KINGWELL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1195

ANNUAL REPORT 2015

Contents

Corporate Information

DIRECTORS

Hui Lung Hing *(Chairman)*
Yang Xue Jun *(Chief Executive Officer)*
Sze Ming Yee
Cheung Chuen*
Ling Aiwen*
Han Hongwei*

* Independent Non-executive Director

COMPANY SECRETARY

Poon Yan Wai

AUTHORISED REPRESENTATIVES

Yang Xue Jun
Poon Yan Wai

AUDIT COMMITTEE

Ling Aiwen *(Chairman)*
Cheung Chuen
Han Hongwei

REMUNERATION COMMITTEE

Ling Aiwen *(Chairman)*
Yang Xue Jun
Cheung Chuen

NOMINATION COMMITTEE

Hui Lung Hing *(Chairman)*
Ling Aiwen
Han Hongwei

CORPORATE GOVERNANCE COMMITTEE

Han Hongwei *(Chairman)*
Ling Aiwen
Cheung Chuen

LEGAL ADVISOR FOR CAYMAN ISLAND LAW

Conyers Dill & Pearman

AUDITOR

Ernst & Young

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 314–315
Wing On Plaza
62 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1195

WEBSITE

http://kingwell.todayir.com

Financial Results

- Revenue from continuing operations for the Year decreased to approximately RMB9.4 million.
- Gross profit from continuing operations for the Year was approximately RMB2.5 million.
- Loss before tax from continuing operations for the Year increased to approximately RMB55.2 million.
- Profit for the Year attributable to owners of the Company was approximately RMB20.9 million.
- Total comprehensive loss for the Year attributable to owners of the Company was approximately RMB21.8 million.
- Basic earnings per share attributable to ordinary equity holders of the Company was RMB0.94 cent.
- Total equity attributable to owners of the Company increased to RMB255.0 million.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kingwell Group Limited ("Kingwell" or the "Company"), I am presenting the financial report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2015 (the "Year").

In order to sustain the continuous growth of the Group and meet the coming challenges, the Group had successfully developed its property development business in Anlu city, Hubei province in the People's Republic of China (the "PRC"). The real estate project, comprising various types of properties including villas, apartments and commercial buildings, had made positive contribution to the Group during the Year.

During the Year, the Company acquired a 35% equity interest of Port First Limited (the "Port First"). Major assets of Port First are its 70% equity interest in each of Longkou Jinxin Gold Co., Ltd. ("Jinxin Company") and Longkou Jinhui Gold Co., Ltd. ("Jinhui Company"). Jinxin Company (i) holds the mine exploitation license and mine exploration license of the Shanchakou Mine; (ii) holds the mine exploitation license of Jinjiling Area; and (iii) owns a gold processing plant and a gold refinery plant. Jinhui Company holds the mine exploitation license and mine exploration license of the Yaojia Mine. Considering China's strong demand and sustainable growth in the gold market, we expect the future business and prospect of the Port First and its subsidiaries will contribute to generate profit stream to the Group. We consider that the acquisition represents an opportunity for the Group to further develop its current gold mining business and increase the Group's gold resources.

Looking ahead, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

Finally, I would like to express my greatest gratitude to the Board, management and staff of the Group for their strenuous contribution in the past year. Furthermore, I would also like to take this opportunity to sincerely thank our customers, suppliers, business partners and shareholders for their continuous support and trust. I believe all members of the Group will dedicate their best effort to drive business growth and to deliver enhanced returns to shareholders.

Hui Lung Hing
Chairman

Hong Kong, 25 September 2015

RESULTS

For the Year, revenue of the Group from continuing operations amounted to approximately RMB9,412,000 (2014: RMB27,086,000), representing a decrease of approximately 65.3% as comparing with last year. The decrease in revenue was mainly due to the decrease in the sales of property development business.

During the Year, the Group recorded a gross profit from continuing operations of approximately RMB2,546,000 (2014: gross profit of RMB6,536,000) and loss before tax from continuing operations of approximately RMB55,173,000 (2014: loss before tax of RMB48,873,000), respectively. The decrease in gross profit and increase in loss before tax were mainly due to the smaller revenue contribution from the property development business, and the increase in administrative expenses, other expenses and finance costs during the Year.

The profit attributable to owners of the Company for the Year was approximately RMB20,922,000 (2014: loss of RMB101,101,000). The profit attributable to owners of the Company for the Year was mainly contributed from a discontinued operation. Basic earnings per share for the Year was RMB0.94 cent (2014: basic loss per share was RMB4.91 cents).

BUSINESS REVIEW

Gold Mining Business

The Company acquired 51% equity interest in a gold mining company in Russian Federation and completed the acquisition on 15 August 2012. The gold mining company is a company established under the laws of Russian Federation with limited liability and currently operates and owns the legal and beneficial interest in a mining project related to the mine. With an aggregate mining area of about 309.3 square kilometres, the mine is operated by the gold mining company and located in Molchan river, Zeyskiy region, Amur area, the Russian Federation. The mine is estimated to have sand gold reserve of 35 tonnes (C1 category). The gold mining company is still in process of devising its production and exploitation plan.

On 30 January 2015, the Company acquired a 35% equity interest of Port First. Major assets of Port First are its 70% equity interest in each of Jinxin Company and Jinhui Company. Jinxin Company (i) holds the mine exploitation license and mine exploration license of the Shanchakou Mine; (ii) holds the mine exploitation license of Jinjiling Area; and (iii) owns a gold processing plant and a gold refinery plant. Jinhui Company holds the mine exploitation license and mine exploration license of the Yaojia Mine. During the Year, the average selling price of gold was under great downward pressure which undermined the profitability of the gold mining business.

The gold mining business has valid licenses, environmental protection policies and permits for conducting its business operations and has complied with relevant local requirements and applicable laws and regulations for its business operations.

The principal risk and uncertainties of the gold mining business are (i) fluctuation of gold prices, which will direct effect the sale performance; and (ii) social and environmental issues, any complaints or protests by the local community, and change of the environmental regulation or requirement will direct effect the efficiency and the cost of the operation.

During the Year, the gold mining segment recorded a loss of RMB9,567,000 as compared to a loss of RMB1,721,000 in last year. As at 30 June 2015, the gold mining business had segment assets of RMB231,145,000 (2014: RMB147,048,000) and segment liabilities of RMB101,000 (2014: RMB182,000).

Property Development Business

The property development project "Anlu Taihe Paradise" at Liang Ji Bei Road, Anlu Economic Development District in Anlu city, Hubei province in the PRC is wholly owned by the Group and is having positive contribution to the Group. The project comprises three phases, with a total gross floor area of approximately 272,568 square meters and are approved for residential and commercial composite uses. The land use rights of the properties have been granted for a term expiring on 22 August 2065. In which, some of properties are held by the Group as investment purposes (as shops, kindergarten and hotel) to generate the rental income, and some of the properties are held for sale. The properties held for sales comprise various types of properties including villas and apartments. During the Year, the PRC property market condition had made challenges to the property development business. The property sales situations and average selling prices were still under great pressure and undermined the profitability of the property development business.

The property development business has valid licenses and permits for conducting its business operation, and has complied with relevant local requirements and applicable laws and regulations for its business.

The principal risk and uncertainties of the property development business are (i) economic conditions, both domestic and global issues will direct effect the sale performance; and (ii) government policy change, any change of the PRC government policies over the property industry in China will direct effect the sale performance and the cost of operation.

During the Year, the property development segment recorded a profit of RMB14,933,000 as compared to a profit of approximately RMB617,000 in last year. As at 30 June 2015, the property development business had segment assets of RMB158,861,000 (2014: RMB147,398,000) and segment liabilities of RMB49,717,000 (2014: RMB49,667,000).

Electronic Business

During the Year, unfavourable market condition in the global economy continued to pose various challenges to the electronic industry. Both the Group's orders and average selling prices were under pressure and amid intense market competition. The rise of raw material and labour costs, shortage of labour force and environmental protection requirements increased the production costs and undermined the profitability of the electronic business.

After the disposal of the electronic business, the Group ceased to be engaged in the electronic business which mainly engaged in the manufacture and sale of rigid printed circuit boards (the "RPCBs").

During the Year, the discontinued operation of the electronic business contributed a profit of approximately RMB73,842,000 (2014: loss of RMB51,999,000).

Geographic Information

Revenue from continuing operations of RMB9,412,000 (2014: RMB27,086,000) was derived from sales to external customers located in Mainland China.

PROSPECTS

In order to sustain the continuous growth of the Group and meet the coming challenges, the Group successfully developed its property development business in Anlu city, Hubei province in the PRC. The real estate project, comprising various types of properties including villas, apartments and commercial buildings, had made positive contribution to the Group in the past. We expect that the property development business will provide positive contribution in the coming year.

In August 2012, the Group acquired a gold mining company in the Russian Federation. On 30 January 2015, the Company acquired a 35% equity interest of Port First. Major assets of Port First are its 70% equity interest in each of Jinxin Company and Jinhui Company. Jinxin Company (i) holds the mine exploitation license and mine exploration license of the Shanchakou Mine; (ii) holds the mine exploitation license of Jinjiling Area; and (iii) owns a gold processing plant and a gold refinery plant. Jinhui Company holds the mine exploitation license and mine exploration license of the Yaojia Mine. Considering China's strong demand and sustainable growth in the gold market, the Directors expect the future business and prospect of Port First and its subsidiaries will contribute to generate profit stream to the Group. The Directors consider that the acquisition represents an opportunity for the Group to further develop its current gold mining business and increase the Group's gold resources.

Looking ahead, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the year ended 30 June 2015, the Group's working capital requirement was principally financed by its internal resources and the issue of new ordinary shares.

As at 30 June 2015, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately RMB37,063,000 (2014: RMB184,579,000), RMB73,876,000 (2014: RMB66,934,000) and RMB337,109,000 (2014: RMB253,331,000), respectively.

As at 30 June 2015, the Group had other interest-bearing borrowings of approximately RMB17,600,000 with an effective interest rate from 8.65% to 9.22% per annum (2014: RMB22,100,000), which were unsecured and repayment within one year.

As at 30 June 2015, the Group had no bank borrowing (2014: RMB134,530,000).

The total borrowings of the Group were mainly for business expansion, capital expenditure and working capital purposes and were mainly denominated in Renminbi.

Total equity attributable to owners of the Company as at 30 June 2015 increased by RMB108,130,000 to RMB254,988,000 (2014: RMB146,858,000). The gearing ratio (calculated as the ratio of net debt: capital and net debt) of the Group as at 30 June 2015 was 14% (2014: 43%).

SIGNIFICANT INVESTMENTS

Save as disclosed in the section "Acquisition and Disposal of Subsidiaries and Associated Companies", the Group held no significant investment during the Year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 30 January 2015, the Company acquired a 35% equity interest of Port First at a consideration of HK$187,500,000 of which (i) HK$100,000,000 (equivalent to RMB79,191,000) was paid in cash and (ii) the remaining HK$87,500,000 (equivalent to RMB69,250,000) was settled by the Company by the issue of a promissory note, which was a three-year note with an interest rate of 6% per annum from the acquisition date. Port First is an investment holding company and its subsidiaries, Jinxin Company and Jinhui Company, are engaged in mining, processing, refining and sales of gold bars in Mainland China.

The Company disposed of its 100% equity interest in Superford Group to an independent third party at a cash consideration of HK$700,000 (equivalent to RMB554,000) on 31 October 2014. Superford Group was a loss-making subsidiary of the Company, which mainly engaged in the manufacture and sale of RPCBs. In addition, on 12 June 2015, the Company disposed of its 100% equity interest in Artic Hong Kong Limited ("Artic") to an independent third party at a cash consideration of HK$2. Artic is an investment holding company and was dormant during the Year.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies during the Year.

EMPLOYEES INFORMATION

As at 30 June 2015, the Group employed a total of 36 (2014: 567) employees. It is a policy of the Group to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industry. During the Year, the employment cost (including Directors' emoluments) amounted to approximately RMB32,533,000 (2014: RMB68,539,000). In order to align the interests of staff, Directors and consultants with the Group, share options may be granted to staff, Directors and consultants under the Company's 2010 share options scheme ("2010 Scheme"). There were 152,096,000 share options outstanding under the 2010 Scheme as at 30 June 2015.

CHARGES ON GROUP ASSETS

As at 30 June 2015, no Group assets were pledged to secure general banking facilities to the Group (2014: an aggregate carrying value of approximately RMB30,053,000 and an aggregate carrying value of leasehold land of approximately RMB1,723,000 were pledged to the banks).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

In the future, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

On 8 September 2015, the Company proposed to issue 288,409,173 offer shares at the subscription price of HK$0.16 per offer share on the basis of one Offer Share for every nine existing ordinary shares. The net proceeds from the open offer after deducting estimated expenses are estimated to be approximately HK$43,400,000 (equivalent to RMB35,600,000) and the Company intends to use such net proceeds as to (i) approximately HK$20,000,000 (equivalent to RMB16,400,000) for settlement of outstanding debts and related interests; (ii) approximately HK$13,000,000 (equivalent to RMB10,700,000) reserved for acquisitions/investments as and when such opportunities arise; and (iii) approximately HK$10,400,000 (equivalent to RMB8,500,000) for general working capital, of which approximately HK$5,000,000 (equivalent to RMB4,100,000) will be used to settle Directors' fee and salaries, approximately HK$4,400,000 (equivalent to RMB3,600,000) will be used to settle professional fees and HK$1,000,000 (equivalent to RMB800,000) will be used for payment of rentals and utilities.

Save as disclosed above, the Group had no future plans for material investments and expected source of funding as at 30 June 2015.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group has foreign currency risk as certain financial assets and liabilities are denominated in foreign currencies, principally in Hong Kong dollars and Russian ruble. The Group does not expect any appreciation or depreciation of the Renminbi against foreign currencies which might materially affect the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2015, the banking facilities of RMB1,262,000 were granted to the buyers of certain properties developed by the Group (2014: RMB2,058,000).

Biographical Information of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Hui Lung Hing (許隆興), aged 62, is an Executive Director and Chairman of the Company. He holds a bachelor's degree in Philosophy from the Huazhong Normal University. Mr. Hui is a businessman in Hong Kong and the PRC and has more than 35 years' experience in corporate management, sale and development of properties and investments. Mr. Hui was appointed as an Executive Director on 2 July 2010 and Chairman of the Company on 1 January 2012. Mr. Hui is a director and the former controlling shareholder of Stephigh Group Limited, and a director of Rise Win Group Limited and Rising Ray China Group Limited, all of which are wholly owned subsidiaries of the Company.

Mr. Sze Ming Yee (施明義), aged 50, is an Executive Director of the Company. He has more than 20 years' experience in property development and investment and is currently engaged in property development primarily in the PRC and primarily in Wenzhou. He also invests in securities in the PRC. He is a postgraduate student of Zhejiang University. Mr. Sze joined the Group on 15 January 2010 and is a director of Union Day Group Limited, the substantial shareholder of the Company.

Mr. Yang Xue Jun (楊學軍), aged 51, is an Executive Director and Chief Executive Officer of the Company. He holds a bachelor's degree in Marine Meteorology from the Ocean University of China and is a postgraduate student of Financial Management of the La Trobe University of Australia. Mr. Yang, with over 25 years' experience in marketing and promotion and strategic planning, had held various senior executive positions with firms in the PRC. Mr. Yang was appointed as an Executive Director on 2 July 2010 and was a consultant of the Company prior to joining the Group.

Independent Non-executive Directors

Mr. Cheung Chuen (張全), aged 41, is an Independent Non-executive Director of the Company. He is a certified public accountant practicing in the United States of America and Hong Kong. Mr. Cheung graduated from Hong Kong Shue Yan University in 1999 with majoring in accounting and obtained a master degree in professional accounting from the Hong Kong Polytechnic University in 2004. He is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over the years gained extensive experience in accounting and auditing. He has been appointed as an Independent Non-executive Director of the Company since 30 September 2004. Mr. Cheung was an independent non-executive director of Anxin-China Holdings Limited (formerly known as Board Intelligence International Pharmaceutical Holdings Limited), a company listed in Hong Kong, from 14 September 2004 to 24 September 2015. Mr. Cheung currently is an executive director of China High Precision Automation Group Limited, a listed company in Hong Kong.

Mr. Huang Jian Zi (黃健子), aged 35, is an Independent Non-executive Director of the Company. He is the lecturer of Life Science College of Shenzhen University (深圳大學生命科學學院) since 2008. Mr. Huang obtained a doctorate degree in Botany and a bachelor's degree in Biochemistry from the Sun Yat Sen University in 2007 and 2002 respectively. Mr. Huang was appointed as an Independent Non-executive Director on 7 December 2010. Mr. Huang resigned as an Independent Non-executive Director on 31 July 2015.

Ms. Wong Lai Wing (王麗榮), aged 57, is an Independent Non-executive Director of the Company. She is the deputy general manager of China Tonghe Economic Development Corporation since 2004. She was the general manager of Sunnry Oceania Pty. Ltd., Australia from 1999 to 2004. She was the deputy general manager in Hong Kong Jinmaoshiye Company Ltd. (香港金茂實業公司), from 1993 to 1999, responsible for domestic trading business. She worked as the deputy general manager of Beijing Xingmao Enterprises Corporation (北京興茂實業公司) from 1987 to 1990. Ms. Wong also worked as an assistant researcher for China National People's Congress from 1985 to 1986. Ms. Wong has working experience in both the government and the private sector within PRC and abroad, and is very experienced in business management. Ms. Wong graduated from the English Faculty of Wuhan Jianghan University in 1981, and gained a MA degree of International Relations from the Monash University in Australia in 1992. Ms. Wong was appointed as an Independent Non-executive Director on 15 January 2010. Ms. Wong resigned as an Independent Non-executive Director on 31 July 2015.

Mr. Ling Aiwen (凌愛文), aged 36, is an Independent Non-executive Director of the Company. He is the executive general manager and A-share sponsor representative of the Jiuzhou Securities Company since March 2015. He was the executive director of the Goldman Sachs (Asia) & Goldman Sachs Gaohua Securities Company from 2011 to 2014. Mr. Ling has working experience in various securities firms in PRC, and has over 14 years of experience in the investment banking field. Mr. Ling graduated from the University of Science and Technology of China with Dual Bachelors' Degree in Management Science & Engineering, and in Computer Science. Mr. Ling also holds a Master's degree in Management Science from the Peking University. He has been appointed as an Independent Non-executive Director of the Company on 31 July 2015.

Mr. Han Hongwei (韓紅偉), aged 45, is an Independent Non-executive Director of the Company. He is the chairman of the Bei Jing Yin He Xing Ye Asset Management Limited since 2009. He was the chairman of Kai Feng Yin He Dong Jing Zhi Ye Limited from 2011 to 2014. He was the chairman of Kai Feng Yin He Ri Hua Limited from 2010 to 2014. He was the chairman of He Nan Mao Dun Ri Hua Limited from 2005 to 2012. Mr. Han has working experience in various private sector in PRC, and has over 20 years of experience in the investment and management field. He has been appointed as an Independent Non-executive Director of the Company on 31 July 2015.

SENIOR MANAGEMENT

Mr. Poon Yan Wai (潘仁偉), aged 45, is the Financial Controller, Company Secretary and Authorised Representative of the Company. Mr. Poon joined the Company in March 2011 and has over 20 years of experience in the auditing and accounting field. Mr. Poon is a Fellow Member of the Hong Kong Institute of Certified Public Accountants. He also holds a Bachelor's degree in Accountancy and Master's degree in Corporate Finance from the Hong Kong Polytechnic University.

Corporate Governance Report

The Group is committed to statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising accountability, transparency, independence, fairness and responsibility.

The Group has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Year, except for the code provision of E.1.2.

CODE PROVISION E.1.2

Under the code provision E.1.2 in respect of the communication with shareholders of the Company as absence of the Chairman of the Board at the Company's extraordinary general meetings (the "EGMs") on 23 October 2014 and annual general meeting (the "AGM") on 12 December 2014 because the respective Chairman had commitments on other business occasions on the same day. An Executive Director and Independent Non-executive Director had chaired the EGMs and AGM, respectively, and answered the questions from the shareholders.

A. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code of Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Year.

B. BOARD OF DIRECTORS

1. Composition of the Board of Directors

As at 30 June 2015, the Board consisted of three Executive Directors and three Independent Non-executive Directors. Each of Directors' respective biographical details are set out in the section headed "Biographical Information of Directors and Senior Management" of this annual report.

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. To the best knowledge of the Company, save as disclosed in the section headed "Biographical Information of Directors and Senior Management" of this annual report, there is no financial, business, family or other material/relevant relationship among members of the Board (including the Chairman and the Chief Executive Officer).

2. Role and Functions of the Board of Directors

The Board is accountable to the shareholders for managing the Company in a responsible and effective manner. Also, the Board decides on overall strategies and monitors the Group's performance.

The Board is responsible for the oversight of the Company's business and affairs with the objective of enhancing shareholder value. The Board also makes decisions on matters such as approving the annual results and interim results, notifiable and connected transactions, appointment and re-appointment of Directors, declaring dividends and adopting accounting policies, etc. Details of the experience and qualifications of Directors are set out in the section headed "Biographical Information of Directors and Senior Management" of this annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the Executive Directors and the management. When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

3. Board Meetings and Board Practices

During the Year, the Board conducts 49 meetings and the Board will meet on other occasions when a board level decision on a particular matter is required. The attendance records of those meetings held are set out below:

Directors' Attendance at Board Meetings	No. of attendance
Executive Directors	
Mr. Hui Lung Hing	48/49
Mr. Xiang Song (note 1)	6/49
Mr. Sze Ming Yee	8/49
Mr. Lin Wan Xin (note 2)	4/49
Ms. Xu Yue Yue (note 3)	48/49
Mr. Yang Xue Jun	47/49
Independent Non-executive Directors	
Mr. Huang Jian Zi (note 4)	6/49
Mr. Cheung Chuen	7/49
Ms. Wong Lai Wing (note 5)	6/49
Mr. Ling Aiwen (note 6)	N/A
Mr. Han Hongwei (note 7)	N/A

Notes:

1 Mr. Xiang Song resigned as an Executive Director on 31 May 2015.
2. Mr. Lin Wan Xin resigned as an Executive Director on 31 May 2015.
3. Ms. Xu Yue Yue resigned as an Executive Director on 31 May 2015.
4. Mr. Huang Jian Zi resigned as an Independent Non-executive Director on 31 July 2015.
5. Ms. Wong Lai Wing resigned as an Independent Non-executive Director on 31 July 2015.
6. Mr. Ling Aiwen was appointed as an Independent Non-executive Director on 31 July 2015.
7. Mr. Han Hongwei was appointed as an Independent Non-executive Director on 31 July 2015.

The Directors will receive details of agenda items for decision and detail documents in advance of each Board meeting. The Company Secretary is responsible for distributing detailed documents to Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

4. General Meetings

During the Year, the Company convened 3 general meetings. In which, two extraordinary general meetings held on 23 October 2014 and one annual general meeting held on 12 December 2014.

Directors' Attendance at General Meetings	No. of attendance
Executive Directors	
Mr. Hui Lung Hing	0/3
Mr. Xiang Song	2/3
Mr. Sze Ming Yee	0/3
Mr. Lin Wan Xin	2/3
Ms. Xu Yue Yue	1/3
Mr. Yang Xue Jun	3/3
Independent Non-executive Directors	
Mr. Huang Jian Zi	3/3
Mr. Cheung Chuen	3/3
Ms. Wong Lai Wing	0/3

5. Directors' Training

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company. The Company continuously updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Year, the Company had arranged and provided the in-house trainings for Directors with the training materials and updates of the Hong Kong Listing Rules summarised by the Company Secretary of the Company. The Company had received the confirmations from all Directors for the requirement of the continuous professional training.

6. Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, there are three Independent Non-executive Directors representing half of the Board. Among the three Independent Non-executive Directors, one of them has appropriate professional qualifications in accounting or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Independent Non-executive Directors bring independent judgment on issues of strategy, performance and risk. The Company has received from each of the Independent Non-executive Directors written confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. Based upon the said confirmations, the Board considers that all the Independent Non-executive Directors are independent.

7. Chairman and Chief Executive Officer

The role of the Chairman is performed by Mr. Hui Lung Hing. The roles of the Chief Executive Officer are performed by Mr. Xiang Song and Mr. Yang Xue Jun respectively during the Year. This segregation ensures a clear distinction between the Chairman's and the Chief Executive Officer's responsibilities which allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability.

8. Appointment, Re-election and Removal of Directors

According to the articles of association of the Company, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years.

According to the code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term of service. Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei were appointed as Independent Non-executive Directors on 30 September 2004, 31 July 2015 and 31 July 2015, their appointment letters have been signed with the Company for a term of one year commencing from 1 January 2015, 31 July 2015 and 31 July 2015, respectively. According to their terms of service, Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei are subject to retirement by rotation and offer themselves for re-election in accordance with the articles of association of the Company.

9. Remuneration of Directors and Senior Management

The emoluments of the members of the senior management by band for the year ended 30 June 2015 are set out below:

	Number of members	
	2015	2014
Emolument bands		
Nil to RMB1,000,000	**–**	1
RMB1,000,001 to RMB1,500,000	**–**	–
RMB1,500,001 to RMB2,000,000	**1**	–

Further particulars regarding Directors' emoluments and the 5 highest paid individuals as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 8 and 9 to the financial statements.

C. BOARD COMMITTEES

1. Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") in November 2005 with written terms of reference no less exacting terms than the CG Code. The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management, as well as reviewing and having delegated responsibility to determine the remuneration packages of individual executive directors and senior management, including benefits in kinds, pension rights and compensation payments, with reference to the Company's objectives from time to time.

As at 30 June 2015, the Remuneration Committee consisted of three members, comprising one Executive Director, Mr. Yang Xue Jun, and two Independent Non-executive Directors, Mr. Huang Jian Zi and Mr. Cheung Chuen. Mr. Huang Jian Zi is the chairman of the Remuneration Committee. During the Year, three meetings were held to review the remuneration packages of the Board and the senior management. The attendance records of the Remuneration Committee meetings held are set out below:

Directors' Attendance at Remuneration Committee Meetings	No. of attendance
Mr. Huang Jian Zi *(Chairman of the Remuneration Committee)*	2/3
Ms. Xu Yue Yue (resigned as member on 31 May 2015)	3/3
Mr. Cheung Chuen	3/3
Mr. Yang Xue Jun (appointed on 31 May 2015)	N/A

2. Audit Committee

The Company established an audit committee (the "Audit Committee") in May 2001 with written terms of reference revised to be substantially the same as the provisions as set out in the CG Code. The Audit Committee acts as an important link between the Board and the Company's auditors in matters within the scope of the Group's audit. The duties of the Audit Committee are to review and discuss on the effectiveness of the external audit and risk evaluation of the Company, as well as the Company's annual report and accounts, interim reports and to provide advice and comments to the Board. The Audit Committee is also responsible for reviewing and supervising the Group's financial reporting and internal control. The Audit Committee has reviewed the annual results of the Group for the Year.

As at 30 June 2015, the Audit Committee consisted of three members and they are all the Independent Non-executive Directors, namely Mr. Huang Jian Zi, Mr. Cheung Chuen and Ms. Wong Lai Wing. Mr. Huang Jian Zi is the chairman of the Audit Committee. During the Year, two meetings were held to review the consolidated financial statements for the Year and the unaudited consolidated financial statements for the six months ended 31 December 2014 with the recommendations to the Board for approval; and to review the accounting principals and policies adopted by the Group and its system of internal control. The attendance records of the Audit Committee meetings held are set out below:

Directors' Attendance at Audit Committee Meetings	No. of attendance
Mr. Huang Jian Zi *(Chairman of the Audit Committee)*	2/2
Mr. Cheung Chuen	2/2
Ms. Wong Lai Wing	2/2

3. Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 26 March 2012 with written terms of reference no less exacting terms than CG Code. The Nomination Committee is responsible for electing and recommending candidates for directorship, based on assessment of their professional qualifications and experience and is also responsible for assessing the independence of each Independent Non-executive Director.

As at 30 June 2015, the Nomination Committee consisted of three members, comprising one Executive Director, Mr. Hui Lung Hing, and two Independent Non-executive Directors, Mr. Huang Jian Zi and Ms. Wong Lai Wing. Mr. Hui Lung Hing is the chairman of the Nomination Committee. During the Year, the Nomination Committee has assessed the Independence of the Independent Non-executive Director. The attendance records of the Nomination Committee meetings held are set out below:

Directors' Attendance at Nomination Committee Meetings	No. of attendance
Mr. Hui Lung Hing *(Chairman of the Nomination Committee)*	2/2
Mr. Huang Jian Zi	2/2
Ms. Wong Lai Wing	2/2

4. Corporate Governance Committee

The Company established a corporate governance committee (the "Corporate Governance Committee") on 26 March 2012 with written terms of reference no less exacting terms than the CG Code. The Corporate Governance Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance.

As at 30 June 2015, the Corporate Governance Committee consisted of three members and they are all the Independent Non-executive Directors, namely Ms. Wong Lai Wing, Mr. Huang Jian Zi and Mr. Cheung Chuen. Ms. Wong Lai Wing is the chairman of the Corporate Governance Committee. During the Year, the Corporate Governance Committee had reviewed the corporate matters of the Company that the Company had complied with the principles and applicable code provision of the CG Code and was not aware of any non-compliance to relevant legal and regulatory requirements. The attendance records of the Corporate Governance Committee meetings held are set out below:

Directors' Attendance at Corporate Governance Committee Meetings	No. of attendance
Ms. Wong Lai Wing *(Chairman of the Corporate Governance Committee)*	2/2
Mr. Huang Jian Zi	2/2
Mr. Cheung Chuen	2/2

D. ACCOUNTABILITY AND AUDIT

1. Directors' and Auditors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements. The Company's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. In addition, the Group proposed an open offer to raise fund of approximately RMB35,600,000 (after deducting estimated expenses) subsequent to the end of the reporting period to improve the Group's liquidity and cash flows to sustain the Group as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The reporting responsibilities of external auditors of the Company are disclosed in "Independent Auditors' Report".

2. Internal Controls

The Board had conducted a review of the effectiveness of the system of internal control of the Group covering all material controls, including financial, operation, compliance control, etc. The Group's internal control system includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operation systems and achievement of the Group's objectives. The Board maintains and monitors the internal control systems on an ongoing basis.

3. Auditors' Remuneration

During the Year, the remuneration paid/payable to the Company's auditors, Ernst & Young, is set out as follows:

Nature of Services	Fee paid/payable RMB'000
Audit services	1,814
Non-audit services	—
Total:	1,814

E. COMPANY SECRETARY

Mr. Poon Yan Wai was appointed as the Financial Controller, Company Secretary and Authorised Representative of the Company. The biographical information of Mr. Poon is set out on page 11 under the section headed "Biographical Information of Directors and Senior Management". According to rule 3.29 of the Listing Rules, Mr. Poon took no less than 15 hours of relevant professional training.

F. SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 58 of the articles of association of the Company, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholders' communication policy (the "Policy") on 26 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong or the Company's Hong Kong branch registrar and transfer office, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Putting forward proposals at shareholders' meeting

The number of shareholders necessary for a requisition for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's head office and principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with necessary procedures.

G. INVESTORS AND SHAREHOLDERS RELATIONS

The Company continues to pursue a proactive policy in promoting investor relations and communications with the shareholders of the Company. The Board also recognised that effective communication with investors is the key to establish investor confidence and to attract new investors.

The Company communicates with its shareholders and investors through the publication of annual and interim reports, press announcements and releases, also the Company's website at http://kingwell.todayir.com.

The annual general meeting of the Company also provides an important opportunity for constructive communication between the Board and the shareholders of the Company. The Chairman as well as the chairman of the audit and remuneration committees, or in their absence, members of the relevant committees are available to answer any questions raised by the shareholders.

The Group regularly releases corporate information, such as awards received, and the latest news of the Group's developments on the Company's website. The public are welcome to give their comments and make their enquiries through the Company's website, the management will give their prompt response thereto.

H. ENQUIRIES TO THE BOARD

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Units 314–315, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

I. CONSTITUTIONAL DOCUMENTS

During the Year, there is no change in the Company's constitutional documents.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 18 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the Year are set out in note 4 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total Sales	Purchases
The largest customer	5%	
Five largest customers in aggregate	20%	
The largest supplier		N/A
Five largest suppliers in aggregate		N/A

During the Year, the continuing operations of the Group have no purchases for cost of sales. It is because the property development project of the Group was completed in previous years.

At no time during the Year have the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The profit of the Group for the Year and the state of the Company's and the Group's affairs as at 30 June 2015 are set out in the financial statements on pages 35 to 131.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 14 December 2015 to 18 December 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 11 December 2015.

SHARE CAPITAL

Details of movements in share capital of the Company during the Year are set out in note 33 to the financial statements. Shares were issued during the Year due to the exercise of share options, conversion of non-redeemable convertible preferred shares, placing of new shares and exercise of warrants.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and in note 35 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 35 to the financial statements, respectively.

As at 30 June 2015, the distributable reserves of the Company available for distribution to shareholders amounted to RMB59,298,000 (2014: RMB8,175,000), which were computed in accordance with the Companies Law (Revised) of the Cayman Islands and the Company's articles of association. This includes the Company's share premium account, capital contribution reserve and capital reserve of approximately RMB662,461,000 (2014: RMB559,559,000), RMB48,448,000 (2014: RMB48,448,000), RMB19,000 (2014: RMB19,000) respectively, less accumulated losses and exchange fluctuation reserve of approximately RMB633,203,000 (2014: RMB581,128,000) and RMB(18,427,000) (2014: RMB(18,723,000)), which are available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business of the Company.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 June 2015 are set out in note 18 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 14 to the financial statements.

BANKING FACILITIES

Particulars of the banking facilities of the Group as at 30 June 2015 are set out in note 28 to the financial statements.

CHARITABLE DONATIONS

No charitable donation was made by the Group during the Year (2014: RMB Nil).

COMMITMENTS

Particulars of the commitments of the Group as at 30 June 2015 are set out in note 40 to the financial statements.

SHARE OPTION SCHEME (2003)

At the extraordinary general meeting of the Company held on 9 January 2003, an ordinary resolution was passed to adopt a share option scheme (the "2003 Scheme").

Summary of the 2003 Scheme

(A) Purpose of the 2003 Scheme

The purpose of the 2003 Scheme is to provide incentives and rewards to eligible participants (as defined hereinafter) who contribute to the success of the Group.

(B) Participants of the 2003 Scheme

Pursuant to the 2003 Scheme, the Board may offer eligible participants (being employees (whether full time or part time) or executives or officers of the Company or any of its subsidiaries (including executive and non-executive Directors of the Company or any of its subsidiaries) and business consultants, agents, legal or financial advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of its subsidiaries) ("Eligible Participants") options to subscribe for such number of shares in the Company.

(C) Total number of shares available for issue under the 2003 Scheme

The total number of shares which may be issued upon exercise of all options to be granted under the 2003 Scheme will be 40,262,500 shares, representing 10% of the shares in issue as at the adoption date on 9 January 2003. On 23 December 2005 and 22 December 2006, an ordinary resolution was passed at each of that annual general meeting to refresh the number of shares available for issue up to 10% of the shares in issue as at the resolution date, representing 46,762,500 and 55,316,900 shares respectively. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2003 Scheme must not in aggregate exceed 30% of the relevant shares of the Company in issue from time to time.

(D) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting.

(E) Option period

Option may be exercised after it has vested at any time during the year to be notified by the Board at the time of the grant of the option but shall be in any event not later than 10 years from the offer date, subject to the provisions for early termination of the 2003 Scheme.

(F) Payment on acceptance of option

Options granted must be taken up within 21 days from the offer date, upon payment of HK$1.00 per grant.

(G) Basis of determining the subscription price

The subscription price per share under the 2003 Scheme is determined by the Board, save that such price must not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer to grant option, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer to grant option; and (c) the nominal value of the share of the Company.

(H) Remaining life of the 2003 Scheme

The 2003 Scheme was terminated following the adoption of a new share option scheme on 11 February 2010.

SHARE OPTION SCHEME (2010)

At the extraordinary general meeting of the Company held on 11 February 2010, an ordinary resolution was passed to adopt a share option scheme (the "2010 Scheme").

Summary of the 2010 Scheme

(A) Purpose of the 2010 Scheme

The purpose of the 2010 Scheme is to provide incentives and rewards to Eligible Participants (as defined hereinafter) who contribute to the success of the Group.

(B) Participants of the 2010 Scheme

Pursuant to the 2010 Scheme, the Board may offer eligible participants (being employees (whether full time or part time) or executives or officers of the Company or any of its subsidiaries (including executive and non-executive Directors of the Company or any of its subsidiaries) and business consultants, agents, legal or financial advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of its subsidiaries) ("Eligible Participants") options to subscribe for such number of shares in the Company.

(C) Total number of shares available for issue under the 2010 Scheme

The initial total number of shares which may be issued upon exercise of all options to be granted under the 2010 Scheme will be 95,024,050 shares, representing 10% of the shares in issue as at the date of the 2010 extraordinary general meeting. On 24 May 2010, 7 December 2010, 20 December 2013 and 12 December 2014, an ordinary resolution was passed at each of the extraordinary general meeting or annual general meeting to refresh the number of shares available for issue up to 10% of the shares in issue as at the resolution date, representing 106,203,250, 151,234,450, 218,844,789 and 239,868,256 shares respectively. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2010 Scheme must not in aggregate exceed 30% of the relevant shares of the Company in issue from time to time.

As at 30 June 2015, a total of 192,904,000 options have been exercised under the 2010 Scheme. There is 152,096,000 options remained outstanding, representing approximately 5.86% of the total issued number of shares of the Company as at 30 June 2015.

(D) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting.

(E) Option period

An option may be exercised after it has vested at any time during the year to be notified by the Board at the time of the grant of the option but shall be in any event not later than 10 years from the offer date, subject to the provisions for early termination of the 2010 Scheme.

(F) Payment on acceptance of option

Options granted must be taken up within 7 days or such other period as the Board may decide from the offer date, upon payment of HK$1.00 per grant.

(G) Basis of determining the subscription price

The subscription price per share under the 2010 Scheme is determined by the Board, save that such price must not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer to grant option, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer to grant option; and (c) the nominal value of the share of the Company.

(H) Remaining life of the 2010 Scheme

The 2010 Scheme will remain valid until 10 February 2020.

SHARE OPTIONS

The following table discloses movements in the Company's share options of the 2010 Scheme during the Year:

Name or category of participant	Date of grants	Outstanding as at 1 July 2014	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	Outstanding as at 30 June 2015	Exercise period	Exercise price HK$	Market value per share at date of grant of options HK$
(a) Directors									
Mr. Hui Lung Hing	8 January 2014	8,000,000	—	—	—	8,000,000	8 January 2014 to 7 January 2019	0.610	0.600
Mr. Sze Ming Yee	26 May 2010	2,000,000	—	2,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
Ms. Xu Yue Yue (resigned on 31 May 2015)	26 May 2010	8,000,000	—	8,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
(b) Eligible employees	11 May 2011	384,000	—	384,000	—	—	11 May 2011 to 10 May 2016	0.306	0.305
	8 January 2014	22,956,000	—	10,560,000	—	12,396,000	8 January 2014 to 7 January 2019	0.610	0.600
	9 January 2015	—	16,900,000 (Note)	—	—	16,900,000	9 January 2015 to 8 January 2020	0.582	0.550
(c) Eligible consultants	26 May 2010	18,000,000	—	18,000,000	—	—	26 May 2010 to 25 May 2015	0.287	0.285
	8 November 2010	31,200,000	—	31,200,000	—	—	8 November 2010 to 7 November 2015	0.449	0.435
	11 May 2011	5,000,000	—	5,000,000	—	—	11 May 2011 to 10 May 2016	0.306	0.305
	8 January 2014	47,900,000	—	18,500,000	—	29,400,000	8 January 2014 to 7 January 2019	0.610	0.600
	9 January 2015	—	85,400,000 (Note)	—	—	85,400,000	9 January 2015 to 8 January 2020	0.582	0.550
		143,440,000	102,300,000	93,644,000	—	152,096,000			

Note: Closing price of the shares on the last trading day prior to the date of grant was HK$0.57.

As at the date of this report, the total number of shares, available for issue under the 2010 Scheme was 289,664,256, representing approximately 11.16% of the issued share capital of the Company.

Information on the accounting policy for share options granted and the weighted average value per option is provided in notes 2.4 and 34 to the financial statements.

Apart from the foregoing, at no time during the Year was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTION

On 1 June 2013, the Group renewed the lease agreement with Truroll Investment Limited, of which Mr. Hui Lung Hing, a substantial shareholder and an Executive Director of the Company, was the chairman of Truroll Investment Limited until 3 March 2015. Pursuant to the agreement, the Group agreed to pay a monthly rental of HK$50,000 in respect of the Group's occupation of Units 314–315, Wing On Plaza, 62 Mody Road, Tsimshatsui East, Kowloon, Hong Kong.

In the opinion of the Independent Non-executive Directors of the Company, the rentals as referred to in the above lease agreements are based on normal commercial terms and has been conducted in the ordinary and usual course of business of the Group. This transactions constitute de minimus on-going connected transactions in accordance with Rule 14A.31 of the Listing Rules.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. Hui Lung Hing *(Chairman)*
Mr. Yang Xue Jun *(Chief Executive Officer appointed on 31 May 2015)*
Mr. Sze Ming Yee
Mr. Xiang Song *(Chief Executive Officer)* (resigned on 31 May 2015)
Mr. Lin Wan Xin (resigned on 31 May 2015)
Ms. Xu Yue Yue (resigned on 31 May 2015)

Independent Non-executive Directors

Mr. Cheung Chuen
Mr. Ling Aiwen (appointed on 31 July 2015)
Mr. Han Hongwei (appointed on 31 July 2015)
Mr. Huang Jian Zi (resigned on 31 July 2015)
Ms. Wong Lai Wing (resigned on 31 July 2015)

In accordance with articles 87(1) of the Company's articles of association, Mr. Hui Lung Hing and Mr. Yang Xue Jun shall retire by rotations and, being eligible, Mr. Yang Xue Jun offers himself for re-election at the forth coming annual meeting while Mr. Hui Lung Hing will not offer himself for re-election due to his retirement, at the forthcoming annual general meeting.

In accordance with articles 86(3) of the Company's articles of association, Mr. Ling Aiwen and Mr. Han Hongwei shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE AGREEMENTS

Mr. Xiang Song, an Executive Director has entered into a service agreement with the Company for a term of three years, with a fixed term of one year, which shall be terminated by either party giving the other not less than six months prior written notice provided that such notice period shall not expire during the first 12 months of the said 3 years' term. The commencement date of the service agreement with Mr. Xiang Song is on 22 August 2011. After the completion of his service agreement, Mr. Xiang's appointment was continued from 22 August 2014 and was terminated on 31 May 2015.

Mr. Lin Wan Xin, an Executive Director has entered into the service agreement with the Company for a term of one year from the date of the commencement of the contract and his appointment will continue thereafter until terminated by six months' notice in writing served by either party on the other. Mr. Lin Wan Xin's service agreement was commenced on 24 October 2010 and was terminated on 31 May 2015.

Each of the Executive Directors appointed after 1 July 2009 listed below has entered into a service contract with the Company for a term of one year from the date of their appointments and their appointments will continue thereafter until terminated by six months' notice in writing served by either party on the other. The commencement dates of the renewal contracts at the same terms as per above of the Executive Directors are as follows:

Mr. Hui Lung Hing	1 January 2013
Mr. Sze Ming Yee	1 January 2013
Ms. Xu Yue Yue	1 March 2013 and terminated on 31 May 2015
Mr. Yang Xue Jun	1 January 2013

Mr. Cheung Chuen, Ms. Wong Lai Wing and Mr. Huang Jian Zi were appointed as an Independent Non-executive Directors on 30 September 2004, 15 January 2010 and 7 December 2010, respectively, each of their appointment letters has been renewed with the Company for a term of one year commencing from 1 January 2015, 1 January 2015 and 1 December 2014. Ms. Wong Lai Wing and Mr. Huang Jian Zi resigned as Independent Non-executive Directors on 31 July 2015. Also, Mr. Ling Aiwen and Mr. Han Hongwei were appointed as Independent Non-executive Directors and signed their appointment letters for a term of one year commencing from 31 July 2015. According to their terms of service, Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei are subject to retirement by rotation and offer themselves for re-election in accordance with the articles of association of the Company.

Save as disclosed above, none of the Directors has a service agreement with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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 and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares of the Company

Name	Capacity	Number of shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Total approximate % of the issued share capital
Mr. Sze Ming Yee	Interest held as beneficial owner and through controlled corporation	345,778,539	345,778,539 (Note 1)	—	13.32%
Mr. Hui Lung Hing	Beneficial owner	258,000,000	250,000,000	8,000,000 (Note 2)	9.94%

Note 1: 345,778,539 Shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 72% beneficially owned by Mr. Sze Ming Yee.

Note 2: 8,000,000 share options are held by Mr. Hui Lung Hing.

Save as disclosed above, as at 30 June 2015, none of the Directors nor the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, according to the register of members kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors or chief executives of the Company) had an interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name	Capacity	Number of shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to shares options	Total approximate % of the issued share capital
Union Day Group Limited	Beneficial owner	345,778,539	345,778,539 (Note 1)	—	13.32%
Mr. Yin Jia Tang	Beneficial owner	149,866,667	144,866,667	5,000,000 (Note 2)	5.78%

Note 1: 345,778,539 Shares are held by Union Day Group Limited (a company incorporated in the British Virgin Islands with limited liability) which is 72% beneficially owned by Mr. Sze Ming Yee.

Note 2: 5,000,000 share options are held by Mr. Yin Jia Tang.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 30 June 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections "Share option scheme", "Share options" and "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, at no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF CHANGE IN INFORMATION ON DIRECTOR

Pursuant to rule 13.51B(1) of the Listing Rules, the change of information on Director is as follows:

Mr. Cheung Chuen ceased to act as an independent non-executive director of Anxin-China Holdings Limited with effect from 24 September 2015.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 41 to the financial statements, there was no contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of the annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the placing of new shares under general mandate on 15 January 2015, the Company entered into the placing agreements with no less than six placees (the "Placees"), independent third parties of the Group, for the placement of an aggregate of 185,000,000 placing shares at the placing prices of HK$0.47 per placing share. The 185,000,000 placing shares represents approximately 7.68% of the existing issued share capital of the Company on 15 January 2015 and approximately 7.13% of the issued share capital of the Company as enlarged by the placing shares.

The Directors had considered various methods of raising funds such as rights issue and open offer and considered that the placing is the most efficient way in terms of cost and time involved for the Company. The gearing ratio of the Group was 43% as at 30 June 2014. After application of the proceeds from the placing, the gearing ratio of the Group was lowered significantly to 17%, thereby strengthening the financial position of the Group. The placing also provides an opportunity for the Company to broaden its shareholder base and capital base. Accordingly, the Directors considered the entering into of the placing agreements was in the interest of the Company and the shareholders as a whole.

The gross proceeds from the placing was approximately HK$86,950,000 million (equivalent to RMB 68,619,000). The net proceeds after deducting relevant cost associated with the placing was approximately HK$86,850,000 million. Accordingly, the net price per placing share was approximately HK$0.469.

To the best knowledge, information and belief of the Directors after having made reasonable enquiries, each placee was an individual investor in Hong Kong or in the PRC and none of them was a connected person of the Company and/or any of their associates.

The placing shares of HK$0.47 per placing share represents:

(i) a discount of approximately 16.07% to the closing price of the shares of HK$0.56 per share as quoted on the Stock Exchange on 15 January 2015;

(ii) a discount of approximately 16.37% to the average closing price of the shares of approximately HK$0.562 per share as quoted on the Stock Exchange for the five consecutive trading days ending on 15 January 2015;

(iii) a discount of approximately 17.83% to the average closing price of the shares of approximately HK$0.572 per share as quoted on the Stock Exchange for the ten consecutive trading days ending on 15 January 2015; and

(iv) a premium of approximately 327.27% over the audited consolidated net asset value per share of approximately HK$0.11 calculated based on the audited consolidated net asset value of the Group of approximately RMB218,797,000 (approximately HK$273,846,000) as at 30 June 2014 and 2,408,682,564 shares in issue as at 15 January 2015.

The placing price was arrived and fixed on 15 January 2015 at after arm's length negotiations among the Company and the Placees with reference to the prevailing market price of the shares and the latest audited consolidated net asset value per share.

The directors considered that the placing price and the terms of the placing agreements were fair and reasonable and were in the interests of the Company and the shareholders as a whole.

On 27 January 2015, 185,000,000 new ordinary shares were placed to the Placees, at a placing price of HK$0.47 per share, resulting in the issue of 185,000,000 new ordinary shares of HK$0.10 each (the aggregate nominal value of HK$18,500,000).

The Group's actual use of the placing proceeds is as follows: used for the settlement of a cash consideration for the acquisition of gold mines in Shandong as disclosed in the announcement of the Company dated 30 January 2015.

During the Year, the subscription rights attaching to 28,000,000, 31,200,000, 5,384,000 and 29,060,000 share options were exercised at the subscription price of HK$0.287, HK$0.449, HK$0.306 and HK$0.610 per share, respectively, resulting in the issue of 93,644,000 new ordinary shares of HK$0.10 each (the aggregate nominal value of HK$9,364,000) for a total cash consideration, before expenses, of approximately HK$41,419,000 (equivalent to RMB32,800,000). An amount of HK$20,916,000 (equivalent to RMB16,564,000) was transferred from the share option reserve to the share premium account upon exercise of the share options. The raised fund was used as (i) settlement of the remaining cash consideration of approximately HK$13.15 million and a promissory note of HK$15.01 million for the Shandong acquisitions; (ii) the payment of the professional fees HK$12.2 million for the Shandong acquisitions; and (iii) the payment of the salaries and directors' fees for the amount of approximately HK$1.04 million.

On 7 November 2014 and 5 December 2014, 3,000,000 and 2,000,000 non-redeemable convertible preferred shares were converted into ordinary shares at a price of HK$0.30 per share, resulting in the issue of an aggregate of 16,666,667 new ordinary shares of HK$0.10 each (the aggregate nominal value of HK$1,666,667).

During the Year, 15,000,000 and 3,000,000 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.29 and HK$0.75 per share, respectively, resulting in the issue of an aggregate of 18,000,000 new ordinary shares of HK$0.10 each (the aggregate nominal value of HK$1,800,000), pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$6,600,000 (equivalent to RMB5,221,000). The raised fund was used as (i) the payment of audit fee of HK$2.14 million; and (ii) the payment of the salaries and directors' fees for the amount of approximately HK$4.46 million.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

The Company established the Audit Committee since 8 May 2001 with written terms of reference and the duties of the Audit Committee include reviewing the Company's annual reports and interim reports and providing advice and comments to the Directors. The Audit Committee is also responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei. During the Year, the Audit Committee met twice to review the interim and annual results of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITORS

Ernst & Young retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming annual general meeting

By Order of the Board

Hui Lung Hing
Chairman

Hong Kong, 25 September 2015

Independent Auditors' Report

To the shareholders of Kingwell Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kingwell Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 131, which comprise the consolidated and company statements of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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.

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 audit opinion.

Independent Auditors' Report (Continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015, and of the Group's profit 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.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

25 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**9,412**	27,086
Cost of sales		**(6,866)**	(20,550)
Gross profit		**2,546**	6,536
Other income and gains	5	**14,134**	1,625
Selling and distribution expenses		**(220)**	(510)
Administrative expenses		**(53,900)**	(51,725)
Other expenses		**(6,891)**	(611)
Finance costs	7	**(8,451)**	(4,188)
Share of loss of an associate	19	**(2,391)**	—
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(55,173)**	(48,873)
Income tax expense	10	**(2,906)**	(1,392)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(58,079)**	(50,265)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	12	**73,842**	(51,999)
PROFIT/(LOSS) FOR THE YEAR		**15,763**	(102,264)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

Year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(43,370)**	(973)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries	36	**(20,487)**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(63,857)**	(973)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(48,094)**	(103,237)
Profit/(loss) attributable to:			
Owners of the Company	11	**20,922**	(101,101)
Non-controlling interests		**(5,159)**	(1,163)
		15,763	(102,264)
Total comprehensive loss attributable to:			
Owners of the Company	11	**(21,805)**	(100,872)
Non-controlling interests		**(26,289)**	(2,365)
		(48,094)	(103,237)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic			
— For profit/(loss) for the year		**RMB0.94 cent**	RMB(4.91) cents
— For loss from continuing operations		**RMB(2.37) cents**	RMB(2.39) cents
Diluted			
— For profit/(loss) for the year		**RMB0.89 cent**	RMB(4.91) cents
— For loss from continuing operations		**RMB(2.37) cents**	RMB(2.39) cents

Consolidated Statement of Financial Position

30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**2,384**	39,792
Investment properties	15	**45,817**	14,890
Prepaid land lease payments	16	**—**	1,676
Intangible assets	17	**75,052**	121,904
Investment in an associate	19	**137,789**	—
Prepayments	22	**—**	6,527
Deferred tax assets	31	**2,191**	1,608
Total non-current assets		**263,233**	186,397
CURRENT ASSETS			
Inventories	20	**95,643**	133,700
Trade and bills receivables	21	**—**	21,738
Prepayments, deposits and other receivables	22	**2,968**	6,773
Equity investments at fair value through profit or loss	23	**—**	141
Pledged deposits	24	**1,262**	2,058
Cash and cash equivalents	24	**37,063**	184,579
Total current assets		**136,936**	348,989
CURRENT LIABILITIES			
Trade payables	25	**6,404**	26,664
Other payables and accruals	26	**32,147**	112,511
Due to a director	27	**—**	1,441
Interest-bearing bank and other borrowings	28	**17,600**	134,530
Tax payable		**6,909**	6,909
Total current liabilities		**63,060**	282,055
NET CURRENT ASSETS		**73,876**	66,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**337,109**	253,331

Consolidated Statement of Financial Position (Continued)

30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**337,109**	253,331
NON-CURRENT LIABILITIES			
Non-redeemable convertible preferred shares	30	**408**	967
Interest-bearing other borrowings	28	**—**	22,100
Deferred tax liabilities	31	**13,442**	11,467
Promissory note	32	**22,621**	—
Total non-current liabilities		**36,471**	34,534
Net assets		**300,638**	218,797
EQUITY			
Equity attributable to owners of the Company			
Issued capital	33	**229,285**	204,451
Non-redeemable convertible preferred shares	30	**2,252**	6,004
Reserves	35(a)	**23,451**	(63,597)
		254,988	146,858
Non-controlling interests		**45,650**	71,939
Total equity		**300,638**	218,797

Hui Lung Hing
Director

Yang Xue Jun
Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2015

		Attributable to owners of the Company													
	Notes	Issued capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Non-redeemable convertible preferred shares RMB'000	Statutory reserve RMB'000	Warrants reserve RMB'000	Equity component of the convertible note RMB'000	Capital reserve RMB'000	Capital contribution reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2013		163,540	422,243	15,787	17,263	18,872	814	305	6,929	48,448	33,830	(664,597)	63,434	74,304	137,738
Loss for the year		–	–	–	–	–	–	–	–	–	–	(101,101)	(101,101)	(1,163)	(102,264)
Other comprehensive income/(loss) for the year:															
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	–	229	–	229	(1,202)	(973)
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	–	–	–	229	(101,101)	(100,872)	(2,365)	(103,237)
Placing of shares	33(e)	24,000	91,198	–	–	–	–	–	–	–	–	–	115,198	–	115,198
Exercise of share options	33(f)	5,997	14,789	–	–	–	–	–	–	–	–	–	20,786	–	20,786
Transfer from share option reserve	33(f)	–	9,109	(9,109)	–	–	–	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	34(d)	–	–	24,507	–	–	–	–	–	–	–	–	24,507	–	24,507
Exercise of warrants	33(h)	6,730	13,460	–	–	–	(695)	–	–	–	–	–	19,495	–	19,495
Issue of warrants	35(b)(iii)	–	–	–	–	–	2,930	–	–	–	–	–	2,930	–	2,930
Redemption of the convertible note	29	–	–	–	–	–	–	(305)	–	–	–	–	(305)	–	(305)
Conversion of non-redeemable convertible preferred shares	30,33(g)	4,184	8,760	–	(11,259)	–	–	–	–	–	–	–	1,685	–	1,685
At 30 June 2014		204,451	559,559	31,185	6,004	18,872	3,049	–	6,929	48,448	34,059	(765,698)	146,858	71,939	218,797

Consolidated Statement of Changes in Equity (Continued)

Year ended 30 June 2015

		Attributable to owners of the Company													
	Notes	Issued capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Non-redeemable convertible preferred shares RMB'000	Statutory reserve RMB'000	Warrants reserve RMB'000	Equity component of the convertible note RMB'000	Capital reserve RMB'000	Capital contribution reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2014		204,451	559,559	31,185	6,004	18,872	3,049	–	6,929	48,448	34,059	(765,698)	146,858	71,939	218,797
Profit/(loss) for the year		–	–	–	–	–	–	–	–	–	–	20,922	20,922	(5,159)	15,763
Other comprehensive loss for the year:															
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	–	(22,240)	–	(22,240)	(21,130)	(43,370)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries	36	–	–	–	–	–	–	–	–	–	(20,487)	–	(20,487)	–	(20,487)
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	–	–	–	(42,727)	20,922	(21,805)	(26,289)	(48,094)
Placing of shares	33(a)	14,600	54,019	–	–	–	–	–	–	–	–	–	68,619	–	68,619
Exercise of share options	33(b)	7,415	25,385	–	–	–	–	–	–	–	–	–	32,800	–	32,800
Transfer from share option reserve	33(b)	–	16,564	(16,564)	–	–	–	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	34(e)	–	–	22,659	–	–	–	–	–	–	–	–	22,659	–	22,659
Exercise of warrants	33(d)	1,424	3,941	–	–	–	(144)	–	–	–	–	–	5,221	–	5,221
Transfer of warrants reverse upon expiry of the warrants	35(b)(iii)	–	–	–	–	–	(2,905)	–	–	–	–	2,905	–	–	–
Conversion of non-redeemable convertible preferred shares	33(c)	1,395	2,993	–	(3,752)	–	–	–	–	–	–	–	636	–	636
Transfer from accumulated losses	35(a)	–	–	–	–	82	–	–	–	–	–	(82)	–	–	–
Disposal of subsidiaries		–	–	–	–	(14,274)	–	–	(6,910)	–	–	21,184	–	–	–
At 30 June 2015		229,285	662,461*	37,280*	2,252	4,680*	–	–	19*	48,448*	(8,668)*	(720,769)*	254,988	45,650	300,638

* These reserve accounts comprise the consolidated reserves of RMB23,451,000 (2014: deficiency in consolidated reserves of RMB63,597,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		**(55,173)**	(48,873)
From a discontinued operation		**73,842**	(51,999)
Adjustments for:			
Finance costs	7,12	**11,772**	15,343
Interest income		**(792)**	(790)
Loss/(gain) on disposal of items of property, plant and equipment		**149**	(174)
Fair value (gain)/loss on equity investments at fair value through profit or loss		**(10)**	9
Depreciation	14	**1,602**	6,885
Amortisation of prepaid land lease payments	16	**12**	47
Amortisation of intangible assets	17	**46**	137
Changes in fair value of investment properties	5	**(7,141)**	(230)
(Write-back)/write-down of inventories to net realisable value		**(492)**	949
Provision for impairment of trade and other receivables		**33**	88
Equity-settled share option expense	34	**22,659**	24,507
Gain on disposal of subsidiaries	36	**(93,792)**	—
Share of loss of an associate		**2,391**	—
		(44,894)	(54,101)
Decrease in inventories		**7,024**	20,403
Decrease in trade and bills receivables		**3,399**	9,554
Decrease/(increase) in prepayments, deposits and other receivables		**2,342**	(57)
Decrease in pledged deposits		**796**	6,333
Increase/(decrease) in trade payables		**633**	(10,593)
Increase in other payables and accruals		**13,743**	9,979
Cash used in operations		**(16,957)**	(18,482)
Taxes paid		**(1,514)**	(5,911)
Net cash flows used in operating activities		**(18,471)**	(24,393)

Consolidated Statement of Cash Flows (Continued)

Year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
Net cash flows used in operating activities		**(18,471)**	(24,393)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**792**	790
Purchases of items of property, plant and equipment		**(2,017)**	(1,445)
Proceeds from disposal of items of property, plant and equipment		**251**	487
Proceeds from disposal of equity investments at fair value through profit or loss		**—**	393
Additions to intangible assets	17	**(1,905)**	(1,985)
Acquisition of an associate	19	**(79,191)**	—
Disposal of subsidiaries	36	**(104,022)**	—
Net cash flows used in investing activities		**(186,092)**	(1,760)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	33	**106,640**	116,279
New bank loans and other borrowings		**—**	141,800
Repayment of bank loans and other borrowings		**(4,500)**	(179,800)
Proceeds from issue of warrants	35	**—**	2,930
Decrease in amounts due to directors		**(1,441)**	(40,229)
Interest paid		**(5,113)**	(14,886)
Redemption of the convertible note	29	**—**	(10,002)
Redemption of the promissory note	32	**(43,528)**	—
Net cash flows from financing activities		**52,058**	16,092
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(152,505)**	(10,061)
Cash and cash equivalents at beginning of year		**184,579**	193,197
Effect of foreign exchange rate changes, net		**4,989**	1,443
CASH AND CASH EQUIVALENTS AT END OF YEAR		**37,063**	184,579
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**37,063**	184,579

Statement of Financial Position

30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**152**	176
Investments in subsidiaries	18	**208,320**	208,320
Investment in an associate	19	**137,789**	—
Total non-current assets		**346,261**	208,496
CURRENT ASSETS			
Due from subsidiaries	18	**3,396**	—
Prepayments, deposits and other receivables	22	**368**	77
Cash and cash equivalents	24	**7,452**	53,531
Total current assets		**11,216**	53,608
CURRENT LIABILITIES			
Due to subsidiaries	18	**—**	1,440
Other payables and accruals	26	**6,333**	6,039
Due to a director	27	**—**	794
Total current liabilities		**6,333**	8,273
NET CURRENT ASSETS		**4,883**	45,335
TOTAL ASSETS LESS CURRENT LIABILITIES		**351,144**	253,831
NON-CURRENT LIABILITIES			
Non-redeemable convertible preferred shares	30	**408**	967
Promissory note	32	**22,621**	—
Total non-current liabilities		**23,029**	967
Net assets		**328,115**	252,864
EQUITY			
Issued capital	33	**229,285**	204,451
Non-redeemable convertible preferred shares	30	**2,252**	6,004
Reserves	35(b)	**96,578**	42,409
Total equity		**328,115**	252,864

Hui Lung Hing
Director

Yang Xue Jun
Director

Notes to Financial Statements

30 June 2015

1. CORPORATE INFORMATION

Kingwell Group Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

During the year, the Group was involved in the following principal activities:

- property development
- gold mine exploration

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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Group has not early adopted the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group proposed an open offer to raise fund of approximately RMB35,600,000 (after deducting estimated expenses) subsequent to the end of the reporting period. After taking into account the proposed open offer, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Further details of the proposed open offer are given in note 45 to the financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 parent of the Group and to the non-controlling interests, even if this 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.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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.

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 POLICIES 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 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs

Except for the amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle* which is only relevant to an entity's first HKFRS financial statements, the nature and the 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) HKAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) 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.

(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 payments, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is a accrued progressively only if the activity that triggers payment occurs over 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.

(f) The HKFRS 2 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The HKFRS 3 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment included in *Annual Improvements 2010–2012 Cycle* clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

(i) The *Annual Improvements to HKFRSs 2010–2012 Cycle and Annual Improvements to 2011–2013 Cycle* set out amendments to a number of HKFRSs. None of the amendments are expected to have a significant financial impact on the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 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

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 July 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 July 2016.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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 July 2016.

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 July 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 July 2016.

Amendments to HKAS 16 and HKAS 38 clarity 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 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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 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.

Investment in an associate

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 these policies.

The Group's investment in an associate is 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.

The Group's share of the post-acquisition result and other comprehensive income of an associate is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate is included as part of the Group's investment in an associate.

If an investment in 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, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate 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.

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 30 June. 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

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;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

(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).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. 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 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:

Buildings	3.6%
Leasehold improvements	33.3%
Plant and machinery	9%
Furniture and fixtures	18%
Motor vehicles	28%

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 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 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.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised based on the accounting policy as stated in "Mining rights" below. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Mining rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the unit-of-production method. Mining rights are written off to profit or loss if the mining property is abandoned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Computer software

Software is stated at cost less impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Operating leases

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 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 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.

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, 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.

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 in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

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

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.

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 profit or loss. The loss arising from impairment is recognised in profit or loss in other expenses for receivables.

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 to 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to reply.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any 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.

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 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 profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Loans 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 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 profit or loss.

Non-redeemable convertible preferred shares

Non-redeemable convertible preferred shares issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

Non-redeemable convertible preferred shares are classified as a liability if interest payments are not discretionary. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the preferred shares and the fair value assigned to the liability component, representing the conversion option for the holder to convert the preferred shares into equity, is included in equity.

In subsequent periods, the liability component of non-redeemable convertible preferred shares is carried at amortised cost using the effective interest method. The equity component will remain in equity until the conversion options are exercised and will be transferred to share capital and share premium of the Company.

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 profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Properties under development represent properties developed for sale and are stated at the lower of cost and net realisable value. Cost comprises the prepaid land lease payments or cost of land together with any direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by the directors based on prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the development of these properties is completed, these properties are reclassified to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Cost is determined by an apportionment of the total costs of land and buildings attributable to unsold properties. Net realisable value is determined by the directors based on the prevailing market prices on an individual property basis less costs to be incurred in selling the property.

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 consolidated 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 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 carry-forward 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 carry-forward 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, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

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

(c) 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 to the net carrying amount of the financial asset; and

(d) 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 for grants after 7 November 2002 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 the Binomial Option Pricing model or Black-Scholes model, further details of which are given in note 34 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 profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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 schemes

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

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. The functional currencies of the Company and its subsidiaries in Mainland China and Russia are the Hong Kong dollar, RMB and Rouble ("RUB"), respectively. 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 retranslated 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 profit or loss.

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 retranslation 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 subsidiaries outside Mainland China are the Hong Kong dollar and RUB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at exchange rates prevailing at the end of the reporting period and their profit or loss is translated into RMB at the weighted average exchange rate 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 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 subsidiaries outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries outside Mainland China which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Recognition of a deferred tax liability for withholding taxes

Deferred income tax liability has been established for withholding tax that would be payable on certain profit of the subsidiary in Mainland China to be repatriated and distributed by way of dividends.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

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

Provision for impairment of trade and other receivables

Provision for impairment of trade and other receivables is made based on the assessment of the recoverability of trade and bills receivables and other receivables. The identification of impairment of trade and other receivables requires management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of the receivables and impairment of trade and other receivables in the year in which such estimate has been changed.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to recent market selling prices for similar properties in the same location and condition, appropriate discount rates, and expected future maintenance costs. The carrying amount of investment properties at 30 June 2015 was RMB45,817,000 (2014: RMB14,890,000).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (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 together with future tax planning strategies. No deferred tax assets related to tax losses are recognised in respect to 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.

People's Republic of China ("PRC") land appreciation taxes ("LAT")

The Group is subject to land appreciation taxes in Mainland China. The provision for land appreciation taxes is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The Group has finalised its land appreciation tax calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the land appreciation tax expenses and the related provision in the period in which the differences realise.

4. OPERATING SEGMENT INFORMATION

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

(a) the gold mining segment engages in the production and sale of gold; and

(b) the property development segment engages in the development of villas, apartments and commercial buildings.

The electronic products business is no longer included in the note for operating segment information for being disposed of and classified as a discontinued operation on 31 October 2014. Further details are set out in note 12 to the financial statements.

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 from continuing operations. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax from continuing operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude an amount due to a director, tax payable, non-redeemable convertible preferred shares, deferred tax liabilities, promissory note and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 30 June 2015	Gold mining RMB'000	Property development RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	—	9,412	9,412
Other revenue	—	13,437	13,437
Revenue from continuing operations	—	22,849	22,849
Segment results	(9,567)	14,933	5,366
Reconciliation:			
Interest income			697
Corporate and other unallocated expenses			(52,785)
Finance costs			(8,451)
Loss before tax from continuing operations			(55,173)
Segment assets	231,145	158,861	390,006
Reconciliation:			
Corporate and other unallocated assets			10,163
			400,169
Segment liabilities	101	49,717	49,818
Reconciliation:			
Corporate and other unallocated liabilities			49,713
			99,531
Other segment information:			
Share of loss of an associate	(2,391)	—	(2,391)
Depreciation	—	464	464
Investment in an associate	137,789	—	137,789
Capital expenditure	2,149	212	2,361

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 30 June 2014	Gold mining RMB'000	Property development RMB'000	Total RMB'000 (Restated)
Segment revenue:			
Sales to external customers	—	27,086	27,086
Other revenue	—	1,027	1,027
Revenue from continuing operations	—	28,113	28,113
Segment results	(1,721)	617	(1,104)
Reconciliation:			
Interest income			127
Corporate and other unallocated expenses			(43,708)
Finance costs			(4,188)
Loss before tax from continuing operations			(48,873)
Segment assets	147,048	147,398	294,446
Reconciliation:			
Corporate and other unallocated assets			55,813
Assets from a discontinued operation			185,127
			535,386
Segment liabilities	182	49,667	49,849
Reconciliation:			
Corporate and other unallocated liabilities			26,273
Liabilities from a discontinued operation			240,467
			316,589
Other segment information:			
Depreciation	—	415	415
Capital expenditure	1,985	—	1,985

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from continuing operations of RMB9,412,000 (2014: RMB27,086,000) was derived from sales to external customers located in Mainland China.

(b) Non-current assets

	2015 RMB'000	2014 RMB'000
Mainland China	**185,538**	18,024
Hong Kong	**179**	210
Russia	**75,325**	121,750
	261,042	139,984

The non-current assets information from continuing operations above is based on the locations of the assets, which excludes deferred tax assets.

Information about major customers

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue generated from continuing operations (2014: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents revenue from sales of properties, net of business tax and other sales related taxes.

An analysis of revenue, other income and gains is as follows:

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
Revenue			
Sales of properties		**9,412**	27,086
Other income			
Bank interest income		**697**	127
Rental income		**1,666**	565
Gain on disposal of items of property, plant and equipment		**—**	231
Others		**—**	472
		2,363	1,395
Gains			
Fair value gains on investment properties	15	**7,141**	230
Gain on disposal of a subsidiary	36	**4,630**	—
		11,771	230
		14,134	1,625

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Cost of properties sold		6,866	20,550
Depreciation		464	415
Minimum lease payments under operating leases:			
Land and buildings		2,700	1,704
Auditors' remuneration		1,814	3,328
Staff costs (excluding directors' remuneration):			
Salaries and wages		7,190	8,763
Pension scheme contributions		314	317
Equity-settled share option expense		22,659	22,353
		30,163	31,433
Foreign exchange differences, net*		6,738	522
Changes in fair value of investment properties	15	(7,141)	(230)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		52	12

* This amount was included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2015 RMB'000	2014 RMB'000 (Restated)
Interest on:		
Bank and other borrowings	1,759	3,880
Non-redeemable convertible preferred shares	78	209
Promissory note	6,614	—
Convertible note	—	99
	8,451	4,188

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Fees	**337**	333
Other emoluments:		
Salaries, allowances and benefits in kind	**1,964**	2,032
Pension scheme contributions	**21**	22
Performance related bonuses	**48**	713
Equity-settled share option expense	**—**	2,154
	2,033	4,921
	2,370	5,254

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	RMB'000	RMB'000
Mr. Cheung Chuen	**100**	95
Ms. Wong Lai Wing*	**190**	190
Mr. Huang Jian Zi*	**47**	48
	337	333

* Resigned as the independent non-executive director on 31 July 2015.

There were no other emoluments payable to the independent non-executive directors during the current year and the prior year.

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
2015					
Mr. Xiang Song*	**261**	**—**	**—**	**—**	**261**
Mr. Lin Wan Xin[&]	**174**	**—**	**—**	**—**	**174**
Ms. Xu Yue Yue[&]	**174**	**—**	**—**	**—**	**174**
Mr. Sze Ming Yee	**190**	**9**	**—**	**—**	**199**
Mr. Hui Lung Hing	**950**	**12**	**24**	**—**	**986**
Mr. Yang Xue Jun[#]	**215**	**—**	**24**	**—**	**239**
	1,964	**21**	**48**	**—**	**2,033**

* Resigned as the executive director and chief executive on 31 May 2015.
[#] Appointed as the chief executive on 31 May 2015.
[&] Resigned as the executive directors on 31 May 2015.

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Total remuneration RMB'000
2014					
Mr. Xiang Song	285	—	—	—	285
Mr. Lin Wan Xin	190	—	—	—	190
Ms. Xu Yue Yue	190	—	—	—	190
Mr. Sze Ming Yee	190	10	—	—	200
Mr. Hui Lung Hing	950	12	—	2,154	3,116
Mr. Yang Xue Jun	227	—	713	—	940
	2,032	22	713	2,154	4,921

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2014: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2014: three) non-director, highest paid employees for the year are as follows:

	Group 2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**875**	1,516
Performance related bonuses	**—**	578
Equity-settled share option expense	**1,486**	1,481
Pension scheme contributions	**21**	33
	2,382	3,608

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

	Number of employees 2015	2014
Nil to RMB1,000,000	**3**	1
RMB1,000,001 to RMB1,500,000	**—**	1
RMB1,500,001 to RMB2,000,000	**1**	1
	4	3

10. INCOME TAX

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its business through its subsidiaries established in Mainland China (the "PRC Subsidiaries") and Russia.

No provision for Hong Kong profits tax has been made (2014: Nil) as the Group did not generate any assessable profits 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, based on existing legislation, interpretations and practices in respect thereof.

	2015 **RMB'000**	2014 RMB'000
Group:		
Current — Mainland China		
Provision for corporate income tax	**—**	520
Provision for LAT	**1,514**	4,142
Deferred (note 31)	**1,392**	(3,270)
Total tax charge for the year	**2,906**	1,392

10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to loss before tax from continuing operations at the statutory tax rate for the country in which a major subsidiary of the Company is domiciled to the tax expense at the effective tax rate is as follows:

Group	2015 RMB'000	2014 RMB'000 (Restated)
Loss before tax from continuing operations	(55,173)	(48,873)
Tax at the statutory tax rate of 25%	(13,793)	(12,218)
Lower tax rates for specific provinces or enacted by local authorities	5,290	4,533
Expenses not deductible for tax	213	142
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiary	41	—
Effect on opening withholding tax due to decrease in tax rate	—	(2,015)
Loss attributable to an associate	395	—
Tax losses not recognised	9,625	7,844
Provision for LAT	1,514	4,142
Tax effect of LAT	(379)	(1,036)
Tax charge at the Group's effective rate	2,906	1,392
The Group's effective income tax rate	(5.3%)	(2.8%)

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 30 June 2015 includes a loss of RMB39,554,000 (2014: RMB62,497,000) which has been dealt with in the financial statements of the Company (note 35).

12. DISCONTINUED OPERATION

On 27 August 2014, the Company entered into a sale and purchase agreement with Splendid Vantage Limited, an independent third party, for the disposal of the Company's 100% equity interests in Superford Holding Limited and its subsidiary (collectively the "Superford Group") to Splendid Vantage Limited at a cash consideration of HK$700,000 (equivalent to RMB554,000). Superford Holding Limited holds a 100% equity interests in Fujian Fuqiang Delicate Circuit Plate Co., Ltd. which is engaged in the manufacture and trading of rigid printed circuit boards (the "RPCBs"). The shareholders approved the transaction by poll at the extraordinary general meeting held on 23 October 2014. The disposal of the Superford Group was completed on 31 October 2014. With the Superford Group being disposed of and classified as a discontinued operation, the electronic products business is no longer included in the note for operating segment information. Further details are set out in note 36 to the financial statements.

The results of the Superford Group for the year are presented below:

	2015 **RMB'000**	2014 RMB'000
Revenue	**20,561**	72,187
Other income	**73**	1,852
Expenses	**(32,633)**	(114,883)
Finance costs	**(3,321)**	(11,155)
Loss before tax from the discontinued operation	**(15,320)**	(51,999)
Gain on disposal (note 36)	**89,162**	—
Profit/(loss) for the year from the discontinued operation	**73,842**	(51,999)

The net cash flows incurred by the Superford Group are as follows:

	2015 **RMB'000**	2014 RMB'000
Operating activities	**1,171**	(14,064)
Investing activities	**(81)**	(186)
Financing activities	**(3,321)**	(41,486)
Net cash outflow	**(2,231)**	(55,736)
Earnings/(loss) per share:		
Basic, from the discontinued operation	**RMB3.31 cents**	RMB(2.53) cents
Diluted, from the discontinued operation	**RMB3.15 cents**	RMB(2.53) cents

12. DISCONTINUED OPERATION (Continued)

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

	2015	2014
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operation	**RMB73,842,000**	RMB(51,999,000)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 13)	**2,228,905,000**	2,058,061,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 13)	**2,345,858,000**	2,058,061,000*

* The warrants, share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented for the year ended 30 June 2014.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of RMB20,922,000 (2014: a loss of RMB101,101,000), and the weighted average number of ordinary shares of 2,228,905,000 (2014: 2,058,061,000) in issue during the year.

The calculation of the loss per share amounts for the loss from continuing operations is based on the loss for the year from continuing operations attributable to ordinary equity holders of the Company of RMB52,920,000 (2014: RMB49,102,000), and the weighted average number of ordinary shares of 2,228,905,000 (2014: 2,058,061,000) in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 30 June 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of RMB20,922,000. 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 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.

No adjustment has been made to the basic loss per share amount presented for the year ended 30 June 2014 and the basic loss per share amount for loss from continuing operations presented for the years ended 30 June 2015 and 2014 in respect of a dilution as the impact of the warrants, share options and non-redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The calculations of basic and diluted earnings per share for the year ended 30 June 2015 are based on:

	RMB'000
Earnings	
Profit/(loss) attributable to ordinary equity holders of the Company,	
used in the basic earnings per share calculation:	
From continuing operations	(52,920)
From a discontinued operation	73,842
	20,922

	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the year	
used in the basic earnings per share calculation	2,228,905,000
Effective of dilution — weighted average number of ordinary shares:	
Warrants	3,077,000
Share options	103,876,000
Non-redeemable convertible preferred shares	10,000,000
	2,345,858,000

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
30 June 2015							
Cost:							
At 1 July 2014	73,837	501	132,171	92,577	7,368	49	306,503
Additions	45	—	60	110	80	244	539
Transfers	—	—	—	5	288	(293)	—
Disposals	—	—	—	—	(878)	—	(878)
Disposal of subsidiaries (note 36)	(71,647)	(103)	(132,215)	(92,079)	(5,138)	—	(301,182)
Exchange realignment	—	(3)	—	(4)	(2)	—	(9)
At 30 June 2015	2,235	395	16	609	1,718	—	4,973
Accumulated depreciation:							
At 1 July 2014	11,000	450	78,823	30,818	3,884	—	124,975
Depreciation provided during the year	854	—	223	103	422	—	1,602
Disposals	—	—	—	—	(478)	—	(478)
Disposal of subsidiaries (note 36)	(10,841)	(52)	(79,030)	(30,427)	(3,152)	—	(123,502)
Exchange realignment	—	(3)	—	(3)	(2)	—	(8)
At 30 June 2015	1,013	395	16	491	674	—	2,589
Impairment:							
At 1 July 2014	30,890	51	49,651	60,209	935	—	141,736
Disposal of subsidiaries (note 36)	(30,890)	(51)	(49,651)	(60,209)	(935)	—	(141,736)
At 30 June 2015	—	—	—	—	—	—	—
Net book value:							
At 30 June 2014	31,947	—	3,697	1,550	2,549	49	39,792
At 30 June 2015	1,222	—	—	118	1,044	—	2,384

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
30 June 2014							
Cost:							
At 1 July 2013	73,952	503	132,076	92,516	6,814	51	305,912
Additions	—	—	142	81	890	—	1,113
Disposals	(115)	—	(47)	(18)	(335)	—	(515)
Exchange realignment	—	(2)	—	(2)	(1)	(2)	(7)
At 30 June 2014	73,837	501	132,171	92,577	7,368	49	306,503
Accumulated depreciation:							
At 1 July 2013	8,530	422	78,168	27,784	3,392	—	118,296
Depreciation provided during the year	2,485	30	695	3,050	625	—	6,885
Disposals	(15)	—	(40)	(15)	(132)	—	(202)
Exchange realignment	—	(2)	—	(1)	(1)	—	(4)
At 30 June 2014	11,000	450	78,823	30,818	3,884	—	124,975
Impairment:							
At 1 July 2013 and 30 June 2014	30,890	51	49,651	60,209	935	—	141,736
Net book value:							
At 30 June 2013	34,532	30	4,257	4,523	2,487	51	45,880
At 30 June 2014	31,947	—	3,697	1,550	2,549	49	39,792

At 30 June 2014, certain of the Group's buildings with a net carrying amount of approximately RMB30,053,000 were pledged to secure general banking facilities granted to the Group (note 28).

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
30 June 2015				
Cost:				
At 1 July 2014	398	346	336	1,080
Additions	—	87	—	87
Exchange realignment	(3)	(3)	(2)	(8)
At 30 June 2015	395	430	334	1,159
Accumulated depreciation:				
At 1 July 2014	398	269	237	904
Depreciation provided during the year	—	49	60	109
Exchange realignment	(3)	(2)	(1)	(6)
At 30 June 2015	395	316	296	1,007
Net book value:				
At 30 June 2014	—	77	99	176
At 30 June 2015	—	114	38	152
30 June 2014				
Cost:				
At 1 July 2013	399	347	337	1,083
Exchange realignment	(1)	(1)	(1)	(3)
At 30 June 2014	398	346	336	1,080
Accumulated depreciation:				
At 1 July 2013	369	224	177	770
Depreciation provided during the year	30	46	61	137
Exchange realignment	(1)	(1)	(1)	(3)
At 30 June 2014	398	269	237	904
Net book value:				
At 30 June 2013	30	123	160	313
At 30 June 2014	—	77	99	176

15. INVESTMENT PROPERTIES

Group

	2015 RMB'000	2014 RMB'000
Carrying amount at beginning of the year	**14,890**	14,660
Transfer from completed properties held for sale	**23,786**	—
Net gain from a fair value adjustment	**7,141**	230
Carrying amount at end of the year	**45,817**	14,890

The Group's investment properties consist of certain commercial properties in Mainland China and are held under short term leases. The directors of the Company have determined that the investment properties are commercial properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 June 2015 based on valuations performed by Roma Appraisals Limited, independent professionally qualified valuers, at RMB45,817,000. Each year, the Group's directors and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's directors and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 39(a) to the financial statements.

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

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

Recurring fair value measurement for:	**Fair value measurement at 30 June 2015 using**			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Commercial properties	**—**	**—**	**45,817**	**45,817**

Recurring fair value measurement for:	Fair value measurement at 30 June 2014 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	—	—	14,890	14,890

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 (2014: Nil).

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 July 2013	14,660
Net gain from a fair value adjustment recognised in other income and gains in profit or loss (note 5)	230
Carrying amount at 30 June 2014 and 1 July 2014	14,890
Transfer from completed properties held for sale	23,786
Net gain from a fair value adjustment recognised in other income and gains in profit or loss (note 5)	7,141
Carrying amount at 30 June 2015	45,817

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2015	2014
Commercial properties	Direct comparison approach	a. Market monthly rental (RMB/sq.m.)	**a. 5–12**	a. 10–12
		b. Yield per annum	**b. 4.5%–5%**	b. 4.5%–5%
		c. Market unit sale rate (RMB/sq.m.)	**c. 2,000–3,000**	c. 2,140–2,870

The direct comparison approach requires a valuation by assuming sale of the property interests in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market and also considered the basis of capitalisation of the net income receivable, if necessary.

16. PREPAID LAND LEASE PAYMENTS

	Group 2015 RMB'000	2014 RMB'000
Carrying amount at beginning of the year	**1,723**	1,770
Recognised during the year	**(12)**	(47)
Disposal of subsidiaries (note 36)	**(1,711)**	—
Carrying amount at end of the year	**—**	1,723
Current portion included in prepayments, deposits and other receivables (note 22)	**—**	(47)
Non-current portion	**—**	1,676

The leasehold land was situated in Mainland China and was held under a long term lease.

At 30 June 2014, the Group's prepaid land lease payments with an aggregate carrying amount of RMB1,723,000 were pledged to secure general banking facilities granted to the Group (note 28).

17. INTANGIBLE ASSETS

	Mining and exploration rights RMB'000	Exploration and evaluation assets RMB'000	Computer software RMB'000	Total RMB'000
Cost:				
At 1 July 2014	**110,784**	**10,915**	**1,134**	**122,833**
Addition	**—**	**1,905**	**—**	**1,905**
Disposal of subsidiaries (note 36)	**—**	**—**	**(1,134)**	**(1,134)**
Exchange realignment	**(44,043)**	**(4,509)**	**—**	**(48,552)**
At 30 June 2015	**66,741**	**8,311**	**—**	**75,052**
Accumulated amortisation:				
At 1 July 2014	**—**	**—**	**929**	**929**
Provided for the year	**—**	**—**	**46**	**46**
Disposal of subsidiaries (note 36)	**—**	**—**	**(975)**	**(975)**
At 30 June 2015	**—**	**—**	**—**	**—**
Net carrying amount:				
At 30 June 2014	**110,784**	**10,915**	**205**	**121,904**
At 30 June 2015	**66,741**	**8,311**	**—**	**75,052**

17. INTANGIBLE ASSETS (Continued)

	Mining and exploration rights RMB'000	Exploration and evaluation assets RMB'000	Computer software RMB'000	Total RMB'000
Cost:				
At 1 July 2013	113,104	9,089	1,134	123,327
Addition	—	1,985	—	1,985
Exchange realignment	(2,320)	(159)	—	(2,479)
At 30 June 2014	110,784	10,915	1,134	122,833
Accumulated amortisation:				
At 1 July 2013	—	—	792	792
Provided for the year	—	—	137	137
At 30 June 2014	—	—	929	929
Net carrying amount:				
At 30 June 2013	113,104	9,089	342	122,535
At 30 June 2014	110,784	10,915	205	121,904

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 **RMB'000**	2014 RMB'000
Unlisted shares, at cost	**267,890**	361,863
Impairment#	**(59,570)**	(153,543)
	208,320	208,320

Impairment of RMB59,570,000 (2014: RMB59,570,000) and nil (2014: RMB93,973,000) was recognised for the investments in the property development segment and the Superford Group with carrying amounts of RMB187,528,000 (before deducting the impairment loss) (2014: RMB187,528,000) and nil (2014: RMB93,973,000), respectively.

Impairment of investment in the Superford Group of RMB93,973,000 was written off upon disposal of the Superford Group during the year (note 36).

18. INVESTMENTS IN SUBSIDIARIES (Continued)

The amounts due from subsidiaries as at 30 June 2015 included in the Company's current assets of RMB3,396,000 were unsecured, interest-free and repayable on demand or within one year.

The amounts due to subsidiaries as at 30 June 2014 included in the Company's current liabilities of RMB1,440,000 were unsecured, interest-free and repayable on demand or within one year.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Stephigh Group Limited	British Virgin Islands ("BVI")/Hong Kong	US$50,000	100%	–	Investment holding
Well Gold Group Limited	Hong Kong	HK$1	100%	–	Investment holding
Commerce Prosper Limited	BVI/Hong Kong	US$67,115	51%	–	Investment holding
Rise Win Group Limited	BVI/Hong Kong	US$50,000	–	100%	Investment holding
Rising Ray China Group Limited	Hong Kong	HK$10,000	–	100%	Investment holding
Anlu Taihe Real Estate Development Company*	PRC/Mainland China	RMB30,000,000	–	100%	Development and sale of real estate
Zolotoy Standart Limited	Russia	RUB10,000	–	51%	Gold mining

* Registered as a wholly-foreign-owned enterprise under the PRC law.

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Commerce Prosper Limited	49%	49%

	2015 RMB'000	2014 RMB'000
Loss for the year allocated to non-controlling interests:		
Commerce Prosper Limited	(5,159)	(1,163)

	2015 RMB'000	2014 RMB'000
Accumulated balances of non-controlling interests at the reporting dates:		
Commerce Prosper Limited	45,650	71,939

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Commerce Prosper Limited	
	2015 RMB'000	2014 RMB'000
Revenue	—	—
Total expenses	(10,528)	(2,373)
Loss for the year	(10,528)	(2,373)
Total comprehensive loss for the year	(10,528)	(2,373)
Current assets	24,642	25,300
Non-current assets	68,626	121,699
Current liabilities	(105)	(185)
Net cash flows used in operating activities	(9,617)	(5,348)
Net cash flows used in investing activities	(662)	(1,392)
Net cash flows from financing activities	2,965	—
Net decrease in cash and cash equivalents	(7,314)	(6,740)

19. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Share of net assets	**91,143**	—	**91,143**	—
Goodwill on acquisition	**46,646**	—	**46,646**	—
	137,789	—	**137,789**	—

On 30 January 2015, the Company acquired a 35% equity interest in Port First Limited ("Port First") at a consideration of HK$187,500,000, of which (i) HK$100,000,000 (equivalent to RMB79,191,000) was paid in cash and (ii) the remaining HK$87,500,000 (equivalent to RMB69,250,000) was settled by the Company by the issue of a promissory note (note 32), which was three-year note with an interest rate of 6% per annum from the acquisition date. Port First is an investment holding company and its subsidiaries, Longkou Jinxin Gold Co., Ltd. (龍口市金鑫黃金有限公司) and Longkou Jinhui Gold Co., Ltd. (龍口市金匯黃金有限公司), are engaged in mining, processing, refining and sales of gold bars in Mainland China.

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Port First	Ordinary shares of US$1.00 each	BVI	35%	Investment holding

19. INVESTMENT IN AN ASSOCIATE (Continued)

Port First which is considered a material associate of the Group, is a strategic partner of the Group engaged in the gold mining business and is accounted for using the equity method.

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

	30 June 2015 RMB'000
Current assets	11,885
Non-current assets	536,505
Current liabilities	(64,514)
Non-current liabilities	(112,405)
Net assets	371,471
Non-controlling interests	(111,062)
	260,409
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	35%
Group's share of net assets of the associate, excluding goodwill	91,143
Goodwill on acquisition	46,646
Carrying amount of the investment	137,789

	The period from the acquisition date to 30 June 2015 RMB'000
Revenue	29,840
Loss for the year attributable to:	
Owners of Port First	(6,830)
Non-controlling interests of Port First	(2,232)
Other comprehensive income attributable to:	
Owners of Port First	321
Non-controlling interests of Port First	—

20. INVENTORIES

	Group 2015 RMB'000	2014 RMB'000
Manufacture of RPCBs		
Raw materials	–	6,599
Work in progress	–	3,485
Finished goods	–	2,155
Inventory provision	–	(2,671)
	–	9,568
Property development		
Completed properties held for sale	**95,643**	124,132
	95,643	133,700

21. TRADE AND BILLS RECEIVABLES

	Group 2015 RMB'000	2014 RMB'000
Trade and bills receivables	–	78,147
Impairment	–	(56,409)
	–	21,738

21. TRADE AND BILLS RECEIVABLES (Continued)

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Within 1 month	**—**	7,097
1 to 3 months	**—**	13,233
3 months to 1 year	**—**	1,408
	—	21,738

The movements in provision for impairment of trade and bills receivables are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**56,409**	60,569
Amount written off as uncollectible	**—**	(3,921)
Impairment losses reversed	**(20)**	(239)
Disposal of a subsidiary	**(56,389)**	—
At end of the year	**—**	56,409

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Neither past due nor impaired	**—**	19,711
Within 1 month past due	**—**	1,233
1 to 3 months past due	**—**	220
3 months to 1 year past due	**—**	574
	—	21,738

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Non-current portion	Group 2015 RMB'000	Group 2014 RMB'000
Prepayments in respect of:		
Purchase of property, plant and equipment	–	6,527

Current portion	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Advances to suppliers	–	1,217	–	1
Current portion of prepaid land lease payments (note 16)	–	47	–	–
Deposits and other receivables	2,968	5,509	368	76
	2,968	6,773	368	77

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2015 RMB'000	Group 2014 RMB'000
Equity investments, at market value:		
PRC	–	141

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
Cash and bank balances	**37,063**	184,579	**7,452**	53,531
Time deposits	**1,262**	2,058	**—**	—
	38,325	186,637	**7,452**	53,531
Less: Time deposits pledged for banking facilities	**(1,262)**	(2,058)	**—**	—
Cash and cash equivalents	**37,063**	184,579	**7,452**	53,531

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,001,000 (2014: RMB106,614,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between six and eleven 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

Note: The balances of property development segment were pledged to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group 2015 RMB'000	Group 2014 RMB'000
Within 1 month	**3,398**	7,531
1 to 3 months	**—**	8,772
3 months to 1 year	**—**	5,919
Over 1 year	**3,006**	4,442
	6,404	26,664

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Advances from customers	**—**	2,728	**—**	—
Accruals	**3,354**	14,888	**3,261**	5,979
Other payables	**28,793**	94,895	**3,072**	60
	32,147	112,511	**6,333**	6,039

Included in the other payables was an amount due to a subsidiary of Port First, Longkou Jinxin Gold Co., Ltd., of RMB2,957,000 (2014: Nil), which was interest-free and repayable on demand.

Other payables are non-interest-bearing and have an average term of six months.

27. DUE TO A DIRECTOR

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Mr. Lin Wan Xin	**—**	1,441	**—**	794

The amount due to Mr. Lin Wan Xin is unsecured, interest-free and has no fixed terms of repayment.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	—	—	—	6.9–7.8	2014.12	134,530
Other loans — unsecured	8.65-9.22	2016.02	17,600	—	—	—
			17,600			134,530
Non-current						
Other loans — unsecured	—	—	—	8.65-9.22	2016.02	22,100
			17,600			156,630

	2015 RMB'000	2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	—	134,530
Other borrowings repayable:		
Within one year or on demand	17,600	—
In the second year	—	22,100
	17,600	22,100
	17,600	156,630

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

As at 30 June 2014, certain of the Group's bank loans were secured by:

(i) the pledge of certain of the Group's buildings situated in Mainland China, which had an aggregate carrying value as at 30 June 2014 of approximately RMB30,053,000 (note 14); and

(ii) the pledge of the Group's leasehold land which had an aggregate carrying value as at 30 June 2014 of approximately RMB1,723,000 (note 16).

As at 30 June 2014, bank loans of RMB134,530,000 were supported by guarantees provided by third parties.

29. CONVERTIBLE NOTE

On 31 July 2012, the Company issued a convertible note with a principal amount of US$1,625,000 (equivalent to RMB10,320,000) and a maturity date of 31 July 2013. The convertible note carried interest at a rate of 5% per annum, which was payable yearly in arrears on 31 July 2013. The note was convertible at the option of the holder into ordinary shares on any business day or any other day at a price of HK$0.80 per share during the period after 31 July 2012 but before five business days ended on 31 July 2013.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount was assigned as the equity component and was included in shareholders' equity.

For the fair value of the liability component of the convertible note at initial recognition, the effective interest rate method was adopted in the valuation. The effective interest rate used in the valuation was 8.132%.

The option of the convertible note was not exercised by the holder up till 31 July 2013, and accordingly, the Company fully redeemed the outstanding principal amount of the convertible note.

The convertible note issued in 2013 was split into the liability and equity components as follows:

	Group and Company 2013 RMB'000
Nominal value of the convertible note issued during the year	10,320
Equity component	(305)
Liability component at the issuance date	10,015

29. CONVERTIBLE NOTE (Continued)

The movement in the liability component of the convertible note during the year was as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**–**	10,005
Interest expense	**–**	99
Interest payable	**–**	(55)
Redemption of the convertible note	**–**	(10,002)
Exchange realignment	**–**	(47)
At end of the year	**–**	–

30. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES

The Company allotted and issued 93,000,000 non-redeemable convertible preferred shares ("CPS") at HK$1.00 per CPS on 3 May 2011. The holder of the CPS has the right to convert the CPS into a total of 310,000,000 ordinary shares at a price of HK$0.30 per share on any business day after the issue date. A non-cumulative dividend of 2% per annum on the face value is payable by the Company annually in arrears on each anniversary date of the issue date, subject to sufficient reserves permissible by laws from time to time.

Initial recognition of the CPS recognised at the issuance date was calculated as follows:

	RMB'000
Fair value of the CPS	77,820
Equity component of the CPS	(69,801)
Liability component of the CPS	8,019

30. NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)

The Black-Scholes model is used to value the fair value of the CPS. The inputs to the model were as follows:

Valuation date	3 May 2011
Share price	HK$0.32
Exercise price	HK$0.30
Risk-free rate	0.169%
Expected volatility	35.577%
Expected dividend yield	—

The liability component represents the Company's contractual obligation of interest payment to the holders of the CPS. For the fair value of the liability component of the CPS at initial recognition, the effective interest rate method is adopted in the valuation. The effective interest rate used in the valuation is 12.867%.

The carrying amounts of the liability component of the CPS during the year were calculated as follows:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**967**	2,462
Interest expense	**78**	209
Conversion	**(636)**	(1,685)
Exchange realignment	**(1)**	(19)
End of the year	**408**	967

On 7 November 2014 and 5 December 2014, 3,000,000 and 2,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 16,666,667 shares of HK$0.10 each. Upon the conversion of the CPS, the related portion of the equity component of HK$4,486,000 (equivalent to RMB3,752,000) recognised upon initial recognition and the carrying amount of the liability component of HK$799,000 (equivalent to RMB636,000) were transferred to share capital of HK$1,667,000 (equivalent to RMB1,395,000) and share premium of HK$3,618,000 (equivalent to RMB2,993,000), respectively.

On 7 November 2013 and 7 January 2014, 6,000,000 and 9,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 50,000,000 shares of HK$0.10 each. Upon the conversion of the CPS, the related portion of the equity component of HK$13,454,000 (equivalent to RMB11,259,000) recognised upon initial recognition and the carrying amount of the liability component of HK$2,135,000 (equivalent to RMB1,685,000) were transferred to share capital of HK$5,000,000 (equivalent to RMB4,184,000) and share premium of HK$10,589,000 (equivalent to RMB8,760,000), respectively.

31. DEFERRED TAX

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

Deferred tax liabilities

Group

	Withholding taxes RMB'000	Fair value adjustment of properties RMB'000	Revaluation of investment properties RMB'000	Others RMB'000	Total RMB'000
At 1 July 2013	3,030	9,944	890	31	13,895
Charged/(credited) to profit or loss during the year (note 10)	(2,015)	(518)	57	48	(2,428)
At 30 June 2014 and 1 July 2014	1,015	9,426	947	79	11,467
Charged/(credited) to profit or loss during the year (note 10)	41	(147)	1,846	235	1,975
At 30 June 2015	**1,056**	**9,279**	**2,793**	**314**	**13,442**

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 Mainland China. 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 Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% (2014: 5%). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Deferred tax assets

Group

	Provision for LAT RMB'000	Accruals and other provision RMB'000	Total RMB'000
At 1 July 2013	52	714	766
Credited to profit or loss during the year (note 10)	838	4	842
At 30 June 2014 and 1 July 2014	890	718	1,608
Credited to profit or loss during the year (note 10)	311	272	583
At 30 June 2015	**1,201**	**990**	**2,191**

31. DEFERRED TAX (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2015 RMB'000	2014 RMB'000
Tax losses	**634,359**	706,917
Deductible temporary differences	**–**	149,840
	634,359	856,757

The Group has tax losses arising in Hong Kong of RMB625,826,000 (2014: RMB577,592,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in Hong Kong of RMB1,321,000 was written off upon disposal of Artic Hong Kong Limited, a subsidiary of the Company, during the year.

The Group also has tax losses arising in Russia of RMB8,533,000 (2014: RMB1,289,000) that will expire in seven to ten years for offsetting against future taxable profits.

In the prior year, the Group has tax losses arising in Mainland China of RMB128,036,000 and deductible temporary differences of RMB149,840,000, which were written off upon disposal of the Superford Group during the year.

Deferred tax assets have not been recognised in respect of the above items 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 above items can be utilised.

32. PROMISSORY NOTE

As part of the consideration for the acquisition of a 35% equity interest in Port First, the Company issued a promissory note with a principal amount of HK$87,500,000 (equivalent to RMB69,250,000) and a maturity date of 30 January 2018. The promissory note carried interest at a rate of 6% per annum. The fair value of the promissory note at initial recognition was HK$76,920,000 (equivalent to RMB60,877,000) which was determined by independent professionally qualified valuers. The effective interest rate of the promissory note was 10.3% per annum.

The Company is allowed to redeem the outstanding promissory note in any amount so long as giving written notice at least 7 days in advance. The Company has early redeemed the promissory note with a principal amount of HK$55,000,000 (equivalent to RMB44,400,000) as at 30 June 2015.

32. PROMISSORY NOTE (Continued)

The movements of the promissory note during the year were as follows:

	Group and Company 2015 RMB'000
At beginning of the year	—
At the issuance date, at fair value	60,877
Interest expense	6,614
Interest payable	(1,261)
Early redemption	(43,528)
Exchange realignment	(81)
At end of the year	22,621

33. SHARE CAPITAL

Shares

	2015 HK$'000	2014 HK$'000
Authorised:		
5,000,000,000 (2014: 5,000,000,000) ordinary shares of HK$0.10 each	500,000	500,000
100,000,000 (2014: 100,000,000) CPS of HK$1.00 each	100,000	100,000
	600,000	600,000

	2015 RMB'000	2014 RMB'000
Issued and fully paid:		
2,595,682,564 (2014: 2,282,371,897) ordinary shares	229,285	204,451

33. SHARE CAPITAL (Continued)

During the years, the movements in share capital were as follows:

(a) On 27 January 2015, 185,000,000 shares were placed to 11 placees, independent third parties of the Group, at a placing price of HK$0.47 per share (the "2015 Placing"), resulting in the issue of 185,000,000 shares of HK$0.10 each. The 2015 Placing gave rise to an increase of share capital and share premium of HK$18,500,000 (equivalent to RMB14,600,000) and HK$68,450,000 (equivalent to RMB54,019,000), respectively. Proceeds from the 2015 Placing of HK$86,950,000 (equivalent to RMB68,619,000) were satisfied by cash.

(b) During the year, the subscription rights attaching to 28,000,000, 31,200,000, 5,384,000 and 29,060,000 share options were exercised at the subscription price of HK$0.287, HK$0.449, HK$0.306 and HK$0.610 per share, respectively, resulting in the issue of 93,644,000 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$41,419,000 (equivalent to RMB32,800,000). An amount of HK$20,916,000 (equivalent to RMB16,564,000) was transferred from the share option reserve to the share premium account upon exercise of the share options.

(c) On 7 November 2014 and 5 December 2014, 3,000,000 and 2,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 16,666,667 shares of HK$0.10 each. Further details are set out in note 30 to the financial statements.

(d) During the year, 15,000,000 and 3,000,000 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.29 and HK$0.75 per share, respectively, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$6,600,000 (equivalent to RMB5,221,000). Further details are set out in note 35(b)(iii) to the financial statements.

(e) On 18 November 2013, 302,746,064 shares were placed to 12 placees, independent third parties, at a placing price of HK$0.48 per share (the "2014 Placing"), resulting in the issue of 302,746,064 shares of HK$0.10 each. The 2014 Placing gave rise to an increase of share capital and share premium of HK$30,275,000 (equivalent to RMB24,000,000) and HK$115,043,000 (equivalent to RMB91,198,000), respectively. Proceeds from the 2014 Placing of HK$96,049,000 (equivalent to RMB75,998,000) were satisfied by cash. The remaining proceeds of HK$49,269,000 (equivalent to RMB39,200,000) were satisfied by settlement of the interest-bearing other borrowings of RMB35,972,000 and related interest of RMB3,228,000 of the Company, which constituted a major non-cash transaction during 2014.

(f) In the prior year, the subscription rights attaching to 41,000,000, 21,884,000 and 12,644,000 share options were exercised at the subscription price of HK$0.287, HK$0.306 and HK$0.610 per share, respectively, resulting in the issue of 75,528,000 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$26,176,000 (equivalent to RMB20,786,000). An amount of HK$11,471,000 (equivalent to RMB9,109,000) was transferred from the share option reserve to the share premium account upon exercise of the share options.

(g) On 7 November 2013 and 7 January 2014, 6,000,000 and 9,000,000 CPS were converted into ordinary shares at a price of HK$0.30 per share, respectively, resulting in the issue of an aggregate of 50,000,000 shares of HK$0.10 each. Further details are set out in note 30 to the financial statements.

(h) In the prior year, 85,000,000 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.29 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK$24,650,000 (equivalent to RMB19,495,000). Further details are set out in note 35(b)(iii) to the financial statements.

33. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital and share premium account is as follows:

	Notes	Number of shares in issue	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 July 2013		1,769,097,833	163,540	422,243	585,783
Placing of shares	(e)	302,746,064	24,000	91,198	115,198
Share options exercised	(f)	75,528,000	5,997	14,789	20,786
Transfer from share option reserve	(f)	—	—	9,109	9,109
Conversion of CPS	(g)	50,000,000	4,184	8,760	12,944
Warrants exercised	(h)	85,000,000	6,730	13,460	20,190
At 30 June 2014		2,282,371,897	204,451	559,559	764,010
Placing of shares	(a)	185,000,000	14,600	54,019	68,619
Share options exercised	(b)	93,644,000	7,415	25,385	32,800
Transfer from share option reserve	(b)	—	—	16,564	16,564
Conversion of CPS	(c)	16,666,667	1,395	2,993	4,388
Warrants exercised	(d)	18,000,000	1,424	3,941	5,365
At 30 June 2015		**2,595,682,564**	**229,285**	**662,461**	**891,746**

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 34 to the financial statements.

34. SHARE OPTIONS

The Group has launched five lots of share options (the "Options") on 26 May 2010, 8 November 2010, 11 May 2011, 8 January 2014 and 9 January 2015, respectively, for the purpose of providing incentives and rewards to the eligible participants who contribute to the success of the Group's operations. Eligible participants of the Options include the Company's executive directors, employees and consultants.

The maximum number of unexercised share options currently permitted to be granted is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Options 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.

34. SHARE OPTIONS (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance 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 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 advance in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

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

Details of the five lots of share options granted are as follows:

(a) The first lot of share options

On 26 May 2010, 75,000,000 share options were granted to the eligible participants of the Group. The exercise price of the options is HK$0.287.

The share options are exercisable any time within five years starting from 26 May 2010 with no service conditions and performance conditions attached.

The exercise price of the share options is subject to adjustment in the case of conversion of statutory reserves into capital, split-up of shares, merging of shares, dividend distribution, or other similar changes in the Company's stock price.

The fair value of the first lot of equity-settled share options was estimated as at the date of grant using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Options granted to directors	Options granted to employees and consultants
Stock price	HK$0.285	HK$0.285
Exercise price	HK$0.287	HK$0.287
Expected volatility	68.608%	68.608%
Risk-free interest rate	1.524%	1.524%
Expected life	5 years	5 years
Sub-optional factor	2.8	2.8
Fair value per share	HK$0.1473	HK$0.0916

34. SHARE OPTIONS (Continued)

(a) The first lot of share options (Continued)

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(b) The second lot of share options

On 8 November 2010, 31,200,000 share options were granted to the eligible participants of the Group. The exercise price of the options is HK$0.449.

The share options are exercisable any time within five years starting from 8 November 2010 with no service conditions and performance conditions attached.

The exercise price of the share options is subject to adjustment in the case of conversion of statutory reserves into capital, split-up of shares, merging of shares, dividend distribution, or other similar changes in the Company's stock price.

The fair value of the second lot of equity-settled share options was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Stock price	HK$0.435
Exercise price	HK$0.449
Expected volatility	91.434%
Risk-free interest rate	0.454%
Expected life	5 years
Fair value per share	HK$0.224

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(c) The third lot of share options

On 11 May 2011, 45,000,000 share options were granted to the eligible participants of the Group. The exercise price of the options is HK$0.306.

The share options are exercisable any time within five years starting from 11 May 2011 with no service conditions and performance conditions attached.

The exercise price of the share options is subject to adjustment in the case of conversion of statutory reserves into capital, split-up of shares, merging of shares, dividend distribution, or other similar changes in the Company's stock price.

34. SHARE OPTIONS (Continued)

(c) The third lot of share options (Continued)

The fair value of the third lot of equity-settled share options was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Stock price	HK$0.305
Exercise price	HK$0.306
Expected volatility	86.216%
Risk-free interest rate	0.759%
Expected life	5 years
Fair value per share	HK$0.151

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(d) The fourth lot of share options

On 8 January 2014, 91,500,000 share options were granted to the eligible participants of the Group. The exercise price of the options is HK$0.610.

The share options are exercisable any time within five years starting from 8 January 2014 with no service conditions and performance conditions attached.

The exercise price of the share options is subject to adjustment in the case of conversion of statutory reserves into capital, split-up of shares, merging of shares, dividend distribution, or other similar changes in the Company's stock price.

The fair value of the share options granted during 2014 was HK$31,110,000 (HK$0.34 each) (equivalent to RMB24,507,000 (RMB0.27 each)), of which the Group recognised a share option expense of RMB24,507,000 during the year ended 30 June 2014.

The fair value of the fourth lot of equity-settled share options was estimated as at the date of grant using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Stock price	HK$0.600
Exercise price	HK$0.610
Expected volatility	68.363%
Risk-free interest rate	1.437%
Expected life	5 years
Fair value per share	HK$0.34

34. SHARE OPTIONS (Continued)

(d) The fourth lot of share options (Continued)

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(e) The fifth lot of share options

On 9 January 2015, 102,300,000 share options were granted to the eligible participants of the Group. The exercise price of the options is HK$0.582.

The share options are exercisable any time within five years starting from 9 January 2015 with no service conditions and performance conditions attached.

The exercise price of the share options is subject to adjustment in the case of conversion of statutory reserves into capital, split-up of shares, merging of shares, dividend distribution, or other similar changes in the Company's stock price.

The fair value of the share options granted during the year was HK$28,644,000 (HK$0.28 each) (equivalent to RMB22,659,000 (RMB0.22 each)), of which the Group recognised a share option expense of RMB22,659,000 during the year ended 30 June 2015.

The fair value of the fifth lot of equity-settled share options was estimated as at the date of grant using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Stock price	HK$0.550
Exercise price	HK$0.582
Expected volatility	61.462%
Risk-free interest rate	1.237%
Expected life	5 years
Fair value per share	HK$0.28

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

34. SHARE OPTIONS (Continued)

Movements in the first lot of share options for eligible participants during the year were as follows:

	Total number of share options outstanding during the year ended 30 June 2015	Weighted average exercise price per share (HK$)	Total number of share options outstanding during the year ended 30 June 2014	Weighted average exercise price per share (HK$)
Outstanding at beginning of year	28,000,000	0.287	69,000,000	0.287
Exercised during the year	(28,000,000)	0.287	(41,000,000)	0.287
Outstanding at end of year	–		28,000,000	0.287
Exercisable at end of year	–		28,000,000	

Movements in the second lot of share options for eligible participants during the year were as follows:

	Total number of share options outstanding during the year ended 30 June 2015	Weighted average exercise price per share (HK$)	Total number of share options outstanding during the year ended 30 June 2014	Weighted average exercise price per share (HK$)
Outstanding at beginning of year	31,200,000	0.449	31,200,000	0.449
Exercised during the year	(31,200,000)	0.449	–	–
Outstanding at end of year	–		31,200,000	0.449
Exercisable at end of year	–		31,200,000	

34. SHARE OPTIONS (Continued)

Movements in the third lot of share options for eligible participants during the year were as follows:

	Total number of share options outstanding during the year ended 30 June 2015	Weighted average exercise price per share (HK$)	Total number of share options outstanding during the year ended 30 June 2014	Weighted average exercise price per share (HK$)
Outstanding at beginning of year	5,384,000	0.306	27,268,000	0.306
Exercised during the year	(5,384,000)	0.306	(21,884,000)	0.306
Outstanding at end of year	–		5,384,000	0.306
Exercisable at end of year	–		5,384,000	

Movements in the fourth lot of share options for eligible participants during the year were as follows:

	Total number of share options outstanding during the year ended 30 June 2015	Weighted average exercise price per share (HK$)	Total number of share options outstanding during the year ended 30 June 2014	Weighted average exercise price per share (HK$)
Outstanding at beginning of year	78,856,000	–	–	–
Granted during the year	–	0.610	91,500,000	0.610
Exercised during the year	(29,060,000)	0.610	(12,644,000)	0.610
Outstanding at end of year	49,796,000	0.610	78,856,000	0.610
Exercisable at end of year	49,796,000		78,856,000	

34. SHARE OPTIONS (Continued)

Movements in the fifth lot of share options for eligible participants during the year were as follows:

	Total number of share options outstanding during the year ended 30 June 2015	Weighted average exercise price per share (HK$)
Outstanding at beginning of year	–	–
Granted during the year	**102,300,000**	**0.582**
Outstanding at end of year	**102,300,000**	**0.582**
Exercisable at end of year	**102,300,000**	

The 93,644,000 share options exercised during the year resulted in the issue of 93,644,000 ordinary shares of the Company and new share capital of HK$9,364,000 (equivalent to RMB7,415,000) and share premium of HK$32,055,000 (equivalent to RMB25,385,000) (before issue expenses), as further detailed in note 33(b) to the financial statements.

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.119 per share (2014: HK$0.952 per share).

At the end of the reporting period, the Company had 152,096,000 (2014: 143,440,000) share options outstanding under the Options. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 152,096,000 (2014: 143,440,000) additional ordinary shares of the Company and additional share capital of HK$15,210,000 (2014: HK$14,344,000) (equivalent to RMB12,037,000 (2014: RMB11,386,000)) and share premium of HK$74,704,000 (2014: HK$57,450,000) (equivalent to RMB59,121,000 (2014: RMB45,601,000)) (before issue expenses and amounts to be transferred from share option reserve).

Subsequent to the end of the reporting period, no share options were exercised. At the date of approval of these financial statements, the Company had 152,096,000 share options outstanding under the Options, which represented approximately 5.86% of the Company's shares in issue as at that date.

35. 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 pages 39 to 40 of the financial statements.

In accordance with the PRC regulations, each of the PRC Subsidiaries is required to allocate 10% of its profit after tax, as determined under the PRC accounting regulations, to the statutory reserve until such reserve reaches 50% of its registered capital. Part of the statutory reserve may be used either to offset losses, or to be converted to increase the paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(b) Company

	Notes	Issued capital RMB'000	Share premium account RMB'000 (note (i))	Share option reserve RMB'000 (note (ii))	Non-redeemable convertible preferred shares RMB'000	Warrants reserve RMB'000 (note (iii))	Equity component of the convertible note RMB'000	Capital reserve RMB'000	Capital contribution reserve RMB'000 (note (iv))	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2013		163,540	422,243	15,787	17,263	814	305	19	48,448	(19,804)	(518,631)	129,984
Loss for the year		–	–	–	–	–	–	–	–	–	(62,497)	(62,497)
Other comprehensive income for the year:												
Exchange differences on translation		–	–	–	–	–	–	–	–	1,081	–	1,081
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	–	–	1,081	(62,497)	(61,416)
Placing of shares	33(e)	24,000	91,198	–	–	–	–	–	–	–	–	115,198
Exercise of share options	33(f)	5,997	14,789	–	–	–	–	–	–	–	–	20,786
Transfer from share option reserve	33(f)	–	9,109	(9,109)	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	34(d)	–	–	24,507	–	–	–	–	–	–	–	24,507
Exercise of warrants	33(h)	6,730	13,460	–	–	(695)	–	–	–	–	–	19,495
Issue of warrants	35(b)(iii)	–	–	–	–	2,930	–	–	–	–	–	2,930
Redemption of the convertible note	29	–	–	–	–	–	(305)	–	–	–	–	(305)
Conversion of non-redeemable convertible preferred shares	30,33(g)	4,184	8,760	–	(11,259)	–	–	–	–	–	–	1,685
At 30 June 2014		204,451	559,559	31,185	6,004	3,049	–	19	48,448	(18,723)	(581,128)	252,864

35. RESERVES (Continued)

(b) Company (Continued)

	Notes	Issued capital RMB'000	Share premium account RMB'000 (note (i))	Share option reserve RMB'000 (note (ii))	Non-redeemable convertible preferred shares RMB'000	Warrants reserve RMB'000 (note (iii))	Equity component of the convertible note RMB'000	Capital reserve RMB'000	Capital contribution reserve RMB'000 (note (iv))	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2014		204,451	559,559	31,185	6,004	3,049	–	19	48,448	(18,723)	(581,128)	252,864
Loss for the year		–	–	–	–	–	–	–	–	–	(54,980)	(54,980)
Other comprehensive income for the year:												
Exchange differences on translation		–	–	–	–	–	–	–	–	296	–	296
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	–	–	296	(54,980)	(54,684)
Placing of shares	33(a)	14,600	54,019	–	–	–	–	–	–	–	–	68,619
Exercise of share options	33(b)	7,415	25,385	–	–	–	–	–	–	–	–	32,800
Transfer from share option reserve	33(b)	–	16,564	(16,564)	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	34(e)	–	–	22,659	–	–	–	–	–	–	–	22,659
Exercise of warrants	33(d)	1,424	3,941	–	–	(144)	–	–	–	–	–	5,221
Transfer of warrants reverse upon expiry of the warrants	35(b)(iii)	–	–	–	–	(2,905)	–	–	–	–	2,905	–
Conversion of non-redeemable convertible preferred shares	33(c)	1,395	2,993	–	(3,752)	–	–	–	–	–	–	636
At 30 June 2015		229,285	662,461	37,280	2,252	–	–	19	48,448	(18,427)	(633,203)	328,115

35. RESERVES (Continued)

(b) Company (Continued)

Notes:

(i) Share premium account

Under the Companies Law (Revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (a) it is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

(ii) Share option reserve

Share option reserve comprises the portion of the grant date fair value of unexercised share options granted under the share option scheme adopted by the Company.

(iii) Warrants reserve

On 31 January 2012, the Company issued 100,000,000 warrants at an issue price of HK$0.01 per warrant. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of HK$0.29 per share, from the date of issue to 31 January 2015. The total consideration of HK$1,000,000 (equivalent to RMB814,000) received was credited directly to the warrants reserve in equity in 2012. In the prior year, 85,000,000 warrants were exercised and the related portion of the warrants reserve of HK$850,000 (equivalent to RMB695,000) was transferred to share premium. During the year, the remaining 15,000,000 warrants were exercised and the related portion of the warrants reserve of HK$150,000 (equivalent to RMB120,000) was transferred to share premium.

On 21 May 2014, the Company issued 370,000,000 warrants at an issue price of HK$0.01 per warrant. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of HK$0.75 per share, from the date of issue to 20 May 2015. The total consideration of HK$3,700,000 (equivalent to RMB2,930,000) received was credited directly to the warrants reserve in equity. During the year, 3,000,000 warrants were exercised and the related portion of the warrants reserve of HK$30,000 (equivalent to RMB24,000) was transferred to share premium. The remaining 367,000,000 warrants expired on 20 May 2015, and the relevant warrants reserve of HK$3,670,000 (equivalent to RMB2,905,000) was transferred to accumulated losses.

(iv) Capital contribution reserve

The capital contribution reserve represents the difference between the fair value of the interest-free financial assistance provided by the former shareholder of the Company initially recognised in the financial statements and the nominal amount of cash received/receivable by the Group.

36. DISPOSAL OF SUBSIDIARIES

As detailed in note 12 to the financial statements, the Company disposed of its 100% equity interest in the Superford Group to an independent third party at a cash consideration of HK$700,000 (equivalent to RMB554,000) on 31 October 2014. In addition, on 12 June 2015, the Company disposed of its 100% equity interest in Artic Hong Kong Limited ("Artic") to an independent third party at a cash consideration of HK$2. Artic is an investment holding company and dormant during the year.

	Superford Group RMB'000	Artic RMB'000	Total RMB'000
Net liabilities disposed of:			
Property, plant and equipment (note 14)	35,918	26	35,944
Prepaid land lease payments (note 16)	1,711	—	1,711
Intangible assets (note 17)	159	—	159
Prepayments and other receivables	7,587	303	7,890
Inventories	7,739	—	7,739
Trade receivables	18,359	—	18,359
Equity investments at fair value through profit or loss	151	—	151
Cash and cash equivalents	104,301	275	104,576
Trade payables	(20,893)	—	(20,893)
Other payables and accruals	(91,176)	(2,681)	(93,857)
Interest-bearing bank and other borrowings	(134,530)	—	(134,530)
	(70,674)	(2,077)	(72,751)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries	(17,934)	(2,553)	(20,487)
Gain on disposal	89,162	4,630	93,792
	554	—	554
Satisfied by:			
Cash	554	—	554

36. DISPOSAL OF SUBSIDIARIES (Continued)

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

	Superford Group RMB'000	**Artic** RMB'000	**Total** RMB'000
Cash consideration	554	—	554
Cash and cash equivalents disposed of	(104,301)	(275)	(104,576)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(103,747)	(275)	(104,022)

37. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities of the Group not provided for in the consolidated financial statements were as follows:

	2015 **RMB'000**	2014 RMB'000
Guarantees given to banks in connection with facilities granted to:		
Buyers of certain properties developed by the Group	**1,262**	2,058

As at 30 June 2015, banking facilities of RMB1,262,000 were granted to the buyers of certain properties developed by the Group (2014: RMB2,058,000).

The Company had no contingent liabilities as at 30 June 2015 and 2014.

38. PLEDGE OF ASSETS

Details of the Group's bank loans as at 30 June 2014, which were secured by the assets of the Group, are included in note 28 to the financial statements.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from three to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	2015 **RMB'000**	2014 RMB'000
Within one year	**1,684**	484
In the second to fifth years, inclusive	**6,344**	1,733
After five years	**4,796**	739
	12,824	2,956

The Company had no operating lease commitments as a lessor as at 30 June 2015 and 2014.

(b) As lessee

The Group leases certain of its office premises under operating lease arrangements for lease terms ranging from two to three years. At 30 June 2015, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		**Company**	
	2015 **RMB'000**	2014 RMB'000	**2015** **RMB'000**	2014 RMB'000
Within one year	**473**	2,097	**473**	476
In the second to fifth years, inclusive	**—**	2,223	**—**	436
	473	4,320	**473**	912

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Contracted, but not provided for:		
Acquisition of equity investment	**—**	370,000

The Company entered into a sales and purchase agreement and a supplement agreement with an independent third party (the "Vendor") on 11 January 2013 and 20 November 2013, respectively, to acquire a 100% equity interest in Port First at a consideration of RMB370,000,000.

During the year, the Company entered into an agreement with the Vendor to terminate the previous agreements and then entered into a new sales and purchase agreement with the Vendor to acquire a 35% equity interest in Port First at a consideration of HK$187,500,000. The acquisition was completed on 30 January 2015. Further details are included in note 19 to the financial statements.

41. RELATED PARTY TRANSACTIONS

(a) Other transaction with related parties:

The Group entered into a lease agreement with Truroll Investment Limited, of which Mr. Hui Lung Hing, a substantial shareholder, an executive director and the chairman of the Company, is the chairman until 3 March 2015. Pursuant to the agreement, the Group agreed to pay a monthly rental of HK$50,000 from 1 June 2013 to 31 May 2016 in respect of the Group's occupation of Units 314-315, Wing On Plaza, 62 Mody Road, Tsimshatsui East, Kowloon, Hong Kong. During the year, the Company paid a total rental of HK$600,000 (2014: HK$600,000) (equivalent to RMB475,000 (2014: RMB475,000)) to Truroll Investment Limited.

(b) Outstanding balances with related parties:

Details of the Group's and the Company's amounts due to an associate and the Company's director are included in notes 26 and 27 to the financial statements, respectively.

(c) Compensation of key management personnel of the Group:

	2015	2014
	RMB'000	RMB'000
Short term employee benefits	**1,522**	2,092
Performance related bonuses	**—**	730
Equity-settled share option expense	**1,878**	1,077
Post-employment benefits	**36**	36
Total compensation paid to key management personnel	**3,436**	3,935

41. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group: (Continued)

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transaction in respect of item (a) above also constitutes a connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL INSTRUMENTS BY CATEGORY

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

2015

Group

	Loans and receivables RMB'000
Financial assets	
Financial assets included in prepayments, deposits and other receivables	2,845
Pledged deposits	1,262
Cash and cash equivalents	37,063
	41,170

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade payables	6,404
Financial liabilities included in other payables and accruals	21,447
Interest-bearing other borrowings	17,600
Non-redeemable convertible preferred shares	408
Promissory note	22,621
	68,480

42. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2014

Group

	Financial assets at fair value through profit or loss RMB'000	Loans and receivables RMB'000	Total RMB'000
Financial assets			
Trade and bills receivables	—	21,738	21,738
Financial assets included in prepayments, deposits and other receivables	—	3,240	3,240
Equity investments at fair value through profit or loss	141	—	141
Pledged deposits	—	2,058	2,058
Cash and cash equivalents	—	184,579	184,579
	141	211,615	211,756

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade payables	26,664
Financial liabilities included in other payables and accruals	80,531
Due to a director	1,441
Interest-bearing bank and other borrowings	156,630
Non-redeemable convertible preferred shares	967
	266,233

Company

	Loans and receivables	
	2015 RMB'000	2014 RMB'000
Financial assets		
Due from subsidiaries	**3,396**	—
Financial assets included in prepayments, deposits and other receivables	**292**	—
Cash and cash equivalents	**7,452**	53,531
	11,140	53,531

42. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Company

	Financial liabilities at amortised cost	
	2015	2014
	RMB'000	RMB'000
Financial liabilities		
Due to subsidiaries	**—**	1,440
Financial liabilities included in other payables and accruals	**3,027**	60
Due to a director	**—**	794
Non-redeemable convertible preferred shares	**408**	967
Promissory note	**22,621**	—
	26,056	3,261

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments at fair value through profit or loss	**—**	141	**—**	141
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	**—**	22,100	**—**	22,100
Non-redeemable convertible preferred shares	**408**	967	**408**	967
Promissory note	**22,621**	—	**22,621**	—
	23,029	23,067	**23,029**	23,067

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Company

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Non-redeemable convertible preferred shares	**408**	967	**408**	967
Promissory note	**22,621**	—	**22,621**	—
	23,029	967	**23,029**	967

Management has assessed that the fair values of trade and bills receivables, financial assets included in prepayments, deposits and other receivables, pledged deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, an amount due to a director, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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 fair values of listed equity investments are based on quoted market price. The fair values of the non-current portion of interest-bearing bank and other borrowings, non-redeemable convertible preferred shares and promissory note have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings, non-redeemable convertible preferred shares and promissory note at the end of each of the years was assessed to be insignificant.

43. 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

As at 30 June 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	141	—	—	141

The Group did not have any financial assets measured at fair value as at 30 June 2015. The Company did not have any financial assets measured at fair value as at 30 June 2015 and 2014.

In 2014, there were no transfers of fair value measurements between Level 1 and Level 3 and no transfers into or out of Level 2.

Liabilities for which fair values are disclosed:

Group

As at 30 June 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Non-redeemable convertible preferred shares	**—**	**408**	**—**	**408**
Promissory note	**—**	**22,621**	**—**	**22,621**
	—	**23,029**	**—**	**23,029**

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed: (Continued)

Group

As at 30 June 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings, non-current portion	—	22,100	—	22,100
Non-redeemable convertible preferred shares	—	967	—	967
	—	23,067	—	23,067

Company

As at 30 June 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Non-redeemable convertible preferred shares	**—**	**408**	**—**	**408**
Promissory note	**—**	**22,621**	**—**	**22,621**
	—	**23,029**	**—**	**23,029**

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed: (Continued)

Company

As at 30 June 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-redeemable convertible preferred shares	—	967	—	967

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, other interest-bearing loans, non-redeemable convertible preferred shares, a promissory note and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's operating results and cash flows are not substantially affected by changes in market interest rates. In addition, the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents, pledged deposits and interest-bearing bank and other borrowings and the promissory note. Cash at banks earns interest at floating rates based on daily bank deposit rates, and has no material exposures to interest rate risk. All of the Group's interest-bearing bank and other borrowings and the promissory note bore interest at fixed rates.

The interest rates and terms of repayment of the Group's borrowings are disclosed in notes 28 and 32 to the financial statements.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group's exposure to foreign exchange risk in 2014 arises from export sales from the electronic products business, primarily with those settled in United States dollars. Approximately 19% of the Group's sales were denominated in United States dollars in the prior year. After the disposal of the electronic products business during the year, the Group is not exposed to material foreign exchange risk.

The following table demonstrates the sensitivity at the end of 2014 to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

Group

	Increase/ (decrease) in the United States dollar rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
If Renminbi weakens against the United States dollar	10	(316)	—
If Renminbi strengthens against the United States dollar	(10)	316	—

* Excluding accumulated losses

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables 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. Concentrations of credit risk are managed by customers. At the end of the prior year, the Group had certain concentrations of credit risk as 61% of the Group's trade and bills receivables were due from the Group's five largest customers from the electronic products business. After the disposal of the electronic products business during the year, the Group is not exposed to material credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 21 and 22 to the financial statements.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

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

Group

	2015		
	On demand and less than 12 months RMB'000	**1 to 5 years RMB'000**	**Total RMB'000**
Trade payables	**6,404**	**—**	**6,404**
Financial liabilities included in other payables and accruals	**21,447**	**—**	**21,447**
Interest-bearing other borrowings	**18,408**	**—**	**18,408**
Non-redeemable convertible preferred shares	**—**	**408**	**408**
Promissory note	**—**	**22,621**	**22,621**
	46,259	**23,029**	**69,288**

	2014		
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	26,664	—	26,664
Financial liabilities included in other payables and accruals	80,531	—	80,531
Due to a director	1,441	—	1,441
Interest-bearing bank and other borrowings	140,044	22,786	162,830
Non-redeemable convertible preferred shares	—	967	967
	248,680	23,753	272,433

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

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

Company

	2015		
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	3,027	—	3,027
Non-redeemable convertible preferred shares	—	408	408
Promissory note	—	22,621	22,621
	3,027	23,029	26,056

	2014		
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Due to subsidiaries	1,440	—	1,440
Financial liabilities included in other payables and accruals	60	—	60
Due to a director	794	—	794
Non-redeemable convertible preferred shares	—	967	967
	2,294	967	3,261

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2015 and 2014.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables and accruals, an amount due to a director, interest-bearing bank and other borrowings, promissory note, less cash and cash equivalents. Capital includes the non-redeemable convertible preferred shares and equity attributable to owners of the Company.

The gearing ratios as at the end of the reporting periods were as follows:

	2015 RMB'000	2014 RMB'000
Trade payables	6,404	26,664
Other payables and accruals	32,147	112,511
Due to a director	—	1,441
Interest-bearing bank and other borrowings	17,600	156,630
Promissory note	22,621	—
Less: Cash and cash equivalents	(37,063)	(184,579)
Net debt	41,709	112,667
Non-redeemable convertible preferred shares, the liability component	408	967
Equity attributable to owners of the Company	254,988	146,858
Adjusted capital	255,396	147,825
Capital and net debt	297,105	260,492
Gearing ratio	14%	43%

45. EVENTS AFTER THE REPORTING PERIOD

On 29 July, 4 August and 6 August 2015, the Company early redeemed the promissory note with a principal amount of HK$5,000,000 (equivalent to RMB3,943,000), HK$10,000,000 (equivalent to RMB7,886,000) and HK$17,500,000 (equivalent to RMB13,800,000), respectively. Up to 6 August 2015, the Company has fully redeemed the promissory note.

On 7 August and 28 August 2015, the Group entered into letters of intent to dispose of certain investment properties, to an independent thirty party (the "Buyer") for a consideration of RMB28,276,000 and RMB13,583,000, respectively. The proposed disposal of investment properties of the Group are not yet finalised and are subject to further negotiations between the Group and the Buyer to finalise the terms and conditions of the formal legal blinding agreements. Once the Group and the Buyer enter into the formal legal blinding agreements, the Group will issue the necessary announcements and obtain appropriate approvals according to relevant requirements of the Listing Rules.

On 8 September 2015, the Company proposed to issue 288,409,173 new ordinary shares (the "Offer Shares") at the subscription price of HK$0.16 per Offer Share on the basis of one Offer Share for every nine existing ordinary shares.

46. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 12).

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 September 2015.

Five Year Financial Summary

	Years ended 30 June				
	2015 RMB'000	2014* RMB'000 (Restated)	2013* RMB'000 (Restated)	2012* RMB'000 (Restated)	2011* RMB'000 (Restated)
RESULTS					
CONTINUING OPERATIONS					
Revenue	**9,412**	27,086	83,168	168,210	204,005
Loss from operations	**(44,331)**	(44,685)	(3,336)	(58,407)	(76,344)
Finance costs	**(8,451)**	(4,188)	(6,986)	(10,960)	(12,407)
Share of loss of an associate	**(2,391)**	—	—	—	—
Loss before tax	**(55,173)**	(48,873)	(10,322)	(69,367)	(88,751)
Income tax expense	**(2,906)**	(1,392)	(8,431)	(8,099)	(50,196)
Loss for the year from continuing operations	**(58,079)**	(50,265)	(18,753)	(77,466)	(138,947)
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**73,842**	(51,999)	(87,919)	(127,125)	(91,412)
Profit/(loss) for the year	**15,763**	(102,264)	(106,672)	(204,591)	(230,359)
Profit/(loss) attributable to:					
Owners of the Company	**20,922**	(101,101)	(105,684)	(204,591)	(229,653)
Non-controlling interests	**(5,159)**	(1,163)	(988)	—	(706)
	15,763	(102,264)	(106,672)	(204,591)	(230,359)
Dividends	**—**	—	—	—	—

	As at 30 June				
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
ASSETS AND LIABILITIES					
Property, plant and equipment	**2,384**	39,792	45,880	64,611	161,799
Other non-current assets	**260,849**	146,605	146,211	5,012	46,874
Net current assets	**73,876**	66,934	35,029	170,826	204,546
Total assets less current liabilities	**337,109**	253,331	227,120	240,449	413,219
Non-current liabilities	**(36,471)**	(34,534)	(89,382)	(86,317)	(56,178)
Net assets	**300,638**	218,797	137,738	154,132	357,041
EQUITY					
Issued capital	**229,285**	204,451	163,540	142,239	142,152
Non-redeemable convertible preferred shares	**2,252**	6,004	17,263	69,801	69,801
Equity component of the convertible note	**—**	—	305	—	—
Reserves	**23,451**	(63,597)	(117,674)	(57,908)	145,088
Non-controlling interests	**45,650**	71,939	74,304	—	—
	300,638	218,797	137,738	154,132	357,041

Note:

* According to HKFRS 5 "Non-current assets held for sale and discontinued operations", the results of the discontinued operation are presented separately in the consolidated statement of profit or loss and other comprehensive income and prior years' results are re-presented.