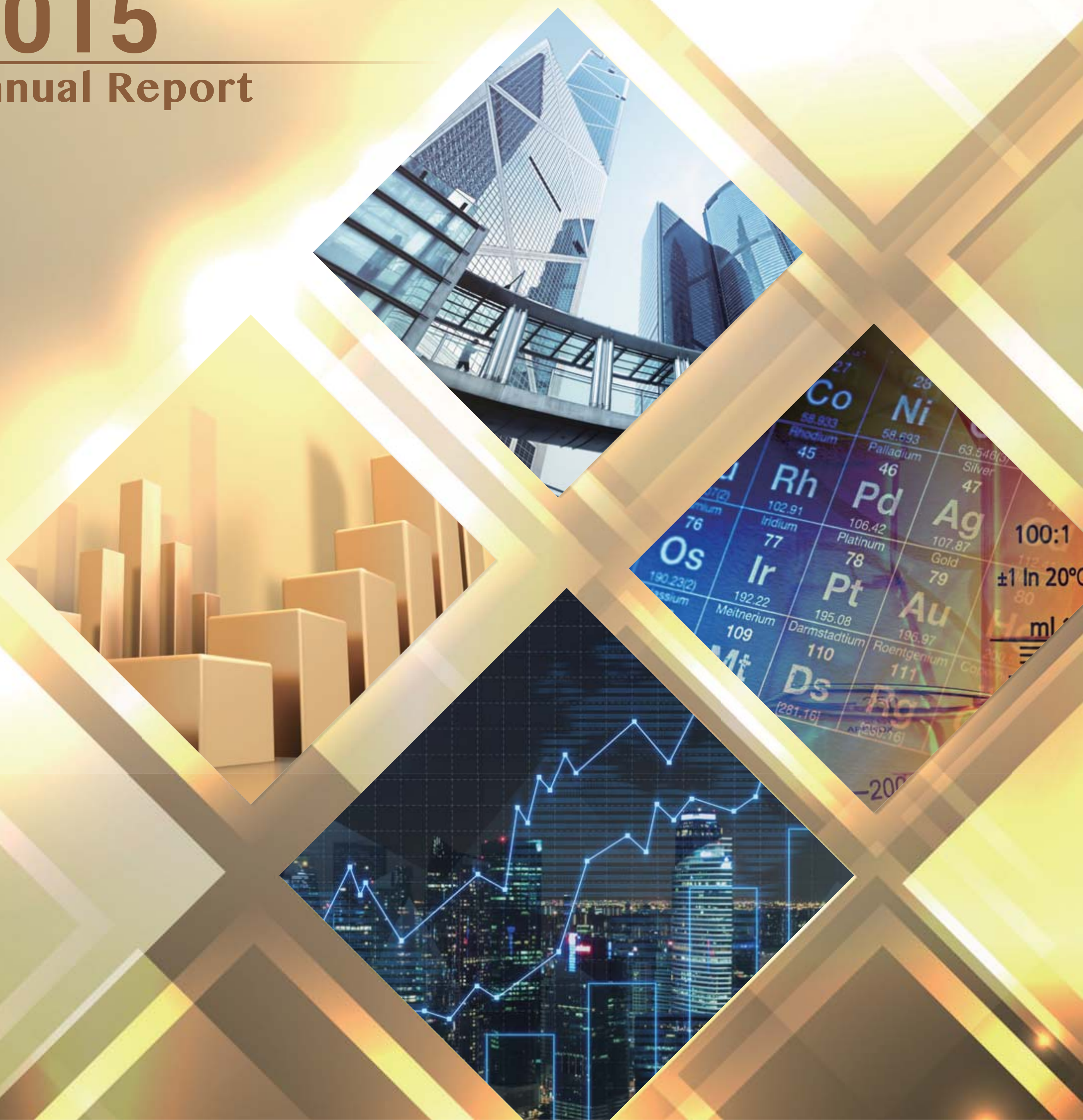
高富集團控股有限公司

GT GROUP HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

2015 Annual Report



Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Li Dong *(Chairman)*
Ng Shin Kwan, Christine
Lee Jalen
Chan Ah Fei
Lee Yuk Fat
Liang Shan

Independent Non-executive Directors

Wong Yun Kuen
Wong Shun Loy
Hu Chao

AUDIT COMMITTEE

Wong Shun Loy *(Chairman)*
Wong Yun Kuen
Hu Chao

NOMINATION COMMITTEE

Wong Yun Kuen *(Chairman)*
Wong Shun Loy
Hu Chao
Ng Shin Kwan, Christine

REMUNERATION COMMITTEE

Hu Chao *(Chairman)*
Wong Yun Kuen
Wong Shun Loy

COMPANY SECRETARY

Leung Ka Wai

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock code: 263)

REGISTERED OFFICE

Units 2502–5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL LEGAL ADVISERS

Reed Smith Richards Butler
P.C. Woo & Co.
Tsang, Chan & Wong

AUDITORS

Pan-China (H.K.) CPA Limited
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

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

WEBSITE

www.gtghl.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of GT Group Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015.

BUSINESS REVIEW

The global economic outlook remained sluggish in 2015 because of the continuous drop in commodities and oil prices due to a lower than expected demand from China as well as other factors, which created a sense of uncertainty for businesses.

2015 is an excitingly volatile year for the Hang Seng Index. It moved from 23,605 at the end of December 2014 to the peak of 28,442 in April 2015, but rolled down to the year-low of 20,556 in September 2015 and ended at 21,914. Although the performance of the Group's listed investments was affected accordingly, yet the Group still managed to achieve a sizeable gain on its investment portfolio.

For the year ended 31 December 2015, the Group recorded a profit attributable to equity holders of the Company of approximately HK$446,179,000 (2014: approximately HK$180,856,000). The improvement was mainly due to the recognition of a net realised gain on investment in securities and unrealised gain on financial assets at fair value through profit or loss of approximately HK$146,592,000 and HK$409,045,000 respectively (2014: net realised loss from securities trading of approximately HK$46,937,000 and unrealised gain from securities trading of approximately HK$354,954,000).

Due to the continuous gloomy outlook of the commodities prices and the uncertainties as to when the mining operation would resume its operation as well as other factors, the Group disposed of its mining operation at a consideration of HK$20,000,000 during the year under review.

In March 2015, the Group completed the acquisition of 40% of the total issued share capital of China Sky Holdings Limited (the "China Sky" and together with its subsidiary, the "China Sky Group") from Mr. Liang Shan, an executive director of the Company, at the consideration of HK$370,000,000 (the "Acquisition").

The China Sky Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC. The "Development Project" comprises a residential and commercial complex, known as "Jintang New City Plaza*" (金唐新城市廣場), which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶渝北區龍塔街道), Chongqing, the PRC with a site area of approximately 30,817 square meters.

The Board considered that this Acquisition would allow the Group to tap into the real estate business in the PRC and it represents a valuable investment opportunity for the Group.

To finance the Acquisition as described above, the Group successfully raised approximately of HK$420,600,000 from a rights issue which was completed in March 2015.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

PROSPECT

The Group expects that the global economic outlook for the coming year will remain to be volatile and subject to a lot of uncertainties. As quoted in IMF World Economic Outlook Update of January 2016, three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services; (2) lower prices for energy and other commodities; and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. The China economy is showing a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity which will have impact to other economies through trade channels and weaker commodity prices, as well as through diminishing confidence and increasing volatility in financial markets.

Taking these views into consideration, the Group will take a more prudent approach in its investment strategy in the coming year. After the disposal of the Group's mineral operation, the Group plans to concentrate in identifying suitable and/or attractive investment opportunities for further expansion of its financial services business, such as moneylending, securities investment and enhancement of margin loans for its brokerage customers.

CHANGE OF COMPANY NAME

With effect on 15 June 2015, the name of the Company has changed to "GT GROUP HOLDINGS LIMITED 高富集團控股有限公司" to reflect the future direction and business strategy of the Group.

APPRECIATION

I would like to take this opportunity to thank shareholders and investors of the Company for their continuous supports, as well as management and the staff of the Company for their commitment and dedication towards the Group in ensuring its growth and success. My heartfelt gratitude also goes to our customers, suppliers, bankers, business associates and all our stakeholders for their cooperation. Finally, I would also like to record my appreciation to my fellow directors on the Board for their invaluable contribution throughout the year.

Li Dong
Chairman

Hong Kong, 24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group recorded a positive turnover of approximately HK$179,653,000 (2014: negative turnover approximately HK$41,295,000), recording a gross profit of approximately HK$177,291,000 (2014: gross loss approximately HK$42,082,000). Such an increase in turnover was primarily attributable to the recognition of a net realised gain on investment in securities of approximately HK$146,592,000 (2014: net realised loss on investment in securities of approximately HK$46,937,000).

For the year ended 31 December 2015, the Group recorded a profit attributable to equity holders of the Company of approximately HK$446,179,000 (2014: approximately HK$180,856,000). Such an improvement was mainly due to the recognition of a net realised gain on investment in securities and unrealised gain on financial assets at fair value through profit or loss of approximately HK$146,592,000 and HK$409,045,000 respectively (2014: net realised loss on investment in securities of approximately HK$46,937,000 and unrealised gain on financial assets at fair value through profit or loss of approximately HK$354,954,000).

OPERATIONS REVIEW

Finance Operation

The interest income and operating loss generated by the financing operation were approximately HK$610,000 (2014: nil) and approximately HK$1,011,000 (2014: approximately HK$2,467,000). Such an improvement was primarily attributable to the higher average balance of loans advance to customers as compared to the inactive operation of last year. It is the Group's policy to adopt a prudent approach and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the financing operation.

Brokerage and Securities Investment Operation

Reference is made to the announcement of the Company dated 15 December 2015. Having reviewed the significant increase in the amount of trading in securities by the Group in the recent years, and taking into account the increased focus of the Group on the business of brokerage and securities investment in the current years, the directors of the Company consider that it will be more appropriate to classify the net realised gain or loss on financial assets at fair value through profit or loss as a component of the turnover of the Group, rather than as an item similar to other income.

Taking into account the brokerage commission income and the net realised gains or losses on the securities investment of the Group, the turnover of the brokerage and securities investment operation reported a turnover of approximately HK$179,043,000, as compared to a negative turnover of approximately HK$41,295,000 in 2014. The increase in turnover was primarily attributable to the increase in net realised gain on investment in securities of HK$146,592,000 (2014: net realised loss on investment in securities of approximately HK$46,937,000) and the commission income received for participation in fund raising activities of the clients of the brokerage and securities investment division during the year.

The overall performance of the operation recorded a profit of approximately HK$576,409,000 for the year ended 31 December 2015 (2014: approximately HK$331,031,000). The profit was primarily attributable to the unrealised gain on investment in securities which amounted to approximately HK$409,045,000 for the year ended 31 December 2015 (2014: approximately HK$354,954,000) as a result of the increase in the market prices of listed securities held by the Group for investment purpose. As at 31 December 2015, the market value of the Group's listed securities portfolio was approximately HK$1,496,563,000 (2014: approximately HK$676,692,000).

MANAGEMENT DISCUSSION AND ANALYSIS

The Board would like to inform shareholders of the Company that all financial assets at fair value through profit or loss held as at 31 December 2015 represented shares listed in Hong Kong and the relevant information of the Group's financial assets at fair value through profit or loss which amounted to approximately HK$1,496,563,000 as at 31 December 2015 is summarised below:

Name of Securities	% of shareholding in the listed securities held by the Group as at 31 December 2015	Unrealised gain/(loss) on financial assets at fair value through profit or loss for the year ended 31 December 2015 HK$'000	Fair value of the investment in listed securities as at 31 December 2015 HK$'000
HengTen Networks Group Limited (stock code: 136)	0.78%	114,969	332,647
China Smarter Energy Group Holdings Limited (stock code: 1004)	4.35%	(28,040)	326,371
China Innovative Finance Group Limited (stock code: 412)	1.89%	162,853	302,051
Freeman Financial Corporation Limited (stock code: 279)	4.63%	171,381	229,363
CST Mining Group Limited (stock code: 985)	3.25%	(19,200)	114,360
Others		7,082	191,771
Total		409,045	1,496,563

The Hong Kong stock market has been volatile during the year, with a surge in second quarter followed by a plunge and continued sluggish performance in the third and fourth quarters. Going forward, the Board envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Trading Operation

The Group's trading operation remained inactive and therefore no turnover was generated during the year under review (2014: nil). Although the Group has been placing its focus in the development of its other businesses in the past, yet it will continue to explore suitable business opportunities on trading in the future.

Property Development

The Group's property development business consists of 40% of the entire issued share capital of China Sky Holdings Limited (the "China Sky" and together with its subsidiary, the "China Sky Group").

MANAGEMENT DISCUSSION AND ANALYSIS

The China Sky Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC. The "Development Project" comprises a residential and commercial complex known as "Jintang New City Plaza*" (金唐新城市廣場) (the "Plaza") which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor area designated for residential use is 53,883.20 square meters; for shopping mall (商舗) is 36,012.85 square meters; for office premises is 40,865.48 square meters; for car parking areas and other uses is 56,512.26 square meters respectively. The terms for the grant of the land use right of the land are 52 years for the residential portion and 22 years for the commercial portion. After the completion of the Development Project, the Plaza is expected to be a new landmark area near the central business district of the Yubei Zone.

The post-acquisition turnover of the China Sky Group reached approximately HK$383,040,000 for the year ended 31 December 2015 mainly as a result of the sales of property units by the China Sky Group. As the Group holds 40% of the entire issued share capital of China Sky, the portion of the post-acquisition profits of the China Sky Group shared by the Group was approximately HK$11,761,000 for the year under review. It is expected that the China Sky Group will continue to make a positive contribution to the Group's results in the future.

The Minerals Operation

Reference is made to the announcement of the Company dated 9 December 2015.

On 9 December 2015, Excel Faith Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Merit Success Global Limited (the "Purchaser"), an independent third party, for the sale by the Vendor to the Purchaser of the entire issued share capital of Union Bless Limited (the "Disposed Company") and the loan due and owing by the Disposed Company and its subsidiaries (the "Disposed Group") as at the date of completion of the sale and purchase agreement (the "Disposal") for a cash consideration of HK$20,000,000.

The principal asset of the Disposed Group is the mining right in respect of a magnetite iron ore mine located in Guangdong Province, PRC (the "Mine").

Upon completion of the Disposal on 23 December 2015, Union Bless Limited has ceased to be accounted for as a subsidiary of the Company and the Group is unlikely to be further involved in the business of mining operation in the near future.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 31 December 2015, the Group had current assets of approximately HK$1,701,092,000 (2014: approximately HK$1,093,177,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK$1,571,344,000 (excluding pledged bank balances held under segregated trust accounts) (2014: approximately HK$707,049,000). The significant increase in the liquid assets was mainly due to the increase in the market value of the Group's listed securities portfolio.

As at 31 December 2015, the Group's current ratio, calculated on the basis of current assets of approximately HK$1,701,092,000 (2014: approximately HK$1,093,177,000) over current liabilities of approximately HK$138,715,000 (2014: approximately HK$63,002,000) was at a strong level of approximately 12.26 (2014: 17.35). The Group had no bank and other borrowings (2014: nil) and no finance lease obligation (2014: nil) at the end of the reporting period.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

At the end of the reporting period, the equity attributable to the Company's equity owners amounted to approximately HK$2,225,255,000 (2014: approximately HK$1,387,209,000), representing an increase of approximately 60.41% as compared to 2014, which was equivalent to a consolidated net asset value of about approximately HK$2.85 per share of the Company (2014: HK$3.57 per share).

Rights Issue and Share Consolidation

Reference is made to the announcements, circular and listing documents of the Company dated 18 August 2014, 24 September 2014, 24 October 2014, 28 November 2014, 23 December 2014, 24 December 2014, 5 February 2015, 24 February 2015, 13 March 2015 and 16 March 2015. Terms used hereinafter shall have the same meaning as defined in the above announcements, circular and listing documents.

On 5 February 2015, all ordinary resolutions to approve the Acquisition, the Share Consolidation and the Rights Issue were duly passed by way of poll at the extraordinary general meeting of the Company and the Share Consolidation became effective on 6 February 2015.

On 16 March 2015, the Company issued a total of 700,958,385 Rights Shares. Out of the total of approximately HK$420,600,000 raised from the Rights Issue, HK$370,000,000 was used to pay the consideration for the Acquisition and the remaining amount of approximately HK$50,600,000 was used as the Group's general working capital.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi (the "RMB"), US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken and considered necessary by the Group.

Pledge of Assets

As at 31 December 2015, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$1,427,810,000 (2014: approximately HK$664,362,000) were pledged to a securities broker to secure certain margin financing granted to the Group.

Capital Commitment

The Group had no capital commitment as at 31 December 2015 (2014: nil).

Contingent Liability

A subsidiary of the Company principally engaged in securities brokerage business may be subject to a maximum penalty of HK$10,000,000 to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will be the maximum penalty of HK$10,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND CONNECTED TRANSACTIONS

(1) Reference is made to the announcement of the Company dated 16 March 2015. As discussed above, the acquisition of 40% of the issued share capital of China Sky from Mr. Liang Shan, an executive director of the Company, was completed in 16 March 2015.

(2) Reference is made to the announcements of the Company dated 14 February 2013, 25 February 2013, 26 June 2013, 6 December 2013, 12 December 2013, 28 February 2014, 31 March 2014, 30 May 2014, 31 October 2014, 1 June 2015 and 30 June 2015.

On 8 February 2013, the Group entered into a sale and purchase agreement with Charter Bonus Limited (a company which is wholly-owned by Mr. Lai Leong and it was proposed that Mr. Lai Leong will be appointed as the chairman and an executive director of the Company upon completion of the said acquisition) in relation to the proposed acquisition of Mega Marks Limited and its subsidiaries ("MM Group") at an aggregate consideration of HK$1,200,000,000 (subject to adjustment) (the "Acquisition Agreement").

MM Group is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. As set out in an announcement of the Company dated 30 June 2015, the conditions precedent to the Acquisition Agreement were not fulfilled as of 30 June 2015, the Acquisition Agreement was therefore lapsed and the deposit of HK$300,000,000 was fully refunded to the Group in July 2015.

(3) Reference is made to the announcement of the Company dated 21 May 2015.

On 21 May 2015, a memorandum of understanding ("MOU") was entered into between Able Express Limited (the "Potential Purchaser"), an indirect wholly-owned subsidiary of the Company, and Mr. Zhang Bing Xin* (the "Potential Vendor") in relation to the proposed acquisition by the Potential Purchaser from the Potential Vendor of a controlling equity interest in Hangzhou Heng Niu Information Technology Limited* 杭州恒牛信息技術有限公司, a company principally engaged in the operation of financing services. The MOU did not create any legally binding commitment between the parties to proceed with the Proposed Acquisition and was subject to the parties entering into the sale and purchase agreement.

No formal sale and purchase agreement had been entered into by the parties within the exclusivity period of 90 days as no final terms and conditions were able to be reached between the parties, the MOU was treated as lapse and would have of no further effect on any of the parties.

MATERIAL DISPOSAL

Reference is made to the announcement of the Company dated on 9 December 2015 and the discussion on the Group's mineral operation above.

On 9 December 2015, it was announced that a subsidiary of the Company entered into a sale and purchase agreement in relation to the disposal of the entire issued share capital of the Disposed Company and the sale loan for a consideration of HK$20,000,000. The transaction was completed on 23 December 2015 and the Disposed Company has ceased to be a subsidiary of the Group since then. The loss on disposal of Disposed Group of approximately HK$69,238,000 was recognised in the accounts of the Group for the year under review.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. On 20 January 2016, the Company entered into a facility agreement for a revolving loan facility of up to a principal amount of HK$500 million to the Company, with the interest rate of 1% per month.

2. On 16 March 2016, the Company had entered into a loan agreement with two financial institutions for a 3-year secured term loan facility amounting to US$90 million. The Company has drawn down US$75 million shortly before the approval date of this report. Within the loan balance of US$75 million, US$25 million carries an interest rate of 8% per annum, and US$50 million carries an interest rate of 12.75% per annum.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2015, the Group had approximately 66 (2014: 73) employees including all directors. Total staff costs incurred during the year (including directors' remuneration) amounted to approximately HK$25,501,000, an increase by approximately 25% when compared to approximately HK$20,315,000 in 2014. The increase in staff costs was mainly due to the increase in the number of staff members employed by the Hong Kong office while there was a reduction in the number of staff employed by the China office. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, mandatory provident fund scheme, share options, training subsidies as well as medical insurance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strives to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

During the year, the Group has implemented internal recycling program on a continuous basis for consumable goods such as toner cartridges and paper to minimise the operation impact on the environment and natural resources. Further, the Group also encourages employees to shift to scanning documents to reduce the use of paper.

In addition, to achieve environment protection, the Group has implemented energy saving practices in offices, encourages employees to switch off light during lunch and switch off all computers and office equipment, electrical and air-conditioner at the end of each working day.

Actual numerical results for the year, paper consumption approximately 132,000 of papers and electricity consumption approximately 117,499 units (kwh).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in Hong Kong and the Company's itself is listed on the Stock Exchange. The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has allocating staff resources to ensure ongoing compliance with the rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year, the Group has complied, to the best of our knowledge, with the Hong Kong Companies Ordinance, the Securities and Futures Ordinance, the Money Lenders Ordinance, the Listing Rules, the Stock Exchange's Trading Rules and Clear House Rules, and other relevant rules and regulations.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Li Dong, aged 55, has been Executive Director and Chairman of the Company since July 2015. Mr. Li graduated from the faculty of electric automation (電氣自動化系) of the Yuzhou University (渝州大學) in Chongqing. He has worked as senior management for various banks in the PRC. Mr. Li has extensive experience in banking, finance, risk management and treasury planning for over 20 years. He was the governor of both Haikou Branch and Chengdu Branch of Shenzhen Development Bank, the deputy governor of Chongqing Branch of Industrial Bank, the deputy governor of Chongqing Branch of Evergrowing Bank and the governor of Chongqing Branch of Harbin Bank.

Ms. Ng Shin Kwan, Christine, aged 47, has been Executive Director of the Company since August 2007. Ms. Ng also holds directorships in various subsidiaries of the Company. She holds a Bachelor of Economics degree from University of Sydney in Australia and has over 20 years of experience in business development, corporate management and investment fields and held executive positions in various investment and securities companies. Ms. Ng was a director of Aurelia from June 2008 to November 2013.

Mr. Lee Jalen, aged 52, has been Executive Director of the Company since January 2010. Mr. Lee also holds directorships in various subsidiaries of the Company. He has extensive experience in mineral trading and corporate management and development in the PRC and had worked as a consultant of a subsidiary of the Company for providing consultancy services for its mining business in the PRC.

Mr. Chan Ah Fei, aged 53, has been Executive Director of the Company since November 2010. Mr. Chan also holds directorships in various subsidiaries and associates of the Company. He has more than 20 years of experience as key management in electric power supply, telecommunications, geological surveying and mining businesses. Mr. Chan received a geological surveying qualification from 甘肅蘭州礦業學院 (literally translated as Gansu Lanzhou Mining Academy). He has founded 青海創綠投資管理有限公司 (literally translated as Qinghai Chuanglu Investment Management Limited) since 2000, which is principally engaged in provision of consultancy service in relation to mining rights, including the mineral exploitation, extraction, processing and production at mines primarily located in the northwestern and southwestern regions of the PRC. Mr. Chan is currently a director of Great Wall Hong Kong Investment Co. Limited, which provides advisory services in relation to geological surveying and mining.

Mr. Lee Yuk Fat, aged 43, has been Executive Director of the Company since November 2010. Mr. Lee is a member of the investment committee for subsidiaries of the Company. He also holds directorships in various subsidiaries of the Company. Mr. Lee has more than 10 years of experience in the finance and securities industry and is a chairman of board of director of Pico Zeman Securities (HK) Limited, a member of Management Committee and Executive Committee of The Society for the Aid and Rehabilitation of Drug Abusers, a Hon. Advisor of The Hong Kong Life Saving Society and a co-opted member of Community Liaison Committee of Hong Kong Council on Smoking and Health. Mr. Lee was also a director of Hong Kong Energy and Minerals United Associations till August 2014.

Mr. Liang Shan, aged 52, has been Executive Director of the Company since January 2014. Mr. Liang graduated from the Graduate School of Chinese Academy of Social Sciences with a master degree in monetary and banking studies (貨幣銀行學專業學習) of the Faculty of Finance and Economics (財貿經濟系). He has extensive experience in banking industry, iron ore trading and property development and has worked for various companies as director and general manager in the past.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Wong Yun Kuen, aged 58, has been Independent Non-executive Director of the Company since September 2004. Dr. Wong received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute. Dr. Wong is an executive director and chairman of UBA Investments Limited, and the independent non-executive director of Bauhaus International (Holdings) Limited, China Sandi Holdings Limited, DeTai New Energy Group Limited (formerly known as Guocang Group Limited), Far East Holdings International Limited, Kaisun Energy Group Limited, Kingston Financial Group Limited and Sincere Watch (Hong Kong) Limited. Dr. Wong was also an independent non-executive director of Huge China Holdings Limited (formerly known as Harmony Asset Limited) from September 2004 to January 2015, Huajun Holdings Limited from October 2010 to September 2014, Kong Sun Holdings Limited from April 2007 to November 2014 and KuangChi Science Limited from June 2007 to August 2014.

Mr. Wong Shun Loy, aged 51, has been Independent Non-executive Director of the Company since March 2012. Mr. Wong is a Certified Public Accountant (Practising) in Hong Kong and a fellow member of the Hong Kong Institute of Certified Public Accountants. He obtained an Executive Master of Business Administration from Colorado University of Commerce in USA. Mr. Wong has extensive experience in banking, finance and accounting. He is the proprietor of S.L. Wong & Co. and appointed as an independent director of Dazhou City Commercial Bank with effect from July 2015. Mr. Wong was also an independent director of Nanchong City Commercial Bank from 2006 to April 2015.

Mr. Hu Chao, aged 32, has been Independent Non-executive Director of the Company since March 2012. Mr. Hu obtained a Bachelor Degree in Law from the Hunnan University of Technology (formerly known as Zhuzhou Institute of Technology). He has extensive experience in legal consultation and had been providing consultancy services for various businesses in the PRC.

SENIOR MANAGEMENT

Mr. Leung Ka Wai, aged 35, has been appointed as Finance Manager and the Company Secretary of the Company since June 2012. Mr. Leung is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and holds a bachelor's degree in Economics and a postgraduate diploma in professional accountancy from the Chinese University of Hong Kong. Mr. Leung has over ten years of experience in auditing, finance and accounting and corporate secretarial functions.

DIRECTORS' REPORT

The directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 40 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 30 of this annual report.

The Company had no distributable reserve at 31 December 2015 and the directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 30 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 34 of this annual report and in Note 40 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment approximately HK$827,000 (2014: approximately HK$3,837,000) for the purpose of expanding the Group's operation. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 100 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's sales and less that 30% of the Group's purchases were attributable to the Group's five largest customers combined and five largest suppliers combined respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Li Dong *(Chairman)* (appointed on 15 July 2015)
Zhang Guoqing* (resigned on 15 July 2015)
Ng Shin Kwan, Christine
Lee Jalen
Chan Ah Fei
Lee Yuk Fat
Liang Shan

Independent Non-executive Directors:

Wong Yun Kuen
Wong Shun Loy
Hu Chao

* Dr. Zhang Guoqing has resigned as executive director and chairman of the Company with effect from 15 July 2015 due to his other business commitments which require more of his dedications. Details were set out in the announcement of the Company dated 14 July 2015.

In accordance with Articles 96 and 105(A) of the Articles of Association of the Company, Mr. Li Dong, Ms. Ng Shin Kwan, Christine, Mr. Lee Jalen and Mr. Liang Shan will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Each of the executive directors and the Chairman has entered into a letter of appointment with the Company and he/she is not appointed for any specific length or proposed length of service and his/her term of service shall continue unless terminated by either party giving to the other a prior notice in writing. Each of the independent non-executive directors is appointed for a term of twelve-month period. The term will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the directors and the Chairman are also subject to retirement by rotation and re- election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

None of the directors of the Company being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors of Subsidiaries

Other than the Directors named in the section headed "Biographical Details of Directors and Senior Management", the names of all directors who have served on the board of the subsidiaries of the Company during the year and up to the date of this report are as follows:

— Choi Sing Kay
— He Qianyi
— Lee Cheuk Yue
— Leung Lap Chi
— Li Ying
— Ma Yuk Wah
— Newton Group Investment Limited
— Prime Way Development Limited
— Tan Lihang
— Wong Chi Keung, Sunny
— Yan King Tang
— Yau Yuet Yim, Rita
— Zhang Dawei

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance"), every Director or other officer of the Company shall be indemnified out of the assets of the Company against all loss and 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, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Ng Shin Kwan, Christine	Beneficial owner	–	67,191 *(Note 1)*	67,191	0.01%
Wong Yun Kuen	Beneficial owner	1,800	208 *(Note 2)*	2,008	0.00%

Notes:

1. This represents the interest of Ms. Ng Shin Kwan, Christine in 67,191 underlying shares issuable under the share options granted by the Company to her on 3 December 2007 under the share option scheme of the Company adopted by the shareholders of the Company on 8 November 2006 ("Share Option Scheme"). The consideration paid by Ms. Ng Shin Kwan, Christine on acceptance of the share options granted was HK$1.00. The exercise price is HK$304.63 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

2. This represents the interest of Dr. Wong Yun Kuen in 208 underlying shares issuable under the share options granted by the Company to him on 3 December 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK$1.00. The exercise price is HK$304.63 per share and the exercisable period is between 3 December 2007 and 2 December 2017.

Save as disclosed above, as at 31 December 2015, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company and details of movements in the share options of the Company during the year are set out in Note 32 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate; and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2015, the register of interest kept by the Company under section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Ou Yaping	Interest held by controlled corporation	41,080,000 *(Note 1)*	41,080,000	5.27%
Asia Pacific Promotion Limited	Interest held by controlled corporation	41,080,000 *(Note 1)*	41,080,000	5.27%
Win Wind Holdings Limited (formerly known as Enerchine Holdings Limited)	Interest held by controlled corporation	41,080,000 *(Note 1)*	41,080,000	5.27%
Win Wind Capital Limited (formerly known as Enerchine Capital Limited)	Interest held by controlled corporation	41,080,000 *(Note 1)*	41,080,000	5.27%
Enerchina Holdings Limited	Interest held by controlled corporation	41,080,000 *(Note 1)*	41,080,000	5.27%
Kenson Investment Limited	Beneficial owner	41,080,000 *(Note 1)*	41,080,000	5.27%

Note:

1. These shares are beneficially owned by Kenson Investment Limited. Kenson Investment Limited is wholly-owned by Win Wind Holdings Limited, Win Wind Holdings Limited is wholly-owned by Win Wind Capital Limited, Win Wind Capital Limited is wholly-owned by Enerchina Holdings Limited, Enerchina Holdings Limited is owned by Asia Pacific Promotion Limited by 36.4% which in turn is wholly-owned by Mr. Ou Yaping. Accordingly, Mr. Ou Yaping, Asia Pacific Promotion Limited, Enerchina Holdings Limited, Win Wind Capital Limited and Win Wind Holdings Limited are deemed to be interested in 41,080,000 shares under SFO.

Save as disclosed above, the Company has not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31 December 2015 as required pursuant to section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, no director of the Company is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to Rule 8.10 of the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interests of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Material Acquisition and Connected Transactions" of Management Discussion and Analysis, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 16 March 2015. The Company's acquisition of 40% of the issued share capital of China Sky, at the consideration of HK$370,000,000, was completed on 16 March 2015. As Mr. Liang Shan is the executive director of the Company, the acquisition constituted a connected transaction for the Company under the Listing Rules, and is required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. Save as disclosed in this report, none of the related party transactions as set out in Note 39 to the consolidated financial statements constitutes a continuing connected transaction or connected transaction as defined under the Listing Rules.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2015 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board of Directors under the recommendation of the Audit Committee.

CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included insurance and medical cover, subsidised training programme as well as share option scheme.

The determination of emoluments of the directors of the Company had taken into consideration of their respective responsibilities and contribution to the Group and by reference to market benchmark.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$338,000 (2014: HK$680,000).

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are set out in Note 41 to the consolidated financial statements.

AUDITORS

Pan-China (H.K.) CPA Limited ("Pan-China") retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Pan-China as auditors of the Company.

On behalf of the Board

Li Dong
Chairman

Hong Kong, 24 March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain high standards of corporate governance. The board of directors (the "Board") believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests.

During the year, the Company has complied with the code provisions of Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Dr. Zhang Guoqing (resigned on 15 July 2015), did not attend the annual general meeting held on 1 June 2015 (the "Meeting") as he had another business engagement. The executive director of the Company, who took the chair of the Meeting, and other members of the Board together with the chairmen of the Nomination and Remuneration Committees and other members of each of the Audit, Nomination and Remuneration Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Nomination and Remuneration Committees who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code for the year ended 31 December 2015.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises six executive directors, namely Mr. Li Dong (appointed on 15 July 2015) (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Lee Jalen, Mr. Chan Ah Fei, Mr. Lee Yuk Fat and Mr. Liang Shan; and three independent non-executive directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao. The directors' biographical information is set out in Biographical Details of Directors and Senior Management on pages 11 to 12 of this annual report.

During the year, the Board has at all times met the requirements of rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the company considers that all of the independent non-executive Directors are independent.

The independent non-executive directors represent one-third of the Board, which is required by Rule 3.10A of the Listing Rules. The Board believes there is sufficient independence element in the Board to safeguard the interest of shareholders.

CORPORATE GOVERNANCE REPORT

A total of five regular board meetings and one general meeting was held during the year ended 31 December 2015 with individual attendance of directors as follows:

	Attendance/ Number of meetings	
Directors	Board Meetings	General Meeting
Li Dong (appointed on 15 July 2015)	1/1	N/A
Zhang Guoqing (resigned on 15 July 2015)	4/4	0/1
Ng Shin Kwan, Christine	5/5	0/1
Lee Jalen	5/5	1/1
Chan Ah Fei	5/5	0/1
Lee Yuk Fat	5/5	0/1
Liang Shan	3/5*	0/1
Wong Yun Kuen	5/5	1/1
Wong Shun Loy	5/5	0/1
Hu Chao	5/5	1/1

* Mr. Liang Shan was required to abstain from voting in two meetings due to his material interest in connection with the transactions discussed in the meetings.

The Board is primarily responsible for the leadership and control of the Company and is committed to make decision in the interests of both the Company and its shareholders. With delegating authorities from the Board, management of the Company is responsible for daily operations of the Group including management of all aspects of the Group's principal activities.

The Board delegates appropriate aspects of its management and administration functions to management, it also gives clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board determines those functions reserved to the Board and those delegated to the management and these arrangements are reviewed on a periodic basis to ensure they remain appropriate to the needs of the Company.

Directors' Continuous Training and Development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant.

The Directors are committed to comply with the CG Code A.6.5 on Directors' training. All Directors are provided with training materials covering the topics of "Update on regulation of listed issuers" and "Environmental, Social and Governance Reporting". All Directors have participated in continuous professional development and provided a record of training they received for the year ended 31 December 2015.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at the date of this report, the Chairman is Mr. Li Dong (appointed on 15 July 2015) and the Company does not have any individual with the title of Chief Executive Officer ("CEO"). The Chairman is responsible for overseeing all Board functions, while the role of CEO is performed collectively by executive directors (excluding Mr. Li Dong) and senior management of the Company to oversee the day-to-day operations of the Group and implementing the strategies and policies approved by the Board.

The Board considers that under the current arrangement, the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors is appointed for a term of twelve-month period. The term will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") has been established by the Board with terms of reference as set out in the CG Code. As at the date of this report, the Nomination Committee consists of three independent non-executive directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao and one executive director, namely Ms. Ng Shin Kwan, Christine. The Chairman of the Nomination Committee is Dr. Wong Yun Kuen. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee held two meetings during the year ended 31 December 2015 to discuss the retirement and re-appointment arrangement of the Directors in the Company's forthcoming annual general meeting with individual attendance of members as follows:

Members	Attendance/ Number of meetings
Wong Yun Kuen *(Chairman)*	2/2
Wong Shun Loy	2/2
Hu Chao	2/2
Ng Shin Kwan, Christine	2/2

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors on a regular basis and to identify individuals suitably qualified to become board members. It is also responsible for assessing the independence of Independent Non-executive Directors and making recommendations to the Board of Directors on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors. The recommendations of the Nomination Committee are then put forward for consideration and adoption, where appropriate, by the Board.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established with terms of reference as set out in the CG Code. As at the date of this report, the Remuneration Committee consists of three independent non-executive directors, namely Mr. Hu Chao, Dr. Wong Yun Kuen and Mr. Wong Sun Loy. The Chairman of the Remuneration Committee is Mr. Hu Chao. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held two meetings during the year ended 31 December 2015 to discuss the remuneration packages of the Directors with individual attendance of members as follows:

Members	Attendance/ Number of meetings
Hu Chao *(Chairman)*	2/2
Wong Yun Kuen	2/2
Wong Shun Loy	2/2

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; to determine the specific remuneration packages including benefits in kind, pension rights and compensation payments (including any compensation payments for loss or termination of their office or appointment) of all executive directors and senior management as well as making recommendations to the Board of remuneration of independence non-executive directors.

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors of the Company. No Director was involved in deciding his/her own remuneration.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with terms of reference as set out in the CG Code. As at the date of this report, the Audit Committee comprises three independent non-executive directors, namely Mr. Wong Shun Loy, Dr. Wong Yun Kuen and Mr. Hu Chao. The Chairman of the Audit Committee is Mr. Wong Shun Loy. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee held four meetings during the year ended 31 December 2015 with individual attendance of members as follows:

Members	Attendance/ Number of meetings
Wong Shun Loy *(Chairman)*	4/4
Wong Yun Kuen	4/4
Hu Chao	4/4

The main duties of the Audit Committee are to making recommendations to the Boards on the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) the Company's financial control, internal control and risk management systems.

During the year ended 31 December 2015, the Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review of unaudited interim results and audited annual results of the Group.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, remuneration paid to the auditors of the Company for providing audit and non-audit services are approximately HK$1,300,000 and approximately HK$408,000, respectively.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as follows:

(i) to develop, review and update the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

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

(v) to review the Company's compliance with the code of corporate governance and disclosure in the Corporate Governance Report; and

(vi) to perform such other corporate governance duties and functions set out in the code of corporate governance (as amended from time to time) for which the Board are responsible.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by shareholders

In accordance with sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"), shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings, may request the directors of the Company to call a general meeting. The request must state the general nature of the business to be dealt with at the general meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting. The request may consist of several documents in like form and may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person(s) making it.

If the directors of the Company do not within 21 days from the date of the deposit of the written request proceed duly to call a general meeting for a day not more than 28 days after the date on which the notice convening the general meeting, the shareholder(s) who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting, provided that the general meeting must be called for a date not more than 3 months after the date on which the directors of the Company become subject to the requirement to call the general meeting.

The general meeting convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of the Company.

Enquiries to the Board

Shareholders may at any time send their written enquiries and concerns to the Board of Directors either by post, by facsimiles or by email, for the attention of Chairman of the Board or Company Secretary at the following address or facsimiles number or via email:

GT GROUP HOLDINGS Limited
Units 2502–5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
Email: info@gtghl.com
Fax No.: (852) 3926 1999

The Company Secretary will forward the shareholders' enquiries and concerns to the Board of Directors and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions in writing.

Putting forward proposals at annual general meetings

In accordance with section 615 of the Companies Ordinance, the shareholders may request the Company to give, to shareholders entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting. The request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given, be authenticated by the person or person(s) making it and be received by the Company not later than 6 weeks before the annual general meeting to which the requests relates; or if later, the time at which notice is given of that meeting.

The Company will give notice of a resolution of it has received the request form (a) shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the annual general meeting to which the request relate; or (b) at least 50 shareholders who have a relevant right to vote on the resolution at the annual general meeting to which the request relate.

Proposing Directors for election at general meetings

Pursuant to Article 109 of the Company's Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as Director at any general meeting unless a notice signed by a member (other than the person to be processed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the registered office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

INVESTOR RELATIONS

Constitutional documents

With effect on 1 June 2015, the Company adopted new articles of association which was passed by the shareholders of Company at the annual general meeting of the Company. Details were set out in the circular of the Company dated 24 April 2015 and the announcement of the Company dated 1 June 2015. Save as disclosed above, there are no changes in the Company's constitutional documents during the year. The latest set of constitutional documents are available on the websites of the Company and the Stock Exchange.

Shareholders Communication Policy

The Company adopted a Shareholders' Communication Policy which aims to promoting effective communication with the shareholders, encouraging the shareholders to engage actively with the Company and enabling the shareholders to exercise their rights as shareholders effectively. The information would be communicated to shareholders through various official channels (including Company's corporate communication, website and the shareholders' meeting) so that the shareholders can access the Company's public information equally in a timely manner. The Shareholders' Communication Policy is available on the website of the Company.

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities for preparing the financial statements of the Company for each financial period in accordance with statutory requirements and applicable accounting standards so as to give a true and fair view of the state of affairs of the Group.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 28 to 29.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and he has confirmed that he has taken no less than 15 hours of relevant professional training in complied with the requirement of Rule 3.29 of the Listing Rules. The biography of the Company Secretary is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguard assets against unauthorised use, maintain proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. During the year, the Board conducted a review of the effectiveness of the internal control system of the Group.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by shareholders of the Company at the annual general meeting of the Company held on 1 June 2015 (the "AGM") and the Certificate of Change of Name issued by the Registrar of Companies of Hong Kong on 12 June 2015, the name of the Company was changed from "China Yunnan Tin Minerals Group Company Limited 中國雲錫礦業集團有限公司" to "GT Group Holdings Limited 高富集團控股有限公司" with effect from 12 June 2015. Details were set out in the circular of the Company dated 24 April 2015 and announcements of the Company dated 22 April 2015 and 18 June 2015.

AMENDMENTS TO THE ARTICLES AND ADOPTION OF THE NEW ARTICLES

During the year, the Company adopted new articles of association which was passed by the shareholders of the Company at the AGM. Details were set out in the circular of the Company dated 24 April 2015 and the announcement of the Company dated 1 June 2015. Save as disclosed above, there is no other change in the Company's constitutional documents during the year.

The latest set of the constitutional documents are available on the websites of the Company and the Stock Exchange respectively.

INDEPENDENT AUDITORS' REPORT

PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants
天健(香港)會計師事務所有限公司

TO THE MEMBERS OF GT GROUP HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of GT Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 30 to 99, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 the Group's 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 Hong Kong Companies Ordinance.

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants

Lee Ping Kai
Practising Certificate Number: P02976

11/F., Hong Kong Trade Centre,
161–167 Des Voeux Road Central,
Hong Kong.

Hong Kong, 24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (restated)
Continuing operations			
Turnover	6	**179,653**	(41,295)
Cost of sales		**(2,362)**	(787)
Gross profit/(loss)		**177,291**	(42,082)
Other income	8	**4,007**	25,831
Net unrealised gain on financial assets at fair value through profit or loss		**409,045**	354,954
Share of results of associates	16	**25,671**	–
Administrative expenses		**(70,361)**	(62,665)
Finance costs	9	**(186)**	(1,641)
Profit before tax		**545,467**	274,397
Income tax expenses	12	**(2,406)**	–
Profit for the year from continuing operations	10	**543,061**	274,397
Discontinued operations			
Loss for the year from discontinued operations	13	**(96,877)**	(93,536)
Profit for the year		**446,184**	180,861
Attributable to:			
Owners of the Company		**446,179**	180,856
Non-controlling interests		**5**	5
		446,184	180,861

		2015	2014 (restated)
Earnings per share			
From continuing and discontinued operations			
— Basic and diluted (HK$ per share)	14	**0.69**	1.46
From continuing operations			
— Basic and diluted (HK$ per share)	14	**0.84**	2.22

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit for the year	10	**446,184**	180,861
Other comprehensive expense, net of income tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of overseas operations		**(2,807)**	(12,110)
Fair value change in available-for-sale financial assets		**(13,240)**	770
Other comprehensive expense for the year		**(16,047)**	(11,340)
Total comprehensive income for the year		**430,137**	169,521
Attributable to:			
Owners of the Company		**430,132**	169,516
Non-controlling interests		**5**	5
		430,137	169,521

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**14,211**	19,714
Interests in associates	16	**395,671**	–
Amount due from an associate	17	**35,702**	–
Available-for-sale financial assets	18	**218,224**	233,475
Other assets	19	**2,460**	2,230
Trading right	20	**–**	–
Mining right	21	**–**	140,000
		666,268	395,419
Current assets			
Inventories	22	**–**	924
Trade and other receivables	23	**23,303**	52,277
Short-term loans receivable	24	**5,000**	–
Earnest money	25	**–**	300,000
Financial assets at fair value through profit or loss	26	**1,496,563**	676,692
Tax recoverable		**–**	302
Bank balances held under segregated trust accounts	27	**101,445**	32,625
Bank balances and cash	27	**74,781**	30,357
		1,701,092	1,093,177
Current liabilities			
Trade and other payables	28	**128,049**	54,742
Tax liabilities		**2,666**	260
Provision	29	**8,000**	8,000
		138,715	63,002
Net current assets		**1,562,377**	1,030,175
Total assets less current liabilities		**2,228,645**	1,425,594

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	30	**2,674,001**	2,266,087
Reserves		**(448,746)**	(878,878)
Equity attributable to owners of the Company		**2,225,255**	1,387,209
Non-controlling interests		**3,390**	3,385
Total equity		**2,228,645**	1,390,594
Non-current liabilities			
Deferred tax liabilities	31	**–**	35,000
		2,228,645	1,425,594

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 30 to 99 were approved and authorised for issue by the Board of Directors on 24 March 2016 and are signed on its behalf by:

Li Dong
Director

Ng Shin Kwan, Christine
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Translation reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	3,894	2,265,780	–	2,126	(35,443)	52,865	(1,071,529)	1,217,693	3,380	1,221,073
Profit for the year	–	–	–	–	–	–	180,856	180,856	5	180,861
Other comprehensive income/ (expense) for the year	–	–	–	(12,110)	770	–	–	(11,340)	–	(11,340)
Total comprehensive income/ (expense) for the year	–	–	–	(12,110)	770	–	180,856	169,516	5	169,521
Transition to no-par value under the Hong Kong Companies Ordinance (Cap. 622) (Note (a) below)	2,262,193	(2,262,193)	–	–	–	–	–	–	–	–
Reclassification (Note (b) below)	–	(3,587)	3,587	–	–	–	–	–	–	–
At 31 December 2014 and 1 January 2015	2,266,087	–	3,587	(9,984)	(34,673)	52,865	(890,673)	1,387,209	3,385	1,390,594
Profit for the year	–	–	–	–	–	–	446,179	446,179	5	446,184
Other comprehensive income/ (expense) for the year	–	–	–	(2,807)	(13,240)	–	–	(16,047)	–	(16,047)
Total comprehensive income/ (expense) for the year	–	–	–	(2,807)	(13,240)	–	446,179	430,132	5	430,137
Issue of shares	407,914	–	–	–	–	–	–	407,914	–	407,914
At 31 December 2015	2,674,001	–	3,587	(12,791)	(47,913)	52,865	(444,494)	2,225,255	3,390	2,228,645

Notes:

(a) In accordance with the transitional provision set out in Section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014, the amount of approximately HK$2,262,193,000 regarding the credit of the share premium account has become part of the Company's share capital.

(b) The amount of approximately HK$3,587,000 was reclassified as special reserve for the year ended 31 December 2014.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Profit for the year	**446,184**	180,861
Adjustments for:		
Income tax credit recognised in profit or loss	**(5,593)**	(29,750)
Finance costs recognised in profit or loss	**186**	1,641
Interest income recognised in profit or loss	**(22)**	(12)
Depreciation of property, plant and equipment	**4,915**	4,273
Impairment loss recognised in respect of mining right	**32,000**	119,000
Unrealised gain on financial assets at fair value through profit or loss	**(409,045)**	(354,954)
Share of result of associates	**(25,671)**	–
Gain on disposals of property, plant and equipment	**–**	(400)
Loss on disposal of a subsidiary	**69,238**	–
Operating cash flows before movements in working capital	**112,192**	(79,341)
Increase in other assets	**(230)**	(25)
Increase in amount due from an associate	**(35,701)**	–
Increase in short-term loans receivables	**(5,000)**	–
(Increase)/decrease in financial assets at fair value through profit or loss	**(410,825)**	83,632
Decrease in trade and other receivables	**22,212**	11,723
(Increase)/decrease in bank balances held under segregated trust accounts	**(68,821)**	11,852
Increase/(decrease) in trade and other payables	**73,815**	(55,958)
Cash used in operations	**(312,358)**	(28,117)
Interest paid	**(186)**	(1,641)
Income tax refunded	**239**	156
Income tax paid	**–**	(236)
Net cash used in operating activities	**(312,305)**	(29,838)
Cash flows from investing activities		
Dividend received	**–**	22,505
Earnest money refunded	**300,000**	–
Acquisition of associates	**(370,000)**	–
Interest received	**22**	12
Acquisition of property, plant and equipment	**(827)**	(3,837)
Proceeds from disposal of property, plant and equipment	**6**	400
Net cash inflow on disposal of a subsidiary	**18,886**	–
Net cash (used in)/generated from investing activities	**(51,913)**	19,080
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue expenses paid)	**407,914**	–
Net cash generated from financing activities	**407,914**	–
Net increase/(decrease) in cash and cash equivalents	**43,696**	(10,758)
Effect of foreign exchange rate changes	**728**	(10,383)
Cash and cash equivalents brought forward	**30,357**	51,498
Cash and cash equivalents carried forward	**74,781**	30,357

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office and the principal place of business of the Company are disclosed in the corporate information section of this annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 40.

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

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

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

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

HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]

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

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

3 No mandatory effective date is determined but is available for early adoption

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the 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 financial assets.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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 investments that are held within a business whose objective is achieved both by collecting contractual cash flows and selling financial assets, and have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments or principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), 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 (2014) 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 of financial liabilities attributable to changes in financial liabilities' 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 was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 (2014) adopts 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. However, 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 effectiveness test has been overhauled and replaced with the principle of an "economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, 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 HKAS18 "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, HKFRS 15 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 of the Company 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 financial effect until the Group performs a detailed review.

Except as described above, the directors of the Company consider that the application of the other new and revised HKFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which 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 this financial information is determined on such a basis, except for share-based payments transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are within the scope of HKAS 17 "*Leases*" and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

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 entirety, 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 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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 into 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.

3. 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 the 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

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 losses, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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.

Mining right

Mining right acquired separately and with finite useful lives is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for mining right with finite useful lives is provided on units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right continuously till all proven reserves have been mined.

Any gain or loss arising from derecognition of mining right is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment held for use in the production and supply of goods and services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the term of the leases
Furniture and fixtures	20%–33%
Motor vehicles and yacht	20%
Plant and machinery	5%–33%

The estimated useful lives, residual values and depreciation 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Trading right

Trading right represents the right of trading on the Stock Exchange. Trading right is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation for trading right is provided to write off the relevant cost on a straight-line basis over the estimated useful lives.

Any gain or loss arising from derecognition of trading right is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of the inventories are determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling price in the ordinary course of business less all the estimated cost of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. 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. The accounting policies adopted in respect of each category of financial assets are set out below.

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 the exactly discounts estimated future cash receipts (including all fees 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gains and losses. Fair value is determined in manner described in Note 5(b) to the consolidated financial statements.

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, earnest money, bank balances held under segregated trust accounts and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale 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 available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale 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 instruments, they are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 available-for-sale 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade 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, 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 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 a trade receivable 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 available-for-sale 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 available-for-sale 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 available-for-sale financial assets reserve. In respect of available-for-sale 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.

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are initially classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. 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.

Equity instruments

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

Other financial liabilities

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

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 assets 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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of the 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 profit or loss.

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

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted to the employees at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees *(Continued)*

At the time when the share options are exercised, the amount previously recognised in share option 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 option reserve will be transferred to accumulated losses.

Share options granted to other participants

For share options granted to parties other than employees in exchange for services, they are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses with a corresponding increase in equity (share options reserve), and when the counterparties render services, unless the services qualify for recognition as assets.

Impairment

At the end of the 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 losses, 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.

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 as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 losses 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

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

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

Net income from sale of investments held for trading are recognised on the transaction date for realised profit or loss whilst the unrealised profits or losses are recognised from valuation at the end of the reporting period.

Commission and brokerage income are recognised on an accrual basis when the relevant services are provided in accordance with the terms of the underlying agreements.

Interest income from financial assets 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 time 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.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

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 or deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed 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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. 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.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Retirement benefits costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) Income taxes and deferred taxation

The Group is subject to income taxes in the People's Republic of China ("PRC") and Hong Kong. Significant judgement is required in determining the provision for income taxes in these jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the management of the Company determines it is likely that future taxable profits will be available against the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

(b) Impairment of assets, including interest of subsidiaries

The carrying amounts of assets 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. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to exercise judgment in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale financial assets	**218,224**	233,475
Financial assets at FVTPL		
— held for trading	**1,496,563**	676,692
Loans and receivables		
— amount due from an associate	**35,702**	–
— trade and other receivables	**23,303**	52,277
— short-term loans receivable	**5,000**	–
— earnest money	**–**	300,000
— bank balances held under segregated trust accounts	**101,445**	32,625
— bank balances and cash	**74,781**	30,357
	1,955,018	1,325,426
Financial liabilities		
Amortised cost		
— trade and other payables	**128,049**	54,742

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale financial assets, financial assets at FVTPL, trade and other receivables, bank balances held under segregated trust accounts, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. The carrying amounts of trade and other receivables, bank balances held under segregated trust accounts, bank balances and cash represent the Group's maximum exposure to credit risk in relation to financial assets. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses, if any.

The Group expects that there is no significant credit risk associated with cash at banks since all the Group's bank balances and cash are deposited with major and creditworthy banks located in Hong Kong and the PRC.

The directors consider that the Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

The Group is exposed to credit risk attributable to trade receivables arising from securities brokerage business. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. In respect of trade receivables from customers, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

In order to minimise the credit risk, the directors have delegated a team responsible for determination of monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors review the recoverability of each trade receivables 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.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables from customers are set out in Note 23.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the holding of monetary assets and liabilities and entering into transactions denominated in foreign currencies which will affect the Group's financial position and performance as a result of a change in foreign currency exchanges rates. At the end of the financial year, certain available-for-sale financial assets, trade and other receivables, bank balances and cash and trade and other payables are denominated in or linked to foreign currencies, details of which are set out in respective notes, expose the Group 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:

	2015 ***HK$'000***	2014 *HK$'000*
Assets		
Renminbi ("RMB")	**50**	8,177
United States Dollars ("USD")	**54**	54
Australian Dollars ("AUD")	**3,249**	18,475
Liabilities		
RMB	**–**	508

As HK$ is linked to USD, the Group does not have material exchange rate risk on such currency. Thus, the Group is mainly exposed to the currency risk of RMB and AUD.

The following table demonstrates the sensitivity analysis of the carrying amounts of significant outstanding monetary assets and monetary liabilities denominated in RMB and AUD at the end of reporting period if there was a 5% change in the exchange rate of the HK$ against RMB and AUD, with all other variables held constant, of the Group's post-tax profit. 5% sensitivity rate used represents management's assessment of the reasonably possible changes in foreign exchange rates.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Foreign currency risk (Continued)

	2015		2014	
	(Decrease)/ increase in exchange rate	**Increase/ (decrease) in post-tax profit**	(Decrease)/ increase in exchange rate	Increase/ (decrease) in post-tax profit
	%	***HK$'000***	%	*HK$'000*
If HK$ weakens against RMB	**(5)**	**2**	(5)	320
If HK$ strengthens against RMB	**5**	**(2)**	5	(320)

	2015		2014	
	(Decrease)/ increase in exchange rate	**Increase/ (decrease) in other comprehensive income**	(Decrease)/ increase in exchange rate	Increase/ (decrease) in other comprehensive income
	%	***HK$'000***	%	*HK$'000*
If HK$ weakens against AUD	**(5)**	**161**	(5)	924
If HK$ strengthens against AUD	**5**	**(161)**	5	(924)

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Price risk

The Group is exposed to equity security price risk through its available-for-sale financial assets and financial assets at FVTPL. Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis for held for trading investments:

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

	2015		2014	
	Increase/ (decrease) in equity prices	**Increase/ (decrease) in post-tax profit**	Increase/ (decrease) in equity prices	Increase)/ (decrease) in post-tax profit
	%	***HK$'000***	%	*HK$'000*
Financial assets at FVTPL				
Changes on equity prices	**5**	**62,482**	5	28,252
Changes on equity prices	**(5)**	**(62,482)**	(5)	(28,252)

	2015		2014	
	Increase/ (decrease) in equity prices	**Increase/ (decrease) in other comprehensive income**	Increase/ (decrease) in equity prices	Increase/ (decrease) in other comprehensive income
	%	***HK$'000***	%	*HK$'000*
Available-for-sale financial assets				
Changes on equity prices	**5**	**161**	5	924
Changes on equity prices	**(5)**	**(161)**	(5)	(924)

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Interest rate risk

The Group has limited exposure to interest rate risk because the Group has no significant interest bearing financial assets and liabilities as at 31 December 2014 and 2015, other than the interest bearing bank balances held under segregated trust accounts and bank balances and cash. The future variations in interest rates will not have a significant impact on the results of the Group, as the Group's variable rates bank balances are all short-term in nature and at the prevailing market interest rates. The Group currently does not have an interest rate hedging policy. However, the directors of the Company monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise. The directors of the Company considered the Group's exposure to interest rate risk is not material. Hence, no interest rate risks sensitively analysis is presented.

There is no bank and other borrowings during the years ended 31 December 2014 and 2015. The future increase in interest rates will have an impact in the interest expenses if the Group makes a bank and other borrowing in the future, but the directors of the Company will consider implementing a hedging policy to manage the interest rate risk according to the market situation.

Liquidity risk

Liquidity risk management is mainly to maintain sufficient bank balances and cash and the availability of fundings through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed banking facilities and other external financing available.

The Group's primary cash requirements have been for capital investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and from fund raising through placement of new shares.

All of the Group's liabilities are carried at amounts not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

Fair value measurement

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

Other than certain available-for-sale financial assets and financial assets at FVTPL, the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Available-for-sale financial assets and financial assets at FVTPL in respect of listed equity securities are determined by reference to the quoted bid prices in active markets.

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

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Fair value measurement *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair values as at 31 December 2015 HK$'000	2014 HK$'000	Fair value hierarchy	Valuation techniques and key inputs
Available-for-sale financial assets — Listed equity securities	**3,224**	18,475	Level 1	Quoted bid prices in active markets
Financial assets at FVTPL — Listed equity securities	**1,496,563**	676,692	Level 1	Quoted bid prices in active markets

There were no transfers amongst Level 1, 2 and 3 during both years.

(c) 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during both years.

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debts or the redemption of existing debts.

6. TURNOVER

An analysis of the Group's turnover for the year from continuing operations is as follows:

	2015 ***HK$'000***	2014 *HK$'000* (restated)
Net results from securities trading*	**146,592**	(46,937)
Commission and brokerage income	**32,451**	5,642
Interest income from provision of finance	**610**	–
	179,653	(41,295)

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK$559,557,000 (2014: approximately HK$91,836,000) less cost of sales and carrying value of the investments sold of approximately HK$412,965,000 (2014: approximately HK$138,773,000).

7. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

Business segment information

The Group's reportable and operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), are as follows:

- trading of goods;
- provision of finance; and
- brokerage and securities investment.

The mining operation was discontinued in the current year. The segment information does not include any amounts for the discontinued operation, which are described in more detail in Note 13.

For the purposes of resource allocation and assessment of segment performance, CODM monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

- Segment revenue represents revenue generated from external customers; net gain on investments held for trading activities are also included in segment revenue;
- Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, central administration costs, directors' salaries, finance costs and income tax credit or expense;
- Segment assets include all tangible and intangible assets and current assets and available-for-sale investments; and
- Segment liabilities include all trade and other payables other than current and deferred tax liabilities.

7. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION *(Continued)*

Business segment information *(Continued)*

For the year ended 31 December 2015

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Elimination/ unallocated HK$'000	Total HK$'000
Segment revenue and results					
REVENUE					
External sales	–	610	179,043	–	179,653
Inter-segment sales*	–	–	446	(446)	–
Segment revenue	–	610	179,489	(446)	179,653
RESULTS					
Segment results for continuing operations	–	(1,011)	576,409	–	575,398
Unallocated income					1,283
Unallocated expenses					(56,699)
Share of results of associates					25,671
Finance costs					(186)
Profit before tax (continuing operations)					545,467
Segment assets and liabilities					
ASSETS					
Segment assets	–	10,776	1,654,919	–	1,665,695
Asset relating to mining operation (discontinued)					–
Unallocated assets					701,665
Total consolidated assets					2,367,360
LIABILITIES					
Segment liabilities	–	20	132,272	–	132,292
Liabilities relating to mining operation (discontinued)					–
Unallocated liabilities					6,423
Total consolidated liabilities					138,715
Other information:					
Capital additions	–	–	827	–	827
Depreciation of property, plant and equipment	–	–	1,146	3,441	4,587
Net unrealised gain on financial assets at fair value through profit or loss	–	–	409,045	–	409,045
Income tax expenses	–	–	2,406	–	2,406

* Inter-segment sales were charged at terms determined and agreed between the group companies.

7. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION *(Continued)*

Business segment information *(Continued)*

For the year ended 31 December 2014

	Trading of goods HK$'000	Provision of finance HK$'000	Brokerage and securities investment HK$'000	Elimination/ unallocated HK$'000	Total HK$'000
Segment revenue and results					
REVENUE					
External sales	–	–	(41,295)	–	(41,295)
Inter-segment sales*	–	–	148	(148)	–
Segment revenue	–	–	(41,147)	(148)	(41,295)
RESULTS					
Segment results for continuing operations	(7)	(2,467)	331,031	–	328,557
Unallocated income					401
Unallocated expenses					(52,920)
Finance costs					(1,641)
Profit before tax (continuing operations)					274,397
Segment assets and liabilities					
ASSETS					
Segment assets	–	168	765,430	–	765,598
Assets relating to mining operation (discontinued)					150,106
Unallocated assets					572,892
Total consolidated assets					1,488,596
LIABILITIES					
Segment liabilities	–	30	57,556	–	57,586
Liabilities relating to mining operation (discontinued)					839
Unallocated liabilities					39,577
Total consolidated liabilities					98,002
Other information:					
Capital additions	–	–	3,834	–	3,834
Depreciation of property, plant and equipment	–	–	776	2,961	3,737
Net unrealised gain on financial assets at fair value through profit or loss	–	–	354,954	–	354,954
Gain on disposals of property, plant and equipment	–	–	–	400	400
Income tax expenses	–	–	–	–	–

* Inter-segment sales were charged at terms determined and agreed between the group companies.

7. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION *(Continued)*

Geographical segment information

The Group's three reportable and operating segments operate in two principal geographical areas — the PRC (excluding Hong Kong) and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical markets, irrespective of the origin of the goods:

	2015 **HK$'000**	2014 *HK$'000* (restated)
PRC	**–**	–
Hong Kong	**179,653**	(41,295)
	179,653	(41,295)

The following table provides an analysis of the Group's non-current assets (excluding financial assets) based on the geographical markets as follows:

	2015 **HK$'000**	2014 *HK$'000*
PRC	**395,671**	141,737
Hong Kong	**16,671**	20,207
	412,342	161,944

Information about major customers

No single customers contributed 10% or more to the Group's revenue for the year ended 31 December 2015.

For the year ended 31 December 2014, the following customers contributed over 10% of total revenue of the Group:

	Reportable and operating segments	***HK$'000***
Customer A	Brokerage and securities investment	776
Customer B	Brokerage and securities investment	762

8. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Other income comprises:		
Interest income on:		
— Banks	**22**	9
— Other loan and receivables	**2,932**	1,754
Total interest income	**2,954**	1,763
Gain on disposals of property, plant and equipment	**–**	400
Dividend income from securities	**–**	22,505
Foreign exchange gain, net	**–**	1
Sundry income	**928**	1,162
Recovery of bad debts	**125**	–
	4,007	25,831

9. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on other borrowings wholly repayable within five years	**186**	1,641

10. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 HK$'000	2014 HK$'000 (restated)
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs including directors' remuneration		
— Salaries, allowances and other benefits	**22,863**	18,799
— Retirement benefits schemes contributions	**600**	485
	23,463	19,284
Auditors' remuneration		
Audit services	**1,300**	1,200
Non-audit services	**500**	566
	1,800	1,766
Depreciation of property, plant and equipment	**4,587**	3,737
Operating lease rentals in respect of land and buildings	**9,959**	9,193
Foreign exchange loss, net	**9**	–

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

		Fee		Salaries and other benefits		Retirement benefits schemes contributions		Discretionary bonus		Total	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors											
Li Dong	i	601	–	–	–	–	–	–	–	601	–
Ng Shin Kwan, Christine		–	–	910	905	18	17	–	–	928	922
Lee Jalen		–	–	780	780	–	–	–	–	780	780
Chan Ah Fei		652	626	–	–	–	–	–	–	652	626
Lee Yuk Fat		360	360	216	216	–	–	–	–	576	576
Liang Shan	ii	650	600	–	–	–	–	–	–	650	600
Zhang Guoqing	iii	361	600	–	–	–	–	–	–	361	600
Chen Shuda	iv	–	–	–	–	–	–	–	–	–	–
Independent non-executive directors											
Wong Yun Kuen		120	120	–	–	–	–	–	–	120	120
Wong Shun Loy		144	144	–	–	–	–	–	–	144	144
Hu Chao		120	120	–	–	–	–	–	–	120	120
		3,008	2,570	1,906	1,901	18	17	–	–	4,932	4,488

Notes:

(i) Mr. Li Dong was appointed on 15 July 2015.

(ii) Mr. Liang Shan was appointed on 1 January 2014.

(iii) Mr. Zhang Guoqing resigned on 15 July 2015.

(iv) Mr. Chen Shuda resigned on 1 January 2014.

The performance related incentive payments are determined with reference to the operating results, individual performance and comparable market statistics.

None of the directors waived or agreed to waive any emoluments during the year ended 31 December 2015 (2014: nil). During the year ended 31 December 2015, no emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors of the Company whose emoluments are included in the disclosures set out in Note 11(a) above. The emoluments of the remaining highest paid individuals were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**3,549**	3,610
Retirement benefit schemes contributions	**37**	49
	3,586	3,659

Their emoluments were within the following bands:

	2015	2014
	No. of employees	*No. of employees*
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	3	3

(c) During the year ended 31 December 2015, no emoluments were paid by the Group to any of the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

12. INCOME TAX EXPENSES (RELATING TO CONTINUING OPERATIONS)

	2015	2014
	HK$'000	*HK$'000*
Income tax expenses comprise:		
Current tax		
— Hong Kong Profits Tax	**2,406**	–
— PRC Enterprise Income Tax	**–**	–
	2,406	–
Deferred Tax — current year	**–**	–
	2,406	–

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year ended 31 December 2015.

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.

Income tax expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Profit before tax (from continuing operations)	**545,467**	274,397
Tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	**90,002**	45,275
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3)**	(19)
Tax effect of share of results of associates	**(4,236)**	–
Tax effect of expenses not deductible for tax purpose	**40,591**	2,044
Tax effect of income not taxable for tax purpose	**(107,620)**	(62,282)
Tax effect of temporary differences not recognised	**293**	(109)
Utilisation of tax losses previously not recognised	**(16,788)**	–
Tax effect of tax losses not recognised	**167**	15,091
	2,406	–

Details of deferred taxation are set out in Note 31.

13. DISCONTINUED OPERATIONS

Reference is made to the announcement of the Company dated 9 December 2015.

On 9 December 2015, Excel Faith Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Merit Success Global Limited (the "Purchaser"), an independent third party, for the sale by the Vendor to the Purchaser of the entire issued share capital of Union Bless Limited (the "Disposed Company") and the loan due and owing by the Disposed Company and its subsidiaries (the "Disposed Group") as at the date of completion of the sale and purchase agreement (the "Disposal") for a cash consideration of HK$20,000,000.

The principal asset of the Disposed Group is the mining right in respect of a magnetite iron ore mine located in Guangdong Province, the PRC (the "Mine").

Upon completion of the Disposal on 23 December 2015, Union Bless Limited has ceased to be accounted for as a subsidiary of the Company.

Details of the assets and liabilities disposed of, and the calculation of the loss on disposal, are disclosed in Note 33.

Analysis of loss for the year from discontinued operations

The results of the discontinued operations included in the profit for the year are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include the mining operation classified as discontinued in the current year.

(a) Loss for the year from discontinued operations

	2015 **HK$'000**	2014 HK$'000
Revenue	**–**	3
Administrative expenses	**(35,639)**	(123,289)
Loss before tax	**(35,639)**	(123,286)
Attributable income tax credit (Note 31)	**8,000**	29,750
	(27,639)	(93,536)
Loss on disposal of operation (including HK$1,181,000 reclassification of foreign currency translation reserve from equity to profit or loss on disposal of the operation (Note 33))	**(69,238)**	–
Loss for the year from discontinued operations (attributable to owners of the Company)	**(96,877)**	(93,536)
Loss for the year from discontinued operations include the following:		
Depreciation and amortisation	**328**	536
Impairment loss on mining right	**32,000**	119,000
Staff costs including directors' remuneration		
— Salaries, allowances and other benefits	**1,869**	1,031
— Retirements benefits scheme contributions	**130**	88
Operating lease rentals in respect of land and buildings	**369**	444

13. DISCONTINUED OPERATIONS *(Continued)*

Analysis of loss for the year from discontinued operations *(Continued)*

(b) Cash flows from discontinued operations

	2015 HK$'000	2014 HK$'000
Net cash inflows/(outflows) from operating activities	**52**	(3,196)
Net cash flows from investing activities	**–**	–
Net cash flows from financing activities	**–**	–
Net cash inflows/(outflows)	**52**	(3,196)

14. EARNINGS PER SHARE

(a) For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company for the years ended 31 December 2015 and 2014 is based on the following data:

	2015 HK$'000	2014 HK$'000
Profit for the year		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**446,179**	180,856

	2015 '000	2014 '000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**646,028**	123,741

Diluted earnings per share for the years ended 31 December 2015 and 2014 have been presented as equal to the basic earnings per share because the exercise prices of the Company's share options were higher than the average market price for the years and is therefore considered as anti-dilutive.

The effects of the share consolidation on 6 February 2015 and the rights issue on 16 March 2015 have been included in the calculation of the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended 31 December 2015 and 2014.

14. EARNINGS PER SHARE *(Continued)*

(b) For continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company for the years ended 31 December 2015 and 2014 is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**446,179**	180,856
Add: Loss for the year from discontinued operations attributable to the owners of the Company	**96,877**	93,536
Profit for the purpose of basic and diluted earnings per share from continuing operations	**543,056**	274,392

The denominators used for both basic and diluted earnings per share from continuing operations for the years ended 31 December 2015 and 2014 are the same as that detailed above in (a).

(c) For discontinued operations

Basic and diluted loss per share for the discontinued operations is HK$0.15 per share (2014: HK$0.76 per share), based on the loss for the year from discontinued operations of approximately HK$96,877,000 (2014: approximately HK$93,536,000). The denominators used for both basic and diluted loss per share from discontinued operations for the years ended 31 December 2015 and 2014 are the same as that detailed above in (a).

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles and yacht *HK$'000*	Plant and machinery *HK$'000*	Total *HK$'000*
COST					
At 1 January 2014	7,419	4,380	30,824	465	43,088
Additions	1,448	1,682	707	–	3,837
Disposals	–	–	(2,900)	–	(2,900)
Exchange adjustments	(52)	(21)	(62)	(12)	(147)
At 31 December 2014 and 1 January 2015	8,815	6,041	28,569	453	43,878
Additions	103	724	–	–	827
Disposals	–	(6)	–	–	(6)
Derecognised on disposal of subsidiaries	(1,973)	(800)	(2,309)	(433)	(5,515)
Exchange adjustments	(92)	(38)	(108)	(20)	(258)
At 31 December 2015	6,853	5,921	26,152	–	38,926
DEPRECIATION AND IMPAIRMENT					
At 1 January 2014	6,352	3,876	12,293	339	22,860
Provided for the year	434	491	3,279	69	4,273
Eliminated on disposals	–	–	(2,900)	–	(2,900)
Exchange adjustments	(26)	(18)	(18)	(7)	(69)
At 31 December 2014 and 1 January 2015	6,760	4,349	12,654	401	24,164
Provided for the year	489	631	3,742	53	4,915
Eliminated on disposals of subsidiaries	(1,272)	(909)	(1,596)	(437)	(4,214)
Exchange adjustments	(46)	(38)	(49)	(17)	(150)
At 31 December 2015	5,931	4,033	14,751	–	24,715
CARRYING VALUES					
At 31 December 2015	922	1,888	11,401	–	14,211
At 31 December 2014	2,055	1,692	15,915	52	19,714

16. INTERESTS IN ASSOCIATES

(a) Details of the Group's interests in associates are as follows:

	As at 31 December 2015 HK$'000
Cost of investments in associates:	
— unlisted	333,919
Amounts due from associates	36,081
	370,000
Share of results of associates	
— Post-acquisition profits and other comprehensive income, net of dividends received	11,761
— Bargain purchase	13,910
	25,671
	395,671

(b) Details of each of the Group's associates at 31 December 2015 are as follow:

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Place of operation	Proportion of equity interest held by the Group Directly %	Indirectly %	Principal activities
China Sky Holdings Limited ("China Sky") *(Note i)*	The British Virgin Islands ("BVI")	US$100,000	Hong Kong	40	–	Investment holding
Kim Dynasty Realty & Development Co. Ltd. ("Jintang")) *(Note i)*	PRC	US$3,500,000	PRC	–	40	Development, construction and building management of the Development Project
Success Quest Limited ("Success Quest")) *(Note ii)*	BVI	US$100	Hong Kong	50	–	Investments holding

16. INTERESTS IN ASSOCIATES *(Continued)*

(b) Details of each of the Group's associates at 31 December 2015 are as follow: *(Continued)*

Notes:

(i) China Sky and its subsidiary — Jintang

On 24 June 2014, the Group entered into the conditional sale and purchase agreement (as amended and supplemented by the supplementary agreement date 18 August 2014) to acquire 40% of the total issued share capital of China Sky, a company incorporated in BVI with limited liability at the consideration of HK$370,000,000. As the ultimate beneficial owner of the vendor is Mr. Liang Shan, an executive director of the Company, the acquisition constituted a related party transaction of the Group. Jintang, a wholly-owned subsidiary of China Sky, is principally engaged in the business of development, construction and building management of the development project comprising the residential and commercial complex known as "Jintang New City Plaza*" (金唐新城市廣場) (the "Development Project") in Chongqing, the PRC. Further details of the transaction were set out in the circular of the Company dated 24 December 2014.

On 16 March 2015, since all conditions precedent to the abovementioned acquisition were fulfilled, the acquisition of the 40% of total issued capital of China Sky was completed on that date.

The fair value of adjusted net assets of the China Sky together with Jintang (the "China Sky Group") acquired at the date of acquisition is calculated as follows:

	HK$'000
Net assets of China Sky Group as at acquisition date	30,264
Proportion of the Group's ownership interests in China Sky Group of 40%	12,105
Effect of fair value and deferred tax adjustments at the acquisition for associates' properties for sale under development	335,724
Assigned loan *(Note)*	36,081
	383,910
Consideration	(370,000)
Bargain purchase	13,910

Note: In consideration of the HK$370,000,000 paid by the Group for the acquisition of 40% of total issued share capital of China Sky, a deed of assignment dated 16 March 2015 was entered into between the Group and the vendor. Pursuant to the deed of assignment, 40% of the total shareholders' loan of China Sky Group indebted to the vendor as at that date (i.e. approximately HK$36,081,000) was assigned to the Group.

* *For identification purpose only*

16. INTERESTS IN ASSOCIATES *(Continued)*

(b) Details of each of the Group's associates at 31 December 2015 are as follow: *(Continued)*

Notes: (Continued)

(ii) Success Quest

On 7 July 2015, the Group entered into a sale and purchase agreement to acquire 50% of the total equity interest of Success Quest and 50% shareholders loan (in the principal amount of HK$33,776,268 and disclosed in Note 17) in Success Quest from Wealth Success Limited ("Wealth Success") for a total consideration of HK$33,772,875.80.

In July 2015 after the acquisition, Success Quest subscribed 11,464,366 ordinary units in the Anton Capital Investment Vehicle ("Anton Capital") with the subscription amount of AUD11,464,366 (equivalent to approximately HK$67,546,000), which represent approximately 91.7% interest of Anton Capital, the trustee of which is Anton Advisory Pty Ltd ("AAPL") who holds the remaining 8.3% of the units in Anton Capital. AAPL as trustee for Anton Capital holds 25% units on issue in George Street Property Trust which holds 100% interest in properties located at Sydney, Australia. The remaining 75% units was held by Austreo Property Ventures Pty Ltd. ("Austreo PV"). The Acquisition was then and still is a passive investment in an Australian property fund by the Group. The shares and shareholders loan to Success Quest is currently owned as to 35% by Wealth Success, 50% by the Group and 15% by Perfect Oasis Limited ("Perfect Oasis"). At the time of the acquisition, Wealth Success was an independent third party. AAPL and Austreo PV and Perfect Oasis are independent third parties.

Given the Group does not control the majority composition of the board of Success Quest, the Group has no control over Success Quest. However, the directors of the Company consider that the Group does have significant influence over Success Quest and Success Quest is therefore classified as an associate of the Group.

According to the terms stipulated in the trust deed of Anton Capital, Success Quest does not have control over the financial and operating policies of Anton Capital.

As at 31 December 2015, the principal business activity of Success Quest is investment in Anton Capital, and the 11,464,366 ordinary units of Anton Capital held by Success Quest represent approximately 91.7% interest of Anton Capital.

16. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of associates

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in the Group's consolidated financial statements.

(i) China Sky Group

	As at 31 December 2015 *HK$'000*
Current assets	**2,032,673**
Non-current assets	**7,312**
Current liabilities	**(1,210,090)**
Non-current liabilities	**(770,229)**
Net assets	**59,666**

	16 March 2015 (date of acquisition) to 31 December 2015 *HK$'000*
Revenue	**383,040**
Profit for the period	**33,056**
Other comprehensive expenses for the period	**(3,655)**
Total comprehensive income for the period	**29,401**
Proportion of the Group's ownership interests in China Sky Group	**40%**
Share of profits and other comprehensive expenses of China Sky Group	**11,761**
Dividends received from China Sky Group during the period	**–**

16. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of associates *(Continued)*

(i) China Sky Group *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in China Sky Group recognised in the consolidated financial statements:

	As at 31 December 2015 HK$'000
Net assets of China Sky Group	59,666
Proportion of the Group's ownership interests in China Sky Group	40%
	23,866
Effect of fair value adjustments at acquisition	335,724
Amounts due from China Sky Group *(Note)*	36,081
Carrying amount of the Group's interests in China Sky Group	395,671

Note: Amounts due from China Sky Group are unsecured, non-interest bearing and repayable upon demand. The Group has no intention to exercise its right to demand repayment of these loans within the twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investment in associates as working capital of China Sky Group. Accordingly, the amount is classified as non-current asset and included in the Group's interests in associates for the purpose of presentation in the consolidated statement of financial position.

(ii) Success Quest

	As at 31 December 2015 HK$'000
Current assets	–
Non-current assets	67,546
Current liabilities	–
Non-current liabilities	(71,431)
Net liabilities	(3,885)

16. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of associates *(Continued)*

(ii) Success Quest *(Continued)*

	7 July 2015 (date of acquisition) to 31 December 2015 *HK$'000*
Revenue	–
Loss for the period	**(3,879)**
Proportion of the Group's ownership interests in Success Quest	**50%**
Share of loss of Success Quest	–
Dividends received from Success Quest during the period	–

The Group has not recognised share of loss of Success Quest for the period from 7 July 2015 (date of acquisition) to 31 December 2015 amounting to approximately HK$1,939,000, as the Group has discontinued including its share of results of Success Quest once the cumulative share of losses of Success Quest is equal to the investment cost in Success Quest. The Group will not resume including its share of any future profits of Success Quest until its share of such profits equals the share of losses not recognised.

17. AMOUNT DUE FROM AN ASSOCIATE

On 6 July 2015, Wealth Success, the then sole shareholder of Success Quest, provided a shareholder's loan to Success Quest in an aggregate amount of HK$67,552,536 ("Shareholder Loan").

Pursuant to the sale and purchase agreement dated 7 July 2015 entered into between Wealth Success and Star Bravo Development Limited ("Star Bravo"), a wholly-owned subsidiary of the Company, Wealth Success had sold and transferred 50% of the then issued share capital of Success Quest to Star Bravo and had sold and assigned an aggregate amount of HK$33,776,268, equivalent to 50% of the Shareholder Loan, on the same terms to Star Bravo. The term of the Shareholder Loan is repayable in full in July 2020 and bearing a simple interest rate of 7.7% per annum.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	2015 HK$'000	2014 HK$'000
Equity securities			
— Listed securities	(i)	**3,224**	18,475
— Unlisted securities	(ii)	**215,000**	215,000
		218,224	233,475

Available-for-sale financial assets represent the Group's investment in listed and unlisted securities.

Notes:

(i) Listed securities

The listed securities of the Group at the end of the reporting period represent the Group's listed investment in Aurelia Metals Limited of which shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the relevant stock exchange at the end of the reporting period.

(ii) Unlisted securities

As at 31 December 2014, the Company was interested in 36,500,000 shares in HEC Capital Limited ("HEC") (representing about 3.97% of the then total issued share capital of HEC) amounting to HK$215,000,000. HEC was a private entity incorporated in the Cayman Islands. HEC and its subsidiaries are principally engaged in investment holding, property investment, commodities dealer, money lending, nominees, securities brokerage and financial services, corporate finance advising services, asset management investment advising and fund management. In September 2015, the Group entered into an agreement with 10 independent third parties which also held shares of HEC, to establish a company, Joint Global Limited ("Joint Global"), a limited company incorporated in Republic of the Marshall Islands, to hold shares of HEC for investment holding purpose. Pursuant to the agreement, all parties agreed to contribute all of their HEC shares in exchange for the same respective ordinary shares of Joint Global.

Upon completion of the above arrangement on 2 October 2015, there was no change in the beneficial interest in HEC for all the parties and the Group held 36,500,000 shares of Joint Global (representing approximately 12.98% of the total issued share capital of Joint Global as at 2 October 2015). The profit of Joint Global shall be shared by way of dividends between the parties in proportion to their respective shareholding ratio in Joint Global.

This investment is measured at cost less impairment, if any at the end of the reporting period.

As a result of the impairment assessment, the directors of the Company consider that no objective evidence of impairment was identified at 31 December 2015, and no impairment was recognised for the year ended 31 December 2015 accordingly (2014: nil).

19. OTHER ASSETS

The amount represents the statutory deposits paid to The Stock Exchange and Securities and Futures Commission in relation to the Group's licensed activities in the Hong Kong securities market.

20. TRADING RIGHT

	HK$'000
COST	
Balance at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	778
AMORTISATION AND IMPAIRMENT	
Balance at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	778
CARRYING VALUES	
At 31 December 2015	–
At 31 December 2014	–

Trading right is amortised on a straight-line basis over the useful life of four years and the amount was fully amortised in prior years.

21. MINING RIGHT

	2015 HK$'000	2014 HK$'000
COST		
At beginning of the year	**630,000**	630,000
Disposal	**(630,000)**	–
At end of the year	**–**	630,000
AMORTISATION AND IMPAIRMENT		
At beginning of the year	**490,000**	371,000
Impairment loss recognised for the year	**32,000**	119,000
Eliminated on disposal	**(522,000)**	–
At end of the year	**–**	490,000
CARRYING VALUES		
At end of the year	**–**	140,000

The amount as at 31 December 2014 represents the mining right licence of the Mine, expiring on 24 December 2015. As disclosed in Note 13, the mining right in respect of the Mine was disposed of along with the Disposed Group in December 2015.

21. MINING RIGHT *(Continued)*

Impairment loss on mining right of approximately HK$32,000,000 was recognised during the year ended 31 December 2015. A valuation for the fair value of the mining right licence as at 30 June 2015 was carried out by BMI Appraisals Limited, an independent qualified professional valuer under the assumptions that the order for the suspension of all mining operations in the Lian Nan County from the relevant governmental authorities of the PRC will be uplifted by the end of 2016 and the Group can renew the mining right licence indefinitely till all proven reserves have been mined. In the view of the decrease in the market price of iron ore products, there was a decrease in the fair value of the Mine during the year ended 31 December 2015.

The fair value of the mining right at 30 June 2015 has been determined by using value-in-use calculation. The value-in-use calculation is based on a pre-tax discount rate of 22.27% and cash flow projections prepared from financial forecasts approved by the directors of the Company. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the mining unit's expected and forecasted performance and management's expectations for the market development.

Based on the above basis and assumptions, an impairment loss of approximately HK$32,000,000 has been recognised for the year ended 31 December 2015 in respect of the mining right to the extent that the carrying amount exceeded its recoverable amount based on the best estimate by the directors of the Company.

The movements in impairment losses in respect of the mining right are set out as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Balance at beginning of the year	**478,019**	359,019
Impairment loss recognised during the year	**32,000**	119,000
Eliminated on disposal	**(510,019)**	–
Balance at end of the year	**–**	478,019

22. INVENTORIES

	2015 ***HK$'000***	2014 *HK$'000*
Raw materials	**–**	794
Finished goods	**–**	130
	–	924

Inventories as at 31 December 2014 represent the raw materials and finished goods from the Group's mining business. All the inventories had been disposed of along with Disposed Group.

23. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**18,021**	35,581
Less: Impairment	**(1,492)**	(1,617)
	16,529	33,964
Other receivables and prepayments	**7,130**	18,669
Less: Impairment	**(356)**	(356)
	6,774	18,313
	23,303	52,277

Trade receivables analysed as:

	2015 HK$'000	2014 HK$'000
Trade receivables arising from securities brokerage business:		
— Margin account clients	**12,443**	34,182
— Cash account clients	**5,281**	852
— Others	**297**	297
	18,021	35,331
Trade receivables arising from mining business	**–**	250
	18,021	35,581

For trade receivables arising from securities brokerage business, the settlement term is two days after the trade date. Interests are charged on overdue cash account clients and margin account clients at Hong Kong prime rate plus 7% (2014: prime rate plus 7%) per annum and at prime rate plus 4% (2014: prime rate plus 4%) per annum, respectively.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

An aging analysis of the trade receivables at the end of the reporting periods are as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**11,460**	28,300
61 to 90 days	**69**	259
Over 90 days	**6,492**	7,022
	18,021	35,581

Aging of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Overdue by:		
1 to 60 days	**4,497**	19,201
61 to 90 days	**69**	259
Over 90 days	**5,000**	7,022
	9,566	26,482

The overdue trade receivables are mainly arising from margin clients. The Group did not provide any allowance on the past due receivables from margin clients as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. Margin loans due from margin clients are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. As 31 December 2015, the total market value of securities pledged as collateral by the customers, with which the Group is permitted to repledge, in respect of the loans to margin clients was approximately HK$2,282,065,000 (2014: approximately HK$516,484,000).

24. SHORT-TERM LOANS RECEIVABLE

The HK$5,000,000 short-term loans receivable from an independent borrower as at 31 December 2015 are secured by a personal guarantee. It carries interest at 16% per annum and is repayable in July 2016.

25. EARNEST MONEY

	2015 *HK$'000*	2014 *HK$'000*
Earnest money paid	–	300,000

In February 2013, the Group entered into a sale and purchase agreement in relation to the proposed acquisition of a group of companies which is principally engaged in, among others, iron mining business in the PRC (the "Proposed Acquisition"). Earnest money of HK$300,000,000 was paid by the Group to the vendor in relation to the Proposed Acquisition, and it is subject to full refund without interest upon the termination of the Proposed Acquisition.

The Proposed Acquisition was lapsed on 30 June 2015 and the HK$300,000,000 earnest money was fully refunded to the Group in July 2015.

Details of the transactions are set out in the announcements of the Company dated 14 February 2013, 25 February 2013, 26 June 2013, 6 December 2013, 12 December 2013, 28 February 2014, 31 March 2014, 30 May 2014, 31 October 2014, 1 June 2015 and 30 June 2015.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 *HK$'000*	2014 *HK$'000*
Financial assets at FVTPL — Listed securities in Stock Exchange	**1,496,563**	676,692

27. BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS AND BANK BALANCES AND CASH

	2015 *HK$'000*	2014 *HK$'000*
Bank balances held under segregated trust accounts	**101,445**	32,625
Cash and cash equivalents — Bank balances and cash	**74,781**	30,357
	176,226	62,982

27. BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS AND BANK BALANCES AND CASH *(Continued)*

Bank balances as at 31 December 2015 carry interest at floating rates based on daily bank deposit rate ranging from 0.001% to 0.02% (2014: 0.001% to 0.02%).

As the Group is engaged in the business of securities dealing and brokerage, it receives and holds money deposits by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts which was recorded as "bank balances held under segregated trust accounts" under current assets in the consolidated statement of financial position. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

28. TRADE AND OTHER PAYABLES

	2015 ***HK$'000***	2014 *HK$'000*
Trade payables	**107,663**	39,094
Other payables and accruals	**20,336**	5,497
Securities accounts	**50**	10,151
Trade and other payables	**128,049**	54,742

Trade payables analysed as:

	2015 ***HK$'000***	2014 *HK$'000*
Trade payables arising from securities brokerage business:		
— Cash account clients	**43,783**	20,718
— Margin account clients	**63,880**	17,971
	107,663	38,689
Trade payables arising from mining business	**–**	405
	107,663	39,094

28. TRADE AND OTHER PAYABLES *(Continued)*

An aging analysis of the trade payables at the end of the reporting period are as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**82,275**	19,706
61 to 90 days	**4,460**	10,193
Over 90 days	**20,928**	9,195
	107,663	39,094

The settlement term of trade payables arising from securities brokerage business is two days after the trade date while for amounts due to cash and margin account clients are repayable on demand.

Included in trade payables arising from securities brokerage business of approximately HK$101,445,000 (2014: approximately HK$32,625,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rates.

29. PROVISION

During the year ended 31 December 2008, a subsidiary of the Company principally engaged in securities brokerage might be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK$9,250,000 and a provision of HK$9,250,000 was made in that year. The matters had been first reported to the relevant enforcement agencies by such subsidiary in March 2009 and the former employee was convicted by the High Court of Hong Kong in 2009.

During the year ended 31 December 2011, an individual issued a claim against the Group for loss of for RMB1,103,000 (equivalent to HK$1,359,000) plus interest. The claim was fully settled in March 2012 by a payment of RMB600,000 (equivalent to HK$730,000) and deducted from the provision, of which HK$1,250,000 was provided for this individual during the year ended 31 December 2008. The remaining provision in respect of this individual amounting to HK$520,000 was written off as sundry income for the year ended 31 December 2012.

As at 31 December 2015, the outstanding provision regarding to this incident was HK$8,000,000 (2014: HK$8,000,000).

In addition, pursuant to a preliminary legal advice, such subsidiary may also be subject to a maximum penalty of HK$10,000,000 to the enforcement agency for the allegedly irregular transactions conducted by the former employee. In the opinion of the directors, since the investigation of the matters by the enforcement agency is in progress, up to the end of the reporting period no penalty against the subsidiary has been received and further, the directors cannot reasonably estimate the outcome of the matters and thus, the Group did not provide any provision on such potential penalty as at 31 December 2015 (2014: nil). The possible maximum penalty of HK$10,000,000 is therefore regarded as a contingent liability of the Group as at 31 December 2015 (2014: HK$10,000,000).

30. SHARE CAPITAL

	2015 Number of shares *'000*	**2015** *HK$'000*	2014 Number of shares *'000*	2014 *HK$'000*
Issued and fully paid:				
At 1 January	**389,421**	**2,266,087**	389,421	3,894
Share consolidation (Note (a))	**(311,537)**	**–**	–	–
Issue of shares pursuant to rights issue (Note (b))	**700,959**	**407,914**	–	–
Transition to no-par value regime on 3 March 2014 (Note (c))	**–**	**–**	–	2,262,193
At 31 December	**778,843**	**2,674,001**	389,421	2,266,087

Notes:

(a) The share consolidation of every five shares in the capital of the Company into one consolidated share was effective on 6 February 2015. Details of the share consolidation are set out in the circular of the Company dated 24 December 2014.

(b) On 16 March 2015, the Company issued a total of 700,958,385 new shares as a result of the rights issue. Net proceeds of approximately HK$407,914,000 were raised. Details of the rights issue are set out in the prospectus of the Company dated 24 February 2015.

(c) In accordance with the transitional provision set out in Section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amount of approximately HK$2,262,193,000 regarding the credit of the share premium account has become part of the Company's share capital.

31. DEFERRED TAX LIABILITIES

The following is the deferred tax liability recognised for the impairment loss recognised in respect of the mining right, and the movements thereon, during the year:

	2015 *HK$'000*	2014 *HK$'000*
At beginning of the year	**35,000**	64,750
Credited to profit or loss (Note 13)	**(8,000)**	(29,750)
Disposal of mining operation	**(27,000)**	–
At end of the year	**–**	35,000

As at 31 December 2015, the Group has unused tax losses of approximately HK$732,396,000 (2014: approximately HK$843,106,000) available for offsetting against future profits. No deferred tax assets have been recognised as the Company and certain subsidiaries of the Company have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

32. SHARE OPTION SCHEME

The Company's existing share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 8 November 2006 (the "Share Option Scheme"). The primary purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Pursuant to the Share Option Scheme, which will expire on 7 November 2016, the Company may grant share options to all directors and employees of the Company or its subsidiaries and any other persons including consultants, advisors, agents, customers, suppliers, service providers, contractors, business partners or connected persons (as such term is defined in the Listing Rules) of any member of the Group who, in the sole discretion of the board of the directors of the Company, have contributed or will contribute to the Group to subscribe for shares in the Company for a consideration of HK$1 for each lot of share options granted.

Share options granted should be accepted within 14 days from the offer date. Share options granted are exercisable during the period commencing on the date of grant and expiring on the date ten years after the date of grant. The number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the shares in issue on the date of adoption of the Share Option Scheme. The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (as the case may be) (including both exercised and unexercised options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12 month period must not exceed 1% of the shares in issue unless otherwise approved by shareholders of the Company in accordance with the terms of the Share Option Scheme. The subscription price for the shares shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by The Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by The Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The subscription price will be determined by the board of directors of the Company at the time the share option is offered to the relevant participant.

Details of specific categories of share options are as follows:

Tranche	Date of grant	Exercisable period	Closing price of the Company's shares immediately before the grant date	Exercise price at grant date	Exercise price at 31 December 2014	Exercise price at 31 December 2015
	dd/mm/yyyy	*dd/mm/yyyy*	*HK$*	*HK$*	*HK$*	*HK$*
Three (note below)	03/12/2007	03/12/2007 to 02/12/2017	1.04	1.22	96.8	304.63

32. SHARE OPTION SCHEME *(Continued)*

Details of movements of the Company's share options held by directors, employees (other than directors) and other participants are as follows:

Name or category of participant	Date of grant *dd/mm/yyyy*	Exercisable period *dd/mm/yyyy*	At 1 January 2015 Exercise price per share *HK$*	At 1 January 2015 Number of share options	After Adjustment (Note a) Exercise price per share *HK$*	After Adjustment (Note a) Number of share options	Number of share options Lapsed during the year	Number of share options Outstanding at 31 December 2015
Year ended 31 December 2015								
Directors								
Ng Shin Kwan, Christine	03/12/2007	03/12/2007–02/12/2017	96.8	211,455	304.63	67,191	–	67,191
Wong Yun Kuen	03/12/2007	03/12/2007–02/12/2017	96.8	655	304.63	208	–	208
Subtotal:				212,110		67,399	–	67,399
Employees (other than directors) in aggregate	03/12/2007	03/12/2007–02/12/2017	96.8	136,178	304.63	43,271	–	43,271
Other participants in aggregate	03/12/2007	03/12/2007–02/12/2017	96.8	982,020	304.63	312,043	–	312,043
Total:				1,330,308		422,713	–	422,713
Weighted average exercise price (HK$)			96.8				–	304.63
Weighted average remaining contractual life (Number of years)								1.92

Name or category of participant	Date of grant *dd/mm/yyyy*	Exercisable period *dd/mm/yyyy*	Exercise price per share *HK$*	Number of share options At 1 January 2014	Number of share options Lapsed during the year	Number of share options Outstanding at 31 December 2014
Year ended 31 December 2014						
Directors						
Ng Shin Kwan, Christine	03/12/2007	03/12/2007–02/12/2017	96.8	211,455	–	211,455
Wong Yun Kuen	03/12/2007	03/12/2007–02/12/2017	96.8	655	–	655
Subtotal:				212,110	–	212,110
Employees (other than directors) in aggregate	03/12/2007	03/12/2007–02/12/2017	96.8	136,178	–	136,178
Other participants in aggregate	03/12/2007	03/12/2007–02/12/2017	96.8	982,020	–	982,020
Total:				1,330,308	–	1,330,308
Weighted average exercise price (HK$)				96.8	–	96.8
Weighted average remaining contractual life (Number of years)						2.92

32. SHARE OPTION SCHEME *(Continued)*

Notes:

a. As a result of the share consolidation and rights issue which was completed on 6 February 2015 and 16 March 2015 respectively, the relevant subscription price was adjusted from HK$96.8 to HK$304.63, and the number of outstanding share options was adjusted accordingly.

b. There was no vesting period for the share options granted by the Company.

c. No share options were granted and exercised during the year ended 31 December 2015.

d. As at 31 December 2015, a total of 682,681 shares are available for issue under the Share Option Scheme which represents approximately 0.09% of the issued share capital of the Company as at the same date.

The options may be exercised at any time of the option period provided that the options have been vested. The options were vested upon commencement of exercise period.

At the end of the reporting period, the Company had 422,713 (2014: 1,330,308) share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would under the present capital structure of the Company, resulting in issue of 422,713 (2014: 1,330,308) additional ordinary shares of the Company and additional share capital of approximately HK$128,771,000 (2014: approximately HK$128,774,000) (before the issue expenses).

The following major assumptions were used to calculate the fair values of Tranche Three share options granted during the year ended 31 December 2007:

Inputs into the model	**Option Type Tranche Three**
Grant date share price	HK$1.05
Exercisable period	10 years
Exercise price	HK$1.22
Expected life	1.22 year
Expected volatility	128.80%
Dividend yield	0%
Risk-free interest rate	1.416%

The Company has used the Black-Scholes option pricing model to value the Tranche Three share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The expected life of the options was determined with reference to the historical share price records of the Company and the expected volatility was determined with reference to the historical volatilities of the share prices of the Company over the period that is equal to the expected life of the options before the grant date.

33. DISPOSAL OF A SUBSIDIARY

As disclosed in Note 13, the Group disposed of Union Bless Limited which carried out its entire mining operation in December 2015.

(a) Analysis of asset and liabilities over which control was lost

	2015 *HK$'000*
Current assets	
Inventories	881
Trade receivables	6,159
Cash and cash equivalents	1,115
Tax receivables	63
Non-current assets	
Property, plant and equipment	1,300
Mining right	108,000
Current liabilities	
Trade and other payables	(589)
Non-current liabilities	
Deferred tax liabilities	(27,000)
Net assets disposed of	89,929

(b) Loss on disposal of a subsidiary

	2015 *HK$'000*
Consideration received	20,000
Net assets disposed of	(89,929)
Exchange difference	(490)
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	1,181
Loss on disposal	(69,238)

The loss on disposal is included in the profit for the year from discontinued operations (Note 13).

33. DISPOSAL OF A SUBSIDIARY *(Continued)*

(c) Net cash inflow on disposal of a subsidiary

	2015 **HK$'000**
Consideration received in cash and cash equivalents	**20,000**
Less: cash and cash equivalent balances disposed of	**(1,115)**
	18,885

34. OPERATING LEASE ARRANGEMENTS

As lessee

	2015 **HK$'000**	2014 HK$'000
Minimum lease payments paid under operating leases during the year		
— Land and buildings	**9,540**	9,148

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

	2015 **HK$'000**	2014 HK$'000
Within one year	**11,286**	7,458
In the second to fifth years, inclusive	**14,660**	2,717
Over five years	**–**	210
	25,946	10,385

Operating lease payments represent rentals payable by the Group for the Group's office premises. Leases are negotiated for an average term of two years with fixed rentals (2014: two years).

35. COMMITMENTS

Save as disclosed in this report, the Group has no significant capital commitments as at 31 December 2015 (2014: nil).

36. PLEDGE OF ASSETS

As at 31 December 2015, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$1,427,810,000 (2014: approximately HK$664,362,000) were pledged to a securities broker to secure certain margin financing granted to the Group.

37. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs not exceeding HK$1,250 before 1 June 2014 or HK$1,500 starting from 1 June 2014 per month for each eligible employee to the scheme monthly.

The employees of the Group's subsidiaries established in the PRC are members of state-managed retirement benefits schemes operated by the local government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes are to make the specified contributions.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year ended 31 December 2015 are disclosed in Notes 10 and 13.

38. CONTINGENT LIABILITIES

As explained in Note 29, the Group is subject to a possible maximum penalty of HK$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

Save as disclosed in this report, at the end of each reporting period, the Group and the Company did not have any significant contingent liabilities.

39. SIGNIFICANT MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

During the year ended 31 December 2015, the Group had remuneration paid to the directors and other members of key management of the Group as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Directors		
Salaries and other benefits	**4,913**	4,471
Discretionary bonuses	**–**	–
Retirement benefits schemes contributions	**18**	17
	4,931	4,488
Other members of key management:		
Salaries and other benefits	**659**	544
Discretionary bonuses	**–**	–
Retirement benefits schemes contributions	**18**	17
	677	561
	5,608	5,049

Except for the acquisition of China Sky as disclosed in Note 16(b)(i), the Group did not have any other significant transactions and balances with related parties during the year and/or at the end of each reporting period.

39. SIGNIFICANT MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Applicability of the Listing Rules relating to connected transactions

The acquisition of 40% of the issued share capital of China Sky from Mr. Liang Shan, an executive director of the Company, as disclosed in Note 16(b)(i), constitutes a connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Connected Transactions" of the Directors' Report.

Except for the acquisition of China Sky as disclosed above, all other related party transactions do not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Non-current assets			
Interests in subsidiaries	*(a)*	**–**	–
Current assets			
Other receivables		**61**	103
Amounts due from subsidiaries	*(b)*	**2,001,410**	1,637,183
Bank balances and cash		**739**	2,034
		2,002,210	1,639,320
Current liabilities			
Accruals and other payables		**1,943**	3,613
Amounts due to subsidiaries	*(b)*	**11,215**	11,215
		13,158	14,828
Net current assets		**1,989,052**	1,624,492
Total assets less current liabilities		**1,989,052**	1,624,492
Capital and reserves			
Share capital		**2,674,001**	2,266,087
Reserves	*(c)*	**(684,949)**	(641,595)
Total equity		**1,989,052**	1,624,492

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors of the Company on 24 March 2016 and are signed on its behalf by:

Li Dong *Director*	**Ng Shin Kwan, Christine** *Director*

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) Particulars of the Company's principal subsidiaries at 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued capital held by the Company Directly	Indirectly	Principal activities
Charter Pearl Limited	BVI	US$1	–	100%	Investment holding
Global Wealth Finance Limited	Hong Kong	HK$1	–	100%	Provision of finance
GT Capital Limited	Hong Kong	HK$55,000,000	–	100%	Securities brokerage
GT Financial Holdings Limited	BVI	US$1	–	100%	Investment holding
Max Leap Asia Limited	BVI	US$1	–	100%	Investment holding
Poly Dynamic Investments Limited#	BVI	HK$20,000,000	–	50.1%	Investment holding
Poly Minerals Holdings Limited	BVI	US$1	–	100%	Investment holding
Star Bravo Development Limited	BVI	US$1	–	100%	Investment holding
Upperclass Developments Limited	Hong Kong	HK$1	–	100%	Securities investment
Yunnan Tin (Australia) Holdings Pty Ltd	Australia	A$1,717,500	–	100%	Investment holding

The non-controlling interests in respect of the subsidiary as at 31 December 2015 are approximately HK$3,390,000 (2014: approximately HK$3,385,000) and are not material to the Group.

The above table only lists those subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or financial positions of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All the above subsidiaries operate in their respective place of incorporation/registration.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the reporting period.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes: (Continued)

(b) Amounts due from/(to) subsidiaries

	2015	2014
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**2,640,161**	2,462,991
Less: Impairment losses recognised	**(638,751)**	(825,808)
	2,001,410	1,637,183
Amounts due to subsidiaries	**(11,215)**	(11,215)

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

The movements in impairment losses in respect of amounts due from subsidiaries are set out as follows:

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning of the year	**825,808**	887,897
Reversed upon disposal during the year	**–**	–
Impairment losses reversed for the year	**(187,057)**	(62,089)
Balance at end of the year	**638,751**	825,808

During the year ended 31 December 2015, the reversal of impairment loss of approximately HK$187,057,000 (2014: reversal of impairment losses approximately HK$62,089,000) has been recognised in respect of the Company's amounts due from subsidiaries to the extent that the recoverable amounts exceeded their carrying amounts based on the best estimate by the management.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes: (Continued)

(c) The reserves of the Company as at 31 December 2015 and 31 December 2014 are as follows:

	Share premium *HK$'000*	Capital reserve *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 31 December 2014	2,262,193	3,547	52,865	(751,076)	1,567,529
Profit and total comprehensive income for the year	–	–	–	53,069	53,069
Transition to no-par value regime on 3 March 2014 (Note 30(c))	(2,262,193)	–	–	–	(2,262,193)
At 31 December 2014 and 1 January 2015	–	3,547	52,865	(698,007)	(641,595)
Loss and total comprehensive expense for the year	–	–	–	(43,354)	(43,354)
	–	3,547	52,865	(741,361)	(684,949)

The Company has no distributable reserve as at the end of the reporting period.

The capital reserve of the Company represented the amount of initial payment from certain shareholders to subscribe for new shares in the Company and the amount was subsequently forfeited as a result of non-payment of the remaining committed contribution in prior years.

41. EVENTS AFTER THE REPORTING PERIOD

The followings are the significant events which have taken place subsequent to the end of the reporting period:

1. On 20 January 2016, the Company entered into a facility agreement for a revolving loan facility of up to a principal amount of HK$500 million to the Company, with the interest rate of 1% per month.

2. On 16 March 2016, the Company had entered into a loan agreement with two financial institutions for a 3-year secured term loan facility amounting to US$90 million. The Company has drawn down US$75 million shortly before the approval date of this report. Within the loan balance of US$75 million at the approval date of this report, US$25 million carries an interest rate of 8% per annum, and US$50 million carries an interest rate of 12.75% per annum.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2016.

FIVE YEAR FINANCIAL SUMMARY

	2011 *HK$'000* (restated)	2012 *HK$'000* (restated)	2013 *HK$'000* (restated)	2014 *HK$'000* (restated)	**2015** ***HK$'000***
RESULTS					
Turnover	33,365	3,530	(8,924)	(41,295)	**179,653**
(Loss)/profit for the year	(436,350)	(247,906)	(182)	180,861	**446,184**
(Loss)/profit attributable to:					
Owners of the Company	(436,350)	(246,300)	(178)	180,856	**446,179**
Non-controlling interests	–	(1,606)	(4)	5	**5**
	(436,350)	(247,906)	(182)	180,861	**446,184**
ASSETS AND LIABILITIES					
Total assets	1,652,948	1,353,736	1,382,278	1,488,596	**2,367,360**
Total liabilities	(188,341)	(134,114)	(161,205)	(98,002)	**(138,715)**
	1,464,607	1,219,622	1,221,073	1,390,594	**2,228,645**
Equity attributable to owners of the Company	1,464,607	1,216,238	1,217,693	1,387,209	**2,225,255**
Non-controlling interests	–	3,384	3,380	3,385	**3,390**
	1,464,607	1,219,622	1,221,073	1,390,594	**2,228,645**