



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

Interim Report
2015

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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

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>

The board of directors (the "Board") of Junefield Department Store Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 as below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended 30 June	
	<i>Note</i>	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	5	191,594	167,187
Cost of sales and services		(174,582)	(137,886)
Gross profit		17,012	29,301
Other income	5	1,861	2,841
Selling and distribution expenses		(897)	(667)
Administrative expenses		(32,167)	(26,062)
Other operating expenses		(6,393)	(6,466)
Fair value gains on investment properties		3,324	3,660
Fair value loss on convertible note – conversion option component		(4)	(5,373)
Loss on reclassification of investment in an associate to available-for-sale investments		(4,162)	–
Write down of investment properties in Ecuador		–	(62,822)
Operating loss	6	(21,426)	(65,588)
Finance costs	7	(293)	(2,096)
Share of loss of an associate		(496)	(6,295)
Loss before tax		(22,215)	(73,979)
Income tax expense	8	(938)	(6,518)
Loss for the period		(23,153)	(80,497)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the six months ended 30 June 2015*

		Six months ended 30 June	
	<i>Note</i>	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Attributable to:			
Owners of the Company		(21,458)	(80,545)
Non-controlling interests		(1,695)	48
		<u>(23,153)</u>	<u>(80,497)</u>
Loss per share attributable to owners of the Company	<i>9</i>		
Basic and diluted <i>(HK cents per share)</i>		<u>(2.10)</u>	<u>(7.88)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss for the period	(23,153)	(80,497)
Other comprehensive income/(expense) <i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available-for-sale investments	462	–
Exchange differences on translation of foreign operations	(1,919)	(15,335)
Share of other comprehensive income/(expense) of an associate	74	(787)
Other comprehensive expense for the period, net of tax	(1,383)	(16,122)
Total comprehensive expense for the period	(24,536)	(96,619)
Attributable to:		
Owners of the Company	(22,690)	(90,959)
Non-controlling interests	(1,846)	(5,660)
	(24,536)	(96,619)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Note	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	188,063	202,999
Investment properties	12	65,873	62,593
Prepaid land lease payments		23,121	23,432
Other intangible assets		133,028	138,997
Investments in associates		225,832	232,699
Available-for-sale investments	13	2,745	–
Deferred tax assets		5,758	5,035
Total non-current assets		644,420	665,755
Current assets			
Properties under development for sale		21,569	26,305
Inventories		30,836	50,358
Accounts receivable	14	9,281	16,565
Prepayments, deposits and other receivables		77,628	69,689
Amounts due from related companies		14,747	16,731
Financial instruments at fair value through profit or loss		4,308	7,705
Convertible note – conversion option component	15	–	4
Convertible note – loan receivable component	15	14,433	14,974
Time deposits		8,353	14,643
Cash and bank balances		49,513	40,078
Total current assets		230,668	257,052
Current liabilities			
Accounts payable	16	9,164	10,538
Other payables and accruals		102,356	124,982
Interest-bearing other borrowing	17	6,241	6,234
Amount due to the ultimate holding company		52	54
Amounts due to related companies		5,774	5,004
Amount due to a joint venturer		88	88
Amount due to an associate		119	119
Dividend payable to a non-controlling interest		9,985	10,000
Tax payable		5,416	5,626
Total current liabilities		139,195	162,645
Net current assets		91,473	94,407
Total assets less current liabilities		735,893	760,162

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 June 2015

	<i>Note</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Non-current liabilities			
Deferred tax liabilities		72,877	72,610
Total non-current liabilities		72,877	72,610
Net assets		663,016	687,552
Equity			
Equity attributable to owners of the Company			
Issued capital	18	102,320	102,320
Reserves		467,979	490,669
		570,299	592,989
Non-controlling interests		92,717	94,563
Total equity		663,016	687,552

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	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	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	102,320	72,743	19,170	18,380	4,469	-	20,331	355,576	592,989	94,563	687,552
Profit or loss	-	-	-	-	-	-	-	(21,458)	(21,458)	(1,695)	(23,153)
Other comprehensive income/(expense)											
Gain on fair value change of available-for-sale investments	-	-	-	-	-	462	-	-	462	-	462
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(1,768)	-	(1,768)	(151)	(1,919)
Share of other comprehensive income of an associate	-	-	-	-	-	-	74	-	74	-	74
Total comprehensive income/(expense) for the period	-	-	-	-	-	462	(1,694)	(21,458)	(22,690)	(1,846)	(24,536)
At 30 June 2015	102,320	72,743	19,170	18,380	4,469	462	18,637	334,118	570,299	92,717	663,016
At 1 January 2014											
As previously reported	101,962	71,837	19,170	18,380	5,105	-	28,710	429,437	674,601	155,488	830,089
Prior year adjustment	-	-	-	-	-	-	-	39,063	39,063	-	39,063
As restated	101,962	71,837	19,170	18,380	5,105	-	28,710	468,500	713,664	155,488	869,152
Profit or loss	-	-	-	-	-	-	-	(80,545)	(80,545)	48	(80,497)
Other comprehensive expense											
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(9,627)	-	(9,627)	(5,708)	(15,335)
Share of other comprehensive expense of an associate	-	-	-	-	-	-	(787)	-	(787)	-	(787)
Total comprehensive expense for the period	-	-	-	-	-	-	(10,414)	(80,545)	(90,959)	(5,660)	(96,619)
Issue of shares upon exercise of share options	358	913	-	-	(450)	-	-	-	821	-	821
Share issue expenses	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Final 2013 dividend paid	-	-	-	-	-	-	-	(8,186)	(8,186)	-	(8,186)
Dividends declared to a non-controlling interest	-	-	-	-	-	-	-	-	-	(58,672)	(58,672)
At 30 June 2014	102,320	72,743	19,170	18,380	4,655	-	18,296	379,769	615,333	91,156	706,489

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash flows from operating activities	1,002	445
Net cash flows from investing activities	7,401	7,767
Net cash flows used in financing activities	(296)	(29,375)
Net increase/(decrease) in cash and cash equivalents	8,107	(21,163)
Effect of foreign exchange rate changes, net	3,404	(9,779)
Cash and cash equivalents at beginning of the period	46,355	85,494
Cash and cash equivalents at end of the period	57,866	54,552
Analysis of balances of cash and cash equivalents		
Cash and bank balances	49,513	46,617
Non-pledge time deposit with original maturity of less than three months when acquired	8,353	7,935
Cash and cash equivalents as stated in the statement of cash flows	57,866	54,552

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 "Corporation Information" section of this report.

During the six months ended 30 June 2015, 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;
- trading of mineral concentrates; and
- production and sale of coal.

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

2. BASIS OF PREPARATION *(continued)*

Prior period adjustment

As reported in the consolidated financial statements for the year ended 31 December 2014, following with the management financial statements of an associate (formerly reclassified as a joint venture) for the year ended 31 December 2013 were made available to the management of the Group, the directors have restated the comparative information for the year ended 31 December 2013 in the consolidated financial statements for the year ended 31 December 2014 for the effect of equity-accounting for the results of the associate from 1 November 2013 to 31 December 2013. Accordingly, prior period adjustment has been made to reflect the impact on the retained profits for the six months ended 30 June 2014. Further details of the prior period adjustment are set out in note 2.1 to the consolidated financial statements for the year ended 31 December 2014.

3. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

The accounting policies adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs, which are effective for accounting period beginning on or after 1 January 2015 and as disclosed below:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

Adoption of these revised HKFRSs and HKASs did not have any material effect on the financial position for the current or prior accounting period which have been prepared and presented.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective.

Segment information of production and sale of coal for the six months ended 30 June 2014 for comparative purposes has been restated to reflect the newly reportable segment.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six 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;
- (e) the trading of mineral concentrates segment engages in the trading of mineral concentrates; and
- (f) the production and sale of coal segment engages in the exploration and development of coal mine concessions and sale of coal.

Management monitors the results of the Group's operating segments 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 loss before tax except that interest income, finance costs, fair value loss on convertible note – conversion option component, loss on reclassification of investment in an associate to available-for-sale investments and share of loss of an associate as well as other unallocated head office and corporate expenses are excluded from such measurement.

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

4. SEGMENT INFORMATION (continued)

Segment results

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

For the six months ended 30 June 2015

	Property investment and development (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Manufacture and sale of construction materials (Unaudited) HK\$'000	Trading of mineral concentrates (Unaudited) HK\$'000	Production and sale of coal (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:							
Sales to/revenue from external customers*	1,670	9,189	-	24,445	157,325	2,271	194,900
Investment income	-	-	(3,306)	-	-	-	(3,306)
	<u>1,670</u>	<u>9,189</u>	<u>(3,306)</u>	<u>24,445</u>	<u>157,325</u>	<u>2,271</u>	<u>191,594</u>
Segment results	<u>(485)</u>	<u>1,397</u>	<u>(4,526)</u>	<u>(7,156)</u>	<u>8,083</u>	<u>(2,399)</u>	<u>(5,086)</u>
Bank interest income and other unallocated income							1,619
Corporate and other unallocated expenses							(13,793)
Unallocated finance costs							(293)
Fair value loss on convertible note – conversion option component							(4)
Loss on reclassification of investment in an associate to available-for-sale investments							(4,162)
Share of loss of an associate							(496)
Loss before tax							(22,215)
Income tax expense							(938)
Loss for the period							<u>(23,153)</u>

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

4. SEGMENT INFORMATION (continued)**Segment results** (continued)

For the six months ended 30 June 2014

	Property investment and development (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Manufacture and sale of construction materials (Unaudited) HK\$'000	Trading of mineral concentrates (Unaudited) HK\$'000	Production and sale of coal (Unaudited) HK\$'000 (Restated)	Total (Unaudited) HK\$'000
Segment revenue:							
Sales to/revenue from external customers*	1,203	9,341	-	33,688	119,578	-	163,810
Investment income	-	-	3,377	-	-	-	3,377
	<u>1,203</u>	<u>9,341</u>	<u>3,377</u>	<u>33,688</u>	<u>119,578</u>	<u>-</u>	<u>167,187</u>
Segment results	<u>(62,561)</u>	<u>1,094</u>	<u>4,263</u>	<u>(1,020)</u>	<u>9,274</u>	<u>-</u>	<u>(48,950)</u>
Bank interest income and other unallocated income							2,108
Corporate and other unallocated expenses							(13,373)
Unallocated finance costs							(2,096)
Fair value loss on convertible note – conversion option component							(5,373)
Share of loss of an associate							(6,295)
							<u>(73,979)</u>
Loss before tax							(73,979)
Income tax expense							(6,518)
							<u>(80,497)</u>
Loss for the period							<u>(80,497)</u>

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

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
The People's Republic of China (the "PRC")	192,629	163,810
Peru	2,271	–
Hong Kong	359	(67)
Canada	(3,665)	3,444
	191,594	167,187

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

(b) Non-current assets

	30 June	31 December
	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
PRC	559,491	573,791
Peru	78,050	80,400
Hong Kong	3,234	3,697
Australia	2,745	6,867
Ecuador	823	888
Colombia	77	112
	644,420	665,755

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

4. SEGMENT INFORMATION (continued)**Information about major customers**

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Customer A (revenue attributable to trading of mineral concentrates segment)	157,325	119,578

5. REVENUE AND OTHER INCOME

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

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue		
Sale of mineral concentrates	157,325	119,578
Sale of construction materials	24,445	33,688
Property management and agency fees	9,189	9,341
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss – held for trading	(3,306)	3,377
Sale of coal	2,271	–
Gross rental income	1,670	1,203
	191,594	167,187
Other income		
Bank interest income	50	316
Interest income on other loans	–	36
Effective interest income on convertible note – loan receivable component	1,553	1,755
Others	258	734
	1,861	2,841

6. OPERATING LOSS

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

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Note</i>			
	Employee benefits expense (including directors' remuneration)		
	Salaries, wages and other benefits	14,861	15,033
	Pension scheme contributions	2,158	1,958
		17,019	16,991
	Cost of inventories sold	171,820	134,568
	Amortisation of other intangible assets	6,392	6,466
	Amortisation of prepaid land lease payments	290	295
	Depreciation of property, plant and equipment	11,732	11,920
	Foreign exchange differences, net	8,376	(2,782)
	Minimum lease payments under operating leases in respect of land and buildings	737	428
	Gross rental income from investment properties	(1,670)	(1,203)
	<i>Less:</i>		
	Direct operating expenses incurred for investment properties that generated rental income during the period	4	12
	Direct operating expenses incurred for investment properties that did not generate rental income during the period	-	-
		(1,666)	(1,191)

6. OPERATING LOSS *(continued)**Notes:*

- (i) Salaries, wages and other benefits of approximately HK\$2,906,000 (six months ended 30 June 2014: HK\$3,057,000), HK\$11,364,000 (six months ended 30 June 2014: HK\$11,529,000) and HK\$591,000 (six months ended 30 June 2014: HK\$447,000) were charged to cost of production, administrative expenses and selling and distribution expenses respectively for the six months ended 30 June 2015.
- (ii) Amortisation of other intangible assets for the six months ended 30 June 2015 and 2014 are included in "Other operating expenses" in the condensed consolidated statement of profit or loss.
- (iii) Depreciation of approximately HK\$9,847,000 (six months ended 30 June 2014: HK\$10,026,000) and HK\$1,885,000 (six months ended 30 June 2014: HK\$1,894,000) were charged to cost of production and administrative expenses respectively for the six months ended 30 June 2015.

7. FINANCE COSTS

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank loan and other loans wholly repayable within five years	293	2,096

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	1,268	1,537
Under-provision in prior year	1	–
Current – elsewhere	346	1,329
Deferred tax (credit)/charge	(765)	291
Withholding tax charge:		
– PRC	–	3,255
– Australia	88	106
	<hr/>	<hr/>
Total tax charge for the period	938	6,518
	<hr/> <hr/>	<hr/> <hr/>

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,023,199,967 (six months ended 30 June 2014: 1,022,219,361) in issue during the period.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	(21,458)	(80,545)
	Number of shares	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	1,023,199,967	1,022,219,361

The computation of diluted loss per share for the six months ended 30 June 2015 and 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.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment amounting to approximately HK\$987,000 (six months ended 30 June 2014: HK\$4,790,000).

12. INVESTMENT PROPERTIES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Carrying amount, beginning of the period/year	62,593	187,321
Disposal	–	(130,704)
Net gain from fair value adjustment	3,324	6,610
Exchange realignment	(44)	(634)
Carrying amount, end of the period/year	65,873	62,593

The carrying amount of investment properties shown above comprises:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Held under medium-term lease in the PRC	65,873	62,593

The Group's investment properties were revalued on 30 June 2015 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. The investment properties above were included in the Level 2 category in the fair value hierarchy as at 30 June 2015. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 19(a) to the condensed consolidated financial statements.

13. AVAILABLE-FOR-SALE INVESTMENTS

	<i>Note</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Unlisted equity investment, at cost	<i>(i)</i>	31,642	31,642
Impairment		(31,642)	(31,642)
		-	-
Listed equity investment, at fair value:			
– Elsewhere	<i>(ii)</i>	2,745	-
		2,745	-

Notes:

- (i) The unlisted equity investment represented investment in Wuhan Huaxin Real Estate Co., Ltd (“WHRED”) which has no fixed maturity date or coupon rate. The PRC business licence of WHRED has expired since 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.
- (ii) As at 30 June 2015, the listed equity investment represented investment in Latin Resources Limited (“LRS”, a company listed on Australian Securities Exchange Limited) and the Group held approximately 12.3% of its equity interest. Following the resignation of Mr. Liu Zhongsheng (former executive director and chief executive officer of the Company) as non-executive director of LRS in May 2015, the Group was not in a position to exercise significant influence over LRS and therefore it reclassified the investment in LRS from investment in an associate to available-for-sale investments during the period ended 30 June 2015.

14. ACCOUNTS RECEIVABLE

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Accounts receivable	9,340	16,624
Impairment	(59)	(59)
	<u>9,281</u>	<u>16,565</u>

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 Renminbi ("RMB") and United States dollars ("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.

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within 1 month	6,484	5,959
1 to 3 months	2,488	6,333
Over 3 months	368	4,332
	<u>9,340</u>	<u>16,624</u>
Impairment	(59)	(59)
	<u>9,281</u>	<u>16,565</u>

15. CONVERTIBLE NOTE

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

Loan receivable component

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Carrying amount, beginning of the period/year	14,974	14,900
Less: Interest received	(881)	(2,041)
Add: Effective interest income	1,553	3,444
Exchange realignment	(1,213)	(1,329)
	<hr/> 14,433 <hr/>	<hr/> 14,974 <hr/>
Carrying amount, end of the period/year	14,433	14,974

Conversion option component

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Carrying amount, beginning of the period/year	4	5,775
Changes in fair value charged to profit or loss	(4)	(5,771)
	<hr/> - <hr/>	<hr/> 4 <hr/>
Carrying amount, end of the period/year	-	4

15. CONVERTIBLE NOTE *(continued)*

The fair value of the convertible note issued by LRS was valued by an independent valuer as at 30 June 2015. The convertible note issued by LRS 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 date. The risk-free rates were based on Australia Sovereign Bonds yields as at the valuation date. 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.

The convertible note issued by LRS originally with a principal of Australian dollar ("AUD") 2,500,000 at a coupon rate of 12% per annum and matured in July 2015. Since June 2015, LRS negotiated with the Group for the postponement and restructuring of the repayment of the convertible note upon its maturity. On 27 August 2015, LRS settled the convertible note by cash repayment of AUD400,000, entering into of a new loan agreement with a principle of AUD500,000 for 18 months at an interest rate of 12% per annum as well as conversion of the remaining balance of AUD1,600,000 plus accrued interests for 95,645,200 fully paid ordinary shares of LRS at AUD0.02 per share.

16. 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:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within 1 month	2,032	6,222
1 to 3 months	5,168	3,770
Over 3 months	1,964	546
	9,164	10,538

Accounts payable are non-interest-bearing and are mainly denominated in RMB and USD.

17. INTEREST-BEARING OTHER BORROWING

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Current		
Other loan – unsecured, repayable within one year or on demand	6,241	6,234

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.

18. ISSUED CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 31 December 2014 (audited) and 30 June 2015 (unaudited)	25,000,000,000	2,500,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 31 December 2014 (audited) and 30 June 2015 (unaudited)	1,023,199,967	102,320

19. OPERATING LEASES

(a) As lessor

The Group leases certain of its investment properties under operating leases, which leases negotiated for terms ranging from two to three years (31 December 2014: two to three years).

At 30 June 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one year	3,396	3,184
In the second to fifth years, inclusive	767	1,519
	4,163	4,703

19. OPERATING LEASES (continued)**(b) As lessee**

The Group leases its office properties under operating leases. Lease for properties are negotiated for terms of one to three years (31 December 2014: two years).

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one year	1,203	775
In the second to fifth years, inclusive	1,365	775
	2,568	1,550

20. CAPITAL COMMITMENTS

As at 30 June 2015 and 31 December 2014, the Group had no significant capital commitments.

21. OUTSTANDING LITIGATIONS

- (a) Following the exchange of further evidence in September 2012, the Intermediate People's Court of Wuhan City, Hubei Province, the PRC (中國湖北省武漢市中級人民法院) (the "PRC Intermediate Court") issued in May 2015 a civil ruling in favour of International Management Company Limited ("IMC", an indirect wholly-owned subsidiary of the Company) by dismissing the claim against IMC and a former subsidiary of the Group for an investment fund of RMB20 million together with the then outstanding interests of RMB24.74 million from the plaintiff. After the aforesaid ruling being granted, the plaintiff lodged an appeal in June 2015. Up to the date of this report, there is no further update from the PRC Intermediate Court about the appeal.

21. OUTSTANDING LITIGATIONS *(continued)*

- (b) In 2011, Wuhan Huaxin Management Ltd. (“WHM”, an indirect 51%-owned subsidiary of the Company) received a civil case judgement 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 WHRED amounted to RMB11,660,173 (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 judgment 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 report, there is no further update from the PRC Court.

- (c) On 31 December 2013, Wuhan Department Store Group Co., Ltd. (the “PRC Partner”, the joint venturer of Wuhan Plaza Management Co., Ltd. (“WPM”) in the PRC) 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 takeover WPM’s employees and consignment operators and continued operation in the property since 1 January 2014. IMC considered that such acts have jeopardised the legitimate interests of WPM and IMC. On 27 December 2013, IMC submitted an application for relief to the Higher People’s Court of Hubei Province, the PRC (中國湖北省高級人民法院) which has been accepted to proceed with. Up to the date of this report, there is no further update from the court.

Based on the legal opinion of the Group’s PRC legal advisors, the directors of the Company are of the opinion that the ruling of the litigation is uncertain.

22. RELATED PARTY TRANSACTIONS

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

(a) Significant transactions with related parties

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
<i>Note</i>		HK\$'000	<i>HK\$'000</i>
Commission charged by a related company	<i>(i)</i>	2,573	1,816
Logistics services fee charged by a related company	<i>(ii)</i>	1,891	2,346
Property management fee charged to the PRC partner	<i>(iii)</i>	1,806	1,827
Purchases of raw materials from a related company	<i>(iv)</i>	890	1,081
Rental expenses paid to the ultimate holding company	<i>(v)</i>	449	428
		6,609	7,498

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 with Ecuamining Mineral S.A. as its exclusive sourcing agent to procure the supply of the mineral concentrates or its related products in Ecuador for a term of two years.

22. RELATED PARTY TRANSACTIONS *(continued)*

(a) Significant transactions with related parties *(continued)*

Notes: (continued)

- (ii) 涟源鋼鐵集團有限公司 (Lianyuan Steel Group Limited), being the holding company of the minority shareholder of Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji") has beneficial interests in 湖南漣鋼物流有限公司 (Lianyuan Logistics Company Limited) ("Lianyuan Logistics"). With reference to the previous logistics services agreements in relation to the transportation of granulated steel slag, the logistics services fee was determined between Hunan Taiji and Lianyuan Logistics based on the prevailing market price of similar transportation services.

- (iii) The property management services fees were charged to the PRC Partner during the six months ended 30 June 2015 and 2014 for the management services provided to the department store in Wuhan, PRC which operated by WPM before 31 December 2013 and has been operating by the PRC Partner since 1 January 2014.

- (iv) Pursuant to the joint venture agreement dated 30 June 2006, the minority shareholder of Hunan Taiji procured 華菱漣源鋼鐵有限公司 (Hualing Steel Company Limited) ("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 inclusive). The unit material price was determined at the time of entering into the joint venture agreement to establish Hunan Taiji. As at the date of this report, Hunan Taiji and Hualing Steel are still in negotiations for a new supply agreement.

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

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

22. RELATED PARTY TRANSACTIONS (continued)**(b) Compensation of key management personnel of the Group**

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short-term employee benefits	968	1,161
Post-employment benefits	9	9
Total compensation paid to key management personnel	977	1,170

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

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments for which fair value is measured or disclosed in the condensed consolidated 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

23. FAIR VALUE MEASUREMENT 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

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2015 (unaudited):				
Financial instruments at fair value through profit or loss				
– Listed equity investments (Hong Kong)	1,533	–	–	1,533
– Listed equity investments (Elsewhere)	2,775	–	–	2,775
	4,308	–	–	4,308

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
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As at 31 December 2014 (audited):

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

During the six months ended 30 June 2015 and the year ended 31 December 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)***Fair value hierarchy** *(continued)**Assets for which fair values are disclosed*

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2015 (unaudited):				
Convertible note – loan receivable component	–	–	15,567	15,567
	<i>Level 1 HK\$'000</i>	<i>Level 2 HK\$'000</i>	<i>Level 3 HK\$'000</i>	<i>Total HK\$'000</i>

As at 31 December 2014 (audited):

Convertible note – loan receivable component	–	–	16,811	16,811
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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.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 June 2015, the Group recorded a revenue of approximately HK\$191,594,000 (six months ended 30 June 2014: HK\$167,187,000), increased by 15% over the same period last year. It was mainly contributed from the trading of mineral concentrates segment. The consolidated loss attributable to owners of the Company was approximately HK\$21,458,000 (six months ended 30 June 2014: HK\$80,545,000), representing a significant decrease of 73% over the same period last year. The decrease in the loss attributable to owners of the Company was mainly attributable to the one-off write down of the investment properties in Ecuador of approximately HK\$62,822,000 in respect of the land expropriation in 2014.

Operations Review and Prospects

Construction material business

During the period under review, 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 of approximately HK\$24,445,000 (six months ended 30 June 2014: HK\$33,688,000), representing a decrease of 27% and recorded a net loss of approximately HK\$5,547,000 (six months ended 30 June 2014: HK\$808,000), representing a significant increase of 586% compared to the same period last year mainly due to the continuing shortage in supply of the granulated steel slag for production ("Supply") by its sole supplier.

In January 2015, the China International Economics and Trade Arbitration Commission ("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 and it is also liable to pay the Group a compensation of approximately Renminbi ("RMB")13,850,000 (equivalent to approximately HK\$17,286,000) for the shortfall in Supply for the period from 1 January 2011 to 31 August 2013. Nevertheless, the sole supplier still failed to increase the Supply and settle the above compensation in the first half of 2015. Currently, the Group is arranging collection of the above-mentioned compensation and enforcing the rulings from the Arbitration Commission through its PRC legal advisors.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Operations Review and Prospects *(continued)*

Property investment and development

Investment properties in Beijing

During the period under review, the rental income from property leasing in Beijing, the PRC was approximately HK\$1,670,000 (six months ended 30 June 2014: HK\$1,203,000). It also recorded fair value gains of approximately HK\$3,324,000 (six months ended 30 June 2014: HK\$3,660,000) in respect of the revaluation of investment properties which resulted in a profit of approximately HK\$2,558,000 (six months ended 30 June 2014: HK\$1,641,000), representing an increase of 56% compared to the same period last year. The Group expects the investment properties currently held on hand will keep generating a stable rental income stream and capture potential appreciation.

Property development in Peru

Lima Junefield Plaza S.A.C., an indirect wholly-owned subsidiary of the Company in Peru, commenced presale of its residential project in Lima City of Peru in 2014. This residential project provides 21 residential apartments with a gross saleable floor area of approximately 3,500 square meters. As at 30 June 2015, the Group has received gross proceeds of approximately HK\$24,400,000 in relation to 15 units of the residential apartments. It is expected such proceeds will be recognised as revenue in the fourth quarter of 2015.

Property management and agency services business

During the period under review, the Group's property management and agency services business recorded a turnover of approximately HK\$9,189,000 (six months ended 30 June 2014: HK\$9,341,000). It achieved a net profit of approximately HK\$1,069,000 (six months ended 30 June 2014: HK\$758,000).

Securities investments

The Group has invested in listed securities in Hong Kong and overseas for trading and long term purposes. The securities investments held for trading recorded a loss on change in fair value amounted to approximately HK\$3,306,000 (six months ended 30 June 2014: gain of approximately HK\$3,377,000) during the period under review. The turnaround result was mainly due to the volatile worldwide stock market in the first half of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)***Operations Review and Prospects** *(continued)***Securities investments** *(continued)*

The Group held 47,139,797 fully paid ordinary shares of Latin Resources Limited ("LRS", a company listed on Australian Securities Exchange Limited), representing approximately 12.3% of its issued share capital as at 30 June 2015. Following the resignation of Mr. Liu Zhongsheng (former executive director and chief executive officer of the Company) as non-executive director of LRS in May 2015, the Group reclassified the investment in an associate to available-for-sale investments accordingly. This resulted in only four months of share of loss of LRS of approximately HK\$496,000 and was included in the Group's results during the period under review. Meanwhile, the directors of the Company were in view of LRS continued to make loss from its operations as well as encountered financial issues, therefore a loss of HK\$4,162,000 arisen from the reclassification of investment in an associate to available-for-sale investments was recognised in the condensed consolidated statement of profit or loss for the period under review. In addition, an unrealised fair value gain of approximately HK\$462,000 due to the share price rose up was recognised in the condensed consolidated statement of comprehensive income for the period under review.

At 30 June 2015, a fair value loss of approximately HK\$4,000 over the conversion option component of the convertible note issued by LRS was recognised in the condensed consolidated statement of profit or loss for the period under review. The convertible note issued by LRS originally with a principal of Australian dollar ("AUD") 2,500,000 at a coupon rate of 12% per annum and matured in July 2015. Since June 2015, LRS negotiated with the Group for the postponement and restructuring of the repayment of the convertible note upon its maturity. On 27 August 2015, LRS settled by cash repayment of AUD400,000, entering into of a new loan agreement with a principal sum of AUD500,000 for 18 months at an interest rate of 12% per annum as well as conversion of the remaining balance of AUD1,600,000 plus accrued interests for 95,645,200 fully paid ordinary shares of LRS at AUD0.02 per share in relation to the above convertible note.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Operations Review and Prospects *(continued)*

Trading of mineral concentrates business

The trading of mineral concentrates business segment principally operates by sourcing the mineral concentrates from Ecuador and Peru and exporting them to the PRC customers. During the period under review, this segment recorded a turnover of approximately HK\$157,325,000 (six months ended 30 June 2014: HK\$119,578,000) and a net profit of approximately HK\$6,736,000 (six months ended 30 June 2014: HK\$7,738,000), representing increase of 32% and decrease of 13% respectively. Apart from the demand for the mineral concentrates is slowing down as the economy in the PRC market has been decelerating, the global quoted prices for mineral concentrates has also been dropping since the first half of 2015. The Group expects the revenue and profit from this business segment will be inevitably affected in the second half of 2015.

Production and sale of coal

During the period under review, the Group commenced the preliminary production of its coal mines in Peru and recorded a turnover of approximately HK\$2,271,000 and a net loss of approximately HK\$1,680,000.

Prospects

Currently, the Group is following up with the development on the mandatory dissolution of Wuhan Plaza Management Co., Ltd. as well as collection of the awarded compensation from and consider taking further legal actions on claiming for the potential damages from the shortage of raw materials supply since September 2013 against the minority shareholder of Hunan Taiji. In the meantime, the Group is unable to estimate the time to finalise these cases but will update its shareholders from time to time. Nevertheless, the Group will continue to seek for feasible solutions that will be in the interest of the Group and its shareholders as a whole, including pursuing further negotiations with the counterparties involved with a view to achieving a settlement.

In addition, the Group will further strengthen its financial position and also consider raising funds by suitable means when investment opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 period under review.

Liquidity and Financial Resources

As at 30 June 2015, the Group had net assets of approximately HK\$663,016,000 (31 December 2014: HK\$687,552,000) with total assets of approximately HK\$875,088,000 (31 December 2014: HK\$922,807,000) and total liabilities of approximately HK\$212,072,000 (31 December 2014: HK\$235,255,000). The current ratio of the Group, which equals to current assets divided by current liabilities, was 1.66 (31 December 2014: 1.58).

As at 30 June 2015, the Group had an unsecured other loan of approximately HK\$6,241,000 (31 December 2014: HK\$6,234,000) which is denominated in 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, United States dollar ("USD"), RMB and Peruvian Soles, amounted to approximately HK\$57,866,000 as at 30 June 2015 (31 December 2014: HK\$54,721,000). The Group's gearing ratio, as a ratio of total interest-bearing other borrowing to total assets as at 30 June 2015, was 0.01 (31 December 2014: 0.01).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)***Capital Commitments**

As at 30 June 2015, the Group had no significant capital commitments (31 December 2014: Nil).

Charge of Assets

The Group did not have any pledge or charge on assets as at 30 June 2015 (31 December 2014: Nil).

Outstanding Litigations

Details of outstanding litigations are shown in note 21 to the condensed consolidated financial statements.

Exchange Rate Exposure

During the period 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 six months ended 30 June 2015, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

Employee and Remuneration Policy

As at 30 June 2015, the Group had about 278 employees (six months ended 30 June 2014: 287) 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 the assessment of individual performance.

SUPPLEMENTARY INFORMATION

Directors' and Chief Executives' Interests in Securities

As at 30 June 2015, the interests and short positions of the directors and 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 (the "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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "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 (<i>Note</i>)	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 Junefield (Holdings) Limited ("JHL"). Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

SUPPLEMENTARY INFORMATION (continued)**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 30 June 2015	Exercise price per share
			Balance as at 1 January 2015	Granted during the period	Exercised during the period	Reclassification during the period (Note 2)		
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
			<u>18,280,000</u>	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>13,280,000</u>	

HK\$

Notes:

- The cash consideration paid by each of the directors for the grant of share option is HK\$1.00.
- 5,000,000 share options have been reclassified under the category "other participants" on page 44 of this report following Mr. Liu Zhongsheng's resignation on 15 March 2015.

Save as disclosed above, as at 30 June 2015, so far as is known to the directors and the 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.

SUPPLEMENTARY INFORMATION *(continued)*

Substantial Shareholders' Interests in Securities

As at 30 June 2015, so far as is known to the directors and the 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 are as follows:

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
PCI <i>(Note)</i>	Directly beneficially owned	697,837,417	68.67
JHL <i>(Note)</i>	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 30 June 2015, 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.

Share Option Scheme

The Company adopted the current share option scheme (the "Share Option Scheme") at a special general meeting of the Company held on 29 June 2009 and terminated the former share option scheme at the same meeting.

The total number of shares available for issue (save for those granted but yet to be exercised) under the Share Option Scheme is 40,844,796 representing approximately 4% of the Company's issued share capital as at the date of this report.

SUPPLEMENTARY INFORMATION (continued)**Share Option Scheme** (continued)

The principal terms of the Share Option Scheme have been set out in the 2014 annual report. During the period under review, details of the movements of the outstanding share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercisable period	Number of share options				Balance as at 30 June 2015	Exercise price per share
			Balance as at 1 January 2015	Granted during the period (Note 2)	Exercised during the period	Reclassification during the period (Note 3)		
Directors (Note 1)			18,280,000	-	-	(5,000,000)	13,280,000	0.229
Other participants in aggregate	6 July 2009	6 July 2009 – 5 July 2019	17,200,000	-	-	5,000,000	22,200,000	0.229
			35,480,000	-	-	-	35,480,000	

HK\$

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" of this report.
2. No share options have been granted during the six months ended 30 June 2015.
3. 5,000,000 share options have been reclassified under the category "other participants" following the resignation of an executive director on 15 March 2015.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Audit Committee

The Audit Committee was established on 10 November 1999, which comprises three independent non-executive directors, namely Mr. Lam Man Sum, Albert (chairman of the Audit Committee), Mr. Cao Kuangyu and Mr. Cheung Ka Wai. The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group and financial reporting matters. The Audit Committee has also reviewed and discussed with the management and auditors about the condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

SUPPLEMENTARY INFORMATION *(continued)*

Remuneration Committee

The Remuneration Committee was established on 15 July 2005, which comprises three independent non-executive directors, namely Mr. Cheung Ka Wai (chairman of the Remuneration Committee), Mr. Lam Man Sum, Albert and Mr. Cao Kuangyu.

Nomination Committee

The Nomination Committee was established on 29 March 2013, which comprises one executive director, namely Mr. Zhou Chu Jian He (chairman of the Nomination Committee) and three independent non-executive directors, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

Corporate Governance Code

In the opinion of the directors, the Company had complied with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period under review, save as:

- 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 did not attend the annual general meeting of the Company held on 8 June 2015 (the "AGM") due to other business engagement. The Chairman of the Audit Committee was 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 therefore 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.

SUPPLEMENTARY INFORMATION *(continued)***Corporate Governance Code** *(continued)*

- 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 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 during the six months ended 30 June 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

By Order of the Board

Zhou Chu Jian He

Chairman

Hong Kong, 28 August 2015