中國礦業資源集團有限公司*

China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 340

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Wang Hui *(Chief Executive Officer)*
Fang Yi Quan
Yeung Kwok Kuen *(Chief Financial Officer)*

Independent Non-executive Directors:

Chong Cha Hwa
Chu Kang Nam
Ngai Sai Chuen

COMPANY SECRETARY

Leung Lai Ming

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

AUDITORS

ZHONGLEI (HK) CPA Company Limited
Suites 313-316, 3/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
China Construction Bank (Asia) Corporation Limited
Agricultural Bank of China

STOCK CODE

00340

COMPANY WEBSITE

www.chinaminingresources.com

I am pleased to present to our shareholders, the annual report of China Mining Resources Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2015.

RESULTS

For the financial year ended 31 December 2015, the Group recorded a revenue of approximately HK$114,404,000 (2014: HK$133,007,000) and gross profit of HK$41,289,000 (2014: HK$60,472,000) from continuing operation, representing a decrease of 14% and 32% in revenue and gross profit respectively as compared with that of last year. The decrease in revenue was mainly due to the decrease in revenue contribution from King Gold Investments Limited ("King Gold") and its subsidiaries (together with King Gold, "King Gold Group").

The loss attributable to owners of the Company amounted to approximately HK$76,490,000 (2014: profit of HK$630,412,000). Such loss was mainly attributable to (i) the impairment losses on brand name amounted to approximately HK$4,471,000, property, plant and equipment amounted to approximately HK$21,006,000 and prepaid lease payments amounted to approximately HK$8,333,000 recognised for the year 2015 after an impairment assessment on the tea business, of which in aggregate HK$27,048,000 is attributable to the owners of the Company; and (ii) the effect of an one-off gain of approximately HK$710,703,000 in respect to the disposal of molybdenum business in the year 2014.

Key Performance Indicators (Financial Ratio) ("KPI")

The management considers the following key performance indicators are relevant to the management of its business segments, through evaluating, controlling and setting strategies to improve performance:

		Year ended 31 December	
	Note	**2015**	2014
Continuing operation:			
Revenue *(HK$'000)*		**114,404**	133,007
Gross profit margin *(%)*	*(i)*	**36%**	45%
Trade receivables turnover (days)	*(ii)*	**74**	61
Net asset value per share *(HK cents)*	*(iii)*	**3.7**	3.0

Note:

(i) Gross profit margin is calculated as gross profit divided by revenue.

(ii) The calculation of trade receivables turnover days is based on the average of the opening and closing balances of the trade receivables divided by revenue and multiplied by number of days in the relevant period.

(iii) Using the number of issued ordinary shares of the Company as at the relevant financial year end date.

Turnover days of trade receivables remained within normal credit period granted to the customers. The Group's net asset value per share increased from HK3.0 cents in 2014 to HK3.7 cents in 2015 was mainly as a result of conversion of convertible preference shares and issue of new shares during the year. Detailed analysis of other KPI is set out in below section.

REVIEW OF OPERATIONS

Continuing operation

King Gold Group

King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products selling under the brand names of "武夷" and "武夷星" which are well-recognised in the PRC as premium tea products and widely distributed throughout the country. King Gold Group contributed approximately HK$114,404,000 (2014: HK$133,007,000) and approximately HK$49,898,000 (2014: HK$8,682,000) to the Group's revenue and loss for the year ended 31 December 2015 respectively. This represented a decrease of 14% in revenue when compared with last year. The cost of sales of King Gold Group slightly increased from approximately HK$72,535,000 in 2014 to approximately HK$73,115,000 in 2015. During 2015, in response to the continuous slowdown in economic growth in the PRC, and to stay competitive in the fierce market with a sluggish general spending sentiment, the Group had increased its marketing effort and competing for market share at varied price points. As a result, the decrease in sales of high-profit-margin superior products coupled with rising costs of sales had led to a further shrinking profit margin in our tea business. The average gross profit margin was 36%, representing a decrease of 9 percentage points as compared with an average gross profit margin of 45% last year.

Brand name is allocated to the Group's tea business cash-generating unit and was arisen from the acquisition of King Gold Group in 2009. In view of the deterioration of the Group's tea business in the current year as a result of the aforementioned reasons, the directors of the Company has determined that there would be an impairment indicator in the brand name and other assets of the tea business of King Gold Group as at the year ended 31 December 2015. A valuation was performed by an independent valuer to assess the impairment by a cash flow projection basis. Accordingly, impairment losses in respect of the brand name of approximately HK$4,471,000 (2014: HK$4,172,000), property, plant and equipment of approximately HK$21,006,000 (2014: HK$Nil) and prepaid lease payments of approximately HK$8,333,000 (2014: HK$Nil) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Investment in One Champion International Limited

On 22 December 2015, the Group completed the acquisition of 27% equity interest in One Champion International Limited ("One Champion") for a total consideration of HK$140,400,000 and was fully settled by internal resources. One Champion and its subsidiaries (together with One Champion, "One Champion Group") are principally engaged in the exploration, mining, processing, and sale of gold and related products.

The principal asset of One Champion is its indirect 90% equity interest in a PRC company and the PRC company holds (i) the mining licenses and the exploration license in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC (the "Gold Mine") and (ii) owns and operates an ore-processing plant. Details of the acquisition of 27% equity interest in One Champion were disclosed in the announcement of the Company dated 7 December 2015.

As disclosed in the announcement of the Company dated 7 December 2015, as at 30 June 2015, the Gold Mine contains 622,400 tonnes of indicated mineral resources with 3,278 kilograms of gold (at an average grade of 5.3 grams/tonne), and 150,000 tonnes of inferred mineral resources with 1,050 kilograms of gold (at an average grade of 7.0 grams/tonne), there were no material changes for the indicated mineral resources and inferred mineral resources as disclosed above after 30 June 2015 and as at 31 December 2015.

Investments in Canada listed mining companies and other securities

The Group has invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the year ended 31 December 2015. The net decrease in fair value of the investment portfolio during the year 2015 was approximately HK$13,649,000 (2014: HK$27,352,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the Group had total assets and net assets amounted to approximately HK$798,449,000 (2014: HK$498,117,000) and approximately HK$623,782,000 (2014: HK$272,309,000), respectively. The current ratio was 4.54, as compared to 2.40 as of last year end date.

As at 31 December 2015, the Group had bank balances and cash of approximately HK$447,570,000 (2014: HK$214,170,000), and most of which were denominated in Renminbi and Hong Kong dollars. The increase was mainly due to the net proceeds received from issue of new shares of HK$396,000,000, net off with the cash consideration of HK$140,400,000 paid for the acquisition of One Champion during the year.

At the end of the reporting period, the Group had bank borrowings of approximately HK$85,767,000 (2014: HK$90,770,000) which were denominated in Renminbi and interest-bearing at fixed rates with reference to the prevailing borrowing rate quoted by the People's Bank of China. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 13.7% (2014: 34.6%).

As at 31 December 2015, the Group has pledged certain buildings, certain prepaid lease payments and a forest use right with carrying values of HK$Nil (2014: approximately HK$11,100,000), approximately HK$15,763,000 (2014: HK$17,124,000) and approximately HK$6,153,000 (2014: HK$7,384,000) respectively to secure general banking facilities grant to the Group.

FUND RAISING ACTIVITY

On 11 August 2015, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best effort basis, up to 4,000,000,000 new ordinary shares of the Company, to not less than six placees who and whose ultimate beneficial owners are independent third parties at a price of HK$0.10 per ordinary share which was equivalent to the par value of the ordinary share. The placing was completed on 31 December 2015 and the net proceeds were approximately HK$396,000,000. The net proceeds from the placing are intended to be used as to (i) approximately HK$346,000,000 for funding any future business development and/or potential investment opportunities; and (ii) approximately HK$50,000,000 for general working capital of the Company. Details of the placing were disclosed in the circular of the Company dated 8 December 2015 and the announcement of the Company dated 31 December 2015.

FOREIGN EXCHANGE RISK MANAGEMENT

As part of the Group's assets and liabilities are denominated in Hong Kong dollars and Canadian dollars in order to minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

SHARE CAPITAL

On 5 March 2015, the Company received a conversion notice from Ms Ho Ping Tanya ("Ms Ho") for converting 3,300,000,000 non-redeemable convertible preference shares of the Company held by Ms Ho into ordinary shares of HK$0.10 each in the ordinary share capital of the Company, the ordinary shares were allotted and issued to Ms Ho on 10 March 2015.

On 5 June 2015, the Company received a conversion notice from Double Joy Enterprise Limited ("Double Joy") for converting 476,190,000 non-redeemable convertible preference shares of the Company held by Double Joy into ordinary shares of HK$0.10 each in the ordinary share capital of the Company, the ordinary shares were allotted and issued to Double Joy on 12 June 2015.

On 31 December 2015, the Company completed the placing of 4,000,000,000 new ordinary shares of the Company at the placing price of HK$0.10 per ordinary share.

As at 31 December 2015, the Company had 16,914,972,211 ordinary shares in issue with total shareholders' fund of the Group amounting to approximately HK$1,691,497,000.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2015.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no contingent liability (2014: Nil).

As disclosed in the announcement of the Company dated 8 November 2011, the Company has received a writ of summons issued by the High Court of Hong Kong Special Administrative Region on 8 November 2011 (the "Writ") pursuant to which Mr. Lin Min and Fujian Yuansheng Foods Industry Co. Ltd. ("Fujian Yuansheng") (named as the plaintiffs in the writ) alleged that, amongst other things, the Company and 27 other co-defendants and/or certain PRC government officials had acted in conspiracy in obtaining ownership and control of certain assets of the plaintiffs and they were claiming for, amongst other things, damages from all 28 defendants jointly and severally in the total amount of RMB1,589,000,000.

As announced by the Company on 8 November 2011 and 26 March 2010, the Company has not obtained any interests in Fujian Yuansheng and is seeking legal advice in response to the Writ, in the opinion of the directors, the possible of an outflow of resources embodying economic benefit is remote.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had approximately 8 and 346 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK$21,079,000 for the year ended 31 December 2015 (2014: HK$23,931,000). There was no share-based payment for the year ended 31 December 2015 (2014: HK$Nil).

Directors' remuneration were fixed with reference to their duties and responsibilities with the Company as well as the Company's remuneration policy.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus and share option scheme.

According to the share option scheme adopted by the Company on 25 May 2012, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties affecting the Group are set out as below.

PRINCIPAL RISKS AND UNCERTAINTIES *(CONTINUED)*

Global Economic and Macro-Economic Conditions

The impact of economic conditions on consumer confidence and buying habits would affect the revenue and results of the Group. The economic growth or decline in the Group's geographical markets that affect consumer spending on tea products would affect the Group's tea business. The Group continues to implement its strategies to develop and strengthen penetration of different customers markets thereby reducing its dependency on specific markets.

Investment Risk

Balancing risk and return across investment types and geographic location are key considerations of investment framework. Risk assessment is an important aspect of the investment decision process. Management would regularly review and monitor the progress of the investments of the Group and submit to the board of directors of the Company.

Fundamental Risk

Extreme weather conditions and natural disaster in the areas in which the Group's tea plantation, leased tea plants or suppliers' tea plants are located could adversely affect our production schedule of the leaves and the tea products and which in turn could have an adverse effect on the operating results.

Financial Risk

The Group's major financial instruments include available-for-sale investments, trade and other receivables, bank balances and cash, trade and other payables and bank borrowings. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Particulars of financial risk management of the Group for the year ended 31 December 2015 and the policies on how to mitigate these risks are set out in Note 40 to the consolidated financial statements. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group encourages environmental protection and complies with environmental legislation and promote awareness towards environmental protection to the employees.

Further information on environmental policy and performance of the Group is set out under the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2015, there has been no claim that the Group has breached any law or regulation, or indeed has exceeded its authority.

KEY RELATIONSHIP WITH CUSTOMERS AND FRANCHISEES

The Group understands that it is important to maintain good relationship with its customers and franchisees to fulfil its immediate and long-term goals. To maintain its brand competitiveness and dominant status, the Group aims at delivering constantly high standards of quality in the tea products to its customers. The Group has also devoted its resources to strengthen the distribution network, such as offering incentive discounts and better supportive services to the existing and new franchisees. During the year ended 31 December 2015, there was no material and significant dispute between the Group and its franchisees and/or customers.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

(a) On 22 January 2016, the Company has entered into a loan agreement with One Champion, pursuant to which, the Company, as lender, has agreed to grant to One Champion, as borrower, a secured loan in the amount of HK$100,000,000 for a term of 24 months at an interest rate of 3% per annum (the "Loan"). The Loan is secured by 20% issued share capital of One Champion held by Forever Success Investments Limited. Details of the transaction has been disclosed in the Company's announcement dated 22 January 2016.

(b) Pursuant to a special resolution passed at the Company's special general meeting held on 18 February 2016, (1) the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from such cancellation will be transferred to the contributed surplus account, the amount standing to the credit of the contributed surplus account will be applied to set off the accumulated losses of the Company; and (2) the Company's issued share capital was reduced by cancelling the paid-up capital to the extent of HK$0.09 on each of the issued shares (the "Capital Reduction"), every authorised but unissued share (including those arising from the Capital Reduction) will be subdivided into 10 new shares with a par value of HK$0.01 each and every authorised but unissued preference share will be subdivided into 10 new preference shares with a par value of HK$0.01 each. Details of the capital reorganisation and accumulated losses offset had been disclosed in the Company's announcements dated 8 January 2016 and 18 February 2016 and the Company's circular dated 25 January 2016.

PROSPECTS

Tea business

The pessimistic spending sentiment is still affecting the tea business market and the overall economy in the PRC. The economic outlook for 2016 will be ever more challenging, especially for premier brands with quality-driven products.

Notwithstanding the unfavourable market conditions that the tea business is now facing, the management of the Group has put great effort to overcome the difficulties, by adopting a series of marketing strategies to expand the customer base, to explore additional distribution channels for its products and to promote the "Wuyi star" and "Wuyi" brands primarily in the PRC market.

Looking ahead, the operating environment of tea industry in the PRC would remain tough and fill with uncertainties. Nevertheless the management of the Group also believes the fierce competition and the difficult environment would also eliminate sub-standard industry players and giving "Wuyi star" and "Wuyi" brands unique competitive edge to secure the success in long run.

We will continue to focus our resources to further strengthen the existing tea products under "Wuyi star" and "Wuyi" brands, to develop and launch new and exclusive tea products, Also, we will optimize our distribution network and coverage to ensure our products can easily be reached by the niche population that are looking for quality tea products. We will also explore new sales platforms and channels to broaden its customer base.

Mining and other businesses

The recent share placing that completed in December 2015 has provided the Group with ample resources to apply in future investment opportunities including opportunities in the mining industry as well as other opportunities with business potential and are in line with the Group's long-term development strategy to diversify the Group's business streams and thereby further expand the Group's source of revenue and enhance the Group's profitability, so as to enhance the long-term benefits of the Company and our shareholders as a whole.

APPRECIATION

On behalf of the board of directors of the Company (the "Board"), I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

By Order of the Board
China Mining Resources Group Limited

Wang Hui
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2016

EXECUTIVE DIRECTORS

WANG Hui

Mr. Wang Hui ("Mr. Wang"), aged 56, was appointed as an executive director of the Company on 5 July 2007 and was subsequently appointed as the chief executive officer of the Company on 29 January 2015. Mr. Wang is also a director of a subsidiary of the Company.

Mr. Wang graduated from Harbin Normal University in 1984 and is a senior economist. Mr. Wang has been the chief advisor of Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") since April 2002. Mr. Wang's main responsibilities include assisting Harbin Songjiang in assessing and procuring exploration and mining projects, evaluating scale of mining operations and improving corporate governance of the then state-owned enterprise. In November 2005, Mr. Wang extended his responsibilities in Harbin Songjiang to formulation and execution of Harbin Songjiang's overall business strategies and policies and spearheading the growth of Harbin Songjiang's business. Mr. Wang was a director of Harbin Songjiang for the period from June 2008 to October 2014. Harbin Songjiang was previously a subsidiary of the Company and was disposed of in October 2014.

FANG Yi Quan

Mr. Fang Yi Quan ("Mr. Fang"), aged 66, was appointed as an executive director of the Company on 23 November 2011. Mr. Fang is also a director of several subsidiaries of the Company.

Mr. Fang was graduated from Fujian Medical University in September 1974 and is a senior economist. Mr. Fang joined the PRC Communist Party in 1970 and was promoted as a military officer（軍官）to the Communist Party in the same year. Mr. Fang participated in People's Liberation Army from February 1968 to October 1999 and was honoured with Second Class（二等功）and Third Class（三等功）awards by the government of People's Republic of China. Mr. Fang has over 30 years of experience in management and his management effort has been recognised by the Chinese government over the years. During his service with the People's Liberation Army, Mr. Fang worked in Fujian Mingqing Pharmaceutical Factory（福建閩清製藥廠）of the People's Liberation Army as factory director, Party Secretary（黨委書記）and legal representative（法人代表）. During his service, Fujian Mingqing Pharmaceutical Factory has received a number of awards from the People's Liberation Army General Logistic Department and Nanjun Military Region. From October 1999 to June 2011, Mr. Fang has been working for Fujian Jingxie Group Company（福建經協集團公司）as its group chairman, general manager and Party Secretary（黨委書記）. In 1996, Mr. Fang was awarded the rank of senior colonel by the Central Military Commission.

YEUNG Kwok Kuen

Mr. Yeung Kwok Kuen ("Mr. Yeung"), aged 43, was appointed as an executive director of the Company on 1 December 2014. Mr. Yeung is also the chief financial officer of the Company and a director of a subsidiary of the Company.

Mr. Yeung graduated from The Chinese University of Hong Kong with a bachelor degree in Professional Accountancy and obtained a master degree in Corporate Finance from The Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Yeung has over 20 years of experience in handling accounting and finance matters. Mr. Yeung, was previously an executive director of the Company for the period from 17 January 2007 to 28 February 2014, and also held the position as the qualified accountant and chief financial officer of the Company during that period. Mr. Yeung resigned as an executive director of the Company on 1 March 2014. From 2004 to 2006, Mr. Yeung was the chief financial officer of a trading and manufacturing group and prior to this, Mr. Yeung was the manager of an international accounting firm.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHONG Cha Hwa

Mr. Chong Cha Hwa ("Mr. Chong"), aged 49, was appointed as an independent non-executive director of the Company on 23 November 2011.

Mr. Chong is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Mr. Chong has obtained a degree of bachelor of management with honours from the University of Science, Malaysia. Mr. Chong has gained more than 20 years of experience in the accounting and finance area servicing private and publicly listed companies in Hong Kong and the Southern Asia region. He is a non-executive director of China Shanshui Cement Group Limited (Stock Code: 691), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and also held the position of executive director of China Shanshui Cement Group Limited during the period from 1 December 2015 to 1 February 2016. During the period from 2 January 2014 to 14 November 2014, Mr. Chong was an executive director of Sing Pao Media Enterprises Limited (Stock Code: 8010), a company listed on The Growth Enterprise Market of the Stock Exchange and also held the position as the chairman and chief executive officer of Sing Pao Media Enterprises Limited during the period from 7 April 2014 to 28 October 2014. Sing Pao Media Enterprises Limited was delisted since 18 August 2015. During the period from 26 February 2014 to 30 October 2014, Mr. Chong was an executive director of Ding He Mining Holdings Limited (Formerly known as CVM Minerals Limited) (Stock Code: 705), a company listed on the Main Board of the Stock Exchange. During the period from 10 May 2012 to 27 October 2014, Mr. Chong was an independent non-executive director of Boshiwa International Holding Limited (Stock Code: 1698), a company listed on the Main Board of the Stock Exchange. During the period from 3 December 2007 to 28 February 2013, Mr. Chong was an independent non-executive director of Rui Kang Pharmaceutical Group Investments Limited (Formerly known as Longlife Group Holdings Limited) (Stock Code: 8037), a company listed on The Growth Enterprise Market of the Stock Exchange. During the period from 1 July 2012 to 13 November 2012, Mr. Chong was an executive director of RCG Holdings Limited (Stock Code: 802), a company listed on the Main Board of the Stock Exchange.

CHU Kang Nam

Mr. Chu Kang Nam ("Mr. Chu"), aged 59, was appointed as an independent non-executive director of the Company on 16 May 2007.

Mr. Chu graduated from Xiamen University with a Bachelor of Arts degree, and thereafter, has lectured at the Xiamen University. Mr. Chu has worked in government departments of the Fujian Province of the PRC for the period from June 1984 to November 1989, responsible for research and management positions in economics and foreign trade areas. Mr. Chu has also assumed senior management positions at various trading and retail companies since December 1989. In September 1995, he was employed as a research analyst at the Fujian Provincial Government Development Research Centre. Mr. Chu has over 20 years of management and operation experience in the areas of economics and trading. During the period from 1 August 2007 to 17 October 2012, Mr. Chu was an independent director of Gushan Environmental Energy Limited, a company whose shares were listed on the New York Stock Exchange and delisted since 17 October 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

NGAI Sai Chuen

Mr. Ngai Sai Chuen ("Mr. Ngai"), aged 65, was appointed as an independent non-executive director of the Company on 1 March 2014.

Mr. Ngai was awarded an associate degree by a college in the PRC in 1987. He worked for the railway system in Fuzhou for ten years from 1972. He then acted as a deputy section chief of Fujian People's Government General Office until 1989. From 1989 to 1994, he acted as the general manager of a subsidiary company of China Fujian Corp for International Techno-Economic Corporation. He then acted as the department manager of Fujian Economy Consultation Company until 2004. Currently, he is a director of Jadford International Limited and acts as consultant of Space (Fujian) Information Technology Development Limited. During the period from 1 February 2010 to 17 February 2014, Mr. Ngai was an independent non-executive director of GR Properties Limited (Formerly known as Buildmore International Limited) (Stock Code: 108), a company listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

LEUNG Lai Ming

Ms. Leung Lai Ming ("Ms. Leung"), aged 39, is the company secretary and the accounting manager of the Company. Ms. Leung graduated from The Hong Kong Polytechnic University with a bachelor degree in Accountancy. Ms. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. Ms. Leung has 17 years of experience in handling accounting matters. Ms. Leung joined the Company in July 2007. Ms. Leung is also a director of several subsidiaries of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has a policy of seeking to comply with the established best practice in corporate governance. The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of its shareholders. For the year ended 31 December 2015, the Company has applied the principles of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) (the “Code”), and the associated Listing Rules. During the year ended 31 December 2015, the Company has complied with the code provisions of the Code (“Code Provision(s)”), except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under Code Provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same person.

   Since the resignation of Dr. You Xian Sheng as the chairman and the executive director of the Company on 31 January 2014, the Company has not appointed a new chairman of the Board (the “Chairman”). Until the appointment of the new Chairman, the Board collectively focuses on the overall strategic planning and development of the Group and effective functioning of the Board.

   Since the resignation of Mr. Chen Shou Wu as the chief executive officer of the Company (the “Chief Executive Officer”) and the executive director of the Company on 1 March 2014 and until the appointment of Mr. Wang Hui, the executive director of the Company, as the new Chief Executive Officer on 29 January 2015, the executive directors of the Company, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

   The Board believes that this arrangement still enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively in response to the changing environment.

   The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

2. Under Code Provision A.2.7 of the Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

   Since the resignation of Dr. You Xian Sheng as the chairman and the executive director of the Company on 31 January 2014, the Company has not appointed a new Chairman, no meeting was held between the Chairman and the non-executive directors (including independent non-executive directors) of the Company without the executive directors of the Company present during the year ended 31 December 2015.

3. Under Code Provision E.1.2 of the Code, the Chairman should attend the annual general meeting. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, Mr. Wang Hui, the executive director of the Company, has been elected by other directors of the Company present to act as the chairman of the annual general meeting of the Company held on 29 May 2015 in accordance with the Bye-laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and its code of conduct regarding directors' securities transaction during the year ended 31 December 2015, and they all confirmed that they had fully complied with the required standards set out in the Model Code.

BOARD OF DIRECTORS

Composition

Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Wang Hui, *Chief Executive Officer*
Fang Yi Quan
Yeung Kwok Kuen, *Chief Financial Officer*

Independent Non-executive Directors:

Chong Cha Hwa
Chu Kang Nam
Ngai Sai Chuen

The biographical details of the directors of the Company are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The composition of the Board is well balanced with the directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

There is no relationship among the members of the Board.

During the year ended 31 December 2015, the Board had at all times at least three independent non-executive directors of the Company and at least one independent non-executive director of the Company who has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent.

Board Responsibilities and Delegation

The principal roles of the Board are to oversee the strategic development, to determine the objectives, strategies and policies of the Group, to monitor and control the financial performance and to ensure effective internal controls and risk management. Implementation of strategies and day-to-day operations are delegated to the management. In order to better understand the respective accountabilities and contributions of the Board and management, the Company has adopted written terms of reference specifying a schedule of matters which should be reserved to the Board and which should be delegated to management.

BOARD OF DIRECTORS *(CONTINUED)*

Board Meetings and General Meetings

During the year, a total of thirteen Board meetings (including four regular meetings) were held and the attendance records are as follows:

Name of Directors	Number of Board Meetings Attended/Held
Wang Hui	13/13
Fang Yi Quan	13/13
Yeung Kwok Kuen	13/13
Chong Cha Hwa	13/13
Chu Kang Nam	13/13
Ngai Sai Chuen	13/13

During the year, a total of two general meetings of the Company were held and the attendance records are as follows:

Name of Directors	Number of General Meetings Attended/Held
Wang Hui	2/2
Fang Yi Quan	2/2
Yeung Kwok Kuen	2/2
Chong Cha Hwa	2/2
Chu Kang Nam	2/2
Ngai Sai Chuen	2/2

Induction and Professional Development

Upon appointment to the Board, each director of the Company is provided with guideline and reference materials to enable them to be familiarised with the Group's business operations and Board's policies, as well as the general and specific duties of directors under general law (the common law and legislation) and the Listing Rules.

The directors of the Company have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The continuous professional development programme comprised training seminars provided by professional bodies and reading regulatory updated materials. The costs for such trainings are borne by the Company.

During the year, all directors of the Company have participated in continuous professional development by reading regulatory updated materials and materials relevant to the Company's business, director's duties and responsibilities and provided a record of training they received to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Since the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, the Company has not appointed a new Chairman. Mr. Wang Hui was appointed as the Chief Executive Officer on 29 January 2015.

The roles of Chairman and Chief Executive Officer are clearly defined by written terms of reference adopted by the Company in order to ensure a balance of power and authority, so that power is not concentrated in any one individual. The Chairman and the Chief Executive Officer are independent and not connected with each other except for being officers of the same company.

NON-EXECUTIVE DIRECTORS

All the independent non-executive directors of the Company were appointed for an initial term of one year. All directors of the Company appointed during the year are subject to re-election by shareholders of the Company at the next annual general meeting after their appointment and every director of the Company (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in 2005. The current members of the Remuneration Committee are:

Chong Cha Hwa, *Independent Non-executive Director, Chairman of the Remuneration Committee*
Chu Kang Nam, *Independent Non-executive Director*
Ngai Sai Chuen, *Independent Non-executive Director*
Fang Yi Quan, *Executive Director*

The Remuneration Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Remuneration Committee is primarily responsible for the following duties:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to consult the chairman of the Board and/or the chief executive of the Company about their remuneration proposals for other executive directors of the Company;

4. to make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the Company;

   This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

5. to make recommendations to the Board on the remuneration of non-executive directors of the Company;

6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

REMUNERATION COMMITTEE *(CONTINUED)*

7. to review and approve the compensation payable to executive directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and is otherwise fair and not excessive;

8. to review and approve compensation arrangements relating to dismissal or removal of directors of the Company for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

9. to ensure that no director of the Company or any of his associates is involved in deciding his own remuneration; and

10. to deal with any other matters delegated by the Board.

The Remuneration Committee met two times during the year to review the remuneration policies and remuneration packages of the directors and member of the senior management of the Company, approve discretionary bonus payment to the directors and member of the senior management of the Company and review the special discretionary payments to the independent non-executive directors of the Company.

Individual attendance of each member of the Remuneration Committee during the year ended 31 December 2015 is set out below:

Name of Members	Number of Remuneration Committee Meetings Attended/Held
Chong Cha Hwa	2/2
Chu Kang Nam	2/2
Ngai Sai Chuen	2/2
Fang Yi Quan	2/2

Details of the remuneration of the directors and chief executives of the Company for the year ended 31 December 2015 are set out in note 13 to the consolidated financial statements.

Senior Management Remuneration By Band

The emoluments of the members of the senior management of the Group for the year ended 31 December 2015 fell within the following bands:

Emoluments bands	Number of individuals
HK$0 — HK$1,000,000	5
HK$1,000,001 — HK$2,000,000	2

NOMINATION COMMITTEE

The Company established the Nomination Committee in March 2012. The current members of the Nomination Committee are:

Chong Cha Hwa, *Independent Non-executive Director, Chairman of the Nomination Committee*
Chu Kang Nam, *Independent Non-executive Director*
Ngai Sai Chuen, *Independent Non-executive Director*

NOMINATION COMMITTEE *(CONTINUED)*

The Nomination Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Nomination Committee is primarily responsible for the following duties:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive directors of the Company;

4. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive of the Company;

5. to make recommendations to the Board on the membership of Board committees e.g. audit committee and remuneration committee, in consultation with the chairman of the Board and the chairmen of such committees, as appropriate;

6. before recommending an appointment of the Board, to evaluate the existing balance of skills, knowledge and experience on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment; and

7. to deal with any other matters delegated by the Board.

The Nomination Committee met four times during the year to review the size, composition and structure of the Board, assess the independence of the independent non-executive directors of the Company, review the suitability of the directors of the Company proposed for re-election at the annual general meeting and approve the nomination and appointment of the chief executive officer of the Company and recommend to the Board for approval.

Individual attendance of each member of the Nomination Committee during the year ended 31 December 2015 is set out below:

Name of Members	Number of Nomination Committee Meetings Attended/Held
Chong Cha Hwa	4/4
Chu Kang Nam	4/4
Ngai Sai Chuen	4/4

Each director of the Company appointed during the year is subject to re-election by shareholders of the Company at the next annual general meeting of the Company after his appointment and every director of the Company (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

No director of the Company is involved in fixing his own terms of appointment and nominations and no independent non-executive director of the Company is involved in assessing his own independence.

NOMINATION COMMITTEE *(CONTINUED)*

Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of diversity in the members of the Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of directors, in terms of skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives and monitor the implementation of this policy to ensure the effectiveness of this policy.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions including, but not limited to, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors, the Company's policies and practices in compliance with legal and regulatory requirements.

The Board has adopted terms of reference of the Board on corporate governance which in line with the Code in March 2012.

Summary of the terms of reference on corporate governance are as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5. to review the Company's compliance with the Code and disclosures in the corporate governance report of its annual reports.

During the year, the Board reviewed and discussed the corporate governance policy and practices of the Company and the Board discharged the abovesaid responsibilities or through delegation to the Audit Committee, Remuneration Committee and Nomination Committee during the year.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998. The current members of the Audit Committee are:

Chong Cha Hwa, *Independent Non-executive Director, Chairman of the Audit Committee*
Chu Kang Nam, *Independent Non-executive Director*
Ngai Sai Chuen, *Independent Non-executive Director*

The Audit Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Audit Committee is primarily responsible for the following duties (amended and effective from 1 January 2016):

1. to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

2. to review and monitor the external auditor's independence and objectively and the effectiveness of the audit process in accordance with applicable standard, to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

3. to develop and implement policy on the engagement of an external auditor to supply non-audit services, to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

5. regarding No. (4) above:

    i. to liaise with the Board and senior management of the Company and to meet, at least twice a year, with the Company's external auditors; and

    ii. to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, to give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

6. to review the Company's financial control, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

7. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

8. to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

9. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

10. to review the group's financial and accounting policies and practices;

AUDIT COMMITTEE *(CONTINUED)*

11. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

13. to report to the Board on the matters set out in Appendix 14 of the Listing Rules "Corporate Governance Code and Corporate Governance Report";

14. to consider the major findings of internal investigations and management's response;

15. to consider other topics, as defined by the Board or handle the job assigned by the Board;

16. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

17. to act as the key representative body for overseeing the Company's relations with the external auditor.

The Audit Committee met six times during the year to review the Group's annual and interim financial statements, review the external auditor's plan for the audit of the Group's accounts, review the internal control procedures and the financial reporting systems of the Group and make recommendations with respect to the appointment and reappointment of the auditors of the Company.

Individual attendance of each member of the Audit Committee during the year ended 31 December 2015 is set out below:

Name of Members	**Number of Audit Committee Meetings Attended/Held**
Chong Cha Hwa	6/6
Chu Kang Nam	6/6
Ngai Sai Chuen	6/6

The financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

During the year ended 31 December 2015, the Group engaged ZHONGLEI (HK) CPA Company Limited, auditors of the Company, to perform audit services and non-audit services. The fees were as follows:

Nature of services	**Amount**
	HK$'000
Audit services in relation to annual results	959
Audit services in relation to acquisition transaction	847
Review of interim results	350
Others	17
	2,173

COMPANY SECRETARY

Ms. Leung Lai Ming ("Ms. Leung") was appointed as the company secretary of the Company on 16 July 2007. The biographical detail of Ms. Leung is set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

For purpose of the Rule 3.29 of the Listing Rules, Ms. Leung has taken not less than 15 hours of relevant professional training for the year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to the Bye-laws of the Company, a special general meeting of the Company ("SGM") can be convened by a written requisition signed by the shareholder(s) of the Company holding not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company, stating the objects of the meeting, and deposited at the head office and principal place of business of the Company in Hong Kong at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong for the attention of the Board or the company secretary of the Board. Such meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting should be held within two months after the deposit of such requisition. If within 21 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, but any meeting so convened shall not be held after the expiration of three months from the said date.

Putting forward proposals at shareholders' meetings

The procedures for shareholder(s) to put forward proposals at SGM include a written notice of those proposals being submitted by the shareholder(s) of the Company, addressed to the Board or the company secretary of the Board at the head office and principal place of business of the Company in Hong Kong at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

The procedures for shareholders of the Company to propose a person for election as a director of the Company are available on the Company's website.

SHAREHOLDERS' RIGHTS *(CONTINUED)*

Enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing to the head office and principal place of business of the Company in Hong Kong at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Information of the Group is delivered to the shareholders of the Company through a number of channels, which include annual reports, interim reports, announcements and circulars at the Company's website. The latest information of the Group together with the published documents are also available on the Company's website.

The general meeting of the Company provides a forum for communication between the Board and the shareholders of the Company. The Board members or their delegates are available to answer questions at the general meeting.

There had been no change in the Company's constitutional documents during the year ended 31 December 2015.

Shareholders of the Company should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

Shareholders of the Company can mail other enquiries or comments to the head office and principal place of business of the Company in Hong Kong at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong or sent through email to enquiry@chinaminingresources.com.

INTERNAL CONTROLS

It is the policy of the Company to maintain a sound and effective internal control system to safeguard the shareholders' investment and the Group's assets. The directors of the Company have reviewed the effectiveness of the internal control system of the Group for the year ended 31 December 2015, which covered financial, operational and compliance controls and risk management functions of the Group.

The Board have reviewed the effectiveness of the Group's material internal controls and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting functions are adequate and sufficient.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The directors of the Company acknowledge that it is their responsibility to prepare the accounts for each financial period which give a true and fair view of the state of affairs of the Group and to present a balanced, clear and understandable assessment of the financial results and disclosures of the Group under the Listing Rules and any other rules and statutory requirements. The directors of the Company are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis.

The responsibility of the external auditor of the Company is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditors of the Company about their reporting responsibility is set out under the section headed "Independent Auditor's Report" of this annual report.

On behalf of the Board
China Mining Resources Group Limited

Wang Hui
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2016

The directors of the Company submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 44 to the consolidated financial statements.

Further discussion and analysis of business review of the Group as required by Schedule 5 to the Company Ordinance (Chapter 622 of the laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, is set out under the section headed "Management Discussion and Analysis" of this annual report. This discussion forms part of this Directors' Report.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 and the Group's affairs as at that date are set out in the consolidated financial statements on pages 41 to 123.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2015.

RESERVES

Movement in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 45 to 46 of this annual report.

DONATION

Donations made for charitable purposes by the Group during the year amounted to HK$32,000 (2014: HK$5,052,000).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

CONVERTIBLE PREFERENCE SHARES

Details of the movements in convertible preference shares of the Company during the year are set out in note 33 to the consolidated financial statements.

CONTRIBUTED SURPLUS

The Group's contributed surplus represents the special reserve arising upon the reorganisation of the Group.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus 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 its liabilities.

Movement in the contributed surplus of the Group during the year is set out in the consolidated statement of changes in equity on pages 45 to 46 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2015 are set out in note 16 to the consolidated financial statements.

DIRECTORS

The directors of the Company who were in office during the financial year and up to the date of this report were:

Executive Directors

Wang Hui *(Chief Executive Officer)*
Fang Yi Quan
Yeung Kwok Kuen *(Chief Financial Officer)*

Independent Non-executive Directors

Chong Cha Hwa
Chu Kang Nam
Ngai Sai Chuen

Pursuant to Code Provision A.4.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Chu Kang Nam would be served on the Board for more than 9 years at the time of the forthcoming annual general meeting of the Company. He has never held any executive or management position in the Group nor has he throughout such period been under the employment of any member of the Group. The Board noted the positive contributions of Mr. Chu Kang Nam to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by his skill, expertise and qualifications and from his active participation at the meetings. Mr. Chu Kang Nam has given the annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company and the nomination committee of the Company has assessed and is satisfied with the independence of Mr. Chu Kang Nam. Hence, the Board considers that the long services of Mr. Chu Kang Nam would not affect his exercise of independent judgment, and therefore considers Mr. Chu Kang Nam to be independent and recommends Mr. Chu Kang Nam to be re-elected at the forthcoming annual general meeting.

In addition, pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Mr. Fang Yi Quan and Mr. Ngai Sai Chuen will retire by rotation at the forthcoming annual general meeting of the Company. Each of Mr. Fang Yi Quan and Mr. Ngai Sai Chuen being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries 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 OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2015, none of the directors and chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 31 December 2015, persons (other than directors or chief executives of the Company as disclosed above) who had interests or short positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name of Shareholders	Capacity	Class of shares of the Company	Number of shares held	% of total issued share capital of the relevant class of shares *(Note 1)*
Ho Ping Tanya	Beneficial owner	Ordinary	3,300,000,000	19.51%
Zhang Wen	Interest in controlled corporation	Ordinary	910,000,000 *(Note 2)*	5.38%

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2015, which was 16,914,972,211.

2. These ordinary shares are held by Purple Luck Limited which is 100% beneficially owned by Ms. Zhang Wen.

SHARE OPTION SCHEMES

Pursuant to ordinary resolutions of the shareholders of the Company passed on 25 May 2012, the Company adopted a new share option scheme (the "New Share Option Scheme").

Particulars of the New Share Option Scheme are set out in note 38 to the consolidated financial statements.

SHARE OPTION SCHEMES *(CONTINUED)*

Summary of main terms of the New Share Option Scheme are as follows:

1. The purpose of the New Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

2. The participants of the New Share Option Scheme are: (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or advisers of or contractor to the Group or an entity in which any member of the Group holds any interest from time to time ("Invested Entity"); (ii) any discretionary trust who discretionary objects include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and (iii) the option may be granted to any corporation wholly-owned by any person mentioned in (i).

3. As at 30 March 2016, the total number of ordinary shares of HK$0.01 each in the capital of the Company ("Shares") available for issue under the New Share Option Scheme was 1,243,878,221 representing approximately 7% of the issued ordinary share capital of the Company.

4. Unless otherwise approved by shareholders of the Company in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme to each participant in any 12-month period must not exceed 1% (except for substantial shareholders, as defined in the Listing Rules, or independent non-executive director of the Company, or any of their respective associates, as defined in the Listing Rules, must not exceed 0.1%) of the issued ordinary share capital of the Company from time to time.

5. An option shall be exercised in whole or in part in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.

6. An option shall be accepted by a participant together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof within 30 days from the date of the offer of grant of the option.

7. The subscription price for Shares under the New Share Option Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Board, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the date of grant which must be a business day, (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share.

8. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on 25 May 2012.

During the year ended 31 December 2015, no option has been granted to the participants of the New Share Option Scheme to subscribe for the Shares. From the date of adoption of the New Share Option Scheme and up to 31 December 2015, there is no option granted by the Company under the New Share Option Scheme that remains outstanding as at 31 December 2015.

Information on the accounting policy for share options granted and the weighted average value per option is provided in notes 3 and 38 to the consolidated financial statements respectively.

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

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors of the Company and officers of the Group throughout the financial year ended 31 December 2015.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Schemes" above, no equity-linked agreements were entered into by the Group, or existed during the year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

CONNECTED TRANSACTION

None of the "Related party transactions" as disclosed in note 42 to the financial statements for the year ended 31 December 2015 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Related party transactions" constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year.

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	34%	
Five largest customers in aggregate	48%	
The largest supplier		6%
Five largest suppliers in aggregate		16%

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

COMPETING INTEREST

None of the directors of the Company or their respective close associates had any interest in a business which competes with or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholdings in the Company if new shares of the Company are issued.

SUFFICIENCY OF PUBLIC FLOAT

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

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2015 are set out in note 29 to the consolidated financial statements.

FIVE YEARS 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 124 of this annual report.

RETIREMENT SCHEMES

Details of the retirement benefit schemes operated by the Group are set out in note 37 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out under the section headed "Corporate Governance Report" of this annual report.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by ZHONGLEI (HK) CPA Company Limited ("ZHONGLEI").

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

On behalf of the Board
China Mining Resources Group Limited

Wang Hui
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2016

This Environmental, Social and Governance Report focused on certain aspects of the head office of the Company and its subsidiaries (collectively, the "Group") in Hong Kong and tea business operation in the PRC for the year ended 31 December 2015.

The Group is mainly engaged in investment holding and tea business. The tea business is mainly operated by Wuyi Star Tea Industrial Co., Ltd.（武夷星茶業有限公司）("Wuyi Star"), a subsidiary in the PRC. Wuyi Star is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are selling under the brand names of "武夷" and "武夷星" which are well-recognised in the PRC as premium tea products and widely distributed throughout the country. The production site of the tea products is located in Wuyishan.

Wuyi Star has been first awarded ISO 9001 (GB/T19001-2000) — Quality Management, ISO 14001 (GB/T24001-2004) — Environmental Management, OHSAS 18001 (GB/T28001-2011) — Occupational Health and Safety Management and GB/T 27341-2009 and GB14881-1994 — HACCP (Hazard Analysis and Critical Control Points) certifications since 2005, 2012, 2012 and 2005 respectively. In December 2015, Wuyi Star was again awarded ISO 14001: 2004 certification by the China Quality Certification Centre, which are valid for 3 years until December 2018. In December 2013, Wuyi Star was again awarded ISO 9001: 2008, GB/T 27341-2009 and GB14881-1994 — HACCP certifications by the China Quality Certification Centre, which are valid for 3 years until December 2016. In December 2015, Wuyi Star was again awarded OHSAS 18001: 2007 certification by the China Quality Certification Centre, which are valid for 3 years until December 2018.

Wuyi Star has established a set of "Quality, Food Safety and Environmental Safety Comprehensive Management Handbook", "Quality, Food Safety and Environmental Safety Management Procedural Document" and "Quality, Food Safety and Environmental Safety HACCP Document", which cover many different aspects including but not limited to environmental aspects, social aspects – employment and labour practices, operating practices, and production of safety food, etc.

ENVIRONMENTAL

As a part of its social responsibility, the Group is committed to environmental-friendly development through rational resource utilization and practices of environmental protection, seeking to contribute to the improvement of ecological environment and sustainable development.

1. Emission

Emissions from the tea products' production process mainly include gas, noise and solid waste. Wuyi Star has established relevant control procedures in "Quality, Food Safety and Environmental Safety Management Procedural Document" which state clearly the procedures of the management of the emission of wastewater, gas, noise and solid waste.

In order to maintain a green production environment, it is the Group's obligation to monitor the waste emissions and to appoint metrological accredited environmental assessment department to provide inspection on a regular basis.

During the year ended 31 December 2015, Wuyi Star engaged an independent accredited environmental assessment organization (third-party inspectors) to carry out a detection of wastewater, gas and noise, and all detections met the relevant standards and requirements. i.e. "Integrated wastewater discharge standard" — GB8978-1996, "Integrated emission standard of air pollutants" — GB16297-1996, "Emission standard of air pollutants for coal-burning oil-burning gas-fired boiler" — GB13271-2001 and "Emission standard for industrial enterprises noise at boundary" — GB12348-2008.

ENVIRONMENTAL *(CONTINUED)*

1. Emission *(CONTINUED)*

The Group strictly complied with the above said relevant standards, rules and regulations throughout the year ended 31 December 2015.

2. Use of Resources

"Quality, Food Safety and Environmental Safety Management Procedural Document" has been established by Wuyi Star to control the use of energy and resources in the production and business operation activities, and to improve the energy and resource utilization to achieve economic benefits, and to minimize pollution. This policy is applicable for the management on resources such as water, electricity and energy usage.

Major areas of control of energy and resources including:

1) Water Resources Control

   A. The Group educates the employee to save water and avoid wastage.

2) Electricity Control

   A. Lights and electronic appliances in living area or workplace must be turned off when not in use.

   B. Every member of staff and management must turn off the power for each department's computers, photocopy machines, printers and facsimile machines when they are off duty or on leave.

   C. To ensure no unnecessary use of resources at production lines.

3) Office Consumables Consumption Management

   A. Other than formal documents materials that require the use of papers, each department is advised to handle documents electronically. When the use of paper is required, each paper is recommended to be printed double-sided.

   B. No printing and photocopying of materials unrelated to work.

The major resources that used in productions, in storage, in buildings, electronic equipment, etc is electricity.

The major packaging materials used for finished goods of tea products are paper, aluminum bags, plastic bags, aluminum boxes, iron boxes, etc.

ENVIRONMENTAL *(CONTINUED)*

2. Use of Resources *(CONTINUED)*

The Group is also in light of the "Green" production concept, achieving the purpose of energy conservation, consumption reduction and pollution reduction. Wuyi Star already used water-film dust removal device to reduce emissions arise from production. Wuyi Star seeks to improve production process and upgrade its technical expertise during the course of production and an array of measures, including carry on progressively installing energy-saving LED lighting in part of the production area and using solar lightning in outdoor area during the year ended 31 December 2015.

3. The Environment and Natural Resources

Wuyi Star has established "Environmental Factors, Hazards Identified and Evaluation Procedures" of "Quality, Food Safety and Environmental Safety Management Procedural Document" that provide an effective way to identify, evaluate the scope and the methods that the company can control, and expect to exert environmental impacts and the hazard factors, and to determine, update major environmental factors and major risk factors in order to implement the necessary control measures. The relevant employees of each department identify environmental factors through methods such as site inspection, site observation, cross reference to law and regulations. Applicable area included the activities of tea research and development, processing and marketing services that have implication on the environment and occupational safety.

SOCIAL

I. Employment and Labour Practices

1. Employment

The Group established and implemented their respective "*Staff handbook*" which contains the policies relating to human resources, covering areas such as compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity and other benefits and welfare. Basically, the rules in the handbook is set in accordance with all relevant laws and regulations that applied in Hong Kong or in PRC. The Group strictly complied with the above said relevant standards, rules and regulations throughout the year ended 31 December 2015.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus and share option scheme.

As at 31 December 2015, the Group had a total of 8 and 346 employees in Hong Kong and Mainland China respectively. All of them are worked full-time on either a permanent or a fixed term basis.

SOCIAL *(CONTINUED)*

I. Employment and Labour Practices *(CONTINUED)*

1. Employment *(CONTINUED)*

As at 31 December 2015, total workforce in HK office and PRC subsidiary by age group are as below:

By Age Group	HK office	PRC subsidiary	Total
Aged below 31	1	178	179
Aged 31-50	4	132	136
Aged over 50	3	36	39
Total	8	346	354

During the year ended 31 December 2015, employee turnover rate in HK office and PRC subsidiary by age group are as below:

Number of employees resigned – By Age Group	HK office	PRC subsidiary	Total
Aged below 31	0	26	26
Aged 31-50	1	9	10
Aged over 50	1	1	2
Total	2	36	38
Turnover rate	22.2%	10.5%	10.8%

Note: Employee turnover rate = Number of employees resigned (net)/((Total headcount at the beginning of the year + Total headcount at the end of the year)/2)

SOCIAL *(CONTINUED)*

I. Employment and Labour Practices *(CONTINUED)*

2. Health and Safety

It is the Group's policy to carry out production in accordance with the principle of "Safety First", and supervisors at each level in the Group must adhere to the principle of "Production Management Must Encompass Management of Safety", production must take into account the needs for safety, in order to achieve safe and scientific production.

Wuyi Star has established a series of policies according to the ISO 14000 and ISO 18000 for safe working environment and protecting employees from occupational hazards, which lists out a series of occupational health and safety measures that have to be adopted such as providing a safe working environment and protecting employees from occupational hazards by provision of staff trainings and proper operation of equipments, etc.

The Group implemented the above said relevant procedures, rules and regulations and no incident of serious work injury occurred throughout the year ended 31 December 2015.

The Group endeavors to provide pleasant and comfortable working environment for employees. During the year ended 31 December 2015, Wuyi Star carried on arranged physical examination for all first-line production employees, and no occupational disease was found. Employees in Hong Kong office are provided of physical examination under the Company's medical scheme.

3. Development and Training

The Group draws up training plans in accordance with the Group's training needs. Each department is responsible for determining its training needs for staff in its department and designing a unique training plan, which shall be submitted to the management for approval. The Group ensures that members of staff who are under the comprehensive management system can fulfill the relevant requirements in terms of education, training, technical and work experience.

Training activities provided to staff include:

— New employees orientation;

— Technical training for existing employees of different level or internally transferred employees;

— Technical and professional skill enhancement training; and

— Enrolment in externally organized classes in relation to legal and other professional knowledge, management knowledge and important position professional training.

During the year ended 31 December 2015, the percentage of employees trained by employee category are as below:

Category	Number of employees attended training	Percentage of employees trained
Senior management	13	87%
Middle-level management	18	100%
General staff	318	99%
Total	349	99%

SOCIAL *(CONTINUED)*

I. Employment and Labour Practices *(CONTINUED)*

4. Labour Standards

Employment of staff by the Group must comply with the relevant labour rules and regulations that are applicable in Hong Kong, PRC or relevant national area. Preventing child or forced labour is one of these rules. The Group strictly complied with the above said principle, relevant rules and regulations throughout the year ended 31 December 2015.

The Group regularly reviews the overall employment practices to avoid child or forced labour and other potential irregularities. Staff is required to fill in a "Staff Information Sheet" upon joining the Group. Should the staff provide false identity or false personal particulars, the said staff would be considered to have committed serious breach of the Group's rules and regulations, his/her employment would be terminated immediately.

II. Operating Practices

1. Supply Chain Management

The Group is mainly engaged in tea business and investment holding. The raw materials of the tea products, being tea leaves, mainly from the fresh tea leaves picking from the Group's owned tea plants and purchased the tea leaves from the suppliers located in Wuyishan according to the production plan.

Based on the nature of the businesses of the Group, the significant suppliers are the suppliers of the raw materials and the packaging materials of tea products. For the year ended 31 December 2015, the Group sourced its raw materials and packaging materials from more than 30 suppliers and mainly located in PRC.

Supply chain management is one of the key links in the Group's quality control system. With a focus on product quality risk management, the Company keeps a close eye on quality and safety crisis signals of its tea products. Attaching great importance to product compliance, the Group organizes self-inspections and rectifications in a timely manner to ensure product quality.

The Group's relationships with its suppliers are stable and the Group did not experience any major difficulty in obtaining adequate supplies of raw materials and packing materials to meet its production requirements in the past. Since the raw materials and packing materials sourced are common and can be easily purchased from the market, it is believed that even if any of the suppliers fail to meet the Group's demand, there are sufficient alternative suppliers to supply the principal raw materials and packing materials to allow the Group to find suitable substitutes if necessary.

According to the "Purchasing Control Procedures" of "Quality, Food Safety and Environmental Safety Management Procedural Document" established by Wuyi Star, suppliers are chosen based on the supplier's continuous ability to guarantee satisfactory product quantity and quality, reasonable price, timely delivery and good services. When selecting suppliers, the Group requires potential suppliers to provide relevant quality certifications, arrange for site visits, request for samples of materials to be supplied to ensure that the materials meet the required specifications.

SOCIAL *(CONTINUED)*

II. Operating Practices *(CONTINUED)*

2. Product responsibility

Product Safety/Quality assurance

The Group is committed to ensuring product safety.

Wuyi Star passed HACCP international food safety certification, GAP certification from the Ministry of Agriculture, strict compliance with ISO 9001 management practices, develop the product quality and safety and health management system which can be traced back, established the quality policy of "From tea plant to a cup of tea, full quality tracking, high standards strict management, everyone concerned quality" to ensure the stability of the product's excellent quality and health safety.

Wuyi Star has formulated a complete set of quality inspection management standards covering raw materials, auxiliary ingredients, packaging materials and finished products, which detail the requirements on various objects, methods and coverage of tests.

For the year ended 31 December 2015, no product sold or shipped was subject to recall for safety and health reasons.

Consumer Services

Wuyi Star has established standard procedures and preventive measures which are strictly implemented for handling tea products' enquires and complaints. Wuyi Star has established customer services hotline, on-line services and several branch offices within the PRC for handling the customers' enquiries and complaints.

3. Anti-corruption

In the Group's staff handbook, one of the most important rules that require all members of our staff to observe is that they must maintain honesty, refuse corruption, refuse to accept kickbacks, and they must not misappropriate the Group's funds and properties, must not abuse power for own interests.

There was no any concluded legal cases regarding corrupt practices brought against the Group or its employees during the year ended 31 December 2015.

III. Community

Community Investment

The Group actively undertakes the responsibility for poverty relief and development of philanthropy to help disadvantaged groups in society. The Group made charity donation to several charity organizations for the year ended 31 December 2015. The Group also encourages employees to actively participate in volunteer activities and social services as advocated, aiming to promote the public welfare culture and spirit incorporating interaction, cares and understanding.

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

TO THE SHAREHOLDERS OF
CHINA MINING RESOURCES GROUP LIMITED
中國礦業資源集團有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Mining Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 123, which comprise the consolidated statement of financial position as at 31 December 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation of the 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)

Chan Mei Mei
Practising Certificate Number: P05256
Suites 313-316, 3/F., Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operation			
Revenue	5	**114,404**	133,007
Cost of sales		**(73,115)**	(72,535)
Gross profit		**41,289**	60,472
Other income	7	**8,996**	8,362
Other gains and losses	8	**(7,532)**	(8,429)
Selling and distribution expenses		**(37,866)**	(44,023)
Administrative expenses		**(41,155)**	(41,883)
Finance costs	9	**(7,805)**	(14,526)
Impairment loss recognised in respect of available-for-sale investments	23	**(8,130)**	(17,378)
Impairment loss recognised in respect of property, plant and equipment	16	**(21,006)**	—
Impairment loss recognised in respect of prepaid lease payments	17	**(8,333)**	—
Impairment loss recognised in respect of other intangible assets	20	**(5,008)**	(5,602)
(Loss) gain on disposal of property, plant and equipment		**(25)**	12,582
Loss before tax		**(86,575)**	(50,425)
Income tax expense	10	**—**	(2,944)
Loss for the year from continuing operation	12	**(86,575)**	(53,369)
Discontinued operations			
Profit for the year from discontinued operations	11	**—**	673,144
(Loss) profit for the year		**(86,575)**	619,775
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension plans		**—**	(6,681)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(6,052)**	(36)
Fair value (loss) gain on available-for-sale investments	23	**(5,519)**	5,467
Release of investment revaluation reserve upon disposals of available-for-sale investments		**—**	(553)
Release of translation reserve upon disposals of subsidiaries		**—**	(218,844)
		(11,571)	(213,966)
Other comprehensive income for the year, net of income tax		**(11,571)**	(220,647)
Total comprehensive income for the year		**(98,146)**	399,128

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
(Loss) profit for the year attributable to:			
Owners of the Company			
— from continuing operation		**(76,490)**	(51,633)
— from discontinued operations		**—**	682,045
		(76,490)	630,412
Non-controlling interests			
— from continuing operation		**(10,085)**	(1,736)
— from discontinued operations		**—**	(8,901)
		(10,085)	(10,637)
(Loss) profit for the year		**(86,575)**	619,775
Total comprehensive income attributable to:			
Owners of the Company		**(86,809)**	411,317
Non-controlling interests		**(11,337)**	(12,189)
		(98,146)	399,128
(Loss) earnings per share	15		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(0.63) cents**	6.90 cents
From continuing operation			
Basic and diluted (HK cents)		**(0.63) cents**	(0.56) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**119**	19,572
Prepaid lease payments — non-current portion	*17*	**15,313**	25,945
Goodwill	*19*	**—**	—
Other intangible assets	*20*	**6,153**	11,484
Biological assets	*21*	**9,603**	11,745
Available-for-sale investments	*23*	**143,951**	20,537
		175,139	89,283
Current assets			
Inventories	*24*	**96,278**	106,789
Trade and other receivables	*25*	**79,012**	87,527
Prepaid lease payments	*17*	**450**	348
Short-term loan and loan interest receivables	*26*	**—**	—
Bank balances and cash	*27*	**447,570**	214,170
		623,310	408,834
Current liabilities			
Trade and other payables	*28*	**70,226**	63,440
Tax liabilities		**16,001**	16,065
Bank borrowings	*29*	**51,150**	90,770
		137,377	170,275
Net current assets		**485,933**	238,559
Total assets less current liabilities		**661,072**	327,842

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Bank borrowings	29	**34,617**	—
Deferred income	31	**2,673**	1,914
Deferred tax liabilities	32	**—**	—
Non-redeemable convertible preference shares	33	**—**	53,619
		37,290	55,533
Net assets		**623,782**	272,309
Capital and reserves			
Share capital	34	**1,691,497**	913,878
Share premium and reserves		**(1,066,422)**	(651,613)
Equity attributable to owners of the Company		**625,075**	262,265
Non-controlling interests		**(1,293)**	10,044
Total equity		**623,782**	272,309

The consolidated financial statements on pages 41 to 123 were approved and authorised for issue by the Board of Directors on 30 March 2016 and are signed on its behalf by:

Wang Hui
Director

Yeung Kwok Kuen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company												
	Share capital HK$'000 (Note 34)	Share premium HK$'000	Non-redeemable convertible preference shares HK$'000 (Note 33)	Statutory surplus reserve HK$'000 (Note a)	Capital and other reserves HK$'000 (Note b)	Share options reserve HK$'000 (Note 38)	Investment revaluation reserve HK$'000 (Note 23)	Translation reserve HK$'000	Actuarial reserve HK$'000 (Note 30)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	913,878	3,192,267	684,321	105,086	64,676	54,057	1,530	272,750	(6,483)	(5,430,966)	(148,884)	156,904	8,020
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	630,412	630,412	(10,637)	619,775
Other comprehensive income, net of income tax													
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(149)	–	–	(149)	113	(36)
Fair value gain on available-for-sale investments	–	–	–	–	–	–	5,467	–	–	–	5,467	–	5,467
Release of investment revaluation reserve upon disposals of available-for-sale investments	–	–	–	–	–	–	(553)	–	–	–	(553)	–	(553)
Release of translation reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	(218,844)	–	–	(218,844)	–	(218,844)
Actuarial loss on defined benefit pension plans	–	–	–	–	–	–	–	–	(5,016)	–	(5,016)	(1,665)	(6,681)
	–	–	–	–	–	–	4,914	(218,993)	(5,016)	–	(219,095)	(1,552)	(220,647)
Total comprehensive income for the year	–	–	–	–	–	–	4,914	(218,993)	(5,016)	630,412	411,317	(12,189)	399,128
Cancellation of share options	–	–	–	–	–	(54,057)	–	–	–	54,057	–	–	–
Release of actuarial reserve upon settlement on defined benefit pension plans	–	–	–	–	–	–	–	–	11,499	(11,499)	–	–	–
Release upon disposal of subsidiaries	–	–	–	(95,019)	(65,182)	–	–	–	–	160,201	–	(134,839)	(134,839)
Transfer	–	–	–	–	506	–	–	–	–	(674)	(168)	168	–
At 31 December 2014 and **1 January 2015**	913,878	3,192,267	684,321	10,067	–	–	6,444	53,757	–	(4,598,469)	262,265	10,044	272,309
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(76,490)**	**(76,490)**	**(10,085)**	**(86,575)**
Other comprehensive income, net of income tax													
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,800)**	**–**	**–**	**(4,800)**	**(1,252)**	**(6,052)**
Fair value loss on available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**(5,519)**	**–**	**–**	**–**	**(5,519)**	**–**	**(5,519)**
	–	**–**	**–**	**–**	**–**	**–**	**(5,519)**	**(4,800)**	**–**	**–**	**(10,319)**	**(1,252)**	**(11,571)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(5,519)**	**(4,800)**	**–**	**(76,490)**	**(86,809)**	**(11,337)**	**(98,146)**
Issuance of shares upon conversion of convertible preference shares *(Note 33)*	**377,619**	**360,321**	**(684,321)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**53,619**	**–**	**53,619**
Issuance of new shares *(Note 33)*	**400,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**400,000**	**–**	**400,000**
Placing expenses in relation to the issuance of shares	**–**	**(4,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,000)**	**–**	**(4,000)**
At 31 December 2015	**1,691,497**	**3,548,588**	**–**	**10,067**	**–**	**–**	**925**	**48,957**	**–**	**(4,674,959)**	**625,075**	**(1,293)**	**623,782**

Notes:

(a) Statutory surplus reserve

According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of China Mining Resources Group Limited (the "Company") (together with the subsidiaries collectively referred to as the "Group") established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set-off previous years' loss, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(b) Capital and other reserves

Pursuant to regulations <安全生產費用提取和使用管理辦法> issued on 14 February 2012 in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital and other reserves. The amount is calculated based on the volume of ores excavated each year and at the applicable rate per tonne of ores ("Appropriation for Mining Company"). The utilisation of the amount in the capital and other reserves will be used on modification and maintenance of safety equipment in accordance with the rules in the PRC Company Law which is not available for distribution to shareholders. The balance was released upon disposal of the "Disposed Subsidiaries" (as defined in Note 11) during the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax		
— from continuing operation	**(86,575)**	(50,425)
— from discontinued operations	**—**	673,144
Adjustments for:		
Interest income	**(6,905)**	(6,802)
Interest expenses	**7,805**	22,624
Depreciation of property, plant and equipment	**4,562**	13,046
Amortisation of prepaid lease payments	**970**	1,001
Amortisation of other intangible assets	**317**	980
Loss (gain) on changes in fair value less costs-to-sell for biological assets	**1,072**	(2,262)
Loss (gain) on disposal of property, plant and equipment	**25**	(12,092)
Gain on settlement of post-employment benefit	**—**	(20,872)
Impairment loss recognised in respect of available-for-sale investments	**8,130**	17,378
Government grants recognised	**(1,957)**	(369)
Impairment loss recognised in respect of trade and other receivables	**5,215**	10,732
Impairment loss recognised in respect of other intangible assets	**5,008**	31,703
Impairment loss recognised in respect of property, plant and equipment	**21,006**	63
Impairment loss recognised in respect of prepaid lease payments	**8,333**	—
Written-off of inventories	**227**	22
Written-off of property, plant and equipment	**6**	165
Gain on disposal of subsidiaries	**—**	(710,703)
Reversal of impairment loss recognised in respect of trade and other receivables	**(2,850)**	(4,464)
Operating cash flows before movements in working capital	**(35,611)**	(37,131)
Decrease in inventories	**10,792**	7,943
Decrease in trade and other receivables	**6,150**	5,110
Increase in trade and other payables	**6,786**	1,089
Increase in provisions	**—**	3,016
Cash used in operations	**(11,883)**	(19,973)
Income tax paid	**—**	(1,911)
NET CASH USED IN OPERATING ACTIVITIES	**(11,883)**	(21,884)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 *HK$'000*	2014 *HK$'000*
INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	**(7,423)**	(29,948)
Payments for purchase of other intangible assets	**(371)**	(106)
Proceeds from disposal of property, plant and equipment	**60**	24,457
Proceeds from disposal of subsidiaries *(Note 44)*	**—**	79,298
Proceeds from disposal of available-for-sale investments	**—**	27,233
Payment for purchase of available-for-sale investments	**(140,400)**	—
Deposit refunded	**—**	3,805
Interest received	**6,905**	6,802
Utilisation of provisions	**—**	(8,550)
Government grants received	**2,853**	4,011
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(138,376)**	107,002
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(89,482)**	(118,553)
New bank borrowings raised	**89,295**	139,995
Net proceeds from issuance of shares	**396,000**	—
Interest paid	**(7,805)**	(16,365)
NET CASH FROM FINANCING ACTIVITIES	**388,008**	5,077
NET INCREASE IN CASH AND CASH EQUIVALENTS	**237,749**	90,195
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**214,170**	118,555
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(4,349)**	5,420
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**447,570**	214,170

1. GENERAL

China Mining Resources Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" of the annual report.

The functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the investors as its shares are listed on the Stock Exchange.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in Note 44 to the consolidated financial statements. The Company also has available-for-sale investments in an unlisted company which engaged in mining and processing of gold as well as in other listed mining companies. The Group was also engaged in mining, processing and sales of molybdenum and online video broadcasting which were discontinued during the year ended 31 December 2014 *(Note 11)*.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to Hong Kong Accounting Standard ("HKAS") 19 (2011)	Defined Benefits Plans: Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

New and revised HKFRSs in issue but not yet effective *(CONTINUED)*

HKFRS 9 Financial Instruments *(CONTINUED)*

Key requirements of HKFRS 9:

— All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

— With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

— In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

— The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

New and revised HKFRSs in issue but not yet effective *(CONTINUED)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The Directors anticipate that the application of these amendments to HKAS 16 and HKAS 41 in the future may have a material impact on amounts reported in respect of the Group's property, plant and equipment and biological assets. Regarding the Group's property, plant and equipment and biological assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Other than the above, the Directors do not anticipate that the application of the other new and amendment to HKFRSs will have any significant impact on the Group's financial performance and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosures of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for biological assets and certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations *(CONTINUED)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in subsidiaries

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less accumulated impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment loss, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and is reduced for estimated customer returns, rebates, other similar allowances and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

All leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leasing *(CONTINUED)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and re-translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Borrowing costs

All borrowings costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and

- remeasurement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Retirement benefit costs and termination benefits *(CONTINUED)*

The Group presents the first two components of defined benefit costs in profit or loss in the line item "administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 38 to the consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write-off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and deprecation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Biological assets

Biological assets are plants managed by the Group which is involved in the agricultural activities of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. Biological assets are measured at fair value less costs-to-sell at initial recognition and at each reporting date. The fair value of biological assets is determined based on either the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate or the market price with reference to the species, growing condition, costs incurred and expected yield of the crops.

The agricultural produce is initially measured at fair value less costs-to-sell at the time of harvest. The fair value of agricultural produce is measured at the market prices in the local market. The fair value less estimated point-of-sale costs at the time of harvest is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs is recognised in profit or loss for the financial year in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and accumulated impairment loss. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

(ii) Exploration rights

Exploration rights are stated at cost less accumulated amortisation and accumulated impairment loss. The exploration rights are amortised on a straight-line basis over the respective periods of the rights. During the exploration and evaluation period, the amortisation charge is included as part of cost of exploration and evaluation assets.

Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment on tangible and intangible assets below).

An intangible asset is derecognsied on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognsied.

Exploration and evaluation assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Exploration and evaluation assets *(CONTINUED)*

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 *Impairment of Assets* ("HKAS 36") whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable (the list is not exhaustive):

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- Substantive expenditure incurred on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; or
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Provisions *(CONTINUED)*

Provisions for land reclamation and cavity refill costs are based on estimates of required expenditure on the mines in accordance with rules and regulations in the PRC. The Group estimates its liabilities for land reclamation and cavity refill based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Provisions for land reclamation and cavity refill costs are recognised in profit or loss in the period in which the obligation is identified.

Provisions for cost of residence to employees and their families are based on estimates of required expenditures to maintain the basic utilities supply to residential areas of employees and their families. The Group estimates its liabilities based on future cash expenditure, escalated for inflation, then discounted at a discount rate that reflects current market assessment of the time value of money and the risks specific to the liabilities such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. Provisions for cost of residence to employees and their families are recognised in profit or loss in the period when the obligation is identified.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial assets *(CONTINUED)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, short-term loan and loan interest receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) financial assets at fair value through profit or loss ("FVTPL"); (b) loans and receivables; or (c) held-to-maturity investments.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment on financial assets below).

Impairment on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial assets *(CONTINUED)*

Impairment on financial assets *(CONTINUED)*

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables and short-term loan and loan interest receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and short-term loan and loan interest receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables and short-term loan and loan interest receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issued costs.

Non-redeemable convertible preference shares contains liability and equity components

Non-redeemable convertible preference shares issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. 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 preference 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 non-redeemable convertible preference shares and the fair value assigned to the liability component, representing the conversion option for the holder to convert the shares into equity, is included in equity (non-redeemable convertible preference shares).

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

Other financial liabilities

Other financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial liabilities and equity instruments *(CONTINUED)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment on tangible and intangible assets (excluding exploration and evaluation assets) other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

(a) Valuation on biological assets

The Group's management determines the fair values less costs-to-sell of biological assets on initial recognition and at the end of each reporting period with reference to the market-determined prices, cultivation area, species, growing conditions, costs incurred and expected yield of the tea tree and/or the professional valuation. The fair value measurement of the Group's biological assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy").

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The details of the valuation model of the biological assets are set out in Note 21 to the consolidated financial statements.

(b) Impairment of AFS financial assets

For AFS financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgment, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

Key sources of estimation uncertainty

Other than the provision for land reclamation and cavity refill costs as explained in Note 3 to the consolidated financial statements, the following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

(a) Estimated impairment of prepaid lease payments, other intangible assets and property, plant and equipment

The carrying amounts of prepaid lease payments, other intangible assets and property, plant and equipment are reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines the recoverable amount of the assets based on the estimations of future expected cash flows from the usage of these assets and a suitable discount rate. Where the future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for prepaid lease payments, other intangible assets and property, plant and equipment are disclosed in Notes 17, 22 and 16 to the consolidated financial statements respectively.

(b) Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The movement of allowance for doubtful debts for trade and other receivables during the year is set out in Note 25 to the consolidated financial statements.

5. REVENUE

Revenue represents turnover arising on sale of tea products from continuing operation for the year. An analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sales of tea products	**114,404**	133,007

6. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "Board"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the Board have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 is as follows:

Tea products — production and sales of tea

Two reportable segments (mining, processing and sales of molybdenum (the "Molybdenum") and online video broadcasting (the "iTV")) were discontinued during the year ended 31 December 2014. Therefore, the Group has only one reportable segment, represented the production and sales of tea, for the years ended 31 December 2015 and 2014. Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from production and sales of tea for the years ended 31 December 2015 and 2014.

Geographical information

The Group's operations are mainly located in the PRC (country of domicile) and Hong Kong.

Information about the Group's revenue from continuing operation from external customers is presented based on the geographical location of customers. Information about the Group's non-current assets (excluding financial instruments) is presented based on the geographical location of the assets.

For the year ended 31 December 2015

	The PRC	**Hong Kong**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**114,233**	**—**	**171**	**114,404**
Non-current assets excluding financial instruments	**31,069**	**119**	**—**	**31,188**

For the year ended 31 December 2014

	The PRC	Hong Kong	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	132,879	—	128	133,007
Non-current assets excluding financial instruments	68,426	320	—	68,746

6. SEGMENT INFORMATION *(CONTINUED)*

Information about major customers

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

	2015 HK$'000	2014 HK$'000
Customer A	**39,329**	49,097

7. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Continuing operation		
Interest on bank deposits	**1,569**	1,019
Interest from advanced to suppliers *(Note 25(b))*	**5,336**	5,626
Government grants *(Note)*	**1,957**	1,552
Rental income	**15**	9
Others	**119**	156
	8,996	8,362

Note: During the year ended 31 December 2015, the Group recognised approximately HK$1,957,000 (2014: HK$1,552,000) of grants from the local government, details of which are disclosed in Note 31 to the consolidated financial statements.

8. OTHER GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
Continuing operation		
Net foreign exchange losses	**(6,460)**	(10,691)
(Loss) gain on changes in fair value less costs-to-sell for biological assets *(Note 21)*	**(1,072)**	2,262
	(7,532)	(8,429)

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Continuing operation		
Interest on bank borrowings	**5,793**	6,102
Interest on non-redeemable convertible preference shares *(Note 33)*	**2,012**	8,424
	7,805	14,526

10. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Continuing operation		
Current tax:		
Hong Kong	**—**	—
PRC Enterprise Income Tax	**—**	1,194
Under provision in prior year	**—**	1,025
Deferred tax *(Note 32)*:		
Current year	**—**	725
	—	2,944

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made for the years ended 31 December 2015 and 2014 as the Group did not generate any assessable profits arising in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax charge for both years can be reconciled to the loss before tax from continuing operation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before tax (from continuing operation)	**(86,575)**	(50,425)
Tax at the domestic income tax rate of 25% (2014: 25%) *(Note)*	**(21,644)**	(12,606)
Tax effect of expenses not deductible for tax purpose	**15,811**	10,708
Tax effect of income not taxable for tax purpose	**(652)**	(4,379)
Under provision in respect of prior year	**—**	1,025
Tax effect of tax losses not recognised	**3,384**	4,069
Tax effect of temporary differences not recognised	**2**	(10)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**3,099**	4,137
Income tax expense for the year (from continuing operation)	**—**	2,944

Note: The domestic tax rate (which is the PRC EIT rate) represents the tax rate used in the jurisdiction where the operation of the Group is substantially based.

11. DISCONTINUED OPERATIONS

Disposal of molybdenum operation

Pursuant to the Company's circular dated 22 September 2014, the Company entered into a disposal agreement on 3 September 2014 with a purchaser (the "Purchaser"), an independent third party, in respect of the disposal of the 75.08% equity interests in 哈爾濱松江銅業(集團)有限公司 (Harbin Songjiang Copper (Group) Company Limited*) and its subsidiaries (collectively referred to as the "Disposed Subsidiaries") at a consideration of approximately HK$113,854,000 (equivalent to RMB90,096,000). The principal activities of the Disposed Subsidiaries are engaged in the mining, processing and sales of molybdenum, which represents the molybdenum segment of the Group. The disposal was effected in order to generate cash flows for the Group of which the Group intends to apply in future investment opportunities, including opportunities in the mining sector or other profitable investments opportunities, and the discontinuity of the molybdenum segment is consistent with the Group's long-term policy to focus its activities on the tea and other business which has a higher profit margin or better operating prospects. The disposal was completed on 31 October 2014, on which date the control of the molybdenum operations passed to the Purchaser. Details of the assets and liabilities disposed of, and the calculation of the profit on disposal, are disclosed in Note 41 to the consolidated financial statements.

Cessation of the iTV business

On 27 November 2014, the Directors announced a plan to cease the Group's iTV business. The cessation of iTV business is consistent with the Group's long-term policy to redirect its resources to the tea and other businesses of the Group.

The combined results of the discontinued operations (i.e. Molybdenum and iTV business) included in the profit for the year ended 31 December 2014 are set out below.

	2014 *HK$'000*
Loss on discontinued operations	(29,788)
Compensation for loss of office paid by the Company	(7,771)
Gain on disposal of subsidiaries *(Note 41)*	710,703
Profit for the year from discontinued operations	673,144

	2014 *HK$'000*
Attributable to:	
Owners of the Company	682,045
Non-controlling interests	(8,901)
	673,144

* *For identification purpose only*

11. DISCONTINUED OPERATIONS *(CONTINUED)*

The results of the discontinued operations (i.e. molybdenum and iTV business) included in the profit for the year ended 31 December 2014 are set out below:

For the year ended 31 December 2014

	Molybdenum *HK$'000*	iTV *HK$'000*	Total *HK$'000*
Loss for the year from discontinued operations			
Revenue	51,393	—	51,393
Cost of sales	(30,326)	—	(30,326)
Other income	645	44	689
Other gains and losses	1,413	—	1,413
Selling and distribution expenses	(371)	—	(371)
Administrative expenses	(35,573)	(3,133)	(38,706)
Gain on settlement of post-employment benefit	20,872	—	20,872
Loss on disposal of property, plant and equipment	(490)	—	(490)
Impairment loss recognised in respect of other intangible asset	(26,101)	—	(26,101)
Impairment loss recognised in respect of property, plant and equipment	(63)	—	(63)
Finance cost	(8,098)	—	(8,098)
Loss before tax	(26,699)	(3,089)	(29,788)
Income tax expense	—	—	—
Loss for the year from discontinued operations	(26,699)	(3,089)	(29,788)
Loss for the year from discontinued operations include the followings:			
Depreciation and amortisation	8,032	183	8,215
Auditor's remuneration	—	45	45
Impairment loss recognised in respect of trade and other receivables	7,566	—	7,566
Reversal of impairment loss recognised in respect of trade and other receivables	(758)	—	(758)
Cost of inventories recognised as an expense	30,326	—	30,326
Staff costs	34,417	1,288	35,705
Written-off of property, plant and equipment	156	—	156
Minimum lease payments under operating lease in respect of rented premises	—	740	740
Cash flows from discontinued operations			
Net cash inflows (outflows) from operating activities	18,938	(3,076)	15,862
Net cash outflows from investing activities	(28,809)	—	(28,809)
Net cash (outflows) inflows from financing activities	(16,265)	110	(16,155)
Net cash outflows	(26,136)	(2,966)	(29,102)

12. LOSS FOR THE YEAR FROM CONTINUING OPERATION

	2015 HK$'000	2014 HK$'000
Loss for the year from continuing operation has been arrived at after charging (crediting):		
Directors' and chief executives' remuneration *(Note 13)*	**4,042**	5,161
Other staff's salaries, bonus and allowances	**16,228**	17,808
Other staff's contribution to retirement benefits schemes	**809**	962
Total staff costs	**21,079**	23,931
Impairment loss recognised in respect of trade and other receivables	**5,215**	3,166
Reversal of impairment loss recognised in respect of trade and other receivables	**(2,850)**	(3,706)
Amortisation of other intangible assets	**317**	371
Amortisation of prepaid lease payments	**970**	881
Auditor's remuneration		
— Audit service	**1,823**	1,371
— Non-audit service	**350**	748
Costs of inventories recognised as an expense	**72,083**	70,374
Written-off of inventories	**227**	22
Written-off of property, plant and equipment	**6**	9
Depreciation of property, plant and equipment	**4,562**	5,560
Minimum leases payments under operating lease in respect of office premises and tea plantation	**18,203**	16,847

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and chief executives' emoluments

	2015 HK$'000	2014 HK$'000
Fees	**600**	584
Other emoluments		
Salaries and other benefits	**2,860**	4,564
Performance related incentive payments *(Note c)*	**460**	2,210
Compensation for loss of office *(Note e)*	**—**	8,525
Contributions to retirement benefits schemes	**122**	281
	4,042	16,164

Directors' and chief executives' remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

Year ended 31 December 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 *(Note c)*	Compensation for loss of office HK$'000 *(Note e)*	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors						
Wang Hui	—	840	140	—	49	1,029
Yeung Kwok Kuen *(Note b)*	—	1,200	200	—	70	1,470
Fang Yi Quan	—	720	120	—	3	843
Independent non-executive directors						
Chu Kang Nam	180	30	—	—	—	210
Chong Cha Hwa	240	40	—	—	—	280
Ngai Sai Chuen *(Note d)*	180	30	—	—	—	210
	600	2,860	460	—	122	4,042

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(CONTINUED)*

Year ended 31 December 2014

	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (Note c)	Compensation for loss of office HK$'000 (Note e)	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors						
You Xian Sheng *(Chairman) (Note a)*	—	121	—	—	6	127
Wang Hui	—	1,354	140	2,196	38	3,728
Yeung Kwok Kuen *(Note b)*	—	350	200	—	28	578
Chen Shou Wu *(Note b)*	—	250	1,750	—	100	2,100
Fang Yi Quan	—	620	120	—	37	777
Independent non-executive directors						
Chu Kang Nam	180	30	—	—	—	210
Lin Xiang Min *(Note a)*	14	—	—	—	—	14
Chong Cha Hwa	240	40	—	—	—	280
Ngai Sai Chuen *(Note d)*	150	30	—	—	—	180
Chief executives *(Note f)*						
Yin Guang Yuan	—	778	—	2,762	24	3,564
Qiao Hong Bo	—	535	—	1,920	24	2,479
Qu Yan Chun	—	456	—	1,647	24	2,127
	584	4,564	2,210	8,525	281	16,164

Notes:

(a) You Xian Sheng and Lin Xiang Min were resigned as directors on 31 January 2014.

(b) Chen Shou Wu and Yeung Kwok Kuen were resigned as directors on 1 March 2014. Yeung Kwok Kuen was re-appointed as director on 1 December 2014.

(c) The performance related incentive payments are determined by reference to the financial performance of certain subsidiaries of the Group and the market environment during the year.

(d) Ngai Sai Chuen was appointed as independent non-executive director on 1 March 2014.

(e) The compensation for loss of office are related to the compensation paid to the directors and chief executives of the Disposed Subsidiaries.

(f) Upon the completion of the disposal of the Disposed Subsidiaries, all of the chief executives have ceased to be the chief executives and senior management of the Group.

Chen Shou Wu was also the chief executive officer of the Company (the "CEO") and his emoluments disclosed above include those for service rendered by him as the CEO. Mr. Wang Hui has been appointed as the CEO on 29 January 2015 and his emoluments disclosed above include those for service rendered by him as the CEO.

The directors' and chief executives' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(CONTINUED)*

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the two years ended 31 December 2015 and 2014.

Five highest paid employees

The five highest paid employees of the Group during the year included three directors (2014: five directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2014: Nil) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015	2014
	HK\$'000	*HK\$'000*
Salaries and other benefits	**1,008**	—
Performance related incentive payments	**95**	—
Contributions to retirement benefits schemes	**55**	—
	1,158	—

Their remunerations were all within HK$Nil to HK$1,000,000.

During the two years ended 31 December 2015 and 31 December 2014, except for disclosed above, no emoluments were paid by the Group to the Directors, or any of the chief executives or employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

The performance related incentive payments for the years ended 31 December 2015 and 31 December 2014 are determined by reference to the financial performance of certain subsidiaries of the Group and the market environment during the year.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: HK$Nil).

15. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit for the purpose of basic (loss) earnings per share ((Loss) profit for the year attributable to owners of the Company)	**(76,490)**	630,412
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares *(Note)*	**N/A**	—
(Loss) profit for the purpose of diluted (loss) earnings per share	**(76,490)**	630,412

	Number of shares	
	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**12,099,786**	9,138,782
Effect of dilutive potential ordinary shares:		
Non-redeemable convertible preference shares *(Note)*	**N/A**	—
Share options issued by the Company *(Note)*	**N/A**	—
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**12,099,786**	9,138,782

Note: The computation of diluted earnings per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since the exercise prices of those share options and non-redeemable convertible preference shares were higher than the average market price of shares.

All share options had been cancelled during the year ended 31 December 2014 and all non-redeemable convertible preference shares have been converted into ordinary shares during the year ended 31 December 2015.

15. (LOSS) EARNINGS PER SHARE *(CONTINUED)*

From continuing operation

The calculation of the basic and diluted loss per share from continuing operation attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss figures are calculated as follows:		
(Loss) profit for the year attributable to owners of the Company	**(76,490)**	630,412
Less: Profit for the year from discontinued operations	**—**	(682,045)
Loss for the purpose of basic loss per share from continuing operation	**(76,490)**	(51,633)
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares *(Note)*	**N/A**	—
Loss for the purpose of diluted loss per share from continuing operation	**(76,490)**	(51,633)

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

Note: The computation of diluted loss per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since their exercise would result in a decrease in loss per share.

All share options had been cancelled during the year ended 31 December 2014 and all non-redeemable convertible preference shares have been converted into ordinary shares during the year ended 31 December 2015.

From discontinued operations

For the year ended 31 December 2014, basic and diluted earnings per share for the discontinued operations is HK7.46 cents per share, based on the profit for the year attributable to owners of the Company from the discontinued operations of approximately HK$682,045,000 and the denominators detailed above for both basic and diluted earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Mining structures HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2014	105,494	358,407	73,095	17,000	13,649	13,881	581,526
Exchange adjustments	(307)	(1,370)	(289)	(2,311)	(84)	(44)	(4,405)
Additions	207	3,130	1,899	350	—	26,903	32,489
Transfer	6,733	568	—	—	—	(7,301)	—
Written-off	—	(545)	(288)	(309)	—	—	(1,142)
Derecognised on disposal of subsidiaries	(112,127)	(259,216)	(60,702)	(4,512)	(4,312)	(18,414)	(459,283)
Disposals	—	(14,946)	—	(18)	(2,169)	—	(17,133)
At 31 December 2014 and 1 January 2015	—	86,028	13,715	10,200	7,084	15,025	132,052
Exchange adjustments	—	(5,002)	(812)	(554)	(377)	(593)	(7,338)
Additions	—	3,755	2,339	427	—	902	7,423
Transfer	—	6,104	—	—	—	(6,104)	—
Written-off	—	—	(14)	(37)	—	—	(51)
Disposals	—	—	(245)	—	—	—	(245)
At 31 December 2015	**—**	**90,885**	**14,983**	**10,036**	**6,707**	**9,230**	**131,841**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014	71,478	312,005	71,244	13,419	9,447	10,310	487,903
Exchange adjustments	(37)	(591)	(182)	(1,301)	(972)	(64)	(3,147)
Charge for the year	1,938	7,146	1,563	604	1,795	—	13,046
Eliminated on written-off	—	(545)	(140)	(292)	—	—	(977)
Eliminated on disposals	—	(3,202)	—	(13)	(1,358)	—	(4,573)
Impairment loss recognised in profit or loss	—	—	—	—	63	—	63
Derecognised on disposal of subsidiaries	(73,379)	(241,238)	(60,702)	(2,417)	(2,099)	—	(379,835)
At 31 December 2014 and 1 January 2015	—	73,575	11,783	10,000	6,876	10,246	112,480
Exchange adjustments	—	(4,098)	(665)	(531)	(373)	(454)	(6,121)
Charge for the year	—	2,726	1,160	515	161	—	4,562
Transfers	—	3,520	—	—	—	(3,520)	—
Eliminated on written-off	—	—	(8)	(37)	—	—	(45)
Eliminated on disposals	—	—	(160)	—	—	—	(160)
Impairment loss recognised in profit or loss	—	15,162	2,873	13	—	2,958	21,006
At 31 December 2015	**—**	**90,885**	**14,983**	**9,960**	**6,664**	**9,230**	**131,722**
CARRYING VALUES							
At 31 December 2015	**—**	**—**	**—**	**76**	**43**	**—**	**119**
At 31 December 2014	—	12,453	1,932	200	208	4,779	19,572

The Group had pledged certain buildings with carrying values of approximately HK$Nil (2014: HK$11,100,000) to secure the general banking facilities granted to the Group as details disclosed in Note 29 to the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis based on the below estimated useful lives.

Mining structures	The units of production on the proven and probable mineral reserves
Buildings	Shorter of lease term of land or 8 — 40 years
Plant and machinery	5 — 10 years
Furniture, fixtures and equipment	5 — 10 years
Motor vehicles	5 — 10 years

Applications for property ownership certificates of certain buildings located in Harbin with aggregate carrying value of approximately HK$16,340,000 as of 31 December 2013 were still in progress and these property ownership certificates had not been issued to the Group by the relevant government authorities as at 31 December 2013. The Directors are of the opinion that the Group has acquired the beneficial title to those buildings located at Harbin at the end of the reporting period, and the property ownership certificates can be obtained in the near future. Due to the disposal of the Disposed Subsidiaries, the relevant property, plant and equipment had been derecognised during the year ended 31 December 2014.

As at 31 December 2015, the Directors conducted a review of the Group's property, plant and equipment which attributable to the tea business, having regard to the recurring loss of the relevant operation. These assets are used in the Group's reportable and operating segment of tea products. Accordingly, an impairment loss of approximately HK$21,006,000 has been recognised in respect of certain property, plant and equipment of the Group to the extent that the carrying amounts exceeded their recoverable amounts based on the best estimate by the Directors with reference to the valuation performed by an independent professional valuer, BMI Appraisals Limited. The impairment loss has been recognised and included in the consolidated statement of profit or loss and other comprehensive income for the year.

As at 31 December 2014, the Directors conducted a review of the Group's property, plant and equipment which attributable to the tea business, having regard to the recurring loss of the relevant operation. These assets are used in the Group's reportable segment of tea products. Accordingly, no impairment loss has been recognised in respect of certain property, plant and equipment of the Group to the extent that their recoverable amounts exceeded the carrying amounts based on the best estimate by the Directors.

17. PREPAID LEASE PAYMENTS

	2015 HK$'000	2014 HK$'000
At 1 January	**26,293**	31,723
Exchange adjustments	**(1,227)**	(183)
Amortisation	**(970)**	(1,001)
Impairment loss recognised in profit or loss	**(8,333)**	—
Derecognised on disposal of subsidiaries	**—**	(4,246)
At 31 December	**15,763**	26,293
Analysed for reporting purposes as:		
— Current assets	**450**	348
— Non-current assets	**15,313**	25,945
	15,763	26,293

The Group has pledged certain prepaid lease payment with carrying values of approximately HK$15,763,000 (2014: HK$17,124,000) to secure general banking facilities granted to the Group as details disclosed in Note 29 to the consolidated financial statements.

As at 31 December 2015, the Directors conducted a review of the Group's prepaid lease payments which attributable to the tea business, having regard to the recurring loss of the relevant operation. These assets are used in the Group's reportable and operating segment of tea products. Accordingly, an impairment loss of approximately HK$8,333,000 (2014: HK$Nil) has been recognised in respect of certain prepaid lease payments of the Group to the extent that the carrying amounts exceeded their recoverable amounts based on the best estimate by the Directors with reference to the valuation performed by an independent professional valuer, BMI Appraisals Limited. The impairment loss has been recognised and included in the consolidated statement of profit or loss and other comprehensive income for the year.

18. EXPLORATION AND EVALUATION ASSETS

	HK$'000
COST	
At 1 January 2014	50,109
Exchange adjustments	(231)
Derecognised on disposal of subsidiaries	(49,878)
At 31 December 2014, 1 January 2015 and 31 December 2015	**—**
ACCUMULATED IMPAIRMENT	
At 1 January 2014	50,109
Exchange adjustments	(231)
Derecognised on disposal of subsidiaries	(49,878)
At 31 December 2014, 1 January 2015 and 31 December 2015	**—**
CARRYING VALUES	
At 31 December 2015	**—**
At 31 December 2014	—

The amount represented exploration and evaluation assets in certain locations in Inner Mongolia and Heilongjiang province, the PRC, held by the Disposed Subsidiaries. The amount was fully impaired in the consolidated statement of profit or loss and other comprehensive income in prior years.

Due to the disposal of the Disposed Subsidiaries, the exploration and evaluation assets had been derecognised during the year ended 31 December 2014.

19. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014, 1 January 2015 and **31 December 2015**	511,381
ACCUMULATED IMPAIRMENT	
At 1 January 2014, 31 December 2014, 1 January 2015 and **31 December 2015**	511,381
CARRYING VALUES	
At 31 December 2015	**—**
At 31 December 2014	—

For the purpose of impairment test, goodwill has been allocated to the cash-generating unit of production and sale of tea (i.e. the reporting and operating segment of tea products) and the details of the impairment testing on goodwill are set out in Note 22(a) to the consolidated financial statements.

20. OTHER INTANGIBLE ASSETS

	Mining rights *HK$'000* *(Note (b))*	Exploration rights *HK$'000* *(Note (c))*	Brand name *HK$'000* *(Note (d))*	Network video platform *HK$'000* *(Note (e))*	Forest use right *HK$'000* *(Note (f))*	Total *HK$'000*
COST						
At 1 January 2014	3,610,133	16,755	80,034	8,669	10,023	3,725,614
Exchange adjustments	(13,094)	(61)	—	(52)	(60)	(13,267)
Additions	—	—	106	—	—	106
Derecognised on disposal of subsidiaries	(3,597,039)	(16,694)	—	—	—	(3,613,733)
At 31 December 2014 and 1 January 2015	—	—	80,140	8,617	9,963	98,720
Exchange adjustments	—	—	—	(458)	(842)	(1,300)
Additions	—	—	371	—	—	371
At 31 December 2015	**—**	**—**	**80,511**	**8,159**	**9,121**	**97,791**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2014	3,527,313	16,755	71,868	8,669	783	3,625,388
Exchange adjustments	(12,384)	(61)	—	(52)	(5)	(12,502)
Charge for the year	609	—	—	—	371	980
Impairment loss recognised in profit or loss	26,101	—	4,172	—	1,430	31,703
Derecognised on disposal of subsidiaries	(3,541,639)	(16,694)	—	—	—	(3,558,333)
At 31 December 2014 and 1 January 2015	—	—	76,040	8,617	2,579	87,236
Exchange adjustments	—	—	—	(458)	(465)	(923)
Charge for the year	—	—	—	—	317	317
Impairment loss recognised in profit or loss	—	—	4,471	—	537	5,008
At 31 December 2015	**—**	**—**	**80,511**	**8,159**	**2,968**	**91,638**
CARRYING VALUES						
At 31 December 2015	**—**	**—**	**—**	**—**	**6,153**	**6,153**
At 31 December 2014	—	—	4,100	—	7,384	11,484

20. OTHER INTANGIBLE ASSETS *(CONTINUED)*

Notes:

(a) The above intangible assets other than brand name have finite useful lives. Mining rights were amortised using the units of production method based on the proven and probable mineral reserves and the amortisation rate used in 2014 is 0.31%. Exploration rights were amortised on a straight-line basis over the contractual rights of 2 years. Network video platform was amortised on a straight-line basis over its expected useful life of 10 years. Forest use right is amortised on a straight-line basis over its expected useful life of 25 years (2014: 25 years).

(b) Mining rights (included in the CGU of mining business of molybdenum)

Mining rights represented the mining rights in Harbin acquired in 2007 and held by the Disposed Subsidiaries. Due to the disposal of the Disposed Subsidiaries, the mining rights had been derecognised during the year ended 31 December 2014.

Upon the disposal of the Disposed Subsidiaries, impairment loss of approximately HK$26,101,000 had been recognised in respect of the mining rights to the extent that the carrying amount exceeded its recoverable amount.

Particulars of the impairment testing are disclosed in Note 22(b) to the consolidated financial statements.

(c) Exploration rights

Due to the disposal of the Disposed Subsidiaries, the exploration rights had been derecognised during the year ended 31 December 2014.

(d) Brand name (included in the CGU of tea business)

Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the Directors, which supports that the brand name has no foreseeable limit to the period over which the products with the brand name are expected to generate net cash inflows for the Group.

As a result, the brand name is considered by the Directors as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in Note 22(a) to the consolidated financial statements.

(e) Network video platform (included in the CGU of iTV business)

The network video platform represented the design and application of the network video platform for providing online video services. The network video platform has been fully impaired in prior years.

(f) Forest use right (included in the CGU of biological asset of tea plantation)

The forest use right relates to the favourable aspect of the right to use and operate the tea plantation land, which in substance is an operating right. The fair value on acquisition was determined based on a valuation report prepared by an independent professional valuer, Greater China Appraisal Limited, using discount cash flows method at the date of acquisition in 2011 and the estimated present value of payments due under the agreement entered into by Wuyi Star Tea Industrial Co., Ltd. It will be tested for impairment annually whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in Note 22(d) to the consolidated financial statements.

The Group has pledged the forest use right with carrying values of approximately HK$6,153,000 (2014: HK$7,384,000) to secure general banking facilities granted to the Group as details disclosed in Note 29 to the consolidated financial statements.

21. BIOLOGICAL ASSETS

At the end of each reporting period, the Group's biological assets are stated at fair value less costs-to-sell which was classified as non-current assets in the consolidated statement of financial position. The fair value of biological assets is a level 3 recurring fair value measurement. A reconciliation of the opening and closing balance is provided below.

	Tea plantation *HK$'000*
At 1 January 2014	10,219
Exchange adjustment	(62)
Agricultural produce harvested during the year	(674)
Gain on changes in fair value less costs-to-sell *(Note 8)*	2,262
At 31 December 2014 and 1 January 2015	11,745
Exchange adjustment	(562)
Agricultural produce harvested during the year	(508)
Loss on changes in fair value less costs-to-sell *(Note 8)*	(1,072)
At 31 December 2015	**9,603**

The Group's tea plantation was located in Fujian Province, Wuyishan City, Wuyi Town, Chishi Village, Du Kou Dao Ban（福建省武夷山市武夷鎮赤石村渡口道班）.

The fair value less costs-to-sell of tea plantation of approximately HK$9,603,000 (2014: approximately HK$11,745,000) is determined with reference to the present value of expected net cash inflows from the biological assets discounted at a current market-determined pre-tax rate of 12.82% (2014: 12.98%). For the estimation of the projected cash flows, the Directors had made reference to the existing tree resources, the historical growth rate of the tea trees and the economy in the PRC, and adopted a long-term inflation rate of approximately 2.44% (2014: 3.1%). The higher the growth rate of tea trees is, the higher the fair value of the biological assets is.

There were no changes to the valuation technique during the year. A loss on changes in fair value less costs-to-sell of approximately HK$1,072,000 (2014: gain on changes in fair value less costs-to-sell of approximately HK$2,262,000) has been recognised in profit or loss.

The agricultural produce amounting to approximately HK$508,000 (2014: HK$674,000) has been harvested during the year ended 31 December 2015.

21. BIOLOGICAL ASSETS *(CONTINUED)*

(a) Nature of activities

The Group is exposed to a number of risks related to biological assets.

i) Regulatory and environmental risk

The Group is subject to law and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risk and to ensure that the systems in place are adequate to manage those risks. The Directors are not aware of any environmental liabilities as at 31 December 2015.

ii) Supply and demand risk

The Group is exposed to risk arising from fluctuations in the price and sales volume of tea leave. When possible the Group manages this risk by controlling its harvest volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with expected demand.

iii) Climate and other risks

The Group's tea plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular tea forest inspections and pesticide preventions.

(b) Fair value measurement of biological assets

	Fair value at 31 December 2015	**Fair value measurement as at 31 December 2015 categorised into**		
		Level 1	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement				
Biological assets	**9,603**	**—**	**—**	**9,603**

	Fair value at 31 December 2014	Fair value measurement as at 31 December 2014 categorised into		
		Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement				
Biological assets	11,745	—	—	11,745

All the Group's biological assets were revalued as at 31 December 2015 and 31 December 2014. The valuation was carried out by an independent professional valuer, Greater China Appraisal Limited, who has staff with recent experience in the location and category of biological asset being valued.

21. BIOLOGICAL ASSETS *(CONTINUED)*

(b) Fair value measurement of biological assets *(CONTINUED)*

Information about Level 3 fair value measurements

	Valuation technique	Unobservable inputs	Value	Inter-relationship between unobservable inputs and fair value measurements
Biological assets	Income approach	Discount rate	12.98%	The estimated fair value decreases when the discount rate increases
		Long-term inflation rate	2.44%	The estimated fair value increases when the long-term inflation rate increases

The fair values of the biological assets located in the PRC were determined under income approach and the followings are the major assumptions adopted in the valuation:

- the market price variables and direct production cost variable in each projected year will increase with reference to the expected inflation rate of 2.44% in the PRC;
- there are no material changes in the existing political, legal, fiscal, economic conditions, climate and any other unfavorable nature conditions;
- there will be no material changes in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the Group;
- the interest rates and foreign currency exchange rates will not differ materially from those currently prevailing;
- the availability of finance will not be a constraint on the cultivation of tea trees;
- the Group will retain competent management, key personnel, and technical staff to support the ongoing tea operation;
- the Group has obtained or shall have no impediment to obtain all necessary legal approvals, business certificates or licenses to carry out its tea operation in the PRC.

21. BIOLOGICAL ASSETS *(CONTINUED)*

(b) Fair value measurement of biological assets *(CONTINUED)*

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in either one of the key unobservable inputs, with all other variables held constant, of Group's loss before tax:

Key unobservable inputs	Percentage increase (decrease) in key unobservable inputs	(Increase) decrease in loss before tax *HK$'000*
Discount rate	1%	(651)
	(1%)	726
Long-term inflation rate	1%	846
	(1%)	(763)

22. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Impairment testing on goodwill and brand name of its tea business, attributable to the reportable and operating segment of tea products

As at 31 December 2015, both goodwill and brand name relating to the Group's tea business have been fully impaired (2014: the carrying amounts of goodwill and brand name were HK$Nil and approximately HK$4,100,000 respectively).

The goodwill and brand name with indefinite useful life arose from the acquisition of King Gold Investments Limited and its subsidiaries (the "King Gold Group") in 2009. The tea business operated by the King Gold Group is the CGU for the purpose of impairment testing of goodwill and brand name with indefinite useful life.

During the two years ended 31 December 2015 and 31 December 2014, the Directors conducted a review of the Group's brand name and appointed an independent professional valuer, BMI Appraisals Limited, to assist them to determine their recoverable amounts.

The recoverable amount of brand name has been determined on the basis of its fair value. Relief-from-royalty method was applied in the valuation of the brand name. In applying the method, an estimate of a reasonable royalty rate was made assuming that the brand name was licensed at a fair rate as a result of arm's length negotiations. Royalty rate of 0% (2014: 0.60%) was adopted in the valuation of brand name.

Based on the above basis and assumptions, impairment loss of approximately HK$4,471,000 (2014: HK$4,172,000) have been recognised in respect of brand name to the extent that the carrying amounts exceeded their recoverable amounts based on the best estimate by the Directors, with reference to the valuation report issued by BMI Appraisals Limited and thus, the amounts were recognised in profit or loss for the year ended 31 December 2015.

The Group's goodwill had been fully impaired during the year ended 31 December 2013.

22. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS *(CONTINUED)*

(b) Impairment testing on mining rights of its molybdenum business, attributable to the reportable and operating segment of Molybdenum

As at 31 October 2014, being the date of disposal of the Disposed subsidiaries, the carrying amount of mining rights relating to the Group's molybdenum business was HK$55,400,000.

During the ten months ended 31 October 2014, the Directors conducted a review of the mining rights and appointed an independent professional valuer, Greater China Appraisal Limited, to perform a business valuation on the mining rights CGU.

The recoverable amount of mining rights CGU had been determined by using value-in-use calculation. The value-in-use calculation was based on a pre-tax discount rate of 32.75% and cash flow projections prepared from financial forecasts approved by the Directors. Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation was based on the mining unit's past performance and management's expectations for the market development.

Based on the above basis and assumptions, impairment loss of approximately HK$26,101,000 had been recognised in respect of the mining rights to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the Directors, with reference to the valuation report issued by an independent professional valuer, Greater China Appraisal Limited and thus, the amount was recognised in profit or loss for the year ended 31 December 2014.

(c) Impairment testing on network video platform of its iTV business, attributable to the reportable and operating segment of iTV

The network video platform represents the design and application of the network video platform for providing online video services.

Due to the unsatisfactory performance of iTV business, the network video platform had been fully impaired during the year ended 31 December 2012.

(d) Impairment testing on forest use right of its tea plantation business, attributable to the reportable and operating segment of tea products

As at 31 December 2015, the carrying amount of forest use right relating to the Group's tea business was approximately HK$6,153,000 (2014: HK$7,384,000).

The biological assets and forest use right represent the right to use and operate of tea plantation in Fujian Province, Wuyishan City, Wuyi Town, Chishi Village, Du Kou Dao Ban（福建省武夷山市武夷鎮赤石村渡口道班）with the useful life of 25 years. The biological assets and forest use right were acquired during the year ended 31 December 2011 for an aggregated consideration of HK$21,541,000 (equivalent to RMB17,536,000).

During the two years ended 31 December 2015 and 31 December 2014, the Directors conducted a review of the forest use right and appointed an independent professional valuer, Greater China Appraisals Limited, to perform a valuation on the forest use right CGU.

22. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS *(CONTINUED)*

(d) Impairment testing on forest use right of its tea plantation business, attributable to the reportable and operating segment of tea products *(CONTINUED)*

The recoverable amount of the CGU has been determined based on value-in-use calculation. The value-in-use calculation is based on a pre-tax discount rate of 6.36% (2014: 7.17%) and cash flow projections prepared from financial forecasts approved by the Directors.

Based on the above basis and assumptions, impairment loss of approximately HK$537,000 (2014: HK$1,430,000) has been recognised in respect of the forest use right to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the Directors with reference to the valuation report issued by an independent professional valuer, Greater China Apprasial Limited and thus, the amount was recognised in profit or loss for the year ended 31 December 2015.

23. AVAILABLE-FOR-SALE INVESTMENTS

	2015 *HK$'000*	2014 *HK$'000*
Available-for-sale investments		
Equity securities listed in overseas stock exchange *(Note (a))*	**3,551**	20,537
Unlisted equity securities *(Note (b))*	**140,400**	—
	143,951	20,537

Notes:

(a) The available-for-sale investments represent investments in the following listed entities at the end of reporting period:

Name of the investees	Place of incorporation	Carrying value as at 31 December *HK$'000*	(Debit) credit to investment revaluation reserve during the year *HK$'000*	Impairment loss recognised during the year *HK$'000*	Equity interest attributable to the Group as at 31 December
Year ended 31 December 2015					
ScoZinc Mining Ltd.	Canada	**1,839**	**(5,519)**	**—**	**11.14%**
Fortune Minerals Ltd.	Canada	**1,712**	**—**	**(8,130)**	**6.90%**
Total		**3,551**	**(5,519)**	**(8,130)**	
Year ended 31 December 2014					
ScoZinc Mining Ltd. (formerly known as "Selwyn Resources Ltd")	Canada	8,786	5,467	—	11.14%
Fortune Minerals Ltd.	Canada	11,751	—	(13,205)	7.13%
Majestic Gold Corporation	Canada	—	—	(4,173)	0%
Total		20,537	5,467	(17,378)	

23. AVAILABLE-FOR-SALE INVESTMENTS *(CONTINUED)*

(a) *(CONTINUED)*

The listed available-for-sale investments represent investments in equity securities listed in Toronto Stock Exchange ("TSE") for both years. They are measured at fair value determined with reference to quoted market bid prices at the end of each reporting period.

During the year ended 31 December 2015, fair value loss of approximately HK$5,519,000 (2014: fair value gain of HK$5,467,000) is recognised in investment revaluation reserve under other comprehensive income and impairment loss of approximately HK$8,130,000 (2014: HK$17,378,000) has been included in the consolidated statement of profit or loss and other comprehensive income for the current year.

(b) On 7 December 2015, Combined Success Investments Limited ("Combined Success"), a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with Forever Success Investments Limited ("Forever Success") to acquire 27% of the issued share capital of One Champion International Limited ("One Champion"), a limited company incorporated in British Virgin Islands, at a consideration of HK$140,400,000, in cash (collectively known as the "Acquisition"). The Acquisition was completed on 22 December 2015.

One Champion indirectly held 90% equity interest of 潼關縣祥順礦業發展有限公司 (transliterated as "Tongguan County Xiangshun Mining Development Co., Ltd."), a company established in the PRC with limited liabilities. One Champion and its subsidiaries (the "One Champion Group") is principally engaged in the exploration, mining, processing and sale of gold and related products.

The Directors consider that the Group has neither control nor significant influence over the One Champion Group as they have not actively participated in the operation and policy-making process of the One Champion Group. Therefore, the investment is treated as available-for-sale financial asset as a long-term investment.

The investment in the unlisted equity securities is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

The Directors consider that no impairment is considered necessary as the recoverable amount exceeded the carrying amount based on the best estimate by the Directors.

Included in the available-for-sale investments are the following amounts denominated in a currency other than the functional currency of the Group:

	2015	2014
	CAD'000	*CAD'000*
Currency		
Canadian dollars ("CAD")	**636**	3,079

24. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**17,172**	19,616
Work in progress	**64,722**	68,413
Finished goods	**14,384**	18,760
	96,278	106,789

During the year ended 31 December 2015, approximately HK$227,000 of the inventories has been written-off (2014: HK$22,000).

25. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**23,617**	22,749
Less: Allowances	**(12,051)**	(10,127)
	11,566	12,622
Other receivables *(Note (a))*	**10,305**	10,801
Less: Allowances	**(3,280)**	(3,666)
	7,025	7,135
Deposits and prepayments	**9,670**	13,773
Advanced to suppliers *(Note (b))*	**50,751**	53,997
	60,421	67,770
Total trade and other receivables	**79,012**	87,527

Notes:

(a) Trade receivables

The Group normally allows credit period of 90 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts presented based on the delivery date which approximated the respective dates on which revenue was recognised at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 — 30 days	**6,518**	2,885
31 — 60 days	**899**	2,491
61 — 90 days	**1,178**	812
Over 90 days	**2,971**	6,434
	11,566	12,622

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed once a year. At 31 December 2015, approximately 13% (2014: 28%) of the trade receivables are neither past due nor impaired.

Trade receivables which are past due based on the invoice date but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Over 90 days	**2,971**	6,434

Included in the Group's trade receivables balance at 31 December 2015 are debtors with aggregate carrying amount of approximately HK$2,971,000 (2014: HK$6,434,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The Group does not hold any collateral over these balances. The average age of trade receivables is 77 days (2014: 116 days).

25. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (CONTINUED)

(a) Trade receivables *(CONTINUED)*

Movement in the allowance for doubtful debts for trade receivables:

	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**10,127**	13,851
Exchange adjustments	**(640)**	(73)
Reversal of impairment loss	**(2,651)**	(944)
Amounts written-off during the year as uncollectible	**—**	(1,267)
Impairment loss recognised	**5,215**	3,166
Derecognised on disposal of subsidiaries	**—**	(4,606)
At end of the year	**12,051**	10,127

Movement in the allowance for doubtful debts for other receivables:

	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**3,666**	60,271
Exchange adjustments	**(187)**	(74)
Reversal of impairment loss	**(199)**	(3,520)
Amounts written-off during the year as uncollectible	**—**	(1,135)
Impairment loss recognised	**—**	7,566
Derecognised on disposal of subsidiaries	**—**	(59,442)
At end of the year	**3,280**	3,666

Included in the Group's allowance for doubtful debts are individually impaired trade receivables and other receivables with an aggregate balances of approximately HK$12,051,000 (2014: HK$10,127,000) and HK$3,280,000 (2014: HK$3,666,000) respectively in which the Directors consider that the Group is unlikely to recover these debts as they are long outstanding for more than 180 days to one year. The Group does not hold any collateral over these balances.

Due to the disposal of the Disposed Subsidiaries, the relevant trade and other receivables had been derecognised during the year ended 31 December 2014.

(b) Advanced to suppliers

The amount represented advance payments to several suppliers for sourcing of goods from them. Out of which, amounting to approximately HK$47,748,000 (equivalent to RMB40,000,000) (2014: approximately HK$50,428,000 (equivalent to RMB40,000,000)) represented the sourcing of teas from several suppliers in which the goods shall be delivered during the year ending 31 December 2016 (2014: during the year ending 31 December 2015). Prior to the delivery of teas to the Group, these suppliers will pay an interest at the rate of 11.152% (2014: 11.152%) per annum on the outstanding balances to the Group. During the year ended 31 December 2015, interest income from these suppliers of approximately HK$5,336,000 (equivalent to RMB4,294,000) (2014: HK$5,626,000 (equivalent to RMB4,461,000)) was recognised as other income in the consolidated statement of profit or loss and other comprehensive income (Note 7).

26. SHORT-TERM LOAN AND LOAN INTEREST RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Loan receivables	—	15,128
Less: Allowances	—	(15,128)
	—	—

The short-term loan carried interest at 5% per annum, unsecured and was originally matured on 30 July 2013. During the year ended 31 December 2013, the Group and the debtor mutually agreed to extend the repayment period to 30 July 2014 and all other terms of the loan remain unchanged. However, after considering the uncertainty of the financial status of the debtor in view of no repayment of the loan interest receivables and the debtor could not provide for any collateral to the Group, the Directors consider that the possibility to recover this short-term loan is remote and therefore, full impairment was recognised for the year ended 31 December 2013. The Directors are of the view that the loan balance is unlikely to be recovered, therefore the short-term loan has been fully written-off during the year ended 31 December 2015.

Movement in the allowance for doubtful debts for loan and loan interest receivables:

	2015	2014
	HK$'000	HK$'000
At the beginning of the year	15,128	15,563
Exchange adjustment	(214)	(92)
Written-off	(14,914)	(343)
At the end of the year	—	15,128

27. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging from 0.01% to 0.35% per annum (2014: 0.01% to 0.65% per annum) at 31 December 2015.

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferrable:

	2015	2014
	HK$'000	HK$'000
Amounts denominated in:		
RMB	28,007	156,605

28. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**17,945**	19,159
Other payables and accruals	**52,281**	44,281
	70,226	63,440

The following is an aged analysis of trade payables presented based on the delivery date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 — 90 days	**6,475**	11,829
91 — 180 days	**8,203**	4,844
181 — 365 days	**1,037**	651
Over 1 year	**2,230**	1,835
	17,945	19,159

The average credit period on purchases of goods is 90 days (2014: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timetable.

29. BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Secured bank borrowings repayable*:		
Within one year	**51,150**	90,770
Within a period of more than two years but not more than five years	**34,617**	—
	85,767	90,770

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group has pledged certain buildings, prepaid lease payments and forest use right with carrying values of approximately HK$Nil (2014: HK$11,100,000), HK$15,763,000 (2014: HK$17,124,000) and HK$6,153,000 (2014: HK$7,384,000), respectively to secure general banking facilities granted to the Group.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2015	2014
	Fixed rate	Fixed rate
Bank borrowings	**5.4625%-6.44% per annum**	6.44%-6.90% per annum

30. PROVISIONS

	Provision for land reclamation and cavity refill cost	Provision for post-employment benefits to employees	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Note (a))	*(Note (b))*	
At 1 January 2014	65,008	22,653	87,661
Exchange adjustments	(1,993)	(78)	(2,071)
Additions for the year	2,998	3,016	6,014
Utilisation of provision	(207)	(8,343)	(8,550)
Actuarial loss	—	6,681	6,681
Gain on settlement of post employment benefits to employees	—	(20,872)	(20,872)
Derecognised on disposal of subsidiaries	(65,806)	(3,057)	(68,863)
At 31 December 2014, 1 January 2015 and **31 December 2015**	**—**	**—**	**—**

30. PROVISIONS *(CONTINUED)*

Notes:

(a) Provision for land reclamation and cavity refill cost

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the costs for land reclamation and cavity refill for the Group's existing mines. At the end of each reporting period, the provision for land reclamation and cavity refill costs has been determined by the Directors, based on their best estimation and such costs are expected to be incurred during the period from 2011 to 2020.

Due to the disposal of the Disposed Subsidiaries, the relevant provision for land reclamation and cavity refill cost had been derecognised during the year ended 31 December 2014.

(b) Provision for post-employment benefits to employees

The amount represented the provision for post-employment benefits to employees and the expected cost of providing these post-employment benefits is actuarially determined and recognised by using projected unit credit method, which involves a number of assumptions and estimates, including work injury rate, discount rate and employees' turnover ratio (see Note 37). At the end of each reporting period, the cost has been determined by the Directors with reference to the actuarial valuation issued by a professional valuer not connected to the Group, based on their best estimation.

Due to the disposal of the Disposed Subsidiaries, the relevant provision for post-employment benefits to employees had been derecognised during the year ended 31 December 2014.

31. DEFERRED INCOME

Deferred income represents government grants received by the Group at the end of the reporting period in respect of acquisition of property, plant and equipment and prepaid lease payments. It can only be recognised in profit or loss when the relevant assets subsidised by the government commence operations, which is a condition set out by the government. Such government grants are recognised as deferred income initially and recognised in profit or loss as other income over the useful lives of the relevant assets.

Movements of government grants during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**1,914**	107,487
Exchange adjustment	**(137)**	(524)
Received during the year	**2,853**	6,663
Recognised in profit or loss for the year	**(1,957)**	(369)
Derecognised on disposal of subsidiaries	**—**	(111,343)
At end of the year	**2,673**	1,914

Due to the disposal of the Disposed Subsidiaries, the relevant deferred income had been derecognised during the year ended 31 December 2014.

32. DEFERRED TAX (ASSETS) LIABILITIES

The followings are the deferred tax (assets) liabilities recognised and movements thereon during current and prior years:

	Accelerated tax depreciation	**Other intangible assets**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	(10,070)	13,833	(3,763)	—
Exchange adjustments	451	(1,118)	(58)	(725)
Charge for the year *(Note 10)*	—	—	725	725
Derecognised on disposal of subsidiaries	9,861	(9,097)	(764)	—
At 31 December 2014 and 1 January 2015	242	3,618	(3,860)	—
Charge for the year *(Note 10)*	(242)	(3,618)	3,860	—
At 31 December 2015	**—**	**—**	**—**	**—**

At the end of the reporting period, the Group has unused tax losses of approximately HK$58,005,000 (2014: HK$44,977,000) available for offset against future profits. No deferred tax asset has been recognised in relation to such tax losses due to the unpredictability of future profit streams available in the relevant tax jurisdictions and entities. The tax losses arising from the PRC operations expire five years after the relevant accounting year end. The tax losses arising from other operations do not expire under current tax legislation in the relevant tax jurisdiction.

32. DEFERRED TAX (ASSETS) LIABILITIES *(CONTINUED)*

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As part of the consideration for the acquisition of Year Joy Investments Limited ("Year Joy"), the Company allotted and issued 3,776,190,000 non-redeemable convertible preference shares ("CPS") at HK$0.195 (market price of ordinary share) per CPS on 14 December 2010.

During the year ended 31 December 2015, all holders of CPS converted the CPS held by them into 3,776,190,000 new ordinary shares at the conversion ratio of one CPS into one ordinary share.

The CPS recognised in the consolidated statement of financial position is as follows:

	Number of CPS	Equity component *HK$'000*	Liability component *HK$'000*	Total *HK$'000*
As at 31 December 2015				
Issue of CPS during the year ended 31 December 2010	—	—	—	—
As at 31 December 2014				
Issue of CPS during the year ended 31 December 2010	3,776,190,000	684,321	53,619	737,940

Trinomial Lattice Model is used to value the fair value of the CPS on 14 December 2010. The inputs into the model were as follows:

Share price	HK$0.195
Exercise price	HK$0.21
Risk-free rate	3.556%
Expected volatility	75.4633%
Expected dividend yield	Nil

The CPS contain two components, liability and equity components. The equity element is presented in equity heading "Non-redeemable convertible preference shares". The liability component represents the Group's contractual obligation of interest payment to the holders of CPS. For the fair value of the liability component of the CPS at initial recognition, effective interest rate method is adopted in the valuation. The effective interest rate used in the valuation is 15.82%.

33. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES *(CONTINUED)*

The principal terms of the CPS are set out below:

(a) Holders of the CPS shall not be entitled to any dividend payment or any distribution (including the bonus issue) of the Company other than interest at the rate of 1% per annum on the issue price of HK$0.21 per share (at date of entering into this agreement), amounting to approximately HK$7,930,000 per annum, payable on the last day of every six months of the date of issue of the CPS. The CPS does not carry any voting right.

(b) The CPS is not redeemable.

(c) The holders of the CPS shall have the right to convert the CPS into ordinary shares at the conversion ratio of one CPS into one ordinary share of the Company.

(d) The CPS shall rank equally among themselves. On a return of capital in liquidation or otherwise, the assets of the Company available for distribution among the members of the Company, holders of the CPS and the ordinary shares shall rank pari passu with each other.

(e) The CPS is freely transferable.

(f) The CPS has no maturity date.

The movement of the liability component of the CPS during the years is set out below.

	2015 ***HK$'000***	2014 *HK$'000*
At beginning of the year	**53,619**	53,125
Interest charge *(Note 9)*	**2,012**	8,424
Interest paid	**(2,012)**	(7,930)
Conversion into ordinary shares	**(53,619)**	—
At the end of the year	**—**	53,619

34. SHARE CAPITAL

Ordinary shares:

	Par value per share ***HK$***	**Number of shares** ***'000***	**Amount** ***HK$'000***
Authorised:			
At 1 January 2014, 31 December 2014, 1 January 2015 and **31 December 2015**	**0.1**	**46,223,810**	**4,622,381**
Issued and fully paid:			
At 1 January 2014, 31 December 2014 and 1 January 2015	0.1	9,138,782	913,878
Issuance of shares upon conversion of CPS *(Note 33)*	0.1	3,776,190	377,619
Placing of new shares *(Note)*	0.1	4,000,000	400,000
At 31 December 2015	**0.1**	**16,914,972**	**1,691,497**

34. SHARE CAPITAL *(CONTINUED)*

All the shares issued during the year rank pari passu with the then existing shares in all respects.

Note: On 11 August 2015, 11 November 2015 and 7 December 2015, the Company entered into a placing agreement and two supplemental agreements with a placing agent, respectively, to place 4,000,000,000 placing shares to not less than six placees at the placing price of HK$0.10 per placing share. Net proceeds of HK$396,000,000 were raised and used for funding any future business development and/or potential investment opportunities and for general working capital of the Company. Such placing of shares was completed on 31 December 2015.

35. OPERATING LEASES

As lessee

	2015	2014
	HK$'000	*HK$'000*
Minimum lease payments in respect of office premises and tea plantation under operating leases during the year	**18,203**	16,847

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**15,273**	13,328
In the second to fifth years inclusive	**24,409**	22,721
Over five years	**3,445**	6,023
	43,127	42,072

Operating lease payments represent rentals payable by the Group for certain of its office premises and tea plantation. Leases are negotiated and rentals are fixed for terms ranging from one to fifteen years (2014: one to ten years).

36. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,533**	3,408

37. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying Hong Kong employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees.

The PRC employees of the Group are members of state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits.

The contributions paid/payable to the scheme by the Group at rates specified in the rules of the schemes are included in staff costs and disclosed in Notes 12 and 13 to the consolidated financial statements for employees and Directors respectively.

The Group also provided post-employment benefits to the employees of the Disposed Subsidiaries. The benefits included compensation on work injuries and other welfares. The expected cost of providing these post-retirement benefits was actuarially determined and recognised by using Projected Unit Credit Method, which involved a number of assumptions and estimates, including work injury rate, discount rate and employees' turnover ratio.

The actuarial valuations of the retirement benefit plan were carried out as at 31 October 2014 by Real Actuarial Consulting Limited.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at 31 October 2014 *(Note)*
Discount rate	4.25%
Post-employment allowance and social insurance contribution annual increase rate for injured workers	4.00%
Heating allowance annual increase rate	5.00%
Post-retirement medical contribution annual increase rate	5.00%
Medical reimbursement annual increase rate for injured workers	4.00%
Allowance annual increase rate for beneficiaries	0.00%
Annual turnover rate for active employees	3.00%

Note: Completion date of the disposal of the Disposed Subsidiaries

38. SHARE OPTION SCHEME

2012 Option Scheme

The Company had a share option scheme which was adopted on 25 May 2012 (the "2012 Option Scheme") whereby the Directors might, at their discretion, invite directors and employees of the Company or its subsidiaries to subscribe for shares in the Company subject to terms and conditions stipulated therein. The options granted were vested immediately at the date of grant and were exercisable within a period of five years. Each option gave the holder the right to subscribe for one ordinary share in the Company. All share options had been cancelled during the year ended 31 December 2014.

Details of the terms and movements of the share options granted during the year ended 31 December 2014 pursuant to the 2012 Option Scheme were as follows:

				Number of options					
Category of grantee	**Date of grant**	**Exercise price per share**	**Expiry date**	**Balance as at 1.1.2014**	**Reclassification during the year**	**Granted during the year**	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 31.12.2014**
Directors	11.11.2013	HK$0.100	10.11.2018	149,000,000	(78,000,000)	–	–	(71,000,000)	–
	28.3.2013	HK$0.1084	27.3.2018	6,000,000	–	–	–	(6,000,000)	–
Employees	11.11.2013	HK$0.100	10.11.2018	81,600,000	(55,000,000)	–	–	(26,600,000)	–
Other *(Note)*	11.11.2013	HK$0.100	10.11.2018	30,000,000	133,000,000	–	–	(163,000,000)	–
				266,600,000	–	–	–	(266,600,000)	–
Exercisable at the end of the year									–
Weighted average exercise price (HK$)				0.1002	–	–	–	0.1002	–

Note:

Other represented share options held by former director or employee or consulting firm of the Group. The share options remained exercisable until the expiry date.

38. SHARE OPTION SCHEME *(CONTINUED)*

2012 Option Scheme *(CONTINUED)*

The inputs into the model as of grant date were as follows:

Grant date	28 March 2013	11 November 2013 Lot 1	11 November 2013 Lot 2
Share price	HK$0.087	HK$0.095	HK$0.095
Exercise price	HK$0.1084	HK$0.100	HK$0.1000
Expected volatility	56.94%	59.29%	59.29%
Risk-free rate	0.52%	1.00%	1.00%
Expected dividend yield	—	—	—
Exercisable period	5 years	5 years	5 years
Exercise multiple	2.8	2.8	2.2
Fair value per option	HK$0.03528	HK$0.04431	HK$0.04133

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2002 Option Scheme

The Company had a share option scheme which was adopted on 26 June 2002 ("2002 Option Scheme") whereby the Directors might, at their discretion, invite directors and employees of the Company or its subsidiaries to subscribe for shares in the Company subject to terms and conditions stipulated therein. The options granted were vested immediately at the date of grant and were exercisable within a period of five years. Each option gave the holder the right to subscribe for one ordinary share in the Company. All share options had been cancelled during the year ended 31 December 2014.

Details of the terms and movements of the share options granted pursuant to the 2002 Option Scheme are as follows:

				Number of options					
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 1.1.2014	Reclassification during the year	Granted during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.12.2014
Directors	30.08.2011	HK$0.161	29.08.2016	102,000,000	(61,000,000)	—	—	(41,000,000)	—
	29.06.2010	HK$0.208	28.06.2015	79,000,000	(47,000,000)	—	—	(32,000,000)	—
Employees	30.08.2011	HK$0.161	29.08.2016	204,300,000	(160,000,000)	—	—	(44,300,000)	—
	29.06.2010	HK$0.208	28.06.2015	42,400,000	(9,000,000)	—	—	(33,400,000)	—
Other *(Note)*	30.08.2011	HK$0.161	29.08.2016	63,000,000	221,000,000	—	—	(284,000,000)	—
	29.06.2010	HK$0.208	28.06.2015	6,000,000	56,000,000	—	—	(62,000,000)	—
				496,700,000	—	—	—	(496,700,000)	—
Exercisable at the end of the year									**—**
Weighted average exercise price (HK$)				**0.173**	**—**	**—**	**—**	**0.173**	**—**

38. SHARE OPTION SCHEME *(CONTINUED)*

2002 Option Scheme *(CONTINUED)*

Note:

Other represented share options held by former director or employee or consulting firm of the Group. The share options remained exercisable until the expiry date.

The estimate of the fair value of the share options granted is measured based on Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

The inputs into the model as of grant date were as follows:

Grant date	14 October 2008	29 June 2010	30 August 2011
Share price	HK$0.275	HK$0.200	HK$0.161
Exercise price	HK$0.275	HK$0.208	HK$0.161
Expected volatility	67.12%	86.88%	73.94%
Risk-free rate	1.54%	1.613%	0.79%
Expected dividend yield	—	—	—
Exercisable period	5 years	5 years	5 years
Fair value per option	HK$0.1144	HK$0.0997	HK$0.0806

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank borrowings disclosed in Note 29 to the consolidated financial statements and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and risks associates with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of the existing debt.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	**143,951**	20,537
Loans and receivables		
Trade and other receivables	**19,977**	19,757
Bank balances and cash	**447,570**	214,170
	467,547	233,927
	611,498	254,464
Financial liabilities		
Liabilities measured at amortised cost		
Trade and other payables	**52,947**	48,555
Bank borrowings	**85,767**	90,770
Non-redeemable convertible preference shares	**—**	53,619
	138,714	192,944

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices

The Group's major financial instruments include available-for-sale investments, trade and other receivables, bank balances and cash, trade and other payables, bank borrowings and non-redeemable convertible preference shares. Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain trade and other receivables, bank balances, available-for-sale investments and other payables are denominated in foreign currencies, which expose the Company to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK$	**2,504**	9,217	**422,016**	57,670
CAD	**—**	—	**3,623**	20,573

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in HK$ and CAD.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Market risk *(CONTINUED)*

(i) ***Currency risk*** *(CONTINUED)*

A positive number below indicates an increase in post-tax loss where RMB strengthen 5% (2014: 5%) against the relevant currency. For a 5% (2014: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss.

	HK$ impact		CAD impact	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Increase in post-tax loss	**20,976**	2,423	**181**	1,028

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. The Group's cash flow interest rate risk relates primarily to variable rate interest bearing bank balances. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The Group currently does not have an interest rate hedging policy. However, the Directors monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise. The Directors considered the Group's exposure to interest rate risk is not material. Hence, no interest rate sensitively analysis is presented.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments issued by two entities listed in TSE for the year ended 31 December 2015 (2014: two entities listed in TSE). In addition, the Group will monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2014: 10%) higher/lower, investment valuation reserve would increase/decrease by approximately HK$355,000 (2014: HK$2,054,000) as a result of the changes in fair value of available-for-sale investments.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Directors have reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers and spread across diverse industries. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (31 December 2014: 100%) of the total trade receivables as at 31 December 2015.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate %	Repayable on demand or within 1 year *HK$'000*	1-2 years *HK$'000*	2-5 years *HK$'000*	More than 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
2015							
Trade and other payables	—	52,947	—	—	—	52,947	52,947
Bank borrowings	5.12	53,922	36,234	—	—	90,156	85,767
		106,869	36,234	—	—	143,103	138,714

	Weighted average interest rate %	Repayable on demand or within 1 year *HK$'000*	1-2 years *HK$'000*	2-5 years *HK$'000*	More than 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
2014							
Trade and other payables	—	48,555	—	—	—	48,555	48,555
Bank borrowings	6.67	94,185	—	—	—	94,185	90,770
		142,740	—	—	—	142,740	139,325

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Liquidity risk *(CONTINUED)*

The table above does not include CPS which has no maturity date. During the year ended 31 December 2015, all holders of CPS converted the CPS (see Note 33 for details of conversion). No interest payment is required to pay after the conversion of CPS.

(c) Fair value measurements of the financial instruments

This note provides information about how the Group determines fair values of variable financial assets and financial liabilities.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as available-for-sale investments in the consolidated statement of financial position	Asset-approximately HK$3,551,000	Asset-approximately HK$20,537,000	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1, 2 and 3 in current and prior year.

The Directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

	Fair value hierarchy as at 31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investments				
Listed equity securities	**3,551**	**—**	**—**	**3,551**

	Fair value hierarchy as at 31 December 2014			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments				
Listed equity securities	20,537	—	—	20,537

41. DISPOSAL OF SUBSIDIARIES

On 31 October 2014, the Group completed the disposal of the Disposed Subsidiaries as detailed in Note 11 to the consolidated financial statements.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	113,854

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	79,448
Prepaid lease payments	4,246
Exploration and evaluation assets	—
Other intangible assets	55,400
Inventories	60,434
Trade and other receivables, deposits and prepayments	40,189
Bank balances and cash	34,556
Trade and other payables and accruals	(251,612)
Bank borrowings	(37,911)
Other borrowings	(6,685)
Provisions	(68,863)
Deferred income	(111,343)
Tax liabilities	(41,025)
Net liabilities disposed of	(243,166)
Non-controlling interests	(134,839)
Cumulative exchange differences in respect of the net liabilities of the Disposed Subsidiaries reclassified from equity to profit or loss upon the disposal of the Disposed Subsidiaries	(218,844)
Gain on disposal *(Note 11)*	710,703
Total consideration	113,854

The gain on disposal was included in the profit for the year from discontinued operations *(Note 11)*.

	HK$'000
Net cash inflow on disposal of subsidiaries:	
Consideration received in cash and cash equivalents	113,854
Less: bank balances and cash disposed of	(34,556)
	79,298

42. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The key management of the Group comprises all the Directors and chief executives, details of their remuneration is determined by the Remuneration Committee having regard to the financial performance of the Group, performance of individuals and market trends. Details of their remuneration are disclosed in Note 13 to the consolidated financial statements.

43. LITIGATION

As disclosed in the announcement of the Company dated 8 November 2011, the Company has received a writ of summons issued by the High Court of Hong Kong Special Administrative Region on 8 November 2011 (the "Writ") pursuant to which Mr. Lin Min and Fujian Yuansheng Foods Industry Co. Ltd. ("Fujian Yuansheng") (named as the plaintiffs in the Writ) alleged that, amongst other things, the Company and 27 other co-defendants and/or certain PRC government officials had acted in conspiracy in obtaining ownership and control of certain assets of the plaintiffs and they were claiming for, amongst other things, damages from all 28 defendants jointly and severally in the total amount of RMB1,589,000,000.

As the Company has not obtained any interests in Fujian Yuansheng and is seeking legal advice in response to the Writ, in the opinion of the Directors, the possible of an outflow of resources embodying economic benefit is remote.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP

Details of the Group's principal subsidiaries as at 31 December 2015 and 2014 are set as follows:

Name of company	Place of incorporation and registration/ operation	Class of shares held	Paid up registered capital	Proportion of ownership interest held by the Company				Proportion voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %	**2015 %**	2014 %	
New Legend International Group Limited	Hong Kong/ Hong Kong	Ordinary	HK$1	**100**	100	**–**	–	**100**	100	**–**	–	Provision of administrative support to group companies
Best Tone Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	US$1	**100**	100	**–**	–	**100**	100	**–**	–	Investment holding
Will Win Group Limited	Hong Kong/ Hong Kong	Ordinary	HK$1	**100**	100	**–**	–	**100**	100	**–**	–	Investment holding
New Victor Investment Limited	Hong Kong/ Hong Kong	Ordinary	HK$10,000	**–**	–	**100**	100	**–**	–	**100**	100	Inactive
King Gold Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US$100	**80**	80	**–**	–	**80**	80	**–**	–	Investment holding

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP *(CONTINUED)*

Name of company	Place of incorporation and registration/ operation	Class of shares held	Paid up registered capital	Proportion of ownership interest held by the Company Directly		Indirectly		Proportion voting power held by the Company Directly		Indirectly		Principal activities
				2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %	**2015 %**	2014 %	
Desire Star Hong Kong Limited	Hong Kong/ Hong Kong	Ordinary	HK$100	**—**	—	**80**	80	**—**	—	**80**	80	Investment holding
Wuyi Star Tea Industrial Co., Ltd. *(Note a)* (武夷星茶業有限公司)	The PRC/ The PRC	Registered	RMB 109,000,000	**—**	—	**80**	80	**—**	—	**80**	80	Production and sales of tea products
China Dahongpao Tea Industrial Company Limited	Hong Kong/ Hong Kong	Ordinary	HK$10,000	**—**	—	**80**	80	**—**	—	**80**	80	Inactive
Fortune Sharp Limited	British Virgin Islands/ Hong Kong	Ordinary	US$1	**—**	—	**80**	80	**—**	—	**80**	80	Trading of tea products
Famous Class Limited	British Virgin Islands/ Hong Kong	Ordinary	US$50,000	**100**	100	**—**	—	**100**	100	**—**	—	Investment holding
Year Joy Investments Limited	British Virgin Islands/ Hong Kong	Ordinary	US$100	**—**	—	**70**	70	**—**	—	**70**	70	Investment holding
Top Delight Investments Limited	Hong Kong/ Hong Kong	Ordinary	HK$1	**—**	—	**70**	70	**—**	—	**70**	70	Investment holding
Beijing Nian Yue Technology Co., Ltd. *(Note a)* (北京年悦科技有限公司)	The PRC/ The PRC	Registered	RMB1,000,000	**—**	—	**70**	70	**—**	—	**70**	70	Inactive (2014: Provision of technical support and consulting services)
China iTV Network Co., Ltd. *(Note a)* (九州時代數碼科技有限公司)	The PRC/ The PRC	Registered	RMB50,000,000	**—**	—	**—**	—	**—**	—	**Note b**	Note b	Inactive (2014: Provision of online video services)
Power Crown Limited	Hong Kong/ Hong Kong	Ordinary	HK$10,000	**—**	—	**80**	80	**—**	—	**80**	80	Inactive
Combined Success Investments Limited *(Note c)*	British Virgin Islands/ Hong Kong	Ordinary	US$10	**100**	N/A	**—**	N/A	**100**	N/A	**—**	N/A	Investment holding

None of the subsidiaries had issued any debt securities during the year and at the end of the reporting period.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP *(CONTINUED)*

Notes:

(a) These companies are limited liability companies established in the PRC. The English translation of the company names is for reference only.

(b) The Group holds 70% of controlling interest in this subsidiary through special arrangements.

(c) The Company was incorporated on 6 January 2015, in which the Group acquired 100% of the issued share capital at a consideration of HK$78 (equivalent to US$10) on 8 April 2015. The Company was inactive at the date of acquisition and hence the Directors considered that the considerations paid were approximately to its fair value at acquisition date.

Details of non-wholly owned subsidiaries that have material non-controlling interests

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

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2015	31 December 2014	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000*	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000*
The King Gold Group	British Virgin Islands	**20%**	20%	**(11,229)**	(1,898)	**(1,193)**	10,036
Others						**(100)**	8
						(1,293)	10,044

Summarised financial information in respect of the King Gold Group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2015 *HK$'000*	2014 *HK$'000*
Current assets	**252,114**	261,327
Non-current assets	**31,905**	69,116
Current liabilities	**252,693**	279,062
Non-current liabilities	**37,290**	1,202
Equity attributable to owners of the Company	**(4,771)**	40,143
Non-controlling interests	**(1,193)**	10,036

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP *(CONTINUED)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(CONTINUED)*

	2015	2014
	HK$'000	*HK$'000*
Total revenue	**124,690**	146,497
Total expenses	**(174,588)**	(155,179)
Loss for the year	**(49,898)**	(8,682)
Loss attributable to owners of the Company	**(39,918)**	(6,946)
Loss attributable to non-controlling interests	**(9,980)**	(1,736)
Loss for the year	**(49,898)**	(8,682)
Other comprehensive income attributable to owners of the Company	**(4,996)**	(648)
Other comprehensive income attributable to non-controlling interests	**(1,249)**	(162)
Other comprehensive income for the year	**(6,245)**	(810)
Total comprehensive income attributable to owners of the Company	**(44,914)**	(7,594)
Total comprehensive income attributable to non-controlling interests	**(11,229)**	(1,898)
Total comprehensive income for the year	**(56,143)**	(9,492)
Dividends paid to non-controlling interests	**—**	—
Net cash inflow (outflow) from operating activities	**20,083**	(2,390)
Net cash inflow from investing activities	**525**	3,133
Net cash (outflow) inflow from financing activities	**(5,980)**	15,339
Net cash inflow	**14,628**	16,082

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**83,200**	139,000
Property, plant and equipment	**38**	35
	83,238	139,035
Current assets		
Amounts due from subsidiaries	**50,409**	125,677
Other receivables	**2,393**	4,343
Bank balances and cash	**405,986**	25,171
	458,788	155,191
Current liabilities		
Other payables	**2,264**	9,142
Amount due to a subsidiary	**47,607**	47,607
	49,871	56,749
Net current assets	**408,917**	98,442
Total assets less current liabilities	**492,155**	237,477
Non-current liability		
Non-redeemable convertible preference shares	**—**	53,619
NET ASSETS	**492,155**	183,858
Capital and reserves		
Share capital	**1,691,497**	913,878
Reserves *(Note)*	**(1,199,342)**	(730,020)
TOTAL EQUITY	**492,155**	183,858

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 March 2016 and are signed on its behalf by:

Wang Hui
Director

Yeung Kwok Kuen
Director

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

Note:

Reserves

	Share premium *HK$'000*	Non-redeemable convertible preference shares *HK$'000*	Share options reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated loss *HK$'000*	Total *HK$'000*
At 1 January 2014	3,192,267	684,321	54,057	35,509	(4,820,511)	(854,357)
Profit and total comprehensive income for the year	—	—	—	—	124,337	124,337
Cancellation of share options	—	—	(54,057)	—	54,057	—
At 31 December 2014 and 1 January 2015	3,192,267	684,321	—	35,509	(4,642,117)	(730,020)
Loss and total comprehensive income for the year	—	—	—	—	(141,322)	(141,322)
Issuance of shares upon conversion of convertible preference shares	360,321	(684,321)	—	—	—	(324,000)
Placing expenses in relation to the issuance of shares	(4,000)	—	—	—	—	(4,000)
At 31 December 2015	**3,548,588**	**—**	**—**	**35,509**	**(4,783,439)**	**(1,199,342)**

46. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

(a) On 22 January 2016, the Company has entered into a loan agreement with One Champion, pursuant to which, the Company, as lender, has agreed to grant to One Champion, as borrower, a secured loan in the amount of HK$100,000,000 for a term of 24 months at an interest rate of 3% per annum (the "Loan"). The Loan is secured by 20% issued share capital of One Champion held by Forever Success. Details of the transaction has been disclosed in the Company's announcement dated 22 January 2016.

46. EVENTS AFTER THE REPORTING PERIOD *(CONTINUED)*

(b) Pursuant to a special resolution passed at the Company's special general meeting held on 18 February 2016, (1) the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from such cancellation will be transferred to the contributed surplus account, the amount standing to the credit of the contributed surplus account will be applied to set off the accumulated losses of the Company; and (2) the Company's issued share capital was reduced by cancelling the paid-up capital to the extent of HK$0.09 on each of the issued shares (the "Capital Reduction"), every authorised but unissued share (including those arising from the Capital Reduction) will be subdivided into 10 new shares with a par value of HK$0.01 each and every authorised but unissued preference share will be subdivided into 10 new preference shares with a par value of HK$0.01 each. Details of the capital reorganisation and accumulated losses offset had been disclosed in the Company's announcements dated 8 January 2016 and 18 February 2016 and the Company's circular dated 25 January 2016.

47. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2015, the Group had settled the license fee of approximately HK$1,243,000 (equivalent to RMB1,000,000) to a licensor by transferring inventories with equivalent ex-factory price.

(b) During the year ended 31 December 2014, the Group had disposed of certain property, plant and equipment (the "Disposed Assets") to a creditor ("Creditor A") at approximately HK$195,000 (equivalent to RMB155,000) as to settle the other payable due to Creditor A. As the Disposed Assets was disposed of at a value approximate to its carrying amounts, no gain or loss had been resulted.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**114,404**	184,400	186,585	221,646	241,649
(Loss) profit for the year attributable to:					
Owners of the Company	**(76,490)**	630,412	(311,048)	(110,858)	82,109
Non-controlling interests	**(10,085)**	(10,637)	(33,852)	(9,375)	92,808
	(86,575)	619,775	(344,900)	(120,233)	174,917

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**798,449**	498,117	741,600	997,022	1,135,415
Total liabilities	**(174,667)**	(225,808)	(733,580)	(669,391)	(656,548)
	623,782	272,309	8,020	327,631	478,867
Represented by:					
Equity attributable to owners of the Company	**625,075**	262,265	(148,884)	139,713	284,037
Non-controlling interests	**(1,293)**	10,044	156,904	187,918	194,830
	623,782	272,309	8,020	327,631	478,867