619
Deferred tax assets	37	**5,035**	2,060
Convertible note – loan receivable component	25	**–**	14,900
Total non-current assets		**665,755**	842,562
Current assets			
Properties under development for sale	26	**26,305**	25,409
Inventories	27	**50,358**	40,874
Accounts receivable	28	**16,565**	17,877
Prepayments, deposits and other receivables	29	**69,689**	47,921
Amount due from a joint venture	22	**–**	162
Amounts due from related companies	30	**16,731**	12,504
Financial instruments at fair value through profit or loss	32	**7,705**	63,093
Convertible note – conversion option component	25	**4**	5,775
Convertible note – loan receivable component	25	**14,974**	–
Time deposits	33	**14,643**	8,178
Cash and bank balances	33	**40,078**	77,316
Total current assets		**257,052**	299,109
Current liabilities			
Accounts payable	34	**10,538**	5,399
Other payables and accruals	35	**124,982**	98,705
Interest-bearing bank and other borrowings	36	**6,234**	87,317
Amount due to the ultimate holding company	31	**54**	93
Amounts due to related companies	31	**5,004**	5,000
Amount due to a joint venturer	31	**88**	20
Amount due to an associate	31	**119**	–
Dividend payable to a non-controlling interest		**10,000**	–
Tax payable		**5,626**	1,928
Total current liabilities		**162,645**	198,462
Net current assets		**94,407**	100,647
Total assets less current liabilities		**760,162**	943,209

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Non-current liabilities			
Deferred tax liabilities	37	**72,610**	74,057
Total non-current liabilities		**72,610**	74,057
Net assets		**687,552**	869,152
Equity			
Equity attributable to owners of the Company			
Issued capital	38	**102,320**	101,962
Reserves	40	**490,669**	611,702
		592,989	713,664
Non-controlling interests		**94,563**	155,488
Total equity		**687,552**	869,152

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2015 and are signed on its behalf by:

Zhou Chu Jian He
Director

Zhou Jianren
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**1,271**	650
Investments in subsidiaries	21	**2,016**	2,016
Total non-current assets		**3,287**	2,666
Current assets			
Prepayments, deposits and other receivables	29	**807**	565
Amounts due from subsidiaries	21	**383,504**	483,196
Financial instruments at fair value through profit or loss	32	**1,174**	3,043
Cash and bank balances	33	**1,598**	6,208
Total current assets		**387,083**	493,012
Current liabilities			
Other payables and accruals	35	**9,773**	8,204
Interest-bearing bank and other borrowings	36	**6,234**	87,317
Amount due to the ultimate holding company	31	**54**	93
Amount due to a related company	31	**239**	187
Total current liabilities		**16,300**	95,801
Net current assets		**370,783**	397,211
Total assets less current liabilities		**374,070**	399,877
Net assets		**374,070**	399,877
Equity			
Equity attributable to owners of the Company			
Issued capital	38	**102,320**	101,962
Reserves	40	**271,750**	297,915
Total equity		**374,070**	399,877

Zhou Chu Jian He
Director

Zhou Jianren
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		Attributable to owners of the Company											
		Issued capital	**Share premium account**	**Capital reserve**	**Statutory surplus reserve**	**Share option reserve**	**Investments revaluation reserve**	**Exchange fluctuation reserve**	**Retained profits**	**Proposed final dividend**	**Total**	**Non-controlling interests**	**Total equity**
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
	Note	(Note 38)		(Note 40)	(Note 40)	(Note 40)							
At 1 January 2013		101,617	70,962	19,170	15,524	5,540	(37,251)	20,538	402,162	15,243	613,505	139,594	753,099
Profit or loss		–	–	–	–	–	–	–	79,361	–	79,361	11,567	90,928
Other comprehensive income													
Change in fair value of available-for-sale investments		–	–	–	–	–	290	–	–	–	290	–	290
Fair value losses on reclassification of available-for-sale investments to an associate		–	–	–	–	–	36,961	–	–	–	36,961	–	36,961
Exchange differences on translation of foreign operations		–	–	–	–	–	–	5,798	–	–	5,798	4,327	10,125
Share of other comprehensive income of an associate		–	–	–	–	–	–	2,374	–	–	2,374	–	2,374
Total comprehensive income for the year		–	–	–	–	–	37,251	8,172	79,361	–	124,784	15,894	140,678
Issue of shares upon exercise of share options	38	345	880	–	–	(435)	–	–	–	–	790	–	790
Share issue expenses		–	(5)	–	–	–	–	–	–	–	(5)	–	(5)
Final 2012 dividend paid		–	–	–	–	–	–	–	–	(15,243)	(15,243)	–	(15,243)
Interim 2013 dividend paid	14	–	–	–	–	–	–	–	(10,167)	–	(10,167)	–	(10,167)
Proposed final 2013 dividend	14	–	–	–	–	–	–	–	(8,186)	8,186	–	–	–
Transfer from retained profits		–	–	–	2,856	–	–	–	(2,856)	–	–	–	–
At 31 December 2013		101,962	71,837	19,170	18,380	5,105	–	28,710	460,314	8,186	713,664	155,488	869,152
At 1 January 2014		**101,962**	**71,837**	**19,170**	**18,380**	**5,105**	**–**	**28,710**	**460,314**	**8,186**	**713,664**	**155,488**	**869,152**
Profit or loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(104,923)**	**–**	**(104,923)**	**2,932**	**(101,991)**
Other comprehensive (expense)/income													
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**–**	**(10,181)**	**–**	**–**	**(10,181)**	**(5,186)**	**(15,367)**
Share of other comprehensive income of an associate		**–**	**–**	**–**	**–**	**–**	**–**	**1,802**	**–**	**–**	**1,802**	**–**	**1,802**
Total comprehensive expense for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(8,379)**	**(104,923)**	**–**	**(113,302)**	**(2,254)**	**(115,556)**
Issue of shares upon exercise of share options	38	**358**	**913**	**–**	**–**	**(451)**	**–**	**–**	**–**	**–**	**820**	**–**	**820**
Share issue expenses		**–**	**(7)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Transfer of share option reserve upon lapsed of share options		**–**	**–**	**–**	**–**	**(185)**	**–**	**–**	**185**	**–**	**–**	**–**	**–**
Dividend payable/paid to a non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(58,671)**	**(58,671)**
Final 2013 dividend paid	14	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,186)**	**(8,186)**	**–**	**(8,186)**
At 31 December 2014		**102,320**	**72,743**	**19,170**	**18,380**	**4,469**	**–**	**20,331**	**355,576**	**–**	**592,989**	**94,563**	**687,552**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(92,166)**	96,246
Adjustments for:			
Finance costs	10	**3,250**	5,643
Share of profit of a joint venture		**–**	(189,358)
Share of loss of an associate		**6,513**	6,406
Interest income		**(1,490)**	(5,203)
Effective interest income on convertible note – loan receivable component	25	**(3,444)**	(574)
Loss on disposal of items of property, plant and equipment		**–**	12
Loss on disposal of investment properties in Ecuador		**62,822**	–
Fair value losses on reclassification of available-for-sale investments to an associate		**–**	36,961
Fair value gains on investment properties	18	**(6,610)**	(17,246)
Fair value (gains)/losses, net:			
Equity investments at fair value through profit or loss – held for trading		**(423)**	12,181
Fair value gain on financial instruments designated at fair value through profit or loss		**–**	(34)
Fair value change in options issued by an associate		**–**	1,862
Fair value loss/(gain) on convertible note – conversion option component	25	**5,771**	(3,083)
Depreciation of property, plant and equipment	17	**23,891**	23,824
Amortisation of prepaid land lease payments	19	**561**	563
Amortisation of other intangible assets	20	**12,931**	12,950
Reversal of impairment of accounts receivable and other receivables		**(101)**	(133)
Impairment loss on investment in an associate		**11,151**	32,958
Impairment loss on loan receivables	29	**–**	3,784
		22,656	17,759
Increase in properties under development for sale		**(2,136)**	(19,566)
Increase in inventories		**(9,484)**	(37,521)
Decrease in equity investments at fair value through profit or loss		**7,013**	–
Decrease/(increase) in accounts receivable		**1,394**	(5,824)
Increase in prepayments, deposits and other receivables		**(20,005)**	(39,585)
Decrease/(increase) in amount due from a joint venture		**162**	(117)
Increase in amounts due from related companies		**(4,227)**	(784)
Increase in accounts payable		**5,139**	1,858
Increase in other payables and accruals		**25,678**	45,673
Increase/(decrease) in amounts due to related companies		**4**	(1,203)
Increase in amount due to a joint venturer		**68**	1
Increase in amount due to an associate		**119**	–
Cash generated from/(used in) operations		**26,381**	(39,309)
Bank interest received		**691**	1,102
Hong Kong profits tax refunded		**–**	110
Overseas tax refunded		**35**	1,887
Hong Kong profits tax paid		**(183)**	(28)
Overseas tax paid		**(9,395)**	(815)
Net cash flows from/(used in) operating activities		**17,529**	(37,053)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,227**	4,340
Dividend received from a joint venture		**–**	149,810
Purchases of items of property, plant and equipment		**(13,683)**	(14,197)
Proceed from disposal of items of property, plant and equipment		**–**	3
Purchases of investment properties		**–**	(99,225)
Proceed from disposal of investment properties		**67,882**	–
Additions to other intangible assets		**(10,278)**	(2,151)
Acquisition of subsidiaries		**–**	(22,036)
Advances of loan to an associate		**–**	(17,573)
Purchases of shareholding in an associate		**(110)**	(10,871)
Payment for issue of share options by an associate		**–**	(1,862)
Purchases of unlisted financial instruments at fair value through profit or loss		**(100,567)**	(317,248)
Release of unlisted financial instruments at fair value through profit or loss		**148,514**	269,231
(Increase)/decrease in short-term time deposits		**(8,366)**	7,696
Net cash flows from/(used in) investing activities		**85,619**	(54,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares under share option scheme		**820**	790
Share issue expenses		**(7)**	(5)
(Decrease)/increase in amount due to the ultimate holding company		**(39)**	64
Dividends paid		**(8,186)**	(25,410)
Dividend paid to a non-controlling interest		**(50,378)**	–
Repayment of interest-bearing bank borrowings		**(80,912)**	(73,910)
Interest paid		**(2,651)**	(5,044)
Net cash flows used in financing activities		**(141,353)**	(103,515)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(38,205)**	(194,651)
Cash and cash equivalents at beginning of year		**85,494**	275,246
Effect of foreign exchange rate changes, net		**(934)**	4,899
CASH AND CASH EQUIVALENTS AT END OF YEAR		**46,355**	85,494
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	33	**40,078**	77,316
Non-pledged time deposits with original maturity of less than three months when acquired		**6,277**	8,178
Cash and cash equivalents as stated in the statement of cash flows		**46,355**	85,494

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

1. CORPORATE INFORMATION

Junefield Department Store Group Limited (the "Company") is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business in Hong Kong of the Company are disclosed in the corporate information section on page 2 of this annual report.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- property investment and development;
- provision of property management and agency services;
- manufacture and sale of construction materials;
- securities investments; and
- trading of mineral concentrates.

In the opinion of the directors, the immediate holding company of the Company is Prime Century Investments Limited ("PCI"), a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Junefield (Holdings) Limited ("JHL"), a company incorporated in Hong Kong.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong, except that the Group is unable to fulfill the requirements of HKFRS 12 "Disclosure of Interests in Other Entities" for its investment in Wuhan Plaza Management Co., Ltd. ("WPM"). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

These financial statements have been prepared under the historical cost convention, except for investment properties, certain financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.1 BASIS OF PREPARATION (continued)

PRIOR YEAR ADJUSTMENTS

WPM, a former joint venture of the Group was equity-accounted for up to 31 October 2013 in the consolidated financial statements of the Group for the year ended 31 December 2013, which were approved and authorised for issue by the board of directors on 31 March 2014. In early 2015, the management financial statements of WPM for the year ended 31 December 2013 were made available to the management of the Group and, consequently, the directors have restated the comparative information for the year ended 31 December 2013 in the current year's consolidated financial statements for the effect of equity-accounting for the results of WPM from 1 November 2013 to 31 December 2013. The restated carrying amount and restated share of profit of WPM are approximately HK$225,832,000 and HK$189,358,000, respectively. The Group has not presented the consolidated statement of financial position as at 1 January 2013 as a result of the above restatement as the directors are of the opinion that the restatement has no effect on the earliest prior period presented. The quantitative impact on the financial statements is summarised below:

Impact on the consolidated statement of profit or loss:

	Year ended 31 December 2013 HK$'000
Increase in share of profit of a joint venture	43,404
Increase in profit before tax	43,404
Increase in income tax expenses	(4,341)
Increase in profit for the year	39,063
Increase in profit attributable to:	
Owners of the Company	39,063
Non-controlling interests	–
	39,063
Increase in earnings per share – Basic *(HK cents per share)*	3.84
Increase in earnings per share – Diluted *(HK cents per share)*	3.76

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.1 BASIS OF PREPARATION (continued)

PRIOR YEAR ADJUSTMENTS (continued)

Impact on the consolidated statement of financial position:

	As at 31 December 2013 HK$'000
Increase in investment in a joint venture	43,404
Increase in non-current assets	43,404
Increase in deferred tax liabilities	4,341
Increase in non-current liabilities	4,341
Increase in net assets or equity	39,063

COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation. In particular, fair value gain on convertible note – conversion option component of approximately HK$3,083,000 for the year ended 31 December 2013, which was previously included in "Other income and gains", has been reclassified and presented with an additional line item on the face of the consolidated statement of profit or loss.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if these results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The nature and impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

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2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units of their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

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2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

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2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIARIES

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Hong Kong dollars)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	20 to 30 years
Leasehold improvements	Over the shorter of the lease terms and 6 years
Plant and machinery	4 to 12 years
Office equipment	5 years
Motor vehicles	3 to 6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL) (continued)

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrate, previously recognised exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification, and any impairment loss is recognised in profit or loss.

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include time deposits, cash and bank balances, accounts receivable, other receivables, amount due from a joint venture, amounts due from related companies, financial instruments at fair value through profit or loss and convertible note.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes fair value and negative net changes in fair value presented in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Financial assets at fair value through profit or loss (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

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For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Convertible note subscribed by the Group

Compound financial instruments subscribed by the Group comprise convertible note that can be converted to shares of the issuing party at the option of the Group.

The conversion option component is recognised at fair value as an investment at fair value through profit or loss. The loan receivable component of a compound financial instrument is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the option component. Any directly attributable transaction costs are allocated to the option component and loan receivables component in proportion to their initial carrying amounts.

In subsequent periods, the loan receivable component of the convertible note is carried at amortised cost using the effective interest method. The option component of the convertible note is re-measured at fair value at each reporting with any change of fair value being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

Available-for-sale financial investments (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, other payables, interest-bearing bank and other borrowings, and amounts due to the ultimate holding company, related companies, a joint venturer and an associate and dividend payable to a non-controlling interest.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

PROPERTIES UNDER DEVELOPMENT FOR SALE

Properties under development for sale are stated at cost, which includes all development expenditures, including land costs, interest charges and other costs directly attributable to such properties.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Properties under development for sale are valued at the lower of cost and net realisable value at the end of the reporting period and any excess of cost over net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of property management and agency services, when such services are rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a trinomial model, further details of which are given in note 39 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

OTHER EMPLOYEE BENEFITS

Pension scheme

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

The employees of the Group's subsidiaries which operates in the People's Republic of China (the "PRC"), Peru and Ecuador are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

NOTES TO THE FINANCIAL STATEMENTS

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3. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
2014			
Accounts receivable	–	16,565	16,565
Financial assets included in prepayments, deposits and other receivables	–	12,555	12,555
Amounts due from related companies	–	16,731	16,731
Financial instruments at fair value through profit or loss			
– Listed equity investments (Hong Kong)	1,174	–	1,174
– Listed equity investments (Elsewhere)	6,531	–	6,531
Convertible note – conversion option component	4	–	4
Convertible note – loan receivable component	–	14,974	14,974
Time deposits	–	14,643	14,643
Cash and bank balances	–	40,078	40,078
	7,709	115,546	123,255

NOTES TO THE FINANCIAL STATEMENTS

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3. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group (continued)

Financial assets (continued)

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition HK$'000	Held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
2013				
Convertible note – loan receivable component	–	–	14,900	14,900
Accounts receivable	–	–	17,877	17,877
Financial assets included in prepayments, deposits and other receivables	–	–	3,914	3,914
Amount due from a joint venture	–	–	162	162
Amounts due from related companies	–	–	12,504	12,504
Financial instruments at fair value through profit or loss				
– Listed equity investments (Hong Kong)	–	3,043	–	3,043
– Listed equity investments (Elsewhere)	–	11,252	–	11,252
– Unlisted financial instruments (Elsewhere)	48,798	–	–	48,798
Convertible note – conversion option component	–	5,775	–	5,775
Time deposits	–	–	8,178	8,178
Cash and bank balances	–	–	77,316	77,316
	48,798	20,070	134,851	203,719

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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3. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group (continued)

Financial liabilities

	Financial liabilities at amortised cost 2014 HK$'000	Financial liabilities at amortised cost 2013 HK$'000
Accounts payable	**10,538**	5,399
Financial liabilities included in other payables and accruals	**63,094**	64,195
Interest-bearing bank and other borrowings	**6,234**	87,317
Amount due to the ultimate holding company	**54**	93
Amounts due to related companies	**5,004**	5,000
Amount due to a joint venturer	**88**	20
Amount due to an associate	**119**	–
Dividend payable to a non-controlling interest	**10,000**	–
	95,131	162,024

Company

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	**Loans and receivables HK$'000**	**Total HK$'000**
2014			
Financial assets included in prepayments, deposits and other receivables	**–**	**242**	**242**
Amounts due from subsidiaries	**–**	**383,504**	**383,504**
Financial instruments at fair value through profit or loss			
– Listed equity investments (Hong Kong)	**1,174**	**–**	**1,174**
Cash and bank balances	**–**	**1,598**	**1,598**
	1,174	**385,344**	**386,518**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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3. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company (continued)

Financial assets (continued)

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
2013			
Amounts due from subsidiaries	–	483,196	483,196
Financial instruments at fair value through profit or loss			
– Listed equity investments (Hong Kong)	3,043	–	3,043
Cash and bank balances	–	6,208	6,208
	3,043	489,404	492,447

Financial liabilities

	Financial liabilities at amortised cost 2014 HK$'000	Financial liabilities at amortised cost 2013 HK$'000
Financial liabilities included in other payables and accruals	**9,773**	8,204
Interest-bearing bank and other borrowings	**6,234**	87,317
Amount due to the ultimate holding company	**54**	93
Amount due to a related company	**239**	187
	16,300	95,801

NOTES TO THE FINANCIAL STATEMENTS

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4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management assessed that the fair values of time deposits, cash and cash equivalents, accounts receivable, financial assets included in prepayments, deposits and other receivables, amount due from a joint venture, amounts due from related companies, accounts payable, financial liabilities included in other payables and accruals, amount due to the ultimate holding company, amounts due to related companies, amount due to a joint venturer, amount due to an associate, dividend payable to a non-controlling interest and amounts due from subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Company

The fair values of listed equity investments are based on quoted market prices.

Group

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted financial instruments designated at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future proceeds on subsequent disposal. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group entered into a convertible note agreement with an associate listed on Australian Securities Exchange Limited (“ASX Limited”), the conversion option component of the convertible note is measured using valuation techniques based on assumptions that are supported by observable market prices or rates. The inputs to the valuation are included in note 25 to the financial statements. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which are recorded in the consolidated statement of profit or loss, are reasonable, and that they are the most appropriate values at the end of the reporting period.

As at 31 December 2014, the loan receivable component of the convertible note of the Group with a carrying amount of approximately HK$14,974,000 (2013: HK$14,900,000) has a fair value of approximately HK$16,811,000 (2013: HK$12,714,000). The fair value of the loan receivable component of convertible note has been valued by discounted cash flow with the major input being the discount rate.

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4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Group (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2013:

	Fair value as at 31 December 2013	Valuation technique	Significant unobservable inputs	Fair value hierarchy	Sensitivity of the input to fair value
Unlisted financial instruments designated at fair value through profit or loss – structured deposits	HK$48,798,000	Discounted cash flows	Discount rate ranging from 1.48% to 1.75%	Level 3	The higher the discount rate, the lower the fair value

During the year ended 31 December 2013, the Group entered into several contracts of structured deposits with banks in the PRC. The structured deposits contained embedded derivatives which were not closely related to the host contract. The entire combined contracts have been designated as at financial assets at fair value through profit or loss on initial recognition. The principal of such financial assets are guaranteed by the relevant banks. The expected return rate stated in the contracts ranges from 3.80% to 5.65% per annum.

The fair values of the structured deposits included in the Level 3 categories above have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Reconciliation of Level 3 fair value measurements:

	HK$'000
At 1 January 2013	–
Purchases	317,248
Disposals	(269,231)
Total gains in profit or loss	34
Exchange realignment	747
At 31 December 2013 and 1 January 2014	**48,798**
Purchases	**100,567**
Disposals	**(148,514)**
Exchange realignment	**(851)**
At 31 December 2014	**–**

Of the total gains for the year included in profit or loss for the year ended 31 December 2013, approximately HK$34,000 relates to financial instruments designated at fair value through profit or loss held at the end of the reporting period. Such gains are included in “Other income and gains” in the consolidated statement of profit or loss.

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4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value

Group

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2014:				
Financial instruments at fair value through profit or loss				
– Listed equity investments (Hong Kong)	**1,174**	**–**	**–**	**1,174**
– Listed equity investments (Elsewhere)	**6,531**	**–**	**–**	**6,531**
Convertible note – conversion option component	**–**	**4**	**–**	**4**
	7,705	**4**	**–**	**7,709**
As at 31 December 2013:				
Financial instruments at fair value through profit or loss				
– Listed equity investments (Hong Kong)	3,043	–	–	3,043
– Listed equity investments (Elsewhere)	11,252	–	–	11,252
– Unlisted financial instruments (Elsewhere)	–	–	48,798	48,798
Convertible note – conversion option component	–	5,775	–	5,775
	14,295	5,775	48,798	68,868

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4. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Assets measured at fair value (continued)

Company

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2014:				
Financial instruments at fair value through profit or loss – Listed equity investments (Hong Kong)	**1,174**	**–**	**–**	**1,174**
As at 31 December 2013:				
Financial instruments at fair value through profit or loss – Listed equity investments (Hong Kong)	3,043	–	–	3,043

During the years ended 31 December 2014 and 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the Group and the Company.

Assets for which fair values are disclosed

Group

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2014:				
Convertible note – loan receivable component	**–**	**–**	**16,811**	**16,811**
As at 31 December 2013:				
Convertible note – loan receivable component	–	–	12,714	12,714

The fair value of the loan receivable component included in the Level 3 category above has been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) INTEREST RATE RISK

At 31 December 2014, the Group has no significant interest-bearing borrowings.

At 31 December 2013, the Group's cash flow interest rate risk relates primarily to bank borrowings with a floating interest rate, further details of these borrowings are set out in note 36 to the financial statements. The Group currently does not hedge its exposure to interest rate risks. However, the management monitors the interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of the Group's bank borrowings, with all other variables held constant, of the Group's profits after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
2013			
United States Dollars ("USD")	100	(1,284)	–
USD	(100)	1,284	–

* Excluding retained profits

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For the year ended 31 December 2014
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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) FOREIGN CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group's major operations and businesses are located in the PRC, Peru and Ecuador and substantially all transactions are conducted in Renminbi ("RMB"), Peruvian Soles ("Soles") and USD respectively. All the assets and liabilities of these businesses are denominated in RMB, Soles and USD. At the end of the reporting period, certain asset of the Group is denominated in Australian dollar ("AUD").

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Since HK$ is pegged to USD, relevant foreign currency risk is minimal, and substantially all of the revenue and cost of sales in Peru are denominated in Soles which is the functional currency of the operating units. Accordingly, their fluctuation are excluded from the sensitivity analysis. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB and AUD exchange rates, with all other variables held constant, of the Group's loss/profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate %	**Decrease/ (increase) in loss after tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
2014			
If HK$ weakens against RMB	**5**	**–**	**–**
If HK$ strengthens against RMB	**(5)**	**–**	**–**
If HK$ weakens against AUD	**5**	**749**	**–**
If HK$ strengthens against AUD	**(5)**	**(749)**	**–**

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit after tax HK$'000	Increase/ (decrease) in equity* HK$'000
2013			
If HK$ weakens against RMB	5	(322)	–
If HK$ strengthens against RMB	(5)	322	–
If HK$ weakens against AUD	5	745	–
If HK$ strengthens against AUD	(5)	(745)	–

* Excluding retained profits

In management's opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk as the year end exposure does not reflect the exposure during the year.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(c) EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments as at 31 December 2014. The Group's listed investments are listed on the Stock Exchange and the TSX Venture Exchange of Canada and are valued at quoted market prices at the end of the reporting period. At the end of the reporting period, the Group's exposure to equity price risk through the conversion rights attached to the convertible note issued by an associate listed on ASX Limited is insignificant and accordingly its fluctuation is excluded from the sensitivity analysis.

The market equity indices for the Stock Exchange and the TSX Venture Exchange of Canada, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2014	**High/low 2014**	31 December 2013	High/low 2013
Stock Exchange				
– Hang Seng Index	**23,605**	**25,318/ 21,182**	23,307	24,039/ 19,814
TSX Venture Exchange of Canada				
– S&P/TSX Venture Composite Index	**696**	**1,046/ 642**	932	1,242/ 860
ASX Limited				
– S&P/ASX 200 Index	**N/A**	**N/A**	5,352	5,441/ 4,656

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For the year ended 31 December 2014
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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(c) EQUITY PRICE RISK (continued)

The following table demonstrates the sensitivity to every 10% change in the fair values of the equity investments and the conversion option component of the convertible note, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amounts HK$'000	**Decrease/ (increase) in loss before tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
2014			
Investments listed in:			
Hong Kong – Held-for-trading	**1,174**	**117/(117)**	**–**
Elsewhere – Held-for-trading	**6,531**	**653/(653)**	**–**

	Carrying amounts HK$'000	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2013			
Investments listed in:			
Hong Kong – Held-for-trading	3,043	304/(304)	–
Elsewhere – Held-for-trading	11,252	1,125/(1,125)	–
Convertible note – conversion option component	5,775	578/(578)	–

* Excluding retained profits

NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(d) CREDIT RISK

The Group reviews the recoverability of its financial assets periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, the Group reviews regularly the recoverable amount of each individual accounts receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, other receivables, loan receivables, amount due from a joint venture, amounts due from related companies and loan receivable component of convertible note, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. At the end of the reporting period, the Group had certain concentrations of credit risk as 12% (2013: 19%) and 52% (2013: 48%) of the Group's accounts receivable were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and loan receivables are disclosed in note 28 and 29 respectively to the financial statements.

(e) LIQUIDITY RISK

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short, medium and longer term. Banking facilities have been put in place for contingency purposes. Certain individual operating entities within the Group are responsible for their own cash management.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Specifically, bank loan with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date.

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) LIQUIDITY RISK (continued)

As at 31 December 2014, the Group has no unutilised overdrafts (2013: HK$5,000,000).

The maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	On demand or less than 3 months	
	2014	2013
	HK$'000	HK$'000
Accounts payable	**10,538**	5,399
Other payables and accruals	**63,094**	64,195
Interest-bearing bank and other borrowings	**6,382**	88,076
Amount due to the ultimate holding company	**54**	93
Amounts due to related companies	**5,004**	5,000
Amount due to a joint venturer	**88**	20
Amount due to an associate	**119**	–
Dividend payable to a non-controlling interest	**10,000**	–
	95,279	162,783

Company

	On demand or less than 3 months	
	2014	2013
	HK$'000	HK$'000
Other payables and accruals	**9,773**	8,204
Interest-bearing bank and other borrowings	**6,382**	88,076
Amount due to the ultimate holding company	**54**	93
Amount due to a related company	**239**	187
	16,448	96,560

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(f) CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to enhance the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

The Group monitors capital using the debt-to-total equity ratio, which is net debt divided by total equity. Net debt is calculated as total borrowings (including amount due to the ultimate holding company, amounts due to related companies, amount due to a joint venturer, amount due to an associate and interest-bearing bank and other borrowings) less cash and bank balances.

The debt-to-total equity ratios at 31 December 2014 and 2013 were as follows:

	2014 **HK$'000**	2013 HK$'000 (Restated)
Total borrowings	**11,499**	92,430
Less: Cash and bank balances	**(40,078)**	(77,316)
Net debt	**(28,579)**	15,114
Total equity	**687,552**	869,152
Debt-to-total equity ratio	**N/A**	2%

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6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group's management determines the estimated useful lives and consequently related depreciation charges. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the deprecation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of property, plant and equipment at 31 December 2014 was approximately HK$202,999,000 (2013: HK$221,755,000). Further details are included in note 17 to the financial statements.

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Group considers all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Based on the judgement of the directors, there was no impairment indication on the exploration and evaluation assets and no impairment loss is recognised for the year ended 31 December 2014. The carrying amount of exploration and evaluation assets at 31 December 2014 was approximately HK$27,771,000 (2013: HK$16,401,000). Further details are included in note 20 to the financial statements.

JOINT VENTURE AND ASSOCIATES

The Group regularly reviews investments in joint venture and associates for impairment based on both quantitative and qualitative criteria. Such analysis typically includes various estimates and assumptions, the financial health and future prospects of the companies. The investments are reviewed for impairment when there is an indication. If indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Such impairment loss is recognised in the consolidated statement of profit or loss. Further details of the joint venture and the associates are included in notes 22 and 23 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(continued)

ESTIMATED IMPAIRMENT OF RECEIVABLES

The Group records impairment of receivables based on an assessment of the recoverability of accounts receivable, other receivables and loan receivables. Provisions are applied to accounts receivable, other receivables and loan receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable, other receivables and loan receivables and impairment charges in the period in which such estimate has been changed. Further details of accounts receivable, and other receivables and loan receivables are included in notes 28 and 29 to the financial statements, respectively.

ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties of the Group are stated at fair value in accordance with the accounting policy stated in note 2.4 to the financial statements. The fair value of investment properties at 31 December 2014 was approximately HK$62,593,000 (2013: HK$187,321,000). The fair value of investment properties, set out in note 18 to the financial statements are determined by an independent professional qualified valuer. Such valuations are made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market condition existing at the end of the reporting period. These estimates are regularly compared to actual market data and actual transactions in the market.

IMPAIRMENT OF INTANGIBLE ASSET – SUPPLIER CONTRACT

At the end of the reporting period, management reconsidered the recoverability of the intangible asset – supplier contract arising from the acquisition of a subsidiary, in which the carrying amount at 31 December 2014 is approximately HK$111,226,000 (2013: HK$127,127,000). The directors assessed that no impairment is considered necessary for the year ended 31 December 2014 as it is expected that the supply under the supplier contract will resume normal pursuant to the rulings made from the China International Economics and Trade Arbitration Commission ("China Arbitration Commission"). Details of the rulings are set out to note 46(a) to the financial statements. Adjustment will be made in future periods if future market activities indicate that adjustments for impairment are appropriate. Further details are included in note 20 to the financial statements.

INCOME TAXES

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

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6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(continued)

DEFERRED TAX ASSETS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2014 was approximately HK$5,035,000 (2013: HK$2,060,000). Further details are contained in note 37 to the financial statements.

7. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property investment and development segment engages in leasing and sale of properties;

(b) the property management and agency services segment provides property management and agency services;

(c) the manufacture and sale of construction materials segment engages in the manufacture and sale of slag powder;

(d) the securities investments segment engages in investing in listed securities; and

(e) the trading of mineral concentrates segment engages in the trading of mineral concentrates.

NOTES TO THE FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, fair value gain/(loss) on convertible note – conversion option component, impairment loss on investment in an associate, share of loss of an associate and share of profit of a joint venture as well as other unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, time deposits, amounts due from related companies and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, amount due to the ultimate holding company, amounts due to related companies and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

NOTES TO THE FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (continued)

SEGMENTS RESULTS

An analysis of the Group's segment results by reportable segment is as follows:

Year ended 31 December 2014

	Property investment and development HK$'000	Property management and agency services HK$'000	Securities investments HK$'000	Manufacture and sale of construction materials HK$'000	Trading of mineral concentrates HK$'000	Total HK$'000
Segment revenue:						
Sales to/revenue from external customers*	2,738	18,983	–	86,452	246,161	354,334
Investment income	–	–	423	–	–	423
	2,738	18,983	423	86,452	246,161	354,757
Segment results	(62,576)	2,128	(1,032)	5,752	16,897	(38,831)
Bank interest income and other unallocated income and gains						4,220
Corporate and other unallocated expenses						(30,870)
Unallocated finance costs						(3,250)
Fair value loss on convertible note – conversion option component						(5,771)
Impairment loss on investment in an associate						(11,151)
Share of loss of an associate						(6,513)
Loss before tax						(92,166)
Income tax expense						(9,825)
Loss for the year						(101,991)

* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

NOTES TO THE FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (continued)

SEGMENTS RESULTS (continued)

Year ended 31 December 2013

	Property investment and development HK$'000	Property management and agency services HK$'000	Securities investments HK$'000	Manufacture and sale of construction materials HK$'000	Trading of mineral concentrates HK$'000	Total HK$'000 (Restated)
Segment revenue:						
Sales to/revenue from external customers*	2,300	18,475	–	106,258	41,693	168,726
Investment income	–	–	(12,181)	–	–	(12,181)
	2,300	18,475	(12,181)	106,258	41,693	156,545
Segment results	16,661	1,567	(12,191)	15,416	3,754	25,207
Bank interest income and other unallocated income and gains						6,187
Corporate and other unallocated expenses						(45,621)
Unallocated finance costs						(5,643)
Fair value gain on convertible note – conversion option component						3,083
Fair value losses on reclassification of available-for-sale investments to an associate						(36,961)
Impairment loss on investment in an associate						(32,958)
Share of profit of a joint venture						189,358
Share of loss of an associate						(6,406)
Profit before tax						96,246
Income tax expense						(5,318)
Profit for the year						90,928

* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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7. SEGMENT INFORMATION (continued)

SEGMENT ASSETS AND LIABILITIES AND OTHER SEGMENT INFORMATION

An analysis of the Group's segment assets and liabilities by reportable segment is as follows:

Year ended 31 December 2014

	Property investment and development HK$'000	Property management and agency services HK$'000	Securities investments HK$'000	Manufacture and sale of construction materials HK$'000	Trading of mineral concentrates HK$'000	Total HK$'000
Assets and liabilities:						
Segment assets	94,557	2,844	23,568	299,647	98,698	519,314
Corporate and other unallocated assets						170,794
Investments in associates						232,699
Total assets						922,807
Segment liabilities	56,347	18,979	13,241	63,255	52,559	204,381
Corporate and other unallocated liabilities						30,874
Total liabilities						235,255
Other segment information:						
Depreciation and amortisation	2,069	242	–	33,860	67	36,238
Corporate and other unallocated amounts						1,145
						37,383
Loss on disposal of investment properties in Ecuador	62,822	–	–	–	–	62,822
Fair value gains on investment properties	(6,610)	–	–	–	–	(6,610)
Impairment losses reversed in the statement of profit or loss	–	(101)	–	–	–	(101)
Additions to non-current assets*	5	29	–	–	805	839
Corporate and other unallocated amounts						16,765
						17,604
Other unallocated capital expenditure	–	–	–	–	–	12,542

* Additions to non-current assets consist of additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (continued)

SEGMENT ASSETS AND LIABILITIES AND OTHER SEGMENT INFORMATION (continued)

Year ended 31 December 2013

	Property investment and development HK$'000	Property management and agency services HK$'000	Securities investments HK$'000	Manufacture and sale of construction materials HK$'000	Trading of mineral concentrates HK$'000	Total HK$'000 (Restated)
Assets and liabilities:						
Segment assets	216,647	3,377	14,295	340,954	65,869	641,142
Corporate and other unallocated assets						252,078
Investment in a joint venture						225,832
Investment in an associate						22,619
Total assets						1,141,671
Segment liabilities	41,855	18,014	20	55,344	28,235	143,468
Corporate and other unallocated liabilities						129,051
Total liabilities						272,519
Other segment information:						
Depreciation and amortisation	448	330	–	33,986	–	34,764
Corporate and other unallocated amounts						2,573
						37,337
Fair value gains on investment properties	(17,246)	–	–	–	–	(17,246)
Impairment losses reversed in the statement of profit or loss	–	(133)	–	–	–	(133)
Additions to non-current assets*	1,820	338	–	812	–	2,970
Corporate and other unallocated amounts						11,227
						14,197
Other unallocated capital expenditure	–	–	–	–	–	2,151

* Additions to non-current assets consist of additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

7. SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2014 HK$'000	2013 HK$'000
PRC	**354,334**	168,726
Canada	**(1)**	(12,010)
Hong Kong	**424**	(171)
	354,757	156,545

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2014 HK$'000	2013 HK$'000 (Restated)
PRC	**573,791**	609,148
Peru	**80,400**	60,193
Australia	**6,867**	37,519
Hong Kong	**3,697**	3,766
Ecuador	**888**	131,724
Columbia	**112**	212
	665,755	842,562

The non-current assets information above is based on the location of assets.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customer of corresponding periods contributing over 10% of total revenue of the Group is as follows:

	2014 HK$'000	2013 HK$'000
Customer A (attributable to trading of mineral concentrates segment)	**244,927**	41,693

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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8. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, comprises of the net invoiced valued of goods sold, after allowances for returns and trade discounts, property management and agency fees for rendering of services, gross rental income received and receivable from investment properties and gains or losses on trading equity investments during the year.

An analysis of the Group's revenue and other income and gains is as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Revenue		
Sale of mineral concentrates	**246,161**	41,693
Sale of construction materials	**86,452**	106,258
Property management and agency fees	**18,983**	18,475
Gross rental income	**2,738**	2,300
Fair value gains/(losses), net:		
Equity investments at fair value through profit or loss		
– held for trading	**423**	(12,181)
	354,757	156,545
Other income and gains		
Bank interest income	**691**	1,102
Interest income on other loans	**36**	2,383
Interest income on loan to an associate	**–**	401
Effective interest income on convertible note		
– loan receivable component	**3,444**	574
Reversal of impairment of accounts receivable and		
other receivables	**101**	133
Others	**888**	2,716
	5,160	7,309

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Hong Kong dollars)

9. OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting):

	Note	2014 HK$'000	2013 HK$'000
Employee benefits expense			
(excluding directors' remuneration)			
Salaries, wages and other benefits	(i)	**31,717**	28,276
Pension scheme contributions		**4,750**	4,039
		36,467	32,315
Cost of inventories sold		**285,151**	104,927
Amortisation of other intangible assets	(ii)	**12,931**	12,950
Amortisation of prepaid land lease payments		**561**	563
Depreciation of property, plant and equipment	(iii)	**23,891**	23,824
Auditors' remuneration		**790**	750
Foreign exchange differences, net		**2,445**	5,271
Minimum lease payments under operating leases in respect of land and buildings		**1,151**	857
Loss on disposal of items of property, plant and equipment		**–**	12
Gross rental income from investment properties		**(2,738)**	(2,300)
Less:			
Direct operating expenses incurred for investment properties that generated rental income during the year		**16**	5
Direct operating expenses incurred for investment properties that did not generate rental income during the year		**–**	–
		(2,722)	(2,295)

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9. OPERATING LOSS (continued)

Notes:

(i) Salaries, wages and other benefits of approximately HK$6,391,000 (2013: HK$6,485,000), HK$24,447,000 (2013: HK$20,900,000) and HK$879,000 (2013: HK$891,000) were charged to cost of production, administrative expenses and selling and distribution expenses respectively.

(ii) Amortisation of other intangible assets for the years ended 31 December 2014 and 2013 are included in "Other operating expenses" in the consolidated statement of profit or loss.

(iii) Depreciation of approximately HK$19,898,000 (2013: HK$19,995,000) and HK$3,993,000 (2013: HK$3,829,000) were charged to cost of production and administrative expenses respectively.

10. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Interest on bank loan and other loans wholly repayable within five years	**3,250**	5,643

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For the year ended 31 December 2014
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11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Fees	**745**	851
Other emoluments:		
Salaries, allowances and benefits in kind	**1,367**	1,566
Discretionary gratitude payment	**–**	150
Pension scheme contributions	**18**	18
	1,385	1,734
	2,130	2,585

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

	Group	
	2014	2013
	HK$'000	HK$'000
Fees		
Mr. Lam Man Sum, Albert	**180**	180
Mr. Cao Kuangyu (appointed on 16 January 2013)	**180**	173
Mr. Cheung Ka Wai (appointed on 15 March 2013)	**180**	143
Mr. Leung Man Kit (retired on 29 May 2013)	**–**	75*
Mr. Chan Kwok Wai (retired on 29 May 2013)	**–**	75*
	540	646

* The amounts excluded HK$75,000 paid by the Group as discretionary gratitude payment to each of the independent non-executive director, Mr. Leung Man Kit and Mr. Chan Kwok Wai, respectively, during the year ended 31 December 2013.

Apart from the above, there were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) EXECUTIVE DIRECTORS, A NON-EXECUTIVE DIRECTOR AND THE CHIEF EXECUTIVE

Group

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014				
Executive directors:				
Mr. Zhou Chu Jian He	**–**	**180**	**9**	**189**
Mr. Ng Man Chung, Siman (resigned on 30 June 2014)	**–**	**90**	**5**	**95**
Mr. Zhou Jianren (appointed on 7 July 2014)	**–**	**87**	**4**	**91**
Mr. Liu Zhongsheng (resigned on 15 March 2015)	**25**	**650**	**–**	**675**
Mr. Xiang Xianhong	**–**	**180**	**–**	**180**
Mr. Lei Shuguang	**–**	**180**	**–**	**180**
	25	**1,367**	**18**	**1,410**
Non-executive director:				
Mr. Jorge Edgar Jose Muñiz Ziches	**180**	**–**	**–**	**180**
	205	**1,367**	**18**	**1,590**
2013				
Executive directors:				
Mr. Zhou Chu Jian He	–	180	9	189
Mr. Ng Man Chung, Siman	–	180	9	189
Mr. Liu Zhongsheng	25	846	–	871
Mr. Xiang Xianhong	–	180	–	180
Mr. Lei Shuguang	–	180	–	180
	25	1,566	18	1,609
Non-executive director:				
Mr. Jorge Edgar Jose Muñiz Ziches	180	–	–	180
	205	1,566	18	1,789

During the years ended 31 December 2014 and 2013, Mr. Liu Zhongsheng was also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any director (2013: one director, details of whose remuneration are set out in note 11). Details of the remuneration for the year of the five (2013: remaining four) highest paid employees who are neither a director nor a chief executive of the Company are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**5,010**	3,591
Discretionary bonuses	**155**	196
Pension scheme contributions	**160**	146
	5,325	3,933

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
Nil – HK$1,000,000	**1**	2
HK$1,000,000 – HK$1,500,000	**4**	2
	5	4

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13. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Current – Hong Kong	**2,850**	799
Current – elsewhere		
Charge for the year	**3,458**	809
Over-provision in prior year	**–**	(5,853)
Deferred tax (credit)/charge	**(3,655)**	1,914
Withholding tax charge:		
– PRC	**3,824**	7,574
– Australia	**204**	75
– Ecuador	**3,144**	–
Total tax charge for the year	**9,825**	5,318

During the year ended 31 December 2013, Hunan Taiji Construction Material Company Limited ("Hunan Taiji"), a subsidiary of the Group, is recognised as a new high-tech enterprise from year 2012 to 2014 which entitled a preferential rate of 15% pursuant to the relevant approval by the tax authority. The Company is entitled to the preferential tax rate of 15% for three years with effect from 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

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13. INCOME TAX EXPENSE (continued)

The tax charge on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2013: 16.5%) as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
(Loss)/profit before tax	**(92,166)**	96,246
Tax at the statutory tax rate of 16.5% (2013: 16.5%)	**(15,207)**	15,881
Income not subject to tax	**(6,533)**	(7,655)
Expenses not deductible for tax	**19,007**	20,380
Under/(over)-provision in prior year	**812**	(5,853)
Tax losses not recognised	**466**	125
Profits attributable to a joint venture	**–**	(31,244)
Loss attributable to an associate	**1,075**	1,057
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,551**	1,385
Effect of withholding tax at 10% on the distributable profit of the Group's joint venture	**–**	3,788
Effect of withholding tax at 5% on the distributed profit of the Group's joint venture	**–**	7,574
Effect of withholding tax at 10% on the interest income from the Group's associate	**204**	75
Effect of withholding tax at 5% on the distributable profit of the Group's subsidiary in the PRC	**4,306**	832
Effect of withholding tax on funds distributed from the Group's subsidiary in Ecuador	**3,144**	–
Effect on deferred tax balances resulting from a change in tax rate	**–**	(1,027)
Tax charge at the Group's effective rate	**9,825**	5,318

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14. DIVIDENDS

	2014 **HK$'000**	2013 HK$'000
Interim dividend paid – Nil (2013: HK1 cent) per share	**–**	10,167
Final dividend proposed – Nil (2013: HK0.8 cent) per share	**–**	8,186
	–	18,353

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2014 (2013: HK0.8 cent per share).

During the year ended 31 December 2014, the final dividend in respect of the financial year ended 31 December 2013 of HK0.8 cent per share, totaling approximately HK$8,186,000 was paid to shareholders of the Company.

15. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated (loss)/profit attributable to owners of the Company for the year ended 31 December 2014 includes a loss of approximately HK$18,434,000 (2013: HK$25,031,000) which has been dealt with in the financial statements of the Company (note 40(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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16. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,022,721,430 (2013: 1,016,822,762) in issue during the year.

The calculation of diluted (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Group	
	2014 **HK$'000**	2013 HK$'000 (Restated)
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(104,923)**	79,361

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**1,022,721,430**	1,016,822,762
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	21,579,513
	1,022,721,430	1,038,402,275

The computation of diluted loss per share for the year ended 31 December 2014 did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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17. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold Land* HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery# HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2014							
At 31 December 2013 and 1 January 2014							
Cost	3,972	129,179	4,040	177,797	3,656	11,758	330,402
Accumulated depreciation	–	(20,901)	(914)	(79,661)	(2,713)	(4,458)	(108,647)
Net carrying amount	3,972	108,278	3,126	98,136	943	7,300	221,755
At 1 January 2014, net of accumulated depreciation	3,972	108,278	3,126	98,136	943	7,300	221,755
Additions	–	14	8,171	2,804	1,895	799	13,683
Depreciation provided for the year	–	(4,195)	(118)	(19,427)	(567)	(1,848)	(26,155)
Exchange realignment	(182)	(3,080)	(411)	(2,444)	(40)	(127)	(6,284)
At 31 December 2014, net of accumulated depreciation	3,790	101,017	10,768	79,069	2,231	6,124	202,999
At 31 December 2014							
Cost	3,790	125,516	11,767	175,987	5,418	12,317	334,795
Accumulated depreciation	–	(24,499)	(999)	(96,918)	(3,187)	(6,193)	(131,796)
Net carrying amount	3,790	101,017	10,768	79,069	2,231	6,124	202,999

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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17. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Freehold Land* HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery# HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2013							
At 31 December 2012 and 1 January 2013							
Cost	7,050	131,318	3,230	164,517	3,657	8,971	318,743
Accumulated depreciation	–	(16,798)	(798)	(60,449)	(2,336)	(2,770)	(83,151)
Net carrying amount	7,050	114,520	2,432	104,068	1,321	6,201	235,592
At 1 January 2013, net of accumulated depreciation	7,050	114,520	2,432	104,068	1,321	6,201	235,592
Additions	–	435	1,820	9,198	155	2,589	14,197
Acquisition of subsidiaries	–	–	–	–	14	268	282
Disposals	–	–	–	–	(15)	–	(15)
Depreciation provided for the year	–	(4,187)	(124)	(17,363)	(467)	(1,683)	(23,824)
Transfer to properties under development for sale	(2,581)	(2,512)	(750)	–	–	–	(5,843)
Exchange realignment	(497)	22	(252)	2,233	(65)	(75)	1,366
At 31 December 2013, net of accumulated depreciation	3,972	108,278	3,126	98,136	943	7,300	221,755
At 31 December 2013							
Cost	3,972	129,179	4,040	177,797	3,656	11,758	330,402
Accumulated depreciation	–	(20,901)	(914)	(79,661)	(2,713)	(4,458)	(108,647)
Net carrying amount	3,972	108,278	3,126	98,136	943	7,300	221,755

* Located outside Hong Kong.

\# The net carrying amount includes property, plant and equipment of approximately HK$8,806,000 relating to exploration and evaluation activities of the Group as at 31 December 2014 (2013: HK$9,088,000).

Note:

Amongst the depreciation provided for the year ended 31 December 2014 of approximately HK$26,155,000 (2013: HK$23,824,000), approximately HK$2,264,000 (2013: nil), HK$19,898,000 (2013: 19,995,000) and HK$3,993,000 (2013: 3,829,000) were capitalised in exploration and evaluation assets, charged to cost of production and charged to administrative expenses respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
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17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicle HK$'000	Office equipment HK$'000	Total HK$'000
31 December 2014			
At 31 December 2013 and 1 January 2014			
Cost	640	356	996
Accumulated depreciation	(89)	(257)	(346)
Net carrying amount	551	99	650
At 1 January 2014, net of accumulated depreciation	551	99	650
Additions	–	869	869
Depreciation provided for the year	(107)	(141)	(248)
At 31 December 2014, net of accumulated depreciation	444	827	1,271
At 31 December 2014			
Cost	640	1,225	1,865
Accumulated depreciation	(196)	(398)	(594)
Net carrying amount	444	827	1,271

NOTES TO THE FINANCIAL STATEMENTS

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company (continued)

	Motor vehicle HK$'000	Office equipment HK$'000	Total HK$'000
31 December 2013			
At 31 December 2012 and 1 January 2013			
Cost	–	326	326
Accumulated depreciation	–	(206)	(206)
Net carrying amount	–	120	120
At 1 January 2013, net of accumulated depreciation	–	120	120
Additions	640	30	670
Depreciation provided for the year	(89)	(51)	(140)
At 31 December 2013, net of accumulated depreciation	551	99	650
At 31 December 2013			
Cost	640	356	996
Accumulated depreciation	(89)	(257)	(346)
Net carrying amount	551	99	650

NOTES TO THE FINANCIAL STATEMENTS

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18. INVESTMENT PROPERTIES

Group

	2014 **HK$'000**	2013 HK$'000
Carrying amount at 1 January	**187,321**	47,765
Acquisition of subsidiaries (note 41)	**–**	121,008
Disposal	**(130,704)**	–
Net gain from fair value adjustment	**6,610**	17,246
Exchange realignment	**(634)**	1,302
Carrying amount at 31 December	**62,593**	187,321

The carrying amount of investment properties shown above comprises:

	2014 **HK$'000**	2013 HK$'000
Held under medium-term lease in the PRC	**62,593**	56,617
Freehold land in Ecuador	**–**	130,704
	62,593	187,321

The Group's investment properties were revalued on 31 December 2014 by RHL Appraisal Limited, independent professional qualified valuer, on an open market value basis by direct comparison method with the major input as the price per unit on floor area. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a) to the financial statements.

Further particulars of the Group's investment properties are included on page 154 of this annual report.

FAIR VALUE HIERARCHY

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2014 using

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**62,593**	**–**	**62,593**

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18. INVESTMENT PROPERTIES (continued)

FAIR VALUE HIERARCHY (continued)

Fair value measurement as at 31 December 2013 using

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	187,321	–	187,321

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

	Fair value hierarchy	**Valuation techniques**
At 31 December 2014		
Commercial properties in Beijing, PRC	Level 2	Direct comparison method based on the principle substitution. Comparison is made on prices realised on actual sales and/or asking prices of comparable properties
At 31 December 2013		
Commercial properties in Beijing, PRC	Level 2	Direct comparison method based on the principle substitution. Comparison is made on prices realised on actual sales and/or asking prices of comparable properties.
Commercial properties in Ecuador	Level 2	Direct comparison method based on the principle substitution. Comparison is made on prices realised on actual sales and/or asking prices of comparable properties.

As at 31 December 2014 and 2013, all of the Group's investment properties in the PRC are for commercial purpose either for capital appreciation or for earning rentals.

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18. INVESTMENT PROPERTIES (continued)

Profit Land Property Development PROLANDPRO S.A., an indirect wholly-owned subsidiary of the Company ("Profit Land") completed the acquisition of a parcel of land in Ecuador in March 2013 initially for property development purposes. In September 2013, an Ecuadorian government authority initiated land expropriation procedures for the reasons of public utility and national interest under the Ecuadorian laws. However, the Group rejected its initial offer because the management of the Group considered the offer was far below the market value of the land. In late 2013, a request for the land revaluation was lodged by the Group to the court in Ecuador. In July 2014, the court in Ecuador formally issued the ruling that it rebutted the request from Profit Land for land revaluation and reaffirmed the initial compensation of approximately USD8,725,240 offered by the Ecuadorian government authority. Profit Land submitted a request for clarification on the ruling to the court in Ecuador but it was subsequently rejected in the year 2014. Profit Land formally filed the appeal against the court ruling in Ecuador in July 2014 but withdrew in August 2014 on the basis of the legal opinions from solicitors in Ecuador that it was highly unlikely to succeed in the said appeal. Profit Land subsequently received the compensation in October 2014. In this regard, the Group recorded a loss on disposal of its investment properties in Ecuador of approximately HK$62,822,000 for the year ended 31 December 2014 with respect of the land expropriation.

19. PREPAID LAND LEASE PAYMENTS

Group

	2014 **HK$'000**	2013 HK$'000
Carrying amount at 1 January	**24,547**	24,450
Recognised during the year (note 9)	**(561)**	(563)
Exchange realignment	**(554)**	660
Carrying amount at 31 December	**23,432**	24,547

The leasehold land is held under medium term leases and is situated in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

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20. OTHER INTANGIBLE ASSETS

Group

	Supplier contract HK$'000 (Note (i))	Exploration and evaluation assets HK$'000 (Note (ii))	Total HK$'000
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	**127,127**	**16,401**	**143,528**
Additions	**–**	**12,542**	**12,542**
Amortisation provided during the year	**(12,931)**	**–**	**(12,931)**
Exchange realignment	**(2,970)**	**(1,172)**	**(4,142)**
At 31 December 2014	**111,226**	**27,771**	**138,997**
At 31 December 2014			
Cost	**182,881**	**27,771**	**210,652**
Accumulated amortisation	**(71,655)**	**–**	**(71,655)**
Net carrying amount	**111,226**	**27,771**	**138,997**
31 December 2013			
Cost at 1 January 2013, net of accumulated amortisation	136,331	15,717	152,048
Additions	–	2,151	2,151
Amortisation provided during the year	(12,950)	–	(12,950)
Exchange realignment	3,746	(1,467)	2,279
At 31 December 2013	127,127	16,401	143,528
At 31 December 2013			
Cost	187,402	16,401	203,803
Accumulated amortisation	(60,275)	–	(60,275)
Net carrying amount	127,127	16,401	143,528

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20. OTHER INTANGIBLE ASSETS (continued)

Notes:

(i) The amount of supplier contract represents the fair value of the materials supply agreement embedded in the joint venture agreement dated 30 June 2006 regarding the establishment of Hunan Taiji entered into between the joint venturers, namely Junefield (Building Material) Limited and 漣源鋼鐵集團有限公司 (Lianyuan Steel Group Limited) ("Lianyuan Steel"), upon the acquisition of Junefield (Building Material) Limited and its subsidiary, Hunan Taiji, by the Group on 22 May 2009. 華菱漣源鋼鐵有限公司 (Hualing Steel Company Limited) ("Hualing Steel"), a company established in the PRC, is a steel products manufacturer and is effectively owned as to more than 30% by the holding company of Lianyuan Steel. Pursuant to the joint venture agreement mentioned above, Lianyuan Steel is responsible to guarantee the supply of raw materials required by Hunan Taiji and to procure Hualing Steel to supply granulated steel slag to Hunan Taiji at prescribed unit price for a period of 15 years from the date of commencement of operation of Hunan Taiji.

The above intangible asset has definite useful live and is amortised on a straight-line basis over the estimated useful life of 14 years. After the assessment of the directors, there is no impairment loss recognised (2013: Nil) for the year ended 31 December 2014.

(ii) The exploration and evaluation assets mainly represent the cost of acquisition of the exploration licences related to coal mines in Peru, which are under the exploration and evaluation stage as at 31 December 2014, with a carrying value of approximately HK$27,771,000 (2013: HK$16,401,000). These assets are not subject to amortisation until they are placed in use.

At the end of the reporting period, the directors have assessed whether there is any indication that these exploration and evaluation assets may be impaired. The directors have concluded that there is no impairment indication.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 **HK$'000**	2013 HK$'000
Unlisted shares, at cost	**182,079**	182,079
Capital contribution in respect of employee share-based compensation	**2,016**	2,016
	184,095	184,095
Impairment for unlisted shares	**(182,079)**	(182,079)
	2,016	2,016

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21. INVESTMENTS IN SUBSIDIARIES (continued)

The amounts due from subsidiaries included in the Company's current assets are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Huaxia Group Limited	British Virgin Islands ("BVI")	USD50,000	100	Investment holding
Junefield Energy Holdings Limited	BVI	USD1	100	Investment holding
Indirectly held				
Best Yield Corporation Limited	Hong Kong	HK$1	100	Securities investments
Compania Minera Caminante S.A.C.	Peru	Soles10,000	100	Mining exploration
Ever Park Development Limited	Hong Kong	HK$2	100	Property investment
Golden Talent Development Limited	Hong Kong	HK$1	100	Property investment
Grade Honor Investments Limited	BVI	USD1	100	Investment holding
Huaxia Investment Worldwide Limited	Hong Kong	HK$100	100	Investment holding
Hudson International Hong Kong Limited	Hong Kong	HK$2	100	Investment holding
Hunan Taiji (Note (i))	PRC	USD11,000,000	60	Manufacture and sale of construction materials
International Management Company Limited ("IMC")	Hong Kong	HK$1,500,000	100	Investment holding
Junefield (Building Material) Limited	Hong Kong	HK$2	100	Investment holding

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21. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (continued)				
Junefield High Value Metals Investments Limited ("JHVM")	Hong Kong	HK$10,000	100	Securities investments
Junefield Metal Development S.A.C.	Peru	Soles28,000	100	Trading of mineral concentrates
Like Top Corporation Limited	Hong Kong	HK$1	100	Trading of mineral concentrates
Link Wide Corporation Limited	Hong Kong	HK$1	100	Investment holding
Lima Junefield Plaza S.A.C.	Peru	Soles7,848,316	100	Promotion and development of real estate projects
Minera RC S.A.C.	Peru	Soles10,000	100	Mining exploration
Mining Coal Corporation S.A.C.	Peru	Soles10,000	100	Mining exploration
Profit Land	Ecuador	USD800	100	Promotion and development of real estate projects
Talent Note Limited	BVI	USD3	100	Investment holding
Top Honor Investment Development Limited	Hong Kong	HK$1	100	Trading
Wuhan Huaxin Management Limited ("WHM") (Note (i))	PRC	RMB3,000,000	51	Property management
莊勝(北京)房地產經紀有限公司 (Junefield (Beijing) Property Agency Co., Ltd.) (Note (ii))	PRC	USD100,000	100	Property agency

Notes:

(i) The subsidiaries are registered as contractual joint ventures under the PRC law.

(ii) The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC law.

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21. INVESTMENTS IN SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities to these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ registration	Number of subsidiaries	
		2014	2013
Investment holding	Hong Kong	**8**	8
Investment holding	BVI	**16**	16
Dormant	Hong Kong	**7**	7
Dormant	Peru	**1**	2
Dormant	Colombia	**1**	1
		33	34

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of registration and principal place of business	Proportion of ownership interests held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Hunan Taiji	PRC	**40%**	40%	**1,989**	10,891	**98,466**	160,380
Individually immaterial subsidiary with non-controlling interest						**(3,903)**	(4,892)
						94,563	155,488

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21. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hunan Taiji

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Current assets	**44,616**	137,912
Non-current assets	**280,133**	321,495
Current liabilities	**(48,762)**	(25,974)
Non-current liabilities	**(27,806)**	(30,467)

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Revenue	**86,452**	106,258
Other income and gains	**1,018**	1,828
Expense	**(82,498)**	(80,857)
Profit for the year	**4,972**	27,229
Other comprehensive (expense)/income for the year	**(13,079)**	10,982
Total comprehensive (expense)/income for the year	**(8,107)**	38,211
Dividend paid to a non-controlling interest	**(50,378)**	–
Net cash inflow from operating activities	**34,113**	49,607
Net cash inflow/(outflow) from investing activities	**48,710**	(48,829)
Net cash outflow from financing activities	**(126,852)**	–
Net (decrease)/increase in cash and cash equivalents	**(44,029)**	778

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22. INVESTMENT IN A JOINT VENTURE

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Share of net assets	**–**	225,832

Particulars of the Group's joint venture at 31 December 2013 were as follows:

Name	Particulars of registered capital held	Place of registration and operations	Percentage of ownership interest and profit sharing attributable to the Group	Principal activities
WPM	USD10,290,000	PRC	49	Operation and management of a department store

The amount due from a joint venture at 31 December 2013 of approximately HK$162,000 was unsecured, interest-free and has no fixed terms of repayment.

WPM, which was considered a material joint venture of the Group, had operation and management of a department store in the PRC and was accounted for using the equity method for the year ended 31 December 2013.

WPM was an equity joint venture company established by IMC, an indirectly held subsidiary of the Company, and Wuhan Department Store Group Co., Ltd. (the "PRC Partner") for a period of 20 years commencing from 29 December 1993. The registered capital of WPM amounted to USD21,000,000.

WPM was equity-accounted for up to 31 October 2013 in the consolidated financial statements of the Group for the year ended 31 December 2013, which were approved and authorised for issue by the board of directors on 31 March 2014. In early 2015, the management financial statements of WPM for the year ended 31 December 2013 were made available to the management of the Group and, consequently, the directors of the Company have restated the comparative information for the year ended 31 December 2013 in the current year's consolidated financial statements for the effect of equity-accounting for the results of WPM from 1 November 2013 to 31 December 2013. The restated carrying amount and restated share of results of WPM are approximately HK$225,832,000 and HK$189,358,000, respectively.

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22. INVESTMENT IN A JOINT VENTURE (continued)

In November 2013, IMC submitted an application for arbitration at the PRC Arbitration Commission, inter alia, requesting for rulings against the PRC Partner of its joint venture to extend the term of joint venture to a date no earlier than 28 September 2016 and to procure and assist the joint venture in making any ancillary applications and obtaining such approvals. In December 2013, IMC received a notice of dissolution from the PRC Partner requesting for discussion of the formation of a dissolution committee of WPM.

In August 2014, the Group withdrew the arbitration for rulings against the PRC Partner to extend the term of the joint venture agreement of WPM. The Group considered that the joint controls of both parties stipulated under WPM's joint venture agreement has been no longer existed, the investment in WPM was previously classified as investment in joint venture in prior years and thereafter was reclassified as investment in associate in the consolidated financial statements for the year ended 31 December 2014 accordingly. Details of WPM for the year ended 31 December 2014 are included in note 23(b) to the financial statements.

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23. INVESTMENTS IN ASSOCIATES

	Group	
	2014	2013
	HK$'000	HK$'000
Listed investments in Australia		
– Latin Resources Limited (Note (a))	**6,867**	22,619
Unlisted investments in PRC		
– WPM (Note (b))	**225,832**	–
	232,699	22,619

Particulars of the Group's associates at 31 December 2014 are as follows:

(a) LATIN RESOURCES LIMITED ("LRS")

	Group	
	2014	2013
	HK$'000	HK$'000
Cost of investment		
– Listed in Australia	**59,719**	59,609
Share of post-acquisition loss and other comprehensive income, net of dividend received	**(8,743)**	(4,032)
	50,976	55,577
Less: impairment loss recognised	**(44,109)**	(32,958)
	6,867	22,619
Market value of listed shares in Australia	**6,867**	22,619

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23. INVESTMENTS IN ASSOCIATES (continued)

(a) LATIN RESOURCES LIMITED ("LRS") (continued)

Particulars of LRS at 31 December 2014 are as follows:

Name	Particulars of issued shares held	Place of incorporation and operations	Percentage of ownership attributable to the Group	Principal activities
LRS*	47,139,797 ordinary shares	Australia	14.71	Exploration and evaluation of mining projects in Peru and Brazil

* LRS was not audited by HLB Hodgson Impey Cheng Limited or another member firm of the HLB global network.

LRS is a company listed on the ASX Limited. The Group's shareholding in LRS is held through a wholly-owned subsidiary of the Company.

During the year ended 31 December 2014, the Group further subscribed 394,737 fully paid ordinary shares of LRS at a total cash consideration of approximately HK$110,000 by placement. The Group then held 47,139,797 fully paid ordinary shares of LRS, representing 14.71% of its issued share capital as at 31 December 2014. Mr. Liu Zhongsheng (director and chief executive of the Group) was acting as non-executive director of LRS during the year ended 31 December 2014 (appointed in June 2013). Although the Group holds less than 20% of the ownership interest and voting control of LRS, the Group has the ability to exercise significant influence through both its shareholding and its nominated director's participation on the board of directors in LRS. The Group reclassified the investments in LRS from available-for-sale investments to investment in an associate during the year ended 31 December 2013.

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23. INVESTMENTS IN ASSOCIATES (continued)

(a) LATIN RESOURCES LIMITED ("LRS") (continued)

The closing price of LRS as at 31 December 2014 was AUD0.023 per share. Since there was a significant decline of the market value of the listed associate at the end of the reporting period, the management carried out impairment review on the carrying amount of its interest in the listed associate as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to disposal), and impairment loss of approximately HK$11,151,000 (2013: HK$32,958,000) is recognised in the consolidated statement of profit or loss for the year ended 31 December 2014. Approximately HK$392,000 of loss on dilution of interest in associate was included in the amount of impairment loss during the year ended 31 December 2014.

On 21 August 2013, JHVM, an indirect wholly-owned subsidiary of the Company, entered into a converting loan agreement (the "Converting Loan Agreement") with its associate, LRS, pursuant to which JHVM has agreed to advance a loan of AUD2,500,000 to LRS, and in return, LRS agreed to issue to JHVM a convertible note in the principal of AUD2,500,000 (the "Convertible Note") upon completion of the Converting Loan Agreement. The conditions precedent under the Converting Loan Agreement have been fulfilled and completion of the subscription of the Convertible Note has taken place on 30 October 2013. Further details of the Convertible Note are disclosed in note 25.

LRS, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the exploration and evaluation of mining projects in Peru and Brazil and is accounted for using the equity method.

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23. INVESTMENTS IN ASSOCIATES (continued)

(a) LATIN RESOURCES LIMITED ("LRS") (continued)

The following table illustrates the summarised financial information of LRS adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	At 31 December	
	2014	2013
	HK$'000	HK$'000
Current assets	**5,204**	22,615
Non-current assets	**178,624**	187,492
Current liabilities	**(41,937)**	(25,589)
Non-current liabilities	**(69,357)**	(79,886)
Net assets	**72,534**	104,632
Proportion of the Group's ownership	**14.71%**	20.35%
Carrying amount of the investment	**6,867**	22,619

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Revenue	**939**	10,418
Loss for the period	**(36,915)**	(31,472)
Other comprehensive income	**7,348**	11,664
Total comprehensive expense for the year	**(29,567)**	(19,808)
Dividend received	**–**	–

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23. INVESTMENTS IN ASSOCIATES (continued)

(b) WPM

	Group	
	2014	2013
	HK$'000	HK$'000
Share of net assets	**225,832**	–

WPM was a former joint venture of the Group and reclassified as investment in associate since the joint controls of both parties stipulated under WPM's joint venture agreement has been no longer existed. Further details are set out in note 22 to the financial statements.

Particulars of WPM at 31 December 2014 are as follows:

Name	Particulars of registered capital held	Place of registration and operations	Percentage of ownership interest and profit sharing attributable to the Group	Principal activities
WPM	USD10,290,000	PRC	49	Operation and management of a department store

During the year ended 31 December 2014, no share of result of WPM was recognised in the consolidated statement of profit or loss and is accounted for using the equity method. The PRC business licence of WPM expired on 29 December 2013 and it will proceed to a mandatory dissolution. Details of the mandatory dissolution are set out in note 46(b) to the financial statements.

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24. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Unlisted equity investment, at cost (Note)	**31,642**	31,642
Impairment	**(31,642)**	(31,642)
	–	–

Note:

The investment in equity securities, which is classified as an available-for-sale financial asset, has no fixed maturity date or coupon rate. The PRC business licence of Wuhan Huaxin Real-Estate Co., Ltd. has expired on 4 September 2007. The unlisted equity investment was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

25. CONVERTIBLE NOTE

In October 2013, an indirect wholly-owned subsidiary of the Company, JHVM subscribed for the Convertible Note issued by LRS under the Converting Loan Agreement with a principal of AUD2,500,000 at a coupon rate of 12% per annum. The Convertible Note will mature on 31 July 2015 at its principal amount or can be converted into shares of LRS at the Group's option at rate of AUD0.07 per share. The Convertible Note are issued to JHVM on 30 October 2013 subject to the terms and conditions as set out in the Converting Loan Agreement.

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25. CONVERTIBLE NOTE (continued)

Group

The movements in loan receivable component and conversion option component of convertible note during the year are as follows:

Loan receivable component

	HK$'000
Initial recognition on 30 October 2013	15,740
Less: Interest received	(352)
Add: Effective interest income	574
Exchange realignment	(1,062)
At 31 December 2013 and 1 January 2014	**14,900**
Less: Interest received	**(2,041)**
Add: Effective interest income	**3,444**
Exchange realignment	**(1,329)**
At 31 December 2014	**14,974**

The convertible note – loan receivable component has an effective interest rate of 22.29% per annum.

Conversion option component

	HK$'000
Initial recognition on 30 October 2013	2,692
Changes in fair value credited to profit or loss	3,083
At 31 December 2013 and 1 January 2014	**5,775**
Changes in fair value charged to profit or loss	**(5,771)**
At 31 December 2014	**4**

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25. CONVERTIBLE NOTE (continued)

Conversion option component (continued)

The fair value of the Convertible Note of approximately AUD2,500,000 (equivalent to approximately HK$18,432,000) was valued by an independent valuer as at 30 October 2013. The Convertible Note comprises a loan receivable component and an option component recognised at fair value through profit or loss. The fair value of the conversion option component was valued by using Binomial Option Pricing Model. The residual amount, representing the value of the loan receivable component, is carried at amortised cost.

The major inputs used in the Binomial Option Pricing Model are stock price, risk-free rates, expected volatility and expected dividend yield. The stock price is the share price of LRS as of the valuation dates. The risk-free rates were based on Australia Sovereign Bonds yields as at the valuation dates. The expected volatility were based on historical volatilities of comparable companies' share prices as at the valuation dates. The expected dividend yield were based on historical dividend trend and expected future dividend policy.

Any changes in the major inputs into the model will result in changes in the fair value of the conversion option component of the Convertible Note.

26. PROPERTIES UNDER DEVELOPMENT FOR SALE

	Group	
	2014	2013
	HK$'000	HK$'000
In Peru	**26,305**	25,409

During the year ended 31 December 2013, approximately HK$5,843,000 was transferred from property, plant and equipment to properties under development for sale.

Further particulars of the Group's properties under development for sale are included on page 155 of this annual report.

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27. INVENTORIES

	Group	
	2014	2013
	HK$'000	HK$'000
Raw materials and consumables	**2,422**	2,565
Finished goods	**47,936**	38,309
	50,358	40,874

28. ACCOUNTS RECEIVABLE

	Group	
	2014	2013
	HK$'000	HK$'000
Accounts receivable	**16,624**	18,018
Impairment	**(59)**	(141)
	16,565	17,877

Accounts receivable are usually due immediately from the date of billing. Payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and overdue balances which are reviewed regularly by senior management to minimise credit risk. Accounts receivable are non-interest-bearing and mainly denominated in RMB and USD.

The credit period is generally 1 month, extending up to 2 months for certain customers from property management and agency services of the Group.

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28. ACCOUNTS RECEIVABLE (continued)

An aged analysis of the Group's accounts receivable as at the end of the reporting period, based on invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**5,959**	6,162
1 to 3 months	**6,333**	8,782
Over 3 months	**4,332**	3,074
	16,624	18,018
Impairment	**(59)**	(141)
	16,565	17,877

The movements in provision for impairment of accounts receivable are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**141**	269
Impairment losses reversed	**(79)**	(133)
Exchange realignment	**(3)**	5
	59	141

The above provision for impairment of accounts receivable represents provision for individually impaired accounts receivable of approximately HK$59,000 (2013: HK$141,000). The individually impaired accounts receivable mainly relate to customers that were in financial difficulties. It was assessed that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

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28. ACCOUNTS RECEIVABLE (continued)

The aged analysis of the accounts receivable that are not considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**–**	–
Less than 1 month past due	**6,038**	6,245
1 to 3 months past due	**6,292**	8,734
Over 3 months past due	**4,235**	2,898
	16,565	17,877

Receivables that were past due but not impaired relate to certain independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**4,659**	16,109	**431**	431
Deposits	**52,475**	27,898	**134**	134
Other receivables	**13,444**	4,828	**402**	160
Loan receivables	**3,750**	3,784	**–**	–
	74,328	52,619	**967**	725
Impairment	**(4,639)**	(4,698)	**(160)**	(160)
	69,689	47,921	**807**	565

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29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements in provision for impairment of other receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**914**	910
Impairment losses reversed	**(22)**	–
Exchange realignment	**(3)**	4
At 31 December	**889**	914

The movements in provision for impairment of loan receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**3,784**	–
Impairment losses recognised	**–**	3,784
Exchange realignment	**(34)**	–
At 31 December	**3,750**	3,784

An impairment loss was made on loan receivables based on a review of outstanding amounts on regular basis when collection of the amounts is in doubt. Bad debts are written off when identified. The Group does not hold any collateral or other credit enhancements over these balances. The loan receivables as at 31 December 2014 and 2013 was denominated in RMB, bore interest at 1% per month, was secured by personal guarantee and was repayable in December 2013. The loan receivables as at 31 December 2014 and 2013 were fully impaired as the loan was past due in December 2013 and the collection of the amounts was in doubt.

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30. AMOUNTS DUE FROM RELATED COMPANIES

Name of company	Note	Highest balance outstanding during the year HK$'000	Group 2014 HK$'000	2013 HK$'000
Total Genius Iron Mining S.A.C.	(i)	186	**–**	183
Junefield Group S.A.	(i)	7,320	**4,228**	–
Ecuamining Mineral S.A.	(i)	112	**112**	–
Hualing Steel	(ii)	12,321	**11,610**	12,321
湖南漣鋼建設有限公司	(ii)	1,175	**506**	–
PRC Partner	(iii)	275	**275**	–
			16,731	12,504

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

Notes:

(i) Mr. Zhou Chu Jian He, the chairman and an executive director of the Company, has beneficial interests in Total Genius Iron Mining S.A.C., Junefield Group S.A. and Ecuamining Mineral S.A. ("Ecuamining Mineral").

(ii) Lianyuan Steel, being the holding company of the non-controlling interest of Hunan Taiji, has beneficial interests in Hualing Steel and 湖南漣鋼建設有限公司.

(iii) The PRC Partner has beneficial interests in WPM.

31. AMOUNTS DUE TO THE ULTIMATE HOLDING COMPANY/ RELATED COMPANIES/A JOINT VENTURER/AN ASSOCIATE

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

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32. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		Company	
	Note	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Listed equity investments,					
at market value:	(i)				
Hong Kong		**1,174**	3,043	**1,174**	3,043
Elsewhere		**6,531**	11,252	**–**	–
		7,705	14,295	**1,174**	3,043
Unlisted financial instruments					
at fair value:	(ii)				
PRC		**–**	48,798	**–**	–
		7,705	63,093	**1,174**	3,043

Notes:

(i) The above listed equity investments at 31 December 2014 and 2013 were classified as held for trading and recognised as financial instruments at fair value through profit or loss.

(ii) Unlisted financial instruments are measured at fair value. During the year ended 31 December 2013, the Group entered into several contracts of structured deposits with banks in the PRC. The structured deposits contain embedded derivatives which were not closely related to the host contract. The entire combined contracts have been designated as at financial assets at fair value through profit or loss on initial recognition. The principals of such financial instruments are guaranteed by the relevant banks. The expected return rate stated in the contracts ranges from 3.80% to 5.65% per annum. All of the structured deposits have been matured subsequent to the end of the reporting period in January 2014 at their principal amounts together with returns which approximated the expected return as stated in the contracts.

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33. TIME DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits	**14,643**	8,178	**–**	–
Cash and bank balances	**40,078**	77,316	**1,598**	6,208
	54,721	85,494	**1,598**	6,208

At the end of the reporting period, the time deposits and cash and bank balances of the Group denominated in RMB amounted to approximately HK$36,153,000 (2013: HK$70,808,000). The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

34. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**6,222**	3,290
1 to 3 months	**3,770**	2,109
Over 3 months	**546**	–
	10,538	5,399

Accounts payable are non-interest-bearing and are mainly denominated in RMB and USD. Included in the Group's accounts payable at 31 December 2013 was an amount due to a related company, 湖南漣鋼物流有限公司 (Lianyuan Logistics Co., Ltd.) ("Lianyuan Logistics"), of approximately HK$968,000, which was non-interest-bearing and denominates in RMB. Details of these related party transactions are set out in note 45 to the financial statements.

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35. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**19,036**	17,600	**7,937**	7,350
Business tax payable	**1,671**	1,569	**–**	–
Deposits received	**61,888**	34,510	**–**	–
Other payables	**42,387**	45,026	**1,836**	854
	124,982	98,705	**9,773**	8,204

Other payables are non-interest-bearing.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group and Company

		2014		2013	
	Note	**Maturity**	**HK$'000**	Maturity	HK$'000
Current					
Bank loan—unsecured	(i)	**N/A**	**–**	2014 – 2015 or on demand	80,912
Other loan—unsecured	(ii)	**On demand**	**6,234**	On demand	6,405
Amounts repayable within one year or on demand			**6,234**		87,317

Notes:

(i) The Group fully repaid the respective bank loan during the year ended 31 December 2014. The loan was denominated in USD, bore interest at a rate of 3% above the bank's cost of funds per annum and was repayable by 6 semi-annual installments for a term of 3 years or on demand.

(ii) The unsecured other loan is denominated in RMB, bears interest at a rate of 9.5% per annum and has no fixed terms of repayment.

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37. DEFERRED TAX

Group

The movements in the Group's deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000
At 1 January 2013	–
Deferred tax credited to the statement of profit or loss	2,158
Exchange differences	(98)
At 31 December 2013 and 1 January 2014	**2,060**
Deferred tax credited to the statement of profit or loss	**3,069**
Exchange differences	**(94)**
At 31 December 2014	**5,035**

Deferred tax liabilities

	Intangible asset HK$'000	**Revaluation of properties HK$'000**	**Withholding tax HK$'000** (Restated)	**Total HK$'000** (Restated)
At 1 January 2013	34,083	18,130	16,745	68,958
Release upon payment of withholding tax	–	–	(7,574)	(7,574)
Deferred tax (credited)/charged to statement of profit or loss	(4,532)	3,984	12,194	11,646
Exchange differences	916	111	–	1,027
At 31 December 2013 and 1 January 2014	**30,467**	**22,225**	**21,365**	**74,057**
Release upon payment of withholding tax	**–**	**–**	**(3,824)**	**(3,824)**
Deferred tax (credited)/charged to statement of profit or loss	**(1,940)**	**3,803**	**1,375**	**3,238**
Exchange differences	**(721)**	**(140)**	**–**	**(861)**
At 31 December 2014	**27,806**	**25,888**	**18,916**	**72,610**

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37. DEFERRED TAX (continued)

The Group has tax losses arising in Hong Kong of approximately HK$914,000 (2013: HK$764,000) and that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in the PRC of approximately HK$1,719,000 (2013: HK$1,351,000) that will expire in one to five years for offsetting against future taxable profits. The Group also has tax losses arising in Peru of approximately HK$2,841,000 (2013: HK$437,000) which the Group has the option to carry forward all net operating losses for 4 years or carry the losses forward indefinitely, but only up to 50% of the taxpayer's taxable income of each subsequent year. Loss carryback is not permitted. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries, joint venture and associate established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2014 and 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's certain subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute the remaining unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised totalled approximately HK$5,714,000 at 31 December 2014 (2013: HK$4,986,000).

At 31 December 2013, deferred tax has been recognised for the withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of WPM.

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38. ISSUED CAPITAL

	Number of shares		Share capital	
	2014	2013	**2014**	2013
			HK$'000	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At 31 December 2013 and 31 December 2014	**25,000,000,000**	25,000,000,000	**2,500,000**	2,500,000
Issued and fully paid:				
At 1 January	**1,019,617,967**	1,016,167,967	**101,962**	101,617
Share options exercised	**3,582,000**	3,450,000	**358**	345
At 31 December	**1,023,199,967**	1,019,617,967	**102,320**	101,962

During the year ended 31 December 2014, the subscription rights attaching to 3,582,000 share options (2013: 3,450,000 shares options) were exercised at the subscription price of HK$0.229 per share (2013: HK$0.229 per share) (note 39), resulting in the issue of 3,582,000 shares (2013: 3,450,000 shares) of HK$0.10 each for a total cash consideration, before expenses, of approximately HK$820,000 (2013: HK$790,000). An amount of approximately HK$451,000 (2013: HK$435,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

Details of the Company's share option scheme and the share options issued under the scheme are included in note 39 to the financial statements.

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39. SHARE OPTION SCHEME

A share option scheme was adopted pursuant to the written resolutions passed by the shareholders of the Company on 29 June 2009 (the "Share Option Scheme'). The Share Option Scheme became effective on 29 June 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

Eligible participants of the Share Option Scheme include (i) any full-time employees and directors (including executive directors, non-executive directors and independent non-executive directors) of the Group; (ii) any advisor or consultant to the Group, providers of goods and/or services to the Group, and any other person who, at the sole determination of the board of directors of the Company, has contributed to the Group; and (iii) the trustee of any trust whose beneficiaries or objects include any aforesaid employee or business associate.

The maximum number of share options permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

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39. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors, but shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the years ended 31 December 2013 and 2014:

	2014 Weighted average exercise price per share HK$	**2014** Number of options '000	2013 Weighted average exercise price per share HK$	2013 Number of options '000
At 1 January	**0.229**	**40,530**	0.229	43,980
Exercised during the year	**0.229**	**(3,582)**	0.229	(3,450)
Lapsed during the year	**0.229**	**(1,468)**	N/A	–
At 31 December	**0.229**	**35,480**	0.229	40,530

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2014 was HK$0.32 per share (2013: HK$0.44 per share). No share option under the Share Option Scheme was granted during the years ended 31 December 2013 and 2014.

The exercise price and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Year	**Date of grant**	**Number of options**	**Exercise price* per share HK$**	**Exercise period**
2014	**6 July 2009**	**35,480,000**	**0.229**	**6 July 2009 to 5 July 2019**
2013	6 July 2009	40,530,000	0.229	6 July 2009 to 5 July 2019

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

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39. SHARE OPTION SCHEME (continued)

The 3,582,000 (2013: 3,450,000) share options exercised during the year ended 31 December 2014 resulted in the issue of 3,582,000 (2013: 3,450,000) ordinary shares of the Company and new share capital of approximately HK$358,000 (2013: HK$345,000) and share premium of approximately HK$913,000 (2013: HK$880,000), as further detailed in note 40 to the financial statements.

At the end of the reporting period, the Company had 35,480,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 35,480,000 additional ordinary shares of the Company and additional share capital of HK$3,548,000 and share premium of approximately HK$9,047,000 (before share issue expenses).

All share options have been accounted for under HKFRS 2. The share options outstanding at the end of the reporting period had a weighted average remaining contractual life of 4.5 years (2013: 5.5 years).

At the date of approval of these financial statements, the Company had 35,480,000 share options outstanding under the Share Option Scheme, which represented approximately 3.47% of the Company's shares in issue as at that date.

40. RESERVES

(a) GROUP

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 41 of this annual report.

The Group's capital reserve represents negative goodwill arisen on acquisitions prior to 1 January 2001.

According to the Articles of Association of the PRC subsidiary of the Company which require the appropriation of 10% of its profit after tax to the statutory surplus reserve until the balance of the reserve reaches 50% of its registered capital. The transfer of the reserve must be made before distributions of dividends to owners of the Group. Statutory surplus reserve can be used for making up losses and may be converted into capital in proportion to existing owners' equity percentage, provided that the balance after such issuance is not less than 25% of its registered capital.

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40. RESERVES (continued)

(b) COMPANY

	Note	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 31 December 2012 and 1 January 2013		70,962	5,540	106,452	15,243	198,197
Total comprehensive income for the year		–	–	124,688	–	124,688
Share options exercised	38	880	(435)	–	–	445
Share issue expenses		(5)	–	–	–	(5)
Final 2012 dividend paid		–	–	–	(15,243)	(15,243)
Interim 2013 dividend paid	14	–	–	(10,167)	–	(10,167)
Proposed 2013 dividend	14	–	–	(8,186)	8,186	–
At 31 December 2013 and 1 January 2014		**71,837**	**5,105**	**212,787**	**8,186**	**297,915**
Total comprehensive expense for the year		**–**	**–**	**(18,434)**	**–**	**(18,434)**
Share options exercised	38	**913**	**(451)**	**–**	**–**	**462**
Share issue expenses		**(7)**	**–**	**–**	**–**	**(7)**
Share options lapsed		**–**	**(185)**	**185**	**–**	**–**
Final 2013 dividend paid	14	**–**	**–**	**–**	**(8,186)**	**(8,186)**
At 31 December 2014		**72,743**	**4,469**	**194,538**	**–**	**271,750**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire, lapse or be forfeited.

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41. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2013

(i) Acquisition of Mighty Comforts Limited

On 30 January 2013, Genuine Crystal Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital of Mighty Comforts Limited at a total cash consideration of USD2,841,000 (equivalent to approximately HK$22,018,000). On the same day, a subsidiary of Mighty Comforts Limited purchased a parcel of land in Ecuador from another independent third party at a consideration of USD12,500,000. Mighty Comforts Limited indirectly owned 100% benefits and interests of a parcel of land in Ecuador. The acquisition constituted a discloseable transaction under the Listing Rules. The acquisition was duly completed on 25 March 2013.

Mighty Comforts Limited owns 100% equity interests in Profit Land International Limited and Profit Land. Mighty Comforts Limited and Profit Land International Limited were companies incorporated in the BVI and Hong Kong respectively and are investment holding companies. Profit Land is principally engaged in promotion and development of real estate projects in Ecuador.

The fair values of the consolidated identifiable assets and liabilities of Mighty Comforts Limited and its subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$'000
Property, plant and equipment	36
Investment properties	121,008
Prepayments, deposits and other receivables	262
Cash and bank balances	83
Other payables and accruals	(32)
Amount due to the immediate holding company	(99,225)
Amount due to a related company	(114)
	22,018
Satisfied:	
Cash	22,018

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41. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2013 (continued)

(i) Acquisition of Mighty Comforts Limited (continued)

The Group incurred transaction costs of approximately HK$1,327,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2013.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	22,018
Cash and bank balances acquired	(83)
	21,935

Since the acquisition, Mighty Comforts Limited and its subsidiaries contributed no turnover to the Group and approximately HK$7,702,000 of net loss to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place at the beginning of the year ended 31 December 2013, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2013 would have been approximately HK$156,545,000 and approximately HK$72,317,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2013, nor is it intended to be a projection of future results.

(ii) Acquisition of Logic Run Limited

On 15 March 2013, Junefield Energy Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Junefield Mineral Resources Holdings Limited for the acquisition of the entire issued share capital of Login Run Limited at a total cash consideration of HK$284,000. Junefield Mineral Resources Holdings Limited is a related company of the Group. The acquisition was duly completed on 15 March 2013.

Logic Run Limited owns 100% equity interests in Able Field Investment Limited and Able Field Colombia S.A.S.. All of these companies are investment holding company.

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41. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2013 (continued)

(ii) Acquisition of Logic Run Limited (continued)

The fair values of the consolidated identifiable assets and liabilities of Logic Run Limited and its subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$'000
Property, plant and equipment	246
Cash and bank balances	183
Other payables and accruals	(145)
	284
Satisfied:	
Cash	284

The Group incurred transaction costs of approximately HK$1,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2013.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	284
Cash and bank balances acquired	(183)
	101

Since the acquisition, Logic Run Limited and its subsidiaries contributed no turnover to the Group and approximately HK$2,069,000 of net loss to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place at the beginning of the year ended 31 December 2013, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2013 would have been approximately HK$156,545,000 and approximately HK$56,108,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2013, nor is it intended to be a projection of future results.

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42. OPERATING LEASES ARRANGEMENTS

(a) AS LESSOR

The Group leases certain of its investment properties under operating lease arrangements, which leases negotiated for terms ranging from two to three years (2013: one to three years).

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**3,184**	1,116
In the second to fifth years, inclusive	**1,519**	1,333
	4,703	2,449

(b) AS LESSEE

The Group leases its office property under operating lease arrangements. Lease for property is negotiated for a terms of two years (2013: two years).

At 31 December 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**775**	857
In the second to fifth years, inclusive	**775**	–
	1,550	857

43. CAPITAL COMMITMENTS

As at 31 December 2014 and 2013, the Group and the Company had no significant capital commitments.

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44. OUTSTANDING LITIGATIONS

(a) In May 2011, IMC received the civil case judgment dated 5 May 2011 issued by the Intermediate People's Court of Hubei Province, Wuhan City, the PRC（中國湖北省武漢市中級人民法院）(the "Intermediate Court"), pursuant to which it accepted the plaintiff's application to withdraw its claim against IMC and a former subsidiary of the Group for an outstanding investment fund of RMB20 million together with the interests of RMB21.63 million due to seeking for new evidence by the plaintiff. In September 2012, IMC further exchanged evidence in court. Up to the date of this annual report, there is no further update from the Intermediate Court.

Based on the legal opinion of the Group's PRC legal advisors, the directors of the Company are of the opinion that the action can be successfully defended and therefore no provision has been made in the financial statements.

(b) In 2011, WHM received a civil case judgment issued by the People's Court of Jianhan District, Wuhan City, Hubei Province, the PRC（中國湖北省武漢市江漢區人民法院）(the "PRC Court"), pursuant to which the PRC Court mandatorily enforced WHM to repay certain claimants against Wuhan Huaxin Real Estate Co., Ltd. ("WHRED", the Group's available-for-sale investment) amounted to RMB11,660,173 (equivalent to approximately HK$14,020,000) and executed to debit the sums directly from WHM's bank account. WHM has already filed a written objection with the PRC Court to challenge against both the judgement and the mandatory execution for the reason that WHM was not a directly related company to WHRED.

Based on the legal opinion from the Group's PRC legal advisors, the directors of the Company are of the opinion that WHM should not be liable for any repayment liabilities incurred by WHRED since both WHM and WHRED are separate entities under the PRC law and should not have any joint and several liabilities. Therefore, WHM should have the right to claim against the PRC Court for refund of the full amount. Up to the date of this annual report, there is no further update from the PRC Court.

(c) On 31 December 2013, the PRC Partner unilaterally terminated the 20-year lease agreement which was signed in 1995 and would expire on 28 September 2016, and took possession of the property and arranged its related company to take over WPM's employees and consignment operators and continued operation in the property since 1 January 2014. IMC considered that the acts of the PRC Partner have jeopardised the legitimate interests of the joint venture and IMC. On 27 December 2013, IMC submitted an application for relief to the Higher People's Court of Hubei Province, the PRC (the "Higher Court") which has been accepted. Up to the date of this annual report, there is no further update from the Higher Court.

Based on the legal opinion of the Group's PRC legal advisors, the directors of the Company are of the opinion that the outcomes of the rulings of the litigations are uncertain.

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45. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

		Group	
		2014	2013
	Note	**HK$'000**	HK$'000
Commission charged by Ecuamining Mineral	(i)	**3,720**	–
Property management fee charged to PRC Partner	(ii)	**3,323**	–
Property management fee received from WPM	(ii)	**–**	3,328
Purchases from Hualing Steel	(iii)	**2,078**	2,652
Logistics services fee charged by Lianyuan Logistics	(iv)	**4,712**	5,628
Rental expenses paid to the ultimate holding company	(v)	**857**	857
Rental income from Beijing Junefield Sogo Department Store	(vi)	**–**	535

Notes:

(i) On 20 January 2014, Like Top Corporation Limited, an indirect wholly owned subsidiary of the Company, entered into the exclusive sourcing agent agreement to appoint Ecuamining Mineral, as its exclusive sourcing agent of mineral concentrates or its related products in Ecuador for a term of two years. Ecuamining Mineral is a company incorporated in Ecuador and is ultimately owned as to 100% by Mr. Zhou Chu Jian He, the chairman and an executive director of the Company.

(ii) The Group provided property management services to WPM. However, the term of the joint venture agreement of WPM expired on 29 December 2013. The Group has initiated legal actions against the PRC Partner, inter alia, requesting for rulings on the extension of the term of the joint venture to such a date no earlier than 28 September 2016 (notes 22 and 46(b)). On 31 December 2013, the PRC Partner unilaterally terminated the 20-year lease agreement and took possession of the property and arranged its related company to takeover WPM's employees and consignment operators and continued operation in the property since 1 January 2014 (note 44(c)). The property management services fees were charged to the PRC Partner during year ended 31 December 2014.

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45. RELATED PARTY TRANSACTIONS (continued)

(a) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (continued)

Notes: (continued)

(iii) Pursuant to the joint venture agreement dated 30 June 2006, the minority shareholder of Hunan Taiji procured Hualing Steel to enter into the materials supply agreement with Hunan Taiji to supply granulated steel slag to Hunan Taiji at a unit price of RMB4 per ton (Value Added Tax (VAT) inclusive). The unit material price was determined at the time of entering into the joint venture agreement to establish Hunan Taiji.

(iv) Lianyuan Steel, being the holding company of the minority shareholder of Hunan Taiji, has beneficial interests in Lianyuan Logistics. Pursuant to the logistics services agreement in relation to the transportation of granulated steel slag, the logistics services fee was determined on an annual basis between Hunan Taiji and Lianyuan Logistics with reference to the prevailing market price of similar transportation services.

(v) Rental expenses paid to the ultimate holding company, the monthly rentals were mutually agreed between the contracting parties.

(vi) Rental expenses received from Beijing Junefield Sogo Department Store, the monthly rentals were mutually agreed between the contracting parties. Beijing Junefield Sogo Department Store is a company of which Mr. Zhou Chu Jian He, the chairman and an executive director of the Company, has control over its operations and financial activities.

The related party transactions in respect of items (i), (iii) and (iv) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	Group	
	2014	2013
	HK$'000	HK$'000
Short term employee benefits	**2,112**	2,567
Post-employment benefits	**18**	18
Total compensation paid to key management personnel	**2,130**	2,585

The above related party transactions do not constitute connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

46. EVENTS AFTER THE REPORTING PERIOD

(a) In October 2013, Junefield (Building Material) Limited (an indirectly wholly-owned subsidiary of the Company) filed an application for arbitration proceedings at the China Arbitration Commission against the minority shareholder of Hunan Taiji for, inter alia, failing to procure the supply of the requested amount of granulated steel slag under the joint venture agreement and claims for the minority shareholder of Hunan Taiji to continue to honour its obligations by supplying granulated steel slag until the end of its term and damages arising from breach of the joint venture agreement. On 5 January 2015, the Group received a ruling from the China Arbitration Commission, pursuant to that the minority shareholder of Hunan Taiji shall continue to honour its obligations by procuring the stipulated quantity of supply in accordance with the joint venture agreement until the end of its term and it is also liable to pay the Group a compensation of approximately RMB13,850,000 (equivalent to approximately HK$17,312,000) for the damages arisen from the shortfall in supply for the period from 1 January 2011 to 31 August 2013. The above compensation will be reflected in the Group's consolidated financial statements for the year ending 31 December 2015.

(b) On 24 March 2015, IMC received from the Group's PRC legal advisors a civil ruling（民事裁定書）issued on 16 January 2015 by the Intermediate Court on the application submitted by the PRC Partner in January 2014 requesting for mandatory dissolution of WPM provided that there was no voluntary dissolution proceeded under the joint venture agreement of WPM following its term expired on 29 December 2013, the Intermediate Court ruled that it agreed to proceed with the dissolution. As advised by the Group's PRC legal advisors, the said ruling is final and conclusive.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2015.

PARTICULARS OF INVESTMENT PROPERTIES

Details of the Group's investment properties as at 31 December 2014 are as follows:

Location	Gross floor area	Category of the lease	Use
Units 708, 731, 732, 734, 735, 1132, 1510 and 1516 of Tower 1 Junefield Plaza, No. 6 Xuan Wu Men Wai Dajie, Xuan Wu District, Beijing, the PRC	Approximately 745 sq.m.	Land use rights for a term expired on 21 February 2044	Commercial
Office Units 725-729 on Level 7 and 917 on Level 9 of Tower 2, Junefield Plaza No. 10 Xuan Wu Men Wai Dajie, Xuan Wu District, Beijing, the PRC	Approximately 744 sq.m.	Land use rights for a term expired on 21 March 2044	Commercial

PARTICULARS OF PROPERTIES UNDER DEVELOPMENT FOR SALE

Details of the Group's properties under development for sale as at 31 December 2014 are as follows:

Name of property and location	Intended use	Stage of completion	Expected year of completion	Approximate site area sq.m.	Approximate gross floor area sq.m.	Group's interest
Calle Los Cisnes 361-365 Urb. Limatambo, San Isidro, Lima, Peru	Residential	Construction-in-progress	2015	4,200	3,500	100%

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000	HK$'000
REVENUE	**354,757**	156,545	208,508	261,780	213,070
Operating (loss)/profit	**(82,403)**	(81,063)	59,170	64,725	45,337
Finance costs	**(3,250)**	(5,643)	(1,297)	(8,401)	(7,943)
Gain on disposal of subsidiaries	**–**	–	–	–	165
Share of profit of a joint venture	**–**	189,358	146,464	137,829	96,980
Share of loss of an associate	**(6,513)**	(6,406)	–	–	–
(Loss)/profit before tax	**(92,166)**	96,246	204,337	194,153	134,539
Income tax expense	**(9,825)**	(5,318)	(19,472)	(30,826)	(15,013)
(Loss)/profit for the year	**(101,991)**	90,928	184,865	163,327	119,526
Attributable to:					
Owners of the Company	**(104,923)**	79,361	165,324	140,144	104,903
Non-controlling interests	**2,932**	11,567	19,541	23,183	14,623
	(101,991)	90,928	184,865	163,327	119,526

ASSETS AND LIABILITIES

	At 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000	HK$'000
Total assets	**922,807**	1,141,671	1,049,973	830,764	732,614
Total liabilities	**(235,255)**	(272,519)	(296,874)	(205,065)	(243,738)
	687,552	869,152	753,099	625,699	488,876
Equity attributable to:					
Owners the Company	**592,989**	713,664	613,505	506,888	376,340
Non-controlling interests	**94,563**	155,488	139,594	118,811	112,536
	687,552	869,152	753,099	625,699	488,876