易大宗
e-comm.com

E-COMMODITIES HOLDINGS LIMITED
易大宗控股有限公司

(formerly known as Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司)
(Incorporated in the British Virgin Islands with limited liability)
Stock Code : 1733

Transforming for a
BETTER FUTURE
2016 ANNUAL REPORT

CONTENTS

Chairman's Statement

Dear shareholders and colleagues,

On the occasion of announcing the annual report of E-Commodities Holdings Limited ("**E-Commodities**") for 2016, I would like to take the opportunity to express my heartfelt gratitude for your staunch support over the years and your solid confidence in our future development. Your support and confidence are no doubt the key factors empowering the Company to tide over the challenges of the tough market environment in the past few years and start afresh to embark on business initiatives with promising prospects. I wish to express my profound gratitude for your steadfast backing and trust. We will as usual make every effort to create value for our shareholders and colleagues.

The year 2016 was a difficult yet fruitful year for E-Commodities, during which we not only accomplished in the Hong Kong market our rights issue and debt restructuring of our high-yield bonds, but also made a remarkable turnaround in our core business and achieved significant growth for the benefit of our shareholders and bond investors.

On another front, as an integral part of our business plan, we will further develop our supply chain logistics business. We hope that sustained development of our supply chain logistics business and incessant strengthening of our core business will culminate in sound growth for E-Commodities in 2017. The Group will also continue its efforts in boosting efficiency and lowering costs, as well as prudently managing cash flows and controlling risks. All these initiatives are intended to pave the way for maximizing returns to our shareholders.

On behalf of the Board, I would like to extend sincere appreciation to all shareholders and creditors for their long-time support rendered to the Group. Last but not the least, I would like to thank the management and colleagues, especially coal business sector for their loyalty even in the most difficult time and for their relentless efforts and outstanding accomplishments under such an extremely challenging market environment. In line with the existing development strategies, the management will continue to steer the Group forward with all our colleagues while striving to strengthen our competitive edge and reward shareholders by creating more value.

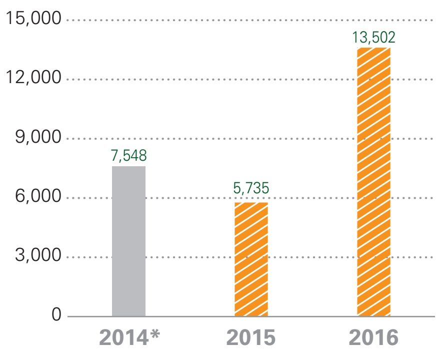
Cao Xinyi
Chairman
E-Commodities Holdings Limited

Management Discussions and Analysis of Financial Conditions and Operating Results

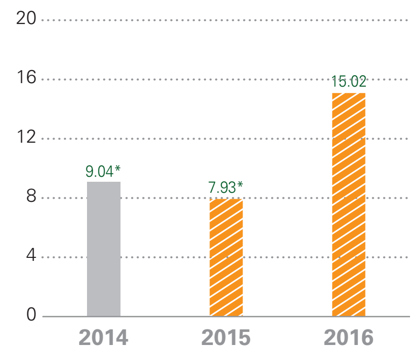
The following discussion and analysis should be read in conjunction with the Group's financial information and the notes thereto. The Group's financial information have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

I. OVERVIEW

Revenue from continuing operations (in HK$ million)

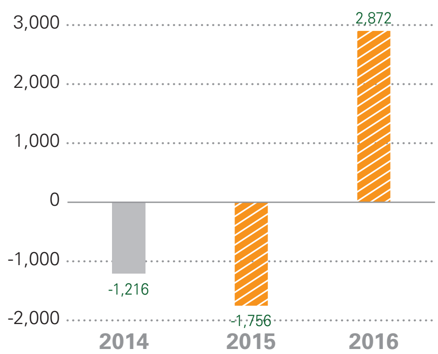


Coal Sales Volume (million tonnes)

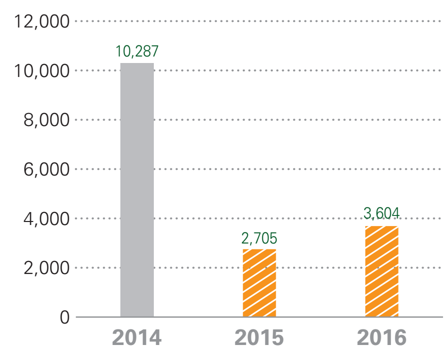


* GCC-produced coal is not included in the coal sales volume of the year of 2014 and 2015.

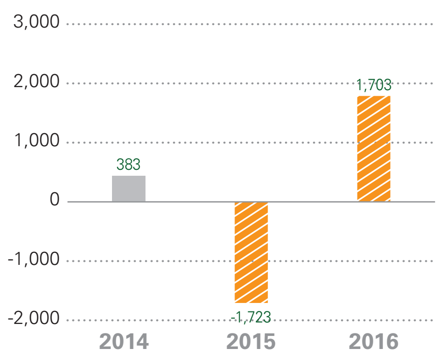
Net Profit (loss) from Continuing Operations (in HK$ million)



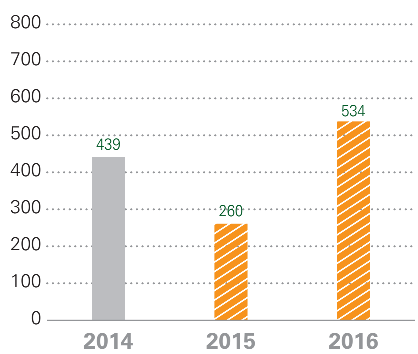
Total Asset (in HK$ million)



Total Equity (in HK$ million)



Cash Balance (in HK$ million)



Management Discussions and Analysis of Financial Conditions and Operating Results

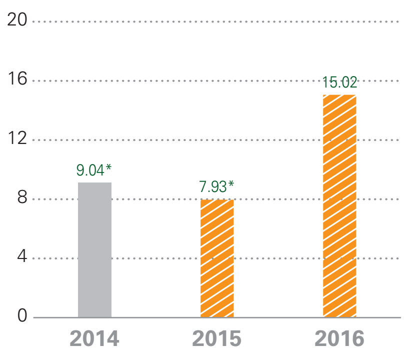
II. FINANCIAL REVIEW

1. Sales

(1) Overview

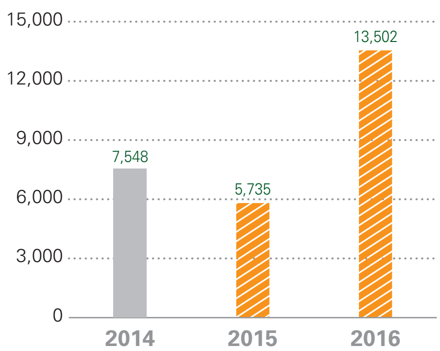
In 2016, our sales revenue was HK$13,502 million, a 135.43% increase compared to HK$5,735 million in 2015. The increase is primarily attributable to supply-side policy reform under PRC national policies addressing over-capacity in production of coal which stabilized and even increased the price of coking coal and thermal coal. An overall improvement in the coal market during the second half of 2016, together with the supply-side policy reform, has resulted in a move from oversupply to greater balance between supply and demand. According to Platts' data, premium hard coking coal averaged FOB Australia jumped from US$77 per tonne in January 2016 to US$264 per tonne in December 2016, reaching a peak in November 2016 of US$302 per tonne.

Coal Sales Volume (millions tonnes)



* GCC-produced coal is not included in the coal sales volumes for 2014 and 2015.

Sales (in HK$ million)



(2) Sales from Continuing Operations

	FY2016 HK$'000	FY2015 HK$'000
Coking coal	**12,259,302**	5,132,256
Thermal coal	**38,413**	84,746
Coal-related products	**48,779**	17,519
Petrochemical products	**954,378**	307,562
Steel	**91,311**	–
Coke	**–**	93,543
Iron ore	**11,042**	–
Rendering of logistics services	**92,093**	94,000
Others	**6,428**	5,693
	13,501,746	5,735,319

In 2016, approximately 90.80% of sales revenue was generated from the sales of coking coal, compared to approximately 89.49% in 2015.

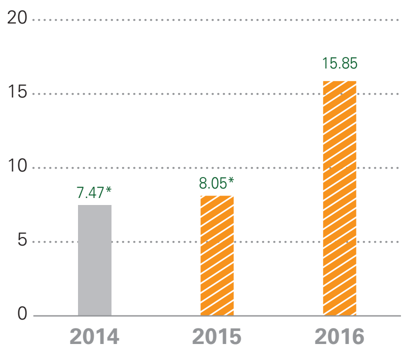
The Group has adjusted its business strategy to diversify its trading categories and expand its products lines from coking coal and coal-related products to petrochemical products, steel, iron ore, and others since 2015 and continued such strategy in 2016.

In 2016, our top 5 customers accounted for 43.13% of our total sales, whereas the same ratio was 58.57% in 2015. These customers are mainly large-scale State-owned steel groups throughout China, being leading companies in the industry.

2. Cost of Goods Sold ("COGS")

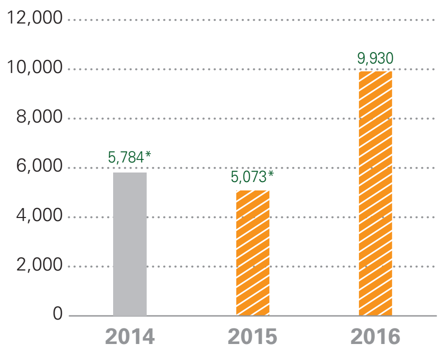
COGS primarily consists of the purchase price, transportation costs of Mongolian coal from the Sino-Mongolian border to our washing plants and washing-related costs. COGS in 2016 was HK$11,629 million, which was a 108.52% increase compared to HK$5,577 million in 2015. The increase was primarily attributable to the sharply increased procurement volume of coal in 2016 of 15.85 million tonnes from 8.05 million tonnes in 2015. Most coal of the Group was purchased from other countries, of which, the majority from Australia and Mongolia.

Coal Procurement Volume (millions tonnes)



* GCC-produced coal is not included in the coal procurement volume for 2014 and 2015.

Coal Procurement Amount (in HK$ million)



* GCC-produced coal is not included in the coal procurement volume for 2014 and 2015.

In 2016, total procurement amount of coal was HK$9,930 million, of which, the top five coal suppliers accounted for 42.88%. BHP Billiton as the top one coal supplier was accounted for 11.75% of the total procurement amount. No company directors or their affiliates or company shareholders with over 5% shares (5% inclusive) has any interest in suppliers.

3. Gross Profit from continuing operations

The Group recorded a gross profit of HK$1,872 million in 2016, compared to a gross profit of HK$159 million recorded in 2015. The gross profit was mainly contributed by improved profitability per tonne of coking coal in 2016 driven by the recovering coking coal market and better balanced relationship between demand and supply.

4. Administrative Expenses from continuing operations

Administrative expenses were HK$525 million in 2016, an increase of 16.67% over HK$450 million of administrative expenses incurred in 2015. In 2016, staff-related expenses increased 225% to HK$364 million from approximately HK$112 million in 2015. This was mainly due to the payment of annual bonus based on previously agreed performance incentives. In 2016, a net reversal of impairment losses on trade and other receivables of HK$38 million was recorded for which amounts have been recovered by the Group during the year ended 31 December 2016.

	Year ended 31 December 2016 HK$'000	Year ended 31 December 2015 HK$'000
Staff-related expenses*	**364,338**	111,736
Provision for impairment losses on trade receivables	**81,568**	2,344
(Reversal of provision)/Provision for impairment losses on other receivables	**(120,002)**	150,158
Others	**198,881**	185,698
Total	**524,785**	449,936

* For the year ended 31 December 2016, staff-related expenses of the Group increased significantly, mainly comprising a bonus of approximately HK$247 million. The following factors were considered in determining the bonus, business profit made by each business sector team, individual performance and overall profit of the Company. A certain proportion ranging from 10–20% of the business profit made by each business sector team is appropriated for use as bonus. The proportion was determined by reference to the incentive schemes of peers in the market, and with the aim of boosting performance so as to maintaining team stability and morale, and ensuring that the Company is competitive enough in the market to retain outstanding employees. In this regard, Ms. Zhu Hongchan (the Company's executive director and general manager of the coking coal business) and her coking coal sector team made a business profit of HK$1,156 million for the Company, 10% of the first HK$78 million business profit was appropriated and 20% of the remaining HK$1,078 million business profit was appropriated towards payment as bonus. The bonus of the coking coal sector team was HK$223 million in total and after retaining 20% as guarantee against future performance, the distributable bonus was HK$179 million.

5. Net Finance Costs from continuing operations

In 2016, the Group recorded net finance costs of HK$148 million in total, compared to net finance costs of HK$295 million in 2015. Eliminating the impact of interest on senior notes both in 2016 and 2015, net finance costs in these two years were maintained closely at the same level.

	2016 **HK$'000**	2015 HK$'000
Interest income	**(8,093)**	(46,750)
Fair value change of derivative financial instruments	**–**	(22,785)
Finance income	**(8,093)**	(69,535)
Interest on secured bank and other loans	**45,423**	49,913
Interest on discounted bills	**21,482**	7,231
Interest on senior notes	**76,816**	230,196
Total interest expense	**143,721**	287,340
Bank charges	**1,174**	4,030
Foreign exchange loss, net	**11,572**	73,664
Finance costs	**156,467**	365,034
Net finance costs	**148,374**	295,499

6. Net profit and profit per share

Our net profit totalled HK$2,872 million in 2016, the first profit-making year after four years of continuous loss from 2012 to 2015 (both years inclusive). The breakdown of the net profit for the year ended 31 December 2015 and 2016 is as follows:

	Year ended 31 December 2016 HK$'million	Year ended 31 December 2015 HK$'million
Net profit/(loss) from continuing operations	**2,872**	(1,756)
Net profit/(loss) from discontinued operation	**–**	(179)
Total net profit/(loss)	**2,872**	(1,935)

In connection with the senior notes restructuring, the Group carried out a share consolidation by consolidating 20 ordinary shares into 1 consolidated share and the rights issue in the proportion of 3 rights shares and 9 anti-dilution shares for every 1 consolidated share. After calculation, the weighted average number of ordinary shares as at 31 December 2016 was 1,931,279,000. The calculation of basic earning per share is based on profit attributable to equity shareholders of the Company of HK$2,874 million in 2016 and the weighted average number of ordinary shares as described above.

Net profit per share (diluted) was HK$1.488 in 2016, compared to net loss per share (diluted) of HK$2.620 in 2015. A breakdown of the net profit/(loss) per share for the year ended 31 December 2015 and 2016 is as follows:

	Year ended 31 December 2016 HK$	Year ended 31 December 2015 HK$
Net profit/(loss) per share from continuing operations	**1.488**	(2.456)*
Net profit/(loss) per share from discontinued operation	**–**	(0.164)*
Total net profit/(loss) per share	**1.488**	(2.620)*

* Comparative figures for the weighted average number of ordinary shares for the year ended 31 December 2015 have been adjusted retrospectively for the effect of the share consolidation and rights issue made during the year ended 31 December 2016.

7. Reversal of Impairment/Impairment Loss

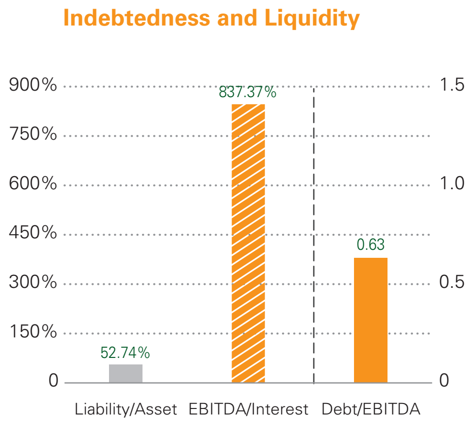
An impairment loss of HK$596,107,000 for property, plant and equipment in respect of the Group's coal processing factories and logistics facilities in the PRC was charged to the consolidated statement of profit or loss for the year of 2015 due to the unfavorable future prospects of the coking coal business and production suspension or low utilization of the coal processing factories and logistic facilities.

During 2016, a reversal of the impairment loss of approximately HK$4,248,000 relating to coal processing factories and logistics facilities in the PRC was charged to the consolidated statement of profit or loss due to the recovery of the coking coal market.

The impairment loss or reversal of the impairment loss has been provided based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. The cash flows are discounted using a discount rate of 12.00% (2015: 12.36%). The discount rate used reflects specific risks relating to the relevant segments.

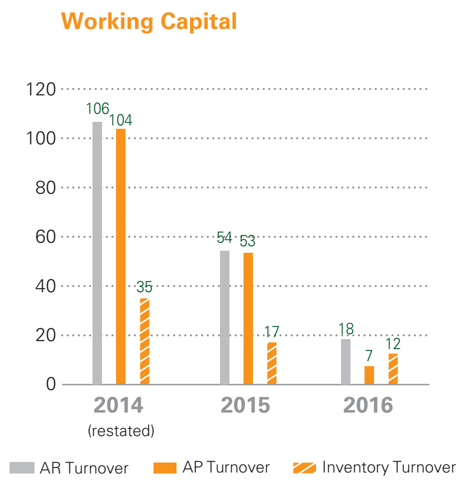
8. Indebtedness and Liquidity

The total amount of bank loans owed by the Group at the end of 2016 was HK$758 million. Interest rates on these loans range from 2.80% to 7.84% per annum, whereas the range in 2015 was from 1.63% to 5.35%. The Group's gearing ratio at the end of 2016 was 52.74%, which was a significant improvement compared to 163.71% at the end of 2015. This improvement was largely a result of the completion of the senior notes restructuring. The Group calculates gearing ratio on the basis of total liabilities divided by total assets.



9. Working Capital

Our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were 18 days, 7 days, and 12 days, respectively, in 2016. As a result, the overall cash conversion cycle was approximately 23 days in 2016, which was 5 days longer than the Group's cash conversion cycle realised in 2015.



10. Pledge of Assets

At 31 December 2016, bank loans amounting to HK$27,035,000 (2015: HK$205,932,000) were secured by bank deposits placed in banks with an aggregate carrying value of HK$27,901,000 (2015: HK$201,280,000).

At 31 December 2016, bank loans amounting to HK$176,721,000 (2015: HK$138,980,000) were secured by trade and bills receivable with an aggregate carrying value of HK$176,721,000 (2015: HK$122,941,000).

At 31 December 2016, bank loans amounting to HK$520,412,000 (2015: HK$673,891,000) were secured by land use rights and property, plant and equipment with an aggregate carrying value of HK$389,756,000 (2015: HK$553,567,000).

At 31 December 2016, bank loans amounting to HK$33,537,000 (2015: HK$nil) were secured by a credit guarantee provided by one subsidiary of the Group with a guarantee amount of HK$33,537,000 (2015: HK$nil).

At 31 December 2016, bank loans amounting to HK$nil (31 December 2015: HK$81,847,000) were secured by bills receivable, land use rights and property, plant and equipment with an aggregate carrying value of HK$nil (2015: HK$114,834,000).

11. Senior Notes

On 8 April 2011, the Company issued Senior Notes in the aggregate principal amount of US$500,000,000 which were listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bore interest at 8.50% per annum, payable semi-annually in arrears. During the two years ended 31 December 2013, the Group repurchased Senior Notes in an aggregate principal amount of US$190,690,000 in the open market. The outstanding Senior Notes with principal amount of US$309,310,000 matured on 8 April 2016.

During the year ended 31 December 2015, the Group did not make the scheduled interest payments of US$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively ("Interest Payment") and was in default. The Group defaulted on outstanding Senior Notes amounting to US$309,310,000 as at 31 December 2015 after the 30-day grace period expired on 8 May 2015 for making the 8 April 2015 interest payment under the terms of the indenture, as amended and supplemented.

On 25 November 2015, the Company, certain of its subsidiaries and certain of the holders of the Senior Notes ("Bondholders") entered into a restructuring support agreement ("Restructuring Support Agreement"), pursuant to which such Bondholders agreed to support the proposed restructuring of the outstanding Senior Notes ("Debt Restructuring") to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong.

The Debt Restructuring consisted of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) cash consideration of US$50 million minus a consent fee in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at the date of the Restructuring Support Agreement ("Consent Fee"), and a success fee payable to Houlihan Lokey ("Cash Consideration"); (ii) new ordinary shares of the Company allotted and issued to the Bondholders representing 18.75% of the total issued shares on a fully diluted basis upon completion of the Debt Restructuring ("Scheme Shares"); and (iii) certain contingent value rights ("CVRs") which would give rise to a one-off payment of US$10 million to the Bondholders upon the occurrence of a triggering event, being the Company's adjusted profit before taxation in any of the 5 years from the issue date of the CVRs exceeding US$100 million ("Triggering Event").

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a rights issue ("Rights Issue"). On 23 June 2016, all Scheme Conditions (as defined in the prospectus published by the Company on 31 May 2016 ("Prospectus")) were satisfied and the Debt Restructuring became effective. A total of 322,706,001 Scheme Shares and 243,273,777 Scheme Shares were issued to the Bondholders on 28 June 2016 and 7 October 2016, respectively.

At the Debt Restructuring effective date on 23 June 2016, the carrying value of the Senior Notes including accrued interest amounted to approximately HK$2,719,877,000. The fair value of the consideration to settle the Senior Notes was cash consideration of US$50 million (equivalent to approximately HK$388,194,000) and the fair value of 565,979,778 Scheme Shares of approximately HK$305,629,000 based on the closing price of the Company's shares of HK$0.54 per share as traded on Hong Kong Stock Exchange on 23 June 2016. The excess of carrying value of the Senior Notes over the fair value of the consideration to settle the Senior Notes, amounting to approximately HK$1,948,451,000, has been recognised by the Group as a gain from Debt Restructuring and credited to profit or loss for the year ended 31 December 2016. There were no Senior Notes outstanding as at 31 December 2016.

For the year ended 31 December 2016, interest on the Senior Notes of HK$76,816,000 and expenses incurred in relation to the Debt Restructuring of HK$65,181,000 (as included in Administrative expenses) were charged to the profit or loss.

12. Contingent Value Rights

Under the Debt Restructuring, certain CVRs were issued to the Bondholders on 28 June 2016 and 7 October 2016, which would give rise to a one-off payment in the amount of US$10 million to the Bondholders upon the occurrence of the Triggering Event according to the terms and conditions of the CVRs. The maturity date of the CVRs is the date falling 5 years from the date of the issue of the CVRs (the "CVR Maturity Date"). The Company shall have the right to choose to use cash or CVR Shares (as defined in the Prospectus)(at the prevailing 30-day volume-weighted average price prior to the settlement date, the "CVR Settlement Price") to settle the CVRs on the settlement date as provided in the relevant instruments for the CVRs. In any event, the Company will be able to settle the CVRs wholly in cash should it choose to do so and if the relevant CVR Settlement Price is lower than HK$0.69, being the subscription price of the CVRs, subject to adjustment for share consolidations, sub-divisions and so forth.

The Company has applied to Hong Kong Stock Exchange for the listing of, and permission to deal in, the CVR Shares to be allotted and issued in accordance with the terms of the CVRs. After approval, the CVR Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on Hong Kong Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of Hong Kong Stock Exchange on any trading date is required to take place in CCASS on the second trading date thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

As the Triggering Event has occurred on a results of the Company recording adjusted profit before taxation in excess of US$100 million in the financial year ended 31 December 2016, the Company is in the process of arranging settlement of the CVRs, which it will do through the issuance of Shares.

III. RISK FACTORS

The operation of the Group involves certain risks, some of which are beyond our control. The risks set out below are those that E-Commodities currently believes may materially affect its performance and/or financial condition. However, this should not be taken as an exhaustive list as there may be additional risks and uncertainties not currently known to E-Commodities, or those which are currently deemed to be immaterial, but may become material in the future and which may adversely affect the Group's business, results of operations, financial condition and prospects.

1. Volatility of Coal Prices

The market price of coal is volatile and is affected by numerous factors that are beyond our control. These include international supply and demand, the level of consumer product demand, international economic trends, global or regional political events and international events, as well as a range of other market forces. Upward movements in coal market prices in the second half of 2016 have materially affected the Group's business. The combined effects of any or all of these factors on coal prices are impossible for us to predict, there can be no assurance that global and domestic coal prices will continue to remain at a profitable level, for our business failure to remain at a profitable level, would have material and adverse effect on our financial condition.

2. Dependence Upon the Steel Industry

Our business and prospects are heavily dependent on the demand for coking coal by steel mills and coke plants in China. The steel industry's demand for metallurgical coal is affected by a number of factors including the cyclical nature of that industry's business, technological developments in the steel-making process and the availability of substitutes for steel such as aluminum, composites and plastics. Since the end of 2015, prices of steel products increased continuously, which had a material positive effect on the Group's performance.

3. Credit risk

Credit risks are primarily attributable to cash at bank, trade and other receivables and over-the-counter derivative financial instruments entered into for hedging purposes. The Group has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis. Further quantitative disclosure in respect the Group's exposure to credit risks arising from trade and other receivables are set out in note 35(a) of the financial information.

4. Liquidity risk

Our policy is to regularly monitor the Group's liquidity requirements and compliance with lending covenants, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. After the completion of the debt restructuring, the Group made great efforts to maintain existing financial facilities and expanding new facilities in banks, state-owned companies, and other financial institutions to satisfy capital requirements of the Group in line with its booming trading businesses.

5. Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's bank loan interest rates ranged from 2.80% to 7.84% in the year of 2016. At 31 December 2016, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and accumulated profit by approximately HK$440,952 (2015: HK$2,064,000). Other components of consolidated equity would have no change in response to the general increase/decrease in interest rates.

6. Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to payables, cash balances and bank loans that are denominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars and Renminbi. Depreciation or appreciation of these foreign currencies against United States dollars and Renminbi would affect the financial position and operating result of the Group.

7. Fair value measurement

The Group's financial assets and liabilities are carried at fair value. Fair value of forward exchange contracts of derivative financial instruments held by the Group is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

IV. FINAL DIVIDENDS

A final dividend in cash of HK$0.077 per share has been declared for the year ended 31 December 2016.

V. HUMAN RESOURCES

1. Employee Overview

The Group has maintained a performance-oriented compensation system that balances each individual position's internal and external value. The Group also signs formal employment contracts with all employees and participates in all required social security schemes following applicable regional and/or national laws and regulations.

As of 31 December 2016, there were 202 full-time employees in the Group (excluding 713 dispatch staff from domestic subsidiaries). Due to business growth, there was an approximately 4.66% head count increase in 2016. The breakdown of employee categories is as follows:

	FY2016		FY2015	
Functions	**No. of Employees**	**Percentage**	No. of Employees	Percentage
Management, Administration & Finance	**123**	**61%**	107	55%
Front-line Production & Production Support & Maintenance	**21**	**10%**	26	13%
Sales & Marketing	**39**	**19%**	30	16%
Others (incl. Projects, CP, Transportation)	**19**	**10%**	30	16%
TOTAL	**202**	**100%**	193	100%

2. **Employee Education Overview**

	FY2016		FY2015	
Qualifications	**No. of Employees**	**Percentage**	No. of Employees	Percentage
Master & above	**47**	**23%**	14	7%
Bachelor	**70**	**35%**	85	44%
Diploma	**50**	**25%**	54	28%
High-School, Technical School & below	**35**	**17%**	40	21%
Total	**202**	**100%**	193	100%

3. **Training Overview**

The Group considers training as an invaluable process to provide employees with information, new skills, and professional development opportunities. As of 31 December 2016, the Company has held various training programs totaling 741 hours, and over 153 attendances participated in these programs.

The Group also holds an orientation program for newly admitted employees. The program covers modules such as, among other things introduction to corporate culture, brief of Group regulations, understanding of safety and operational guidelines.

The Group has also sponsored professional training programs such as EMBA program, Chartered Professional Accountant program, Hong Kong Chartered Secretary program, and so forth to employees and management staff and different levels.

Training Overview

	FY2016		FY2015	
Training Courses	**No. of hours**	**No. of participants**	No. of hours	No. of participants
Safety	**197**	**41**	478	125
Management & Leadership	**470**	**97**	204	28
Operation Excellence	**74**	**15**	224	9
Total	**741**	**153**	906	162

VI. HEALTH, SAFETY AND ENVIRONMENT

We place great importance on the health and safety of employees, and recognize the importance of protecting the environment. No environmental accidents and occupational health accidents were recorded in 2016, but two slight injuries occurred when in rountine machine repairing, and one traffic accident caused by drunk driving. In 2016, key works of the Company on the health and safety of employees were mainly on safety training, emergency reaction, systemization of safety duties and liabilities, safety works supervision, safety system establishment, safety management of chemical products, and on-site safety management.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Cao Xinyi (曹欣怡), aged 34, is an executive Director, the chairman of the Board, and the company secretary of the Company. Ms. Cao joined the Company in 2009. She has long-term experience in the business and operations of the Company, and she has been closely involved with the financial affairs of the Company and has a great deal of experience in respect of investors' relations since joining the Company. Before joining the Company in 2009, Ms. Cao worked at PricewaterhouseCoopers from 2005 to 2009. Ms. Cao is also a director of 20 subsidiaries of the Company, namely (1) Inner Mongolia Haotong, (2) E-Commodities (Beijing) Supply Chain Management Co., Ltd. (易大宗(北京)供應鏈管理有限公司), (3) Beijing Shacong E-commerce Co., Ltd. (北京沙聰電子商務有限公司), (4) Cheer Top Enterprises Limited, (5) Color Future International Limited, (6) Royce Petrochemicals Limited, (7) King Resources Holdings Limited, (8) Reach Goal Management Ltd, (9) Lucky Colour Limited, (10) Eternal International Logistics Limited, (11) Million Super Star Limited, (12) E-Commodities International Development (HK) Ltd, (13) E-Commodities (HK) Holdings Limited, (14) E-Commodities Logistics Co., Ltd., (15) Wisdom Elite Inc. Limited, (16) Standard Rich Inc Limited, (17) Rise Deal Enterprises Limited, (18) Great Trend Enterprises Limited, (19) Glorious Gold Holdings Limited and (20) Prospect Time Inc Limited. Ms. Cao is currently an independent non-executive director of Kuang Chi Science Limited (光啟科學有限公司), a company listed on the main board of the Hong Kong Stock Exchange (Stock Code: 0439). She graduated from the City University of Hong Kong with a bachelor's degree in Business Administration in 2005. Ms. Cao is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wang Wengang (汪文剛), aged 50, is an executive Director and the chief executive officer of the Company with effect from 18 July 2016. Mr. Wang served as the deputy general manager of Minmetals South-East Asia Corporation Pte. Ltd. in May 2014 and the general manager of Minmetals South-East Asia Corporation Pte. Ltd. from January 2016 to April 2016. From 1996, he was the manager of the cement department of China National Minerals Import & Export Company (中國礦產進出口公司) under China Minmetals Corporation, a deputy general manager of Minmetals Ningbo Trading Company (五礦寧波貿易公司), the general manager of Minmetals Ningbo Bonded Zone Company (五礦寧波保稅區公司), a director of Minmetals Korea Co. Ltd. (韓國五礦株式會社) and head of its raw material department, the general manager of the coal department of China National Minerals Co., Ltd. and a deputy director of the raw material business department and general manager of the coal department of Minmetals Development Co., Ltd.. From 5 September 2012 to 4 September 2015, he was a director of Beijing Haohua Energy Resource Co Ltd (601101.SS), a company listed on the Shanghai Stock Exchange. Mr. Wang is the director of certain subsidiaries of the Company, namely E-Commodities Holdings Private Limited, Shannan Rongtai Energy Co., Ltd. (山南市榮泰能源有限公司), Nantong Million Super Star Coking Coal Co., Ltd. (南通萬之星焦煤有限公司). Mr. Wang graduated from Shanghai University of International Business and Economics in 1989 with a bachelor's degree and received an MBA degree from Macau University of Science and Technology in 2008 and an EMBA degree from Guanghua School of Management, Peking University in 2009.

Profile of Directors and Senior Management

Ms. Zhu Hongchan (朱紅嬋), aged 42, is an executive Director and a Vice President of our Company. Ms. Zhu was appointed as a Director on 18 June 2010 and re-appointed on 1 July 2016. She joined Winsway Group in 1995 and has worked in the Chemical Trading and Sales departments of our parent group where she accumulated extensive experience in the value-adding operations of energy resources and commodities, and which has enabled Ms. Zhu to successfully lead and manage the sales team of our Group in implementing our Group's sales and future growth strategies. Ms. Zhu became a Vice President of our Group in October 2008 and is responsible for the management of the procurement of coal and sales activities. Ms. Zhu is a director of certain subsidiaries of the Company, namely Legend York Star Limited and E-Steel Holdings Pte. Ltd.. Ms. Zhu graduated from Beijing University of Chemical Technology in 1995 with a bachelor's degree in Management Engineering and an EMBA degree from Beijing Jiaotong University in 2011.

Mr. Wang Yaxu (王雅旭), aged 45, is an executive Director and the chief financial officer of the Company. Mr. Wang Yaxu joined the Group in 1995, where he was mainly responsible for financial management. He then became an employee of the Company in 2007 upon the Company's establishment and is responsible for the accounting and the financial management of the Group. He is also a director of certain subsidiaries of the Company, namely, Ejina Qi Ruyi Winsway Energy Co., Ltd. (額濟納旗如意永暉能源有限公司), Inner Mongolia Haotong, Erlianhaote Hootong Energy Co., Ltd. (二連浩特浩通能源有限公司), Shannan Rongtai Energy Co., Ltd (山南市榮泰能源有限公司), Inner Mongolia Minghua Clean Energy Co., Ltd, (內蒙古明華清潔能源有限公司) and a supervisor of Yingkou Haotong Mining Co., Ltd. (營口浩通礦業有限公司), Urad Zhongqi Yiteng Mining Co., Ltd. (烏拉特中旗毅騰礦業有限責任公司), Urad Zhongqi Tengshengda Energy Co., Ltd. (烏拉特中旗騰盛達能源有限責任公司), Bayannur Hutie Ruyi Logistics Co., Ltd. (巴彥淖爾市呼鐵如意物流有限公司), Ejina Qi Haotong Energy Co., Ltd. (額濟納旗浩通能源有限公司), Manzhouli Haotong Energy Co., Ltd. (滿洲裡浩通能源有限公司), Baotou-city Haotong Energy Co., Ltd. (包頭市浩通能源有限責任公司), Ulanqab Haotong Energy Co., Ltd. (烏蘭察布市浩通能源有限責任公司), Erlian Winsway Mining Co., Ltd. (二連永暉礦業有限公司), Erlian Junrong Winsway Mining Co., Ltd. (二連均榮礦業有限公 司), Nantong Million Super Star Coking Coal Co., Ltd. (南通萬之星焦煤有限公司), Nantong Haotong Energy Co., Ltd. (南通浩通能源有限公司), Beijing Shacong E-Commerce Inc. Ltd. (北京沙聰電子商務有限公司) and Longkou Winsway Energy Co., Ltd. (龍口市永暉能源有限公司), Nantong E-Commodities Supply Chain Management Co., Ltd. (南通易大宗供應鏈管理有限公司), Suzhou Wisdom Elite Energy Co., Ltd. (蘇州智暉智業能源有限公司), Shanghai Richway Energy Co., Ltd. (上海富多達能源有限公司), Tianjin RongZe TongLi Trading Co., Ltd. (天津榮澤同利貿易有限公司), Nantong Liheng Energy Co., Ltd. (南通利恒能源有限公司)， E-Commodities (Changsha) Enterprises Co., Ltd. (易大宗(長沙)實業有限公司). E-Commodities (Tianjin) Commercial Factoring Co., Ltd. (天津易大宗商業保理有限公司) and Baofeng Finance Lease (Beijing) Co., Ltd. (寶豐融資租賃(北京)有限公司). He studied industrial management and engineering at and graduated from Beijing University of Chemical Technology in 1995, and graduated with an EMBA degree from Beijing Jiaotong University in 2011.

NON-EXECUTIVE DIRECTOR

Mr. Guo Lisheng (郭力生), aged 52, is a non-executive Director with effect from 18 July 2016. He is also a director and the general manager of Minmetals South-East Asia Corporation Pte. Ltd. since May 2016. From 1993, he was the general manager of China Gulf Building Material Co., Ltd., a director and deputy general manager of Minmetals (U.K.) Ltd., a deputy general manager of Minmetals Steel Co., Ltd., the executive vice president of Minmetals Inc., a deputy general manager of the mineral resources department of China Minmetals Corporation and a deputy general manager of Minmetals Exploration & Development Co., Ltd. and the president of China Metais E Minerais (Brasil) Ltd.. Mr. Guo graduated from Xiamen University with a bachelor's degree in Economics specialized in international trade in 1984, and became a Senior International Business Engineer in 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Yuk Keung (吳育強), aged 52, was re-appointed as an independent non-executive Director on 15 February 2017. Mr. Ng is currently an executive director and the chief financial officer of Kingsoft Corporation Limited (Stock Code: 3888), a company listed on the Hong Kong Stock Exchange. Mr. Ng worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From 2001 to 2003, Mr. Ng was the Chief Financial Officer of International School of Beijing, an academic institution in Beijing, China. He subsequently joined Australian Business Lawyers, a law firm in Australia in 2003 and was later appointed as a consultant in 2004 responsible for advising on accounting matters. From 2004 to 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (stock code: 0438), a company listed on the Hong Kong Stock Exchange. From 2006 to 2010, Mr. Ng was a vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited. From 2010 to 2012, Mr. Ng was an executive director and the chief financial officer of China NT Pharma Group Company Limited (Stock Code: 1011), a company listed on the Hong Kong Stock Exchange. From February 2007 to October 2011, Mr. Ng was the independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (Stock Code: 3833), a company listed on the Hong Kong Stock Exchange. Mr. Ng graduated from The University of Hong Kong with a bachelor's degree in Social Sciences in 1988 and a master's degree in Global Business Management and E-commerce in 2002. He is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the

Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales. Set out below are the current appointments in other listed companies on the Hong Kong Stock Exchange and the New York Stock Exchange (as the case may be) which Mr. Ng has undertaken:

Position	Name of the listed company	Stock Code
Executive director and CFO	Kingsoft Corporation Limited	3888
Interim CFO and non-executive director	Cheetah Mobile Inc.	NYSE: CMCM
Honorary adviser	China Huiyuan Juice Group Limited	1886
Independent non-executive director	Sany Heavy Equipment International Holdings Company Limited	631

Mr. Wang Wenfu (王文福), aged 50, was re-appointed as an independent non-executive Director 15 February 2017. Mr. Wang has extensive experience in the mining industry, with international business development, cross-border mergers and acquisitions, business network establishment and international trading expertise. Before Mr. Wang joined our Group as an independent non-executive Director in 2010, he worked for Aluminum Corporation of China Ltd. ("CHALCO") (Stock Code: 2600), a company listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and the New York Stock Exchange since 2004, and was mainly responsible for the development of CHALCO's overseas business, cross border mergers and acquisitions, foreign investment and risk management. He also acted as the President of Chinalco Overseas Holding Ltd., Director and President of Chalco Hong Kong Ltd., Chairman of Chalco Australia Pty. Ltd. and Chief Representative of CHALCO's operations in Vietnam and Indonesia. Mr. Wang graduated from the Department of Linguistics of Kunming University of Science and Technology in 1987. He also obtained a Master of Business Administration degree from Monash University in 1995 and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia in 2002.

Mr. Gao Zhikai (高志凱), aged 55, is an independent non-executive Director with effect from 18 July 2016. Mr. Gao is currently the chairman of China Energy Security Institute, a vice chairman of Sino-Europe United Investment Corporation and a non-executive Director of Huanxi Media Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 1003). Mr. Gao is also a current affairs commentator with CCTV News and appears regularly with BBC, CNN, Channel News Asia, Al Jazeera, NHK, RT, and other major news media. Mr. Gao has extensive work experience in diplomacy, legal, securities regulation, investment bank, equity investment, corporate management and charity. Mr. Gao was an interpreter for Mr. Deng Xiaoping and other Chinese leaders in the 1980s and worked in the Ministry of Foreign Affairs of the People's Republic of China. He also worked in the Secretariat of the United Nations and the Hong Kong Securities and Futures Commission. Mr. Gao has held senior positions in Morgan Stanley, China International Capital Corporation and Daiwa Securities. He has also held senior corporate positions in PCCW, Henderson Group and CNOOC Limited. Mr. Gao was the general counsel to Saudi Aramco and other companies. Mr. Gao obtained a Juris Doctor degree from Yale Law School and a master degree in Political Science from Yale Graduate School, a master degree in English Literature from Beijing University of Foreign Studies, and a bachelor degree in English Literature from Suzhou University. Mr. Gao is a licensed attorney-at-law in the State of New York, USA.

SENIOR MANAGEMENT

Mr. Li Jianlou (李建樓), aged 54, is a Vice President of our Company who is responsible for the management of coal transportation. Mr. Li joined Winsway Group in 1992 and became an employee of the Company in 2007 upon the establishment of the Company. Mr. Li is also a Board Director and Chairman of the joint venture companies established together by the Company and railway authorities. In 2012, Mr. Li obtained a Master of Business Administration Degree from Beijing Jiaotong University.

Mr. Chen Zhi (陳智), aged 53, is a Vice President of the Group with profound experience of over 30 years in petrochemical industry. He used to work for Sinopec Corp. for over 10 years and has been working on Winsway Group for 18 years. With these working experience, he became an industry recognized expert in energy and commodities trading and its relevant value-added business. He established an extensive and sum network with end-customers, petrochemical products suppliers, banks, and shipping companies. He obtained a Master Degree in Business Administration from Beijing Jiaotong University in 2012.

Ms. Di Jingmin (邸京敏), aged 45, is a Vice President responsible for human resources management and information center of the Group. Ms. Di joined Winsway Group in 1995, where she was mainly responsible for investment management. She then became an employee of the Group in 2007 upon the establishment of the Company. She is also a director of the Company's subsidiary, Inner Mongolia Haotong, and a Vice President of E-Commodities (Beijing). She graduated from Beijing University of Chemical Technology with a bachelor's degree in management engineering in 1995. Ms. Di also obtained a Master of Laws degree from the Chinese Academy of Social Sciences in 2009.

Corporate Governance Report

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and furthering shareholders' interests. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfil its commitment to excellence in corporate governance.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company during the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Board has adopted the CG Code set out in Appendix 14 of the Listing Rules as its own set of corporate governance guidelines, with the additional requirement of at least 7 days' prior notice for board meetings other than regular board meetings (for which at least 14 days' notice is required) to give all Directors greater opportunity to attend.

The Board believes that throughout the year ended 31 December 2016, the Company has adopted, applied and complied with the code provisions under the CG Code ("Code Provisions") with which listed issuers are expected to comply.

THE BOARD

The Board is the principal decision-making body of the Company. The powers and duties of the Board include convening Shareholders' meetings and reporting the Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles. The Board has given clear directions to the senior management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

The Board consists of eight Directors, comprising four executive Directors, one non-executive Directors and three independent non-executive Directors. The Board considers that it has maintained a balanced composition of executive directors and non-executive directors (including independent non-executive directors). The non-executive Directors and three independent non-executive Directors participate actively in the formulation of the Company's policies and seek to represent the interests of the Shareholders as a whole. During the year ended 31 December 2016 and up to the date of this report, the composition of the Board is as follows:

Executive Directors

Ms. Cao Xinyi (Chairman)
Mr. Wang Wengang (appointed on 18 July 2016)
Ms. Zhu Hongchan
Mr. Wang Yaxu
Mr. Feng Yi (passed away on 16 June 2016)

Non-executive Directors

Mr. Guo Lisheng (appointed on 18 July 2016)
Mr. Lu Chuan (resigned on 18 July 2016)

Independent non-executive Directors

Mr. Ng Yuk Keung
Mr. Wang Wenfu
Mr. Gao Zhikai (appointed on 18 July 2016)
Mr. James Downing (resigned on 18 July 2016)
Mr. George Jay Hambro (resigned on 18 July 2016)

During the year ended 31 December 2016, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, the number of which must represent at least one-third of its Board, with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

Biographical details of the Directors and senior management of the Company are set out in the section headed "Profile of Directors and Senior Management" on pages 17 to 21 of this annual report.

The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Company's business. There was no material financial, business, family or other relevant relationship among members of the Board.

During 2016, 9 full board meetings, 3 general meetings were held. The following is the attendance record of the board meeting held by the Board during 2016:

Name of Director	Attendance/ Number of general meetings attended	Attendance/ Number of board meetings attended
Executive Directors		
Cao Xinyi (Chairman)	3/3	9/9
Wang Wengang (appointed on 18 July 2016)	1/3	4/9
Zhu Hongchan	0/3	9/9
Wang Yaxu	0/3	9/9
Feng Yi (passed away on 16 June 2016)	0/3	4/9
Non-executive Directors		
Guo Lisheng (appointed on 18 July 2016)	0/3	4/9
Lu Chuan (resigned on 18 July 2016)	0/3	5/9
Independent non-executive Directors		
Ng Yuk Keung	0/3	9/9
Wang Wenfu	0/3	9/9
Gao Zhikai (appointed on 18 July 2016)	0/3	4/9
James Downing (resigned on 18 July 2016)	0/3	5/9
George Jay Hambro (resigned on 18 July 2016)	0/3	5/9

Sufficient notice convening the board meetings was given to the Directors setting out the matters to be discussed. All Directors were given an opportunity to include matters in the agenda for the board meetings and have access to the secretary to the Board to ensure that all Board procedures and all applicable rules and regulations were followed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved. The secretary to the Board is responsible for keeping minutes for the board meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Board, Ms. Cao Xinyi, has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. She ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. She also ensures that all Directors are properly briefed on issues to be discussed at Board meetings. Mr. Wang Wengang, the chief executive officer, is responsible for overseeing the day-to-day management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, law, banking and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

The participation of the independent non-executive Directors in the Board brings independent judgment on the issues relating to the Group's strategy, conflicts of interest, connected transactions and management process in order to ensure that the interests of all Shareholders have been duly considered.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors of the Company, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the year ended 31 December 2016.

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

According to the Memorandum and Articles, at each annual general meeting one-third of the Directors are subject to retirement by rotation or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and shall be eligible for re-election. Every Director shall be subject to retirement at an annual general meeting at least once every three years. Any other appointment, resignation, removal or re-designation of Director will be disclosed in a timely manner to the Shareholders by announcement and shall include in such announcement the reasons given by the Director for his/her resignation.

On 18 July 2016, Mr. Lu Chuan resigned as a non-executive Director to focus on his other business commitments. On the same date, Mr. James Downing and Mr. George Jay Hambro also resigned as an independent non-executive Director in order to concentrate more on each of their other business commitments.

On 18 July 2016, Mr. Guo Lisheng was appointed as a non-executive Director and Mr. Gao Zhikai was appointed as an independent non-executive Director, both for a term of 3 years commencing from 18 July 2016. Mr. Guo Lisheng and Mr. Gao Zhikai will hold their offices until the next following annual general meeting of the Company, at which they will be subject to re-election in accordance with the Articles of Association.

Besides of the resignation of the non-executive Director and two independent non-executive Directors, details of the resignation and appointment of executive directors are as below, On 16 June 2016, Mr. Feng Yi, an executive director and vice president of the Company, passed way.

On 18 July 2016, Mr. Wang Wengang was appointed as an executive director of the Company for a term of 3 years. He will hold the office until the next following annual general meeting of the Company after his appointment and will be subject to re-election at that meeting.

For further details, please refer to the announcements of the Company dated 16 June 2016 and 18 July 2016.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code on 7 September 2010 and revised the written terms of reference on 5 January 2016. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system of the Group, overseeing the audit process and acting as the key representative body for overseeing the Group's relations with the external auditor and performing other duties and responsibilities as assigned by the Board from time to time. The audit committee currently comprises the three independent non-executive Directors, Mr. Ng Yuk Keung (Chairman), Mr. Wang Wenfu and Mr. Gao Zhikai.

For the year ended 31 December 2016, the audit committee held 5 meetings, at which members of audit committee reviewed and discussed with the external auditors and the management the Group's interim financial results and reports in respect of the first half year of 2016, and annual financial results and reports in respect of the year ended 31 December 2016, and are of the opinion that such financial statements have complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure has been made.

The attendance records of the audit committee for the year ended 31 December 2016 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Ng Yuk Keung	5/5
Mr. Wang Wenfu	5/5
Mr. Gao Zhikai (appointed on 18 July 2016)	1/5
Mr. James Dawning (resigned on 18 July 2016)	4/5
Mr. George Jay Hambro (resigned on 18 July 2016)	4/5

AUDITORS' REMUNERATION

For the year ended 31 December 2016, the fees paid/payable in respect of audit and non-audit services provided by KPMG, the Group's external auditors, are set out below:

Service	**Sum** (HK$'000)
Audit services	5,484
Other services	1,391
	6,875

The audit committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board and at the general meetings of the Company by the Shareholders.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

The Company provided each newly appointed Director with formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities from time to time. The Company will arrange training and professional development for Directors as and when necessary. Individual Directors also participated in courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or reading relevant materials.

During the year ended 31 December 2016, the Directors confirmed that they have participated in training and continuous professional development activities and a summary is provided as follows:

Name of Director	Type of continuous professional development programmes
Executive Directors	
Ms. Cao Xinyi (chairman)	1,2,3
Mr. Wang Wengang (appointed on 18 July 2016)	1,2,3
Ms. Zhu Hongchan	1,2,3
Mr. Wang Yaxu	1,2,3
Mr. Feng Yi (passed away on 16 June 2016)	1,2,3
Non-executive Directors	
Mr. Guo Lisheng (appointed on 18 July 2016)	1,2,3
Mr. Lu Chuan (resigned on 18 July 2016)	1,2,3
Independent non-executive Directors	
Mr. Ng Yuk Keung	1,2,3
Mr. Wang Wenfu	1,2,3
Mr. Gao Zhikai (appointed on 18 July 2016)	1,2,3
Mr. James Downing (resigned on 18 July 2016)	1,2,3
Mr. George Jay Hambro (resigned on 18 July 2016)	1,2,3

Notes:

1. Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements.

2. Attending seminars/training workshops offered by external professionals and/or experts.

3. Internal group discussions on updates relating to general economy, business trend, corporate governance, directors' duties and the latest development of the Listing Rules and other applicable regulatory requirements.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company deploys appropriate and sufficient resources to prepare audited accounts. Senior management is required to present and explain the financial reporting and matters that materially affect or may have material impact on the financial performance and operations of the Company to the audit committee and the Board and respond to the queries and concerns raised by the audit committee and the Board to their satisfaction. The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the financial statements include applicable disclosure required by the Listing Rules and by the Hong Kong Companies Ordinance. The reporting responsibility of the external auditors of the Company on the financial statements of the Group is set out in the independent auditor's report on pages 47 to 59 of this annual report.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 7 September 2010 with written terms of reference in compliance with the CG Code. The remuneration committee currently comprises two independent non-executive Directors, namely, Mr. Wang Wenfu (Chairman) and Mr. Ng Yuk Keung and one executive Director, Ms. Cao Xinyi. The primary duties of the remuneration committee are to review and formulate remuneration policies for the Directors and senior management, to make recommendations on the remuneration package of the Directors and senior management and to evaluate and make recommendations on employee benefit arrangements.

The remuneration committee held 3 meetings during the year ended 31 December 2016, at which the members of the committee reviewed the remuneration and bonus plan of the Directors and senior management with reference to their duties, responsibilities, experience, qualifications and performance. No Director took part in any discussion about his/her own remuneration.

The attendance records of the remuneration committee for the year ended 31 December 2016 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Wang Wenfu	3/3
Mr. James Downing (resigned on 18 July 2016)	1/3
Mr. Ng Yuk Keung	3/3
Ms. Cao Xinyi	2/3

Details of the Directors' remuneration are set out in note 10 to the financial statements.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Company established a nomination and corporate governance committee on 7 September 2010 with written terms of reference as recommended under the CG Code. The nomination and corporate governance committee comprises two independent non-executive Directors, namely, Mr. Gao Zhikai (Chairman) and Mr. Ng Yuk Keung and one executive Director, Ms. Cao Xinyi. The primary function of the nomination and corporate governance committee is to formulate and implement the nomination policy laid down by the Board to oversee the composition, structure and evaluation of the Board and its committees and to develop, recommend to the Board and oversee the implementation of corporate governance principles and policies.

The nomination and corporate governance committee held 2 meetings during the year ended 31 December 2016, at which the members of the committee reviewed and discussed the composition and structure of the Board and also evaluated the performance of the Board and its committees.

The attendance records of the nomination and corporate governance committee for the year ended 31 December 2016 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. Gao Zhikai (appointed on 18 July 2016)	1/2
Mr. James Downing (resigned on 18 July 2016)	1/2
Mr. Ng Yuk Keung	1/2
Mr. George Jay Hambro (resigned on 18 July 2016)	1/2
Ms. Cao Xinyi	1/2

HEALTH AND SAFETY AND ENVIRONMENTAL COMMITTEE

The Company established a health and safety and environmental committee on 7 September 2010 with written terms of reference. The health and safety and environmental committee comprises two non-executive Directors, Mr. Gao Zhikai and Mr. Wang Wenfu and one executive Director Mr. Wang Yaxu (Chairman). The primary function of the health and safety and environmental committee is to advise and assist the Board with respect to health, safety and environmental matters.

The health and safety and environmental committee held 2 meetings during the year ended 31 December 2016, at which the members of the committee reviewed and discussed health and safety strategy and implementation plan of the Company.

The attendance records of the health and safety and environmental committee for the year ended 31 December 2016 are set out below:

Name of Director	Attendance/ Number of Meetings
Mr. George Jay Hambro (resigned on 18 July 2016)	0/2
Mr. Gao Zhikai (appointed on 18 July 2016)	2/2
Mr. Wang Wenfu	2/2
Mr. Wang Yaxu	2/2

INTERNAL CONTROL

The internal control system has been designed to safeguard the assets of the Group, maintain proper accounting records, and to ensure execution with appropriate authority and compliance of the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control system. During the year ended 31 December 2016, the Board carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of the business. The system can only provide reasonable but not absolute assurance against misstatements or losses. For the year ended 31 December 2016, the Board considers that the Group's internal control system was adequate and effective and that the Company complied with the CG Code with respect to its internal controls.

COMPANY SECRETARY

Ms. Cao Xinyi, the company secretary and also an executive Director and chairman of the Board, supports the Board and each of the Board committees by ensuring good information flow and that policies and procedures of the Board and the relevant Board committees are followed. Ms. Cao advises the Board on governance matters and facilitates the induction and professional development of Directors. As the company secretary, Ms. Cao also plays an essential role in the relationship between the Company and its Shareholders, including assisting the Board in discharging its obligations to the Shareholders pursuant to the Listing Rules.

In compliance with Rule 3.29 of the Listing Rules, Ms. Cao confirmed that she has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

CONVENING AND PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

According to the Articles of Association, Shareholders who request for the convening of an extraordinary general meeting shall comply with the following procedures:

- General meetings may be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the nominal value of the issued Shares which carries the right of voting at general meetings of the Company.

- General meetings may also be convened on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office, specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the nominal value of issued shares in the Company which carries the right of voting at general meetings of the Company.

- If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary or relevant personnels by mail to the Company's principal place of business in Hong Kong at the following address:

Suites 2104–05,
Hutchison House
10 Harcourt Road
Hong Kong

The company secretary and relevant personnels shall, on a regular basis, report the Shareholder's enquiries and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquiries.

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Memorandum of Association was amended by deleting the name "Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司" on the cover page, on the heading of page 1 of the Memorandum, in Clause 1.1 of the Memorandum and in the definition of "Company" in Clause 10.1 of the Memorandum and substituting therefor "E-Commodities Holdings Limited 易大宗控股有限公司".

The Articles of Association were amended by deleting the name "Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司" on the cover page of the Articles of Association and on the heading of page 2 of the Articles of Association and substituting therefor "E-Commodities Holdings Limited 易大宗控股有限公司".

The above amendments to the Memorandum of Association and Articles of Association were approved by the Shareholders at the extraordinary general meeting of the Company held on 1 August 2016.

Dear Shareholders,

The Board is pleased to present its report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 prepared in accordance with IFRSs.

PRINCIPAL ACTIVITIES

The Company was incorporated in the British Virgin Islands as a limited liability company on 17 September 2007. The Shares were listed on the Main Board of the Hong Kong Stock Exchange on 11 October 2010.

The Group principally engages in supplying coking coal into China and providing services to its suppliers and customers through its integrated platform comprising logistics parks, coal processing plants, and road and railway transportation capabilities. Details of the Company's principal subsidiaries as at 31 December 2016 are set out in note 18 to the financial statements set out in this annual report.

OPERATING RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 60 in this annual report.

An analysis of the Group's performance for the year is set out in pages 3 to 16 of this annual report.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 64 of this annual report.

As at 31 December 2016, there is no reserves available for distribution to Shareholders (31 December 2015: nil).

Subject to the BVI Business Companies Act 2004, the Company may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out if the Directors are satisfied, on reasonable grounds, that, immediately after the payment of the dividends, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

The reserves of the Group available for distribution depend on the dividend distributable by the Company's subsidiaries. Regulations in the PRC currently permit distribution by way of dividends by the PRC subsidiaries only out of accumulated profits as determined in accordance with the PRC generally accepted accounting principles. These distributable profits differ from those that are reflected in the Group's financial statements prepared in accordance with the IFRSs.

DIVIDENDS

A final dividend in cash of HK$0.077 per share has been declared for the year ended 31 December 2016.

The Company will dispatch a circular containing, among other things, further information relating to the proposed distribution of final dividend and the forthcoming annual general meeting as soon as possible.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 166 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2016 are set out in note 14 to the financial statements set out in this annual report.

SHARE CAPITAL

The Company's Shares are without par value. Details of the movements in number of authorised and issued Shares of the Company during 2016 are set out in note 34(c) to the financial statements set out in this annual report.

LOANS AND BORROWINGS

Details of the loans and borrowings of the Group are set out in note 27 to the financial statements set out in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Most of the Group's products are sold to steel mills in China. For the year ended 31 December 2016, sales to the Group's five largest customers accounted for 43.13% of the total revenue of the Group. The largest customer was accounted for 12.24% of the total revenue of the Group.

For the year ended 31 December 2016, total procurement amount of coal was HK$9,930 million, of which, the top five coal suppliers accounted for 42.88%. The largest coal supplier accounted for 11.75% of the total procurement amount.

Save as disclosed above, at no time during the year had the Directors, their associates or any Shareholder (who to the knowledge of the Directors own(s) more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

SENIOR NOTES

On 8 April 2011, the Company issued Senior Notes in the aggregate principal amount of US$500,000,000 which were listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bore interest at 8.50% per annum, payable semi-annually in arrears. During the two years ended 31 December 2013, the Group repurchased Senior Notes in an aggregate principal amount of US$190,690,000 in the open market. The outstanding Senior Notes with principal amount of US$309,310,000 matured on 8 April 2016.

During the year ended 31 December 2015, the Group did not make the scheduled Interest Payments of US$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively and was in default. The Group has defaulted on outstanding Senior Notes amounting to US$309,310,000 as at 31 December 2015 after the 30-day grace period expired on 8 May 2015 for making the 8 April 2015 interest payment under the terms of the indenture, as amended and supplemented.

On 25 November 2015, the Company, certain of its subsidiaries and the Bondholders entered into the Restructuring Support Agreement, pursuant to which such Bondholders agreed to support the proposed Debt Restructuring to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong.

The Debt Restructuring consisted of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) Cash Consideration; (ii) Scheme Shares; and (iii) CVRs which would give rise to a one-off payment of US$ 10 million to the Bondholders upon the occurrence of the Triggering Event.

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey were funded by the proceeds of the Rights Issue. On 23 June 2016, all Scheme Conditions (as defined in the Prospectus) were satisfied and the Debt Restructuring became effective. A total of 322,706,001 Scheme Shares and 243,273,777 Scheme Shares were issued to the Bondholders on 28 June 2016 and 7 October 2016, respectively.

At the Debt Restructuring effective date on 23 June 2016, the carrying value of the Senior Notes including accrued interest amounted to approximately HK$2,719,877,000. The fair value of the consideration to settle the Senior Notes was cash consideration of US$50 million (equivalent to approximately HK$388,194,000) and the fair value of 565,979,778 Scheme Shares of approximately HK$305,629,000 based on the closing price of the Company's shares of HK$0.54 per share as traded on Hong Kong Stock Exchange on 23 June 2016. The excess of carrying value of the Senior Notes over the fair value of the consideration to settle the Senior Notes, amounting to approximately HK$1,948,451,000, has been recognised by the Group as a gain from Debt Restructuring and credited to profit or loss.

For the year ended 31 December 2016, there were no Senior Notes outstanding as at 31 December 2016. For the year ended 31 December 2016, interest on the Senior Notes of HK$76,816,000 and expenses incurred in relation to the Debt Restructuring of HK$65,181,000 (as included in administrative expenses) were charged to the profit or loss.

Report of the Directors

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

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

Name	Position
Executive Director	
Ms. Cao Xinyi	Executive Director and Chairman of the Board
Mr. Wang Wengang (appointed on 18 July 2016)	Executive Director and Chief Executive Officer
Ms. Zhu Hongchan	Executive Director
Mr. Wang Yaxu	Executive Director
Mr. Feng Yi (passed away on 16 June 2016)	Executive Director
Non-executive Director	
Mr. Lu Chuan (resigned on 18 July 2016)	Non-executive Director
Mr. Guo Lisheng (appointed on 18 July 2016)	Non-executive Director
Independent Non-executive Director	
Mr. James Downing (resigned on 18 July 2016)	Independent Non-executive Director
Mr. Ng Yuk Keung	Independent Non-executive Director
Mr. Wang Wenfu	Independent Non-executive Director
Mr. George Jay Hambro (resigned on 18 July 2016)	Independent Non-executive Director
Mr. Gao Zhikai (appointed on 18 July 2016)	Independent Non-executive Director

Biographical details of the current Directors and the senior management of the Company are set out in the section headed "Profile of Directors and Senior Management" on pages 17 to 21 in this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Wang Wengang has entered in to a service contract as an executive director of the Company for a term of three years commencing from 18 July 2016. Each of Mr. Guo Lisheng and Mr. Gao Zhikai entered into an appointment letter, as the non-executive Director and an independent non-executive Director, respectively, for a term of three years commencing from 18 July 2016. All these three Directors are proposed for re-election at the forthcoming annual general meeting.

Excluding all these abovementioned, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with the Company or any other member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS

During the year 2016, the Group had entered into the transaction below with the connected persons of the Company, and is not exempted, under the Listing Rules.

On 11 March 2016, Famous Speech as the underwriter, the Company and Mr. Wang's Group entered into the Underwriting Agreement, pursuant to which Famous Speech has conditionally agreed to subscribe for all the Rights Shares that are not taken up under the Rights Issue at the subscription price of HK$0.69 per Rights Share for the consideration in the aggregate amount of up to US$50 million.

Mr. Wang Xingchun was a substantial Shareholder and a Director in the prior 12 months and therefore a connected person of the Company and Famous Speech is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. Pursuant to Rule 7.21(2) of the Listing Rules, as the Company has not made arrangements for the qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue or to dispose of Rights Shares not taken by qualifying Shareholders in the market as contemplated by Rule 7.21(1) of the Listing Rules, the Underwriting Agreement is subject to the approval of Shareholders, excluding those with a material interest in the arrangement.

The Company has engaged its external auditor to audit on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. No continuing connected transactions occurred during the year 2016.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, share-based incentive payments, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses Directors and senior management for expenses which are necessarily and reasonably incurred for providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for executive Directors, the remuneration committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Director, employment elsewhere in the Group and desirability of performance-based remuneration.

Details of the remuneration of the Directors are set out in note 10 to the financial statements set out in this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent in accordance with the guidelines set out in the Listing Rules.

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

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFP) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name of Director	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation[1]
Wang Wengang	The Company	Beneficial Owner	68,470	0.00%

Note:

1. The percentage shareholding of the Company is calculated on the basis of 3,018,558,652 Shares in issue, as at 31 December 2016, as the denominator.

Save as disclosed above, as at 31 December 2016, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SHARE-BASED INCENTIVE PLANS

Restricted Share Unit Scheme

Under the restricted share unit scheme ("**RSU Scheme**") adopted by the Company on 11 June 2012, the Company may grant restricted share unit awards ("**RSU Awards**") to directors (including executive directors, non-executive directors and independent non-executive directors), officers and full-time employees of the Company or any of its subsidiaries. An RSU Award gives a participant in the RSU Scheme a conditional right when the RSU Award vests to obtain either Shares (existing Shares in issue or new Shares to be issued by the Company) or an equivalent value in cash with reference to the value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion. The Board may determine the vesting criteria, conditions and the time when the RSU Awards will vest.

The purposes of the RSU Scheme are to retain and motivate its participants to make contributions to the long-term growth and profits of the Company with a view to achieving the objective of increasing the value of the Group and to promote a greater alignment of interests between the participants and the shareholders of the Company. The Board will select participants to receive RSU Awards under the RSU scheme at its discretion.

During the year ended 31 December 2016, no RSU Awards were granted by the Company under the RSU Scheme.

On 20 January 2017, 7,385,000 RSUs were granted by the Company, in which, 5,539,000 RSUs granted to Directors as a part of the remuneration package of the service contract of such Directors. The details of RSUs granted to the Directors are set out below:

	RSUs granted as at 1 January 2017	RSUs granted during the period	RSUs exercised during the period	RSUs lapsed/ cancelled during the period	RSUs held as at 20 January 2017
CAO Xinyi	0	1,477,000	0	0	1,477,000
WANG Wengang	0	1,477,000	0	0	1,477,000
ZHU Hongchan	0	1,477,000	0	0	1,477,000
WANG Yaxu	0	1,108,000	0	0	1,108,000
Others	0	1,846,000	0	0	1,846,000
Total	0	7,385,000	0	0	7,385,000

2014 Share Option Scheme

The Company adopted a new share option scheme (the "**2014 Share Option Scheme**") in the annual general meeting of the Company held on 6 June 2014. The purpose of the 2014 Share Option Scheme is to reward persons who have contributed to the Group and to encourage such persons to work towards enhancing the value of the Company. The eligible participants of the 2014 Share Option Scheme include Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group. The 2014 Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 5 years from 6 June 2014. As of 1 March 2016, the Board has agreed with the holders of all the outstanding (and unexercised) options granted under the 2014 Share Option Scheme to cancel their options with immediate effect. No consideration was paid or is payable for such cancellation.

Grantee	Options granted as at 1 January 2016	Options granted during the period	Options exercised during the period	Options lapsed/ cancelled during the period	Options held as at 31 December 2016
Directors					
Cao Xinyi	9,000,000	–	–	9,000,000	0
Zhu Hongchan	13,000,000	–	–	13,000,000	0
Ma Li (resigned on 28 October 2015)	4,875,000	–	–	4,875,000	0
Wang Changqing (resigned on 28 October 2015)	3,750,000	–	–	3,750,000	0
Wang Yaxu (appointed on 28 October 2015)	9,000,000	–	–	9,000,000	0
Feng Yi (passed away on 16 June 2016)	1,500,000	–	–	1,500,000	0
Other Employees	41,900,000	–	–	41,900,000	0
Total	83,025,000	–	–	83,025,000	0

Save as disclosed above, at no time during the year of 2016 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2016, shareholders of the Company who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Name of Corporation	Nature of Interest	Aggregate number of Shares [1]	Approximate percentage of interest in the corporation[8]
Ms. Wang[2]	The Company	Interest of corporation controlled by the substantial shareholder	1,500,080,608 (L)	49.70%
Famous Speech Limited	The Company	Beneficial Owner	1,500,080,608 (L)	49.70%
Wang Xingchun[3][4]	The Company	Interest of corporation controlled by the substantial shareholder	75,912,505(L)	
		Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608(L)	
		Total	1,575,993,113 (L)	52.21%
Winsway Group Holdings[3][5]	The Company	Interest of corporation controlled by the substantial shareholder	75,912,505 (L)	
		Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	
		Total	1,575,993,113 (L)	52.21%
Winsway Resources Holdings[3][4]	The Company	Beneficial Owner	65,507,184 (L)	
		Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	
		Total	1,565,587,792 (L)	51.87%

Name of Shareholder	Name of Corporation	Nature of Interest	Aggregate number of Shares [1]	Approximate percentage of interest in the corporation[8]
Great Start[3][4]	The Company	Interest of corporation controlled by the substantial shareholder	10,405,321 (L)	
		Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	
		Total	1,510,485,929 (L)	50.04%
Winsway International Petroleum & Chemicals[3][4]	The Company	Beneficial Owner	10,405,321 (L)	
		Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	
		Total	1,510,485,929 (L)	50.04%
China Minmetals Corporation[6]	The Company	Interest of corporation controlled by the substantial shareholder	1,515,195,953 (L)	50.20%
Evergrowing Bank Yantai Shangkuang West Road Sub-Branch[7]	The Company	Person having a security interest in shares	1,500,080,608 (L)	49.70%
Magnificent Gardenia Limited[6]	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	49.70%

Notes:

1. The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.

2. Ms. Wang directly controls Famous Speech Limited ("**Famous Speech**") and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech.

3. Mr. Wang's Group and Famous Speech have entered into an agreement which is covered by s.317 and s.318 of SFO and each of Mr. Wang's Group is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech by virtue of s. 317 of the SFO.

4. Mr. Wang Xingchun indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals and Winsway Resources Holdings and is deemed to be interested in the 10,405,321 Shares and 65,507,184 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively.

5. Winsway Group Holdings indirectly holds, through Great Start the entire issued share capital of Winsway International Petroleum & Chemicals and directly holds the entire issued share capital of Winsway Resources Holdings and is deemed to be interested in the 10,405,321 Shares and 65,507,184 Shares held by Winsway International Petroleum & Chemicals and Winsway Resources Holdings, respectively. Mr. Wang Xingchun is the sole director of Winsway Group Holdings.

6. China Minmetals Corporation ("**China Minmetals**") was deemed to be interested in 1,515,195,953 Shares. 15,115,345 of such Shares were held by certain other companies that were controlled directly or indirectly by China Minmetals, and China Minmetals was deemed to be interested in another 1,500,080,608 Shares because Magnificent Gardenia Limited, a corporation controlled by it, entered into an agreement which is covered by s.317 and s.318 and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech by virtue of s.317 of the SFO.

7. Pursuant to a share pledge agreement dated 15 June 2016 entered into between Famous Speech and Evergrowing Bank Yantai Shangkuang West Road Sub-branch ("**Evergrowing Bank**"), Famous Speech agreed to pledge all the Shares it acquired or to be acquired in favour of Evergrowing Bank as security for a term loan to be provided by an offshore bank to Famous Speech for the purpose of underwriting the Rights Issue.

8. The percentage shareholding of the Company is calculated on the basis of 3,018,558,652 Shares in issue, as at 31 December 2016, as the denominator and the number of Shares that each substantial shareholder is interested in as the numerator.

Save as disclosed above, as of 31 December 2016, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance (as that term is used in Appendix 16 of the Listing Rules) in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed in this annual report, no contracts of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.

Save as disclosed in this annual report, no contracts of significance between the Company or any of its subsidiaries and a Controlling Shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

AUDIT COMMITTEE

The audit committee consists of three independent non-executive Directors, Mr. Ng Yuk Keung (Chairman), Mr. Wang Wenfu and Mr. Gao Zhikai.

The audit committee has reviewed, together with the management of the Company, the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the financial statements of the Group for the year ended 31 December 2016.

PRE-EMPTIVE RIGHTS

There are no applicable provisions for pre-emptive rights under the Articles of Association or the BVI Business Companies Act 2004 under which the Company is incorporated.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2016.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company has adopted the CG Code. Throughout the year ended 31 December 2016, save as disclosed in the Corporate Governance Report in this annual report, the Company has complied with all the applicable code provisions as set out in the CG Code. For details of the corporate governance practice of the Company, please refer to the Corporate Governance Report on pages 22 to 32 of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group in the ordinary course of business are set out in note 37 to the financial statement set out in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

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

As at 31 December 2016, the Company had a total of 3,018,558,652 Shares in issue. The Company repurchased a total of 18,408,000 Shares on the Hong Kong Stock Exchange during the year ended 31 December 2016. Such Shares were cancelled in January 2017, and the total number of Shares in issue was reduced accordingly.

Details of the repurchases are summarised as follows:

Month of the repurchase	**Total number of Shares repurchased**	**Repurchased price per Share**		**Aggregate consideration**
		Highest (HK$)	**Lowest (HK$)**	**(HK$)**
December 2016	18,408,000	0.88	0.78	15,389,760

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in or about the execution of their duty in their offices or otherwise in relation thereto. Such permitted indemnity provision has been in force throughout the year ended 31 December 2016. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company for the year ended 31 December 2016.

SUBSEQUENT EVENTS

On 5 January 2017, the Group and a third party company, Minghua Energy Group Co., Ltd. ("**Minghua Energy**"), entered into a sales and purchase agreement, pursuant to which Minghua Energy agreed to sell and the Group agreed to purchase certain assets, including a coal processing plant, the relevant facilities and equipment, of Minghua Energy for cash consideration of RMB100,000,000 (equivalent to HK$111,790,000). The transaction was completed on 5 January 2017.

Independent auditor's report to the shareholders of E-Commodities Holdings Limited
(incorporated in the British Virgin Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of E-Commodities Holdings Limited (formerly known as "Winsway Enterprises Holdings Limited") ("the Company") and its subsidiaries ("the Group") set out on pages 60 to 161, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in note 22 to the consolidated financial statements, as at 31 December 2016, the Group had an outstanding loan due from Moveday Enterprises Limited ("Moveday") of US$15.5 million (equivalent to approximately $120,260,000) (31 December 2015: US$20.4 million (equivalent to approximately $158,075,000)), against which an impairment provision of $120,260,000 (31 December 2015: $120,189,000) has been recognised. This impairment provision takes into account information about the adverse financial and operating circumstances of Moveday since 2015 and lack of significant improvements in its financial and operating circumstances during the year ended 31 December 2016, but not the possibility of any recovery that may be achieved in future through re-negotiation of the terms of the loan or alternative forms of settlement in kind. In our auditor's report dated 22 April 2016 on the consolidated financial statements for the year ended 31 December 2015 we disclaimed an opinion due to, amongst other matters, a limitation in the scope of our audit relating to this impairment provision, as we were unable to obtain sufficient appropriate audit evidence to evaluate the reasonableness of the assumptions adopted by the directors of the Company in estimating the expected timing and amounts of future cash flows arising from the loan. This matter has not been resolved and therefore we continue to be unable to reach a conclusion as to whether the directors' judgement in this matter is appropriate and, therefore, whether the amount of this impairment provision is, or is not, in accordance with the applicable accounting framework. Any decrease in the impairment losses recognised against the loan balance due from Moveday would affect the net assets of the Group as at 31 December 2016 and could also affect the Group's profit for the year then ended, the opening balance of accumulated losses as at 1 January 2016, net liabilities as at 31 December 2015 and the related disclosures in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of going concern

Refer to note 2 to the consolidated financial statements on page 67.

The Key Audit Matter	How the matter was addressed in our audit
The consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the consolidated financial statements, the directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections were based on management's estimation of future cash inflows/outflows, including revenue from the processing and trading of coking coal and other products and the rendering of logistics services, gross margins, operating expenses, capital expenditure, finance costs, working capital requirements and the availability of borrowing facilities.	Our audit procedures relating to the assessment of going concern included the following: • obtaining the Group's cash flow projections covering a period of not less than twelve months from the reporting period end date and challenging the key assumptions used in preparing the projections (including future coal selling prices, future coal procurement prices, future sales volumes, future production volumes and costs, future operating expenses, future planned capital expenditure and the availability of borrowing facilities) based on historical production information together with market and other externally available information;

The Key Audit Matter	How the matter was addressed in our audit
The assumptions and estimations were based on the Group's business performance for the year ended 31 December 2016, management's expectations of developments in the coking coal market and the success of cost cutting strategies implemented. In preparing the cash flow projections, management assumed that the recovery in the coking coal market during the year ended 31 December 2016 would continue and, on that basis, developed assumptions relating to future coal selling prices, fluctuations in future coal procurement prices and future sales volumes. We identified the assessment of going concern as a key audit matter because the assessment involves consideration of future events which are inherently uncertain and because the assessment requires the exercise of significant management judgement in assessing future cash inflows/outflows which could be subject to potential bias.	• evaluating the consistency, where appropriate, of the application of the key assumptions adopted in the cash flow projections with reference to other audit procedures performed, in particular in assessing potential impairment of assets; • evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions; • inspecting the facility agreements for the Group's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Group's liquidity; • assessing the disclosures in the consolidated financial statements in relation to the going concern basis of accounting with reference to the requirements of the prevailing accounting standards.

Recognition of revenue

Refer to note 4 to the consolidated financial statements and the accounting policies on page 87.

The Key Audit Matter	How the matter was addressed in our audit
The Group has the following principal sources of revenue: — the trading of coking coal and other products under framework contracts signed with certain third party companies pursuant to which those third party companies act as agents of the Group to sign sales and purchase contracts with customers and suppliers whilst the Group is responsible for identifying customers and suppliers and negotiating and determining the price, quantity of the commodities and transportation and payment terms with both customers and suppliers respectively (the "Framework Contracts"); — the importing, processing and trading of coking coal sourced from Mongolia; and — the rendering of logistics services.	Our audit procedures to assess the recognition of revenue included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the recognition of revenue; • inspecting significant new sales contracts entered into during the year to obtain an understanding of the contract terms, in particular, those relevant to the timing and quantum of revenue recognition with reference to the Group's revenue recognition accounting policies; • considering the Group's revenue recognition accounting policies, including those for the trading of coking coal under the Framework Contracts, with reference to the requirements of the prevailing accounting standards; • selecting a sample of sales transactions recorded during the reporting period and just after the end of the reporting period and comparing the details with the underlying sales invoices, sales contracts and relevant documentation evidencing the date of delivery and acceptance of the goods or services, such as bills of lading, shipping documents, proof of delivery and proof of acceptance, to assess whether the related revenue has been recognised in the appropriate accounting period in accordance with the Group's revenue recognition accounting policies;

The Key Audit Matter	How the matter was addressed in our audit
These sources of revenue have differing trade terms and revenue recognition criteria and the accounting systems handle a high volume of individual transactions all of which increase the risk that errors may be made in the recognition of revenue. We identified recognition of revenue as a key audit matter because revenue is a key performance measure for the Group and a key driver of the gross margin which increases the risk that revenue may be manipulated to meet targets and expectations and because the volume of transactions and differing trade terms increase the risk of errors in the recognition of revenue.	• requesting confirmations from the Group's customers, on a sample basis, to confirm the sales transaction amounts and quantities sold during the reporting period and investigating the reasons for any differences between the amounts confirmed and the amounts in the Group's accounting records by discussion with management and inquiry with related customers; for unreturned confirmations, we inspected the entire population of the sales transactions with the associated customers by comparing the details with underlying sales invoices, sales contracts and relevant documentation evidencing the date of delivery and acceptance of the goods or services, such as bills of lading, shipping documents, proof of delivery and proof of acceptance; • inspecting manual adjustments to revenue during the reporting which met certain risk-based criteria and enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

Valuation of other investments in equity securities

Refer to note 21 to the consolidated financial statements and the accounting policies on page 73.

The Key Audit Matter	How the matter was addressed in our audit
Other investments in equity securities represent the Group's equity interests in third party companies engaged in railway logistics, ports management and coal storage businesses. These investments in equity securities are recognised in the consolidated statement of financial position at cost less impairment losses. As at 31 December 2015, an impairment loss of $250,656,000 was recorded to fully write down the carrying amount of the Group's investments in certain of these companies due to the unsatisfactory operating performance of these companies. The impairment loss was calculated based on fair value assessments of the respective investments performed by an independent appraiser. In our auditor's report dated 22 April 2016 on the consolidated financial statements for the year ended 31 December 2015 we disclaimed an opinion due to, amongst other matters, a limitation in the scope of our audit relating to this impairment loss provision as we were unable to obtain sufficient appropriate audit evidence to evaluate whether the assumptions used in the above-mentioned fair value assessments were reasonable and appropriately supportable and whether the source data was complete and accurate.	Our audit procedures to assess the valuation of other investments in equity securities as at 31 December 2015 and 2016 included the following: • evaluating the competence, capabilities and objectivity of the independent appraiser engaged by management to assess the fair values of the investments; • involving our internal valuation specialists to assist us in assessing the valuation methodologies adopted in the valuations with reference to the requirements of the prevailing accounting standards; • challenging the suitability of the source data as the basis for the valuations by comparing key financial information in the source data with the financial statements of the investees and operational forecasts prepared by management of the investees; • challenging the key assumptions underlying the operational forecasts (including transportation prices and volume assumptions) by comparison with historical financial performance together with market and other externally available information;

The Key Audit Matter	How the matter was addressed in our audit
As of 31 December 2016, the Group continued to record full impairment of $234,759,000 against the investments in certain of these companies, having taken into account the investees' poor financial performance since 2015, updated fair value assessments of the respective investments performed by an independent appraiser and other indicators of impairment. The fair value assessments were prepared by an independent appraiser using the discounted cash flow method based on cash flow forecasts taking into account transportation prices, volume assumptions and source data provided by management of the investees. We identified the valuation of other investments in equity securities as a key audit matter because we were unable to complete our audit of the valuation as at 31 December 2015 at the time that we issued our audit report dated 22 April 2016 and we therefore needed to extend the scope of our procedures in respect of the corresponding amounts to assess whether this matter was now resolved and because the determination of the assumptions adopted in the fair value assessments involves the exercise of significant judgement, in particular in relation to estimating future transport prices and expected volumes, which could be subject to management bias.	• assessing the discount rates applied in the cash flow forecasts, with the assistance of our internal valuation specialists, by benchmarking against those of similar companies in the markets in which the investees operate; • re-performing management's calculations of the sensitivity of the key assumptions adopted in the cash flow forecasts and considering possible management bias in the selection of assumptions; • considering alternate valuations through the use of other information available, which included the statements of financial position of the investees, to obtain an estimation of the value of the investees in terms of their net assets, comparing these alternate valuations to the carrying value of the Group's investments in these companies and investigating the reasons for any differences by discussion with the management of both the investees and the controlling shareholder of the investees.

Assessing potential impairment of assets in respect of coal processing factories and logistics facilities

Refer to note 14 to the consolidated financial statements and the accounting policies on page 77.

The Key Audit Matter	How the matter was addressed in our audit
The coking coal industry has experienced decreased demand resulting in a depressed price environment and the logistics facilities built for transporting coking coal have been operating at low utilisation levels in recent years. The Group recorded a significant impairment loss during the year ended 31 December 2015 in respect of coal processing factories and logistic facilities due to the unfavourable future prospects of the coking coal business and production suspension or low utilisation of the coal processing factories and logistic facilities. During the year ended 31 December 2016, the coking coal market has seen signs of recovery and the utilisation of certain of the Group's coal processing factories and logistic facilities has increased significantly. The Group recorded a reversal of a previously recognised impairment of property, plant and equipment in respect of these coal processing factories and logistic facilities as at 31 December 2016 of $4,248,000.	Our audit procedures to assess the potential impairment of assets in respect of coal processing factories and logistics facilities included the following: • evaluating management's identification of cash generating units ("CGUs"), the allocation of assets to the identified CGUs, the identification of indicators of potential impairment and the methodology applied by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards, taking into account business changes during the year; • assessing and challenging the key assumptions underlying the discounted cash flows forecasts (including future coal prices, future logistics service prices, future production and logistics service volumes and costs, future capital and operating costs and future inflation) by comparison with historical information and internal business plans approved by the board of directors together with market and other externally available information;

The Key Audit Matter	How the matter was addressed in our audit
The reversal of impairment was determined based on value-in-use calculations by preparing cash flow forecasts for each cash-generating unit to which the relevant assets were allocated based on financial forecasts prepared by management covering a five-year period. Preparing discounted cash flow forecasts involves the exercise of significant management judgement, particularly in forecasting of revenue and operating costs and in determining appropriate discount rates. We identified the assessment of potential impairment of assets in respect of coal processing factories and logistics facilities as a key audit matter because the assessment of any impairment (or reversal of previously recognised impairment) involves the exercise of significant management judgement, particularly in relation to the determination of the key assumptions underlying the discounted cash flows which could be subject to management bias.	• assessing the discount rates applied in the cash flow forecasts, with the assistance of our internal valuation specialists, by benchmarking against those of similar companies in the markets in which the Group operates; • performing sensitivity analyses of the key assumptions underlying the discounted cash flow forecasts in order to assess the potential impact of a range of possible outcomes and considering whether there was any evidence of management bias in the selection of assumptions.

Accounting for the debt restructuring of senior notes

Refer to note 28 to the consolidated financial statements and the accounting policies on page 81.

The Key Audit Matter	How the matter was addressed in our audit
On 23 June 2016, the Company completed a debt restructuring of its outstanding senior notes with a principal amount of US$309,310,000 ("Senior Notes") ("Debt Restructuring"). The Debt Restructuring consisted of the redemption of the outstanding Senior Notes and all accrued and scheduled interest payments at a discount, with the holders of the Senior Notes ("the Bondholders") accepting a combination of cash consideration, new ordinary shares of the Company and certain contingent value rights ("CVRs"). The excess of the carrying value of the Senior Notes over the fair value of the consideration required to settle the Senior Notes, amounting to approximately $1,948,451,000, has been recognised by the Group as a gain on Debt Restructuring of the Senior Notes and was credited to profit or loss for the year ended 31 December 2016. Accounting for the Debt Restructuring of the Senior Notes required management to make a number of judgements, which focused on, but were not limited to, determining the timing of the discharge of the Senior Notes, the identification and measurement of the consideration transferred or to be transferred to the Bondholders and the presentation and disclosure of the details of the Debt Restructuring. We identified assessing the accounting for the Debt Restructuring of the Senior Notes as a key audit matter because of the complexity of the accounting and the significant level of management judgement involved and because of its significance in the context of the consolidated financial statements as a whole.	Our audit procedures to assess the accounting for the Debt Restructuring of the Senior Notes included: • assessing the timing of the discharge of the Senior Notes adopted by inspecting and reading board minutes, agreements and other relevant underlying documentation and through discussions with management and their external advisors; • evaluating the accounting for the shares issued and CVRs granted as part of the consideration of the Debt Restructuring by the Group with reference to the requirements of the prevailing accounting standards; • engaging our internal valuation specialists to assist us in assessing the methodology for and inputs used in determining the fair value of the shares issued; • re-calculating the gain recorded by the Group on the Debt Restructuring based on the carrying value of the Senior Notes and the fair value of the consideration; • considering the disclosures in the consolidated financial statements in respect of the Debt Restructuring and the related judgements with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor’s report thereon. We obtained the Management Discussion and Analysis prior to the date of this auditor’s report and expect the remaining other information to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group’s financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Tsz Chung.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2017

Consolidated Statement of Profit or Loss

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**2016 $'000**	2015 $'000
Continuing operations			
Revenue	4	**13,501,746**	5,735,319
Cost of sales		**(11,629,480)**	(5,576,764)
Gross profit		**1,872,266**	158,555
Other revenue	6	**21,413**	2,991
Distribution costs	8(c)	**(192,789)**	(29,141)
Administrative expenses		**(524,785)**	(449,936)
Other operating (expenses)/income, net	7	**(14,586)**	3,239
Reversal of impairment/(Impairment) of non-current assets	8(d)	**4,248**	(1,143,254)
Profit/(loss) from operating activities		**1,165,767**	(1,457,546)
Finance income	8(a)	**8,093**	69,535
Finance costs	8(a)	**(156,467)**	(365,034)
Net finance costs		**(148,374)**	(295,499)
Gain on debt restructuring	28	**1,948,451**	–
Share of profit of an associate		**896**	779
Profit/(loss) before taxation from continuing operations		**2,966,740**	(1,752,266)
Income tax	9	**(94,425)**	(3,534)
Profit/(loss) from continuing operations		**2,872,315**	(1,755,800)
Discontinued operation:			
Loss from discontinued operation, net of tax	5	**–**	(179,587)
Profit/(loss) for the year		**2,872,315**	(1,935,387)
Attributable to:			
Equity shareholders of the Company:			
Profit/(loss) for the year from continuing operations		**2,873,605**	(1,614,760)
Loss for the year from discontinued operation		**–**	(108,232)
Profit/(loss) for the year attributable to equity shareholders of the Company		**2,873,605**	(1,722,992)
Non-controlling interests:			
Loss for the year from continuing operations		**(1,290)**	(141,040)
Loss for the year from discontinued operation		**–**	(71,355)
Loss for the year attributable to non-controlling interests		**(1,290)**	(212,395)
Profit/(loss) for the year		**2,872,315**	(1,935,387)
Earnings/(loss) per share (2015: restated)			
— Basic and diluted (HK$)	13	**1.488**	(2.620)
Earnings/(loss) per share — continuing operations (2015: restated)			
— Basic and diluted (HK$)	13	**1.488**	(2.456)

The notes on pages 67 to 161 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 34(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	2016 $'000	2015 $'000
Profit/(loss) for the year	**2,872,315**	(1,935,387)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(101,705)**	(186,611)
Total comprehensive income for the year	**2,770,610**	(2,121,998)
Attributable to:		
Equity shareholders of the Company	**2,772,222**	(1,907,420)
Non-controlling interests	**(1,612)**	(214,578)
Total comprehensive income for the year	**2,770,610**	(2,121,998)

The notes on pages 67 to 161 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**At 31 December 2016 $'000**	At 31 December 2015 $'000
Non-current assets			
Property, plant and equipment, net	14	**212,210**	225,333
Construction in progress	15	**890**	–
Lease prepayments	16	**462,380**	502,523
Intangible assets	17	**4,354**	4,816
Interest in an associate	19	**16,142**	16,320
Other investments in equity securities	21	**117,134**	125,065
Other non-current assets	22	**–**	–
Total non-current assets		**813,110**	874,057
Current assets			
Inventories	23	**583,006**	184,785
Trade and other receivables	24	**1,609,483**	886,434
Restricted bank deposits	25	**63,889**	499,104
Cash and cash equivalents	26	**534,395**	259,574
Trading securities		**–**	613
Total current assets		**2,790,773**	1,830,510
Current liabilities			
Secured bank loans	27	**724,168**	1,073,197
Trade and other payables	32	**873,000**	756,502
Obligations under finance leases	30	**2,625**	–
Income tax payable	33(a)	**128,972**	38,002
Senior notes	28	**–**	2,388,573
Total current liabilities		**1,728,765**	4,256,274
Net current assets/(liabilities)		**1,062,008**	(2,425,764)
Total assets less current liabilities		**1,875,118**	(1,551,707)

The notes on pages 67 to 161 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**At 31 December 2016 $'000**	At 31 December 2015 $'000
Non-current liabilities			
Secured bank loans	27	**33,537**	27,453
Deferred income	29	**132,301**	144,008
Obligations under finance leases	30	**6,011**	–
Total non-current liabilities		**171,849**	171,461
NET ASSETS/(LIABILITIES)		**1,703,269**	(1,723,168)
CAPITAL AND RESERVES			
Share capital	34(c)	**5,681,512**	4,992,337
Reserves	34(f)	**(3,844,264)**	(6,583,138)
Total equity attributable to equity shareholders of the Company		**1,837,248**	(1,590,801)
Non-controlling interests		**(133,979)**	(132,367)
TOTAL EQUITY		**1,703,269**	(1,723,168)

Approved and authorised for issue by the board of directors on 28 March 2017.

CAO XINYI) *Directors*
ZHU HONGCHAN)

The notes on pages 67 to 161 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital $'000 (note 34(c))	Statutory reserve $'000 (note 34(f))	Employee share trusts $'000 (note 34(f))	Other reserve $'000 (note 34(f))	Exchange reserve $'000 (note 34(f))	Treasury shares $'000 (note 34(f))	Accumulated loss $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015	4,992,337	333,147	(3,000)	92,125	248,531	–	(5,362,763)	300,377	82,211	382,588
Changes in equity for 2015:										
Total comprehensive income for the year	–	–	–	–	(184,428)	–	(1,722,992)	(1,907,420)	(214,578)	(2,121,998)
Equity settled share-based transactions	–	–	–	4,535	–	–	–	4,535	–	4,535
Expiry of share options granted under share option scheme	–	–	–	(110,441)	–	–	110,441	–	–	–
Loss covered by statutory reserve	–	(147,314)	–	–	–	–	147,314	–	–	–
Disposal of subsidiaries	–	–	–	–	11,707	–	–	11,707	–	11,707
Balance at 31 December 2015 and 1 January 2016	4,992,337	185,833	(3,000)	(13,781)	75,810	–	(6,828,000)	(1,590,801)	(132,367)	(1,723,168)
Changes in equity for 2016:										
Total comprehensive income for the year	–	–	–	–	**(101,383)**	–	**2,873,605**	**2,772,222**	**(1,612)**	**2,770,610**
Shares issued under rights issue (note 34(c)(ii))	**390,526**	–	–	–	–	–	–	**390,526**	–	**390,526**
Transaction costs attributable to issue of shares under rights issue (note 34(c)(ii))	**(6,980)**	–	–	–	–	–	–	**(6,980)**	–	**(6,980)**
Scheme shares issued under debt restructuring (note 34(c)(iii))	**305,629**	–	–	–	–	–	–	**305,629**	–	**305,629**
Purchase of own shares	–	–	–	–	–	**(15,390)**	–	**(15,390)**	–	**(15,390)**
Contribution to employee share trusts	–	–	**(18,387)**	–	–	–	–	**(18,387)**	–	**(18,387)**
Equity settled share-based transactions	–	–	–	**730**	–	–	–	**730**	–	**730**
Expiry of share options granted under share option scheme	–	–	–	**(8,949)**	–	–	**8,949**	–	–	–
Appropriation to statutory reserve	–	**21,293**	–	–	–	–	**(21,293)**	–	–	–
Disposal of subsidiaries	–	**(301)**	–	–	–	–	–	**(301)**	–	**(301)**
Balance at 31 December 2016	**5,681,512**	**206,825**	**(21,387)**	**(22,000)**	**(25,573)**	**(15,390)**	**(3,966,739)**	**1,837,248**	**(133,979)**	**1,703,269**

The notes on pages 67 to 161 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Operating activities			
Profit/(loss) before taxation from continuing operations		**2,966,740**	(1,752,266)
Loss before taxation from discontinued operation		**–**	(269,626)
		2,966,740	(2,021,892)
Adjustments for:			
Depreciation		**26,082**	45,523
Amortisation of lease prepayments		**10,901**	11,062
Amortisation of intangible assets		**723**	830
Interest income		**(8,093)**	(47,188)
Interest expenses		**143,721**	459,666
Net realised and unrealised gain on derivative financial instruments		**(9,805)**	(22,785)
Net realised and unrealised loss on trading securities		**–**	1,742
Equity settled share-based transactions		**730**	4,535
Loss/(gain) on disposal of property, plant and equipment and intangible assets, net	7	**9,290**	(4,268)
Share of profit of an associate		**(896)**	(779)
(Reversal of impairment)/Impairment of non-current assets		**(4,248)**	1,131,461
Gain on debt restructuring	28	**(1,948,451)**	–
Gain on disposal of subsidiaries	5	**–**	(11,707)
Foreign exchange loss, net		**11,572**	73,664
		1,198,266	(380,136)
(Increase)/decrease in inventories		**(398,221)**	257,720
(Increase)/decrease in trade and other receivables		**(727,759)**	1,128,059
Decrease/(Increase) in trading securities		**613**	(2,355)
Increase/(decrease) in trade and other payables		**310,031**	(1,581,774)
Income tax paid		**(1,410)**	(5,627)
Net cash generated from/(used in) operating activities		**381,520**	(584,113)

The notes on pages 67 to 161 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **$'000**	2015 $'000
Investing activities			
Payment for the purchase of property, plant and equipment, construction in progress, and intangible assets		**(75,127)**	(54,571)
Proceeds from sale of property, plant and equipment		**2,436**	–
Decrease in restricted bank deposits		**435,215**	481,630
Proceeds from settlement of derivative financial instruments		**3,159**	–
Payment for purchase of derivative financial instruments		**–**	(11,036)
Interest received		**37,838**	57,224
Disposal of subsidiaries		**–**	(10,423)
Net cash used in investing activities		**403,521**	462,824
Financing activities			
Proceeds from bank loans		**1,028,576**	2,087,447
Repayment of bank loans		**(1,419,308)**	(2,157,938)
Payment for debt restructuring	28	**(388,194)**	–
Proceeds from issue of new shares under rights issue	34(c)(ii)	**390,526**	–
Payment of issuing expenses under right issue	34(c)(ii)	**(6,980)**	–
Capital element of finance leases rentals paid		**(687)**	(79,742)
Interests paid		**(73,751)**	(174,155)
Purchase of own shares		**(15,390)**	–
Contribution to employee share trusts		**(18,387)**	–
Loan from a third party to Grande Cache Coal LP		**–**	278,927
Net cash used in financing activities		**(503,595)**	(45,461)
Net increase/(decrease) in cash and cash equivalents		**281,446**	(166,750)
Cash and cash equivalents at 1 January	26(a)	**259,574**	438,552
Effect of foreign exchange rate changes		**(6,625)**	(12,228)
Cash and cash equivalents at 31 December	26(a)	**534,395**	259,574

The notes on pages 67 to 161 form part of these financial statements.

1 CORPORATE INFORMATION

E-Commodities Holdings Limited (formerly known as "Winsway Enterprises Holdings Limited") (the "Company") was incorporated in the British Virgin Islands ("BVI") on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004).The Company has changed the name to E-Commodities Holdings Limited with effect from 23 August 2016. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the processing and trading of coking coal and other products and rendering of logistics services. In addition, the Group was engaged in the development of coal mills and production of coking coal, which was classified as discontinued operation of the Group on 27 June 2014, and the disposal of such discontinued operation was completed on 2 September 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and accounting principles generally accepted in Hong Kong and the disclosure 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 of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as trading securities (see note 2(g)); and

— derivative financial instruments (see note 2(h)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(y)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company and its principal subsidiaries. The Company's functional currency is United Stated dollars ("US$"). As the Company is a listed company in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The Group recorded net losses over the past few years as a result of the continuing depression of the coking coal market. For the year ended 31 December 2016, the coking coal market has seen signs of recovery and the Group recorded a profit from continuing operations before gain on debt restructuring (see note 28) of $923,864,000. In addition, the Group had net current assets of $1,062,008,000 as at 31 December 2016.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections were based on management's estimation of future cash inflows/outflows, including revenue from the processing and trading of coking coal and other products and the rendering of logistics services, gross margins, operating expenses, capital expenditure, finance costs, working capital requirements and the availability of borrowing facilities. The assumptions and estimations were based on the Group's business performance for the year ended 31 December 2016, management's expectations of developments in the coking coal market and the success of cost cutting strategies implemented. In preparing the cash flow projections, management assumed that the recovery in the coking coal market during the year ended 31 December 2016 would continue and, on that basis, developed assumptions relating to future coal selling prices, fluctuations in future coal procurement prices and future sales volumes.

The directors are of the opinion that, assuming the cash flow projections can be achieved, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors are of the opinion that it is appropriate to prepare these financial statements on the going concern basis. Management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(y)).

(e) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. 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 (see notes 2(f) and (m)). 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 or the joint venture, 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 or the joint venture.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture 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.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, 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 joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as these are recognised in accordance with the policies set out in note 2(v)(iii).

Investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in notes 2(v)(iii).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Exploration and evaluation expenditures

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures include costs which are directly attributable to researching and analysing historic exploration data, conducting topographical, geological, geochemical and geophysical studies as well as exploratory drilling, trenching and sampling. In addition, costs incurred to prove the technical feasibility and commercial viability of resources found are included.

Expenditure during the initial exploration stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets.

Once the technical feasibility and commercial viability of the extraction of proven and probable mineral reserves in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and reclassified to "Mineral assets" within property, plant and equipment. When a project is abandoned, the related irrecoverable costs are written off to profit or loss immediately.

(j) Property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)).

Construction in progress represents other property, plant and equipment under construction and equipment pending installation, and is initially recognised in the statement of financial position at cost less impairment losses (see note 2(m)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

The cost of self-constructed items of other property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of other property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	10 to 20 years
Plant and machinery	3 to 20 years
Motor vehicles	4 to 5 years
Office and other equipment	2 to 10 years
Railway special assets	8 to 50 years

Where parts of an item of other property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation with finite useful lives, and impairment losses (see note 2(m)). Amortisation is recognised in profit or loss on a straight-line basis over the assets' useful lives. The following other intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	10 years

Both the period and method of amortisation are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(j). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(m). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease (land use rights) is amortised on a straight-line basis over the period of the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and receivables (Continued)

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of the each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- lease prepayments;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Costs or fees incurred in relation to unsubstantial modification of the terms of interest-bearing borrowings adjust the carrying amount of interest-bearing borrowings and are amortised over the remaining term of the modified borrowing.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligations for contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in relevant jurisdictions are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options and restricted share units granted to employees is recognised as an employee cost with a corresponding increase in the other reserve within equity. The fair value of share options is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of restricted share units is measured at grant date using the market price of the Company's shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options and restricted share units, the total estimated fair value of the options and restricted share units is spread over the vesting period, taking into account the probability that the options and restricted share units will vest.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options and restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the other reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and restricted share units that vest (with a corresponding adjustment to the other reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount related to share options is recognised in the other reserve until either the option is exercised (when it is transferred to the share capital account) or the option expires (when it is released directly to retained earnings). The equity amount related to restricted share units is recognised in other reserve until the restricted share units become vested and is transferred to employee share trusts (see note 34(f)(iv)).

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(iii) Restoration provisions

The Group's obligations for restoration consist of spending estimates at its mines in accordance with the relevant rules and regulations in respective jurisdictions. The Group estimates its liabilities for final restoration and mine closure based upon detailed calculations of the amount and timing of the future cash spending to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset associated with the liability for final restoration and mine closure, which is included in the mineral assets. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of restoration activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and other sales taxes and is after deduction of any trade discounts.

(ii) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the useful life of the assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired, are translated into HK$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Disposal group held for sale and discontinued operation

(i) Disposal group held for sale

A disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the disposal group is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of all individual assets and liabilities in a disposal group is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current asset (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits and financial assets. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is included in a disposal group that is classified as held for sale, it is not depreciated or amortised.

(ii) Discontinued operation

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 (see (i) above), 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) 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 or the Group's parent.

(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 or to the Group's parent.

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.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of these financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these financial statements.

(i) Depreciation

Property, plant and equipment other than mineral assets are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(ii) Impairment of assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, this asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales revenue and amount of operating costs.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(ii) Impairment of assets (Continued)

In relation to trade and other receivables and loan to a third party, a provision for impairment is made and an impairment loss is recognised in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoices or the loan agreement. Management uses judgement in determining the probability of insolvency or significant financial difficulties of the debtor.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(iii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iv) Allowance for diminution in value of inventories

If the costs of inventories fall below their net realisable values, an allowance for diminution in value of inventories is recognised. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the products, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than estimated.

(v) Recognition of deferred tax assets

The Group recognises deferred tax assets in respect of accumulated tax losses and deductible temporary differences based on management's estimation of future taxable profits against which the accumulated tax losses and deductible temporary differences may be offset in the foreseeable future for each individual subsidiary. The Group has assumed that, based on current economic circumstances, its operations may generate sufficient taxable profits to utilise certain accumulated tax losses and deductible temporary differences in the foreseeable future. It is possible that certain assumptions adopted in the preparation of the profit forecasts for the Group's operations may not be indicative of future taxable profits. Any increase or decrease in the recognition of deferred tax assets would affect the Group's net asset value.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(vi) Estimated impairment of trade and other receivables

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the processing and trading of coking coal and other products and the rendering of logistics services. Revenue represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts, and revenue from rendering of logistics services. The amount of each significant category of revenue is as follows:

Continuing operations

	2016	2015
	$'000	$'000
Coking coal	**12,259,302**	5,132,256
Thermal coal	**38,413**	84,746
Coal related products	**48,779**	17,519
Petrochemical products	**954,378**	307,562
Steel	**91,311**	–
Coke	**–**	93,543
Iron ores	**11,042**	–
Rendering of logistics services	**92,093**	94,000
Others	**6,428**	5,693
	13,501,746	5,735,319

Among the Group's revenue from the trading of coking coal and other products, $6,971,869,000 (2015: $2,116,522,000) was under framework contracts signed with certain third party companies pursuant to which those third party companies act as agents of the Group to sign sales and purchase contracts with customers and suppliers whilst the Group is responsible for identifying customers and suppliers and negotiating and determining the price, quantity of the commodities and transportation and payment terms with both customers and suppliers respectively (the "Framework Contracts").

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

Continuing operations (Continued)

The Group's customer base is diversified and includes one customer (2015: one) with whom transactions have exceeded 10% of the Group revenues.

Details of concentration of credit risk arising from the largest and the largest five customers are set out in note 35(a).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Processing and trading of coking coal and other products: this segment manages and operates coal processing plants and generates income from processing and trading of coking coal and other products to external customers.

— Development of coal mills and production of coking coal and related products (classified as a discontinued operation (see note 5)): this segment acquires, explores and develops coal mills and produces coal from the mills. On 1 March 2012, the Group acquired Grande Cache Coal Corporation ("GCC"), a Canadian company developing coal mills and producing coking coal and related products from the mills. On 2 September 2015, the Group disposed of 42.74% equity interest in GCC and Grand Cache Coal LP ("GCC LP"), which have been ceased to be subsidiaries of the Group. The Group ceased operating business in this segment following the completion of disposal of GCC and GCC LP.

— Logistics services: this segment constructs, manages and operates logistics parks and generates income from rendering of logistics services to external customers within the People's Republic of China ("PRC").

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of interests in an associate. Segment liabilities include trade and other payables, obligations under finance leases, deferred income and secured bank loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of coal products and logistics services, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit/(loss) is "adjusted EBITDA" i.e. "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including reversal of impairment/impairment of non-current assets and reversal of provision/provision for impairment losses on trade and other receivables.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products (Discontinued operation)		Logistics services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	**13,409,653**	5,641,319	**–**	249,675	**92,093**	94,000	**13,501,746**	5,984,994
Inter-segment revenue	**–**	–	**–**	54,372	**38,442**	750	**38,442**	55,122
Reportable segment revenue	**13,409,653**	5,641,319	**–**	304,047	**130,535**	94,750	**13,540,188**	6,040,116
Reportable segment profit/(loss) (adjusted EBITDA)	**1,148,014**	(114,240)	**–**	(86,669)	**12,777**	9,865	**1,160,791**	(191,044)
Interest income	**8,007**	46,744	**–**	438	**86**	6	**8,093**	47,188
Interest expense	**(132,324)**	(271,628)	**–**	(172,326)	**(11,397)**	(15,712)	**(143,721)**	(459,666)
Depreciation and amortisation	**(35,374)**	(45,158)	**–**	–	**(2,332)**	(12,257)	**(37,706)**	(57,415)
Reversal of impairment/(Impairment) of non-current assets	**4,248**	(660,725)	**–**	–	**–**	(482,529)	**4,248**	(1,143,254)
Reversal of provision/(Provision) for impairment losses on trade and other receivables	**40,951**	(144,982)	**–**	–	**(2,517)**	(7,520)	**38,434**	(152,502)
Adjustments of carrying value of GCC LP's net assets to fair value less costs to sell	**–**	–	**–**	11,793	**–**	–	**–**	11,793
Share of profit of an associate	**–**	–	**–**	–	**896**	779	**896**	779
Reportable segment assets	**3,939,153**	2,991,968	**–**	–	**111,706**	161,677	**4,050,859**	3,153,645
Additions to non-current segment assets during the year	**44,290**	21,359	**–**	–	**572**	28,791	**44,862**	50,150
Reportable segment liabilities	**1,768,723**	4,364,086	**–**	–	**466,037**	491,045	**2,234,760**	4,855,131

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2016 $'000	2015 $'000
Revenue		
Reportable segment revenue	**13,540,188**	6,040,116
Elimination of inter-segment revenue	**(38,442)**	(55,122)
Elimination of discontinued operation	**–**	(249,675)
Consolidated revenue from continuing operations	**13,501,746**	5,735,319
Profit/(loss)		
Reportable segment profit/(loss)	**1,160,791**	(191,044)
Depreciation and amortisation	**(37,706)**	(57,415)
Reversal of impairment/(Impairment) of non-current assets	**4,248**	(1,143,254)
Reversal of provision/(Provision) for impairment losses on trade and other receivables	**38,434**	(152,502)
Share of profit of an associate	**896**	779
Net finance costs	**(148,374)**	(295,499)
Gain on debt restructuring	**1,948,451**	–
Elimination of discontinued operation	**–**	86,669
Consolidated profit/(loss) before taxation from continuing operations	**2,966,740**	(1,752,266)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	At 31 December 2016 $'000	At 31 December 2015 $'000
Assets		
Reportable segment assets	**4,050,859**	3,153,645
Interest in an associate	**16,142**	16,320
Elimination of inter-segment receivables	**(463,118)**	(465,398)
Consolidated total assets	**3,603,883**	2,704,567
Liabilities		
Reportable segment liabilities	**2,234,760**	4,855,131
Income tax payable	**128,972**	38,002
Elimination of inter-segment payables	**(463,118)**	(465,398)
Consolidated total liabilities	**1,900,614**	4,427,735

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in an associate.

	Revenues from external customers	
	2016	2015
	$'000	$'000
The PRC (including Hong Kong and Macau)	**12,623,428**	5,265,035
Korea	**214,344**	347,409
Vietnam	**160,565**	–
Netherlands	**156,001**	–
Japan	**135,924**	122,875
India	**111,282**	–
Canada	**–**	249,675
Others	**100,202**	–
Development of coal mills and production of coking coal and related products (discontinued operation in Canada)	**–**	(249,675)
	13,501,746	5,735,319

	Specified non-current assets	
	At 31 December 2016	At 31 December 2015
	$'000	$'000
The PRC (including Hong Kong and Macau)	**812,857**	873,668
Other countries	**253**	389
	813,110	874,057

5 DISCONTINUED OPERATION

On 14 November 2014, the Group entered into a sale and purchase agreement with Up Energy Resources Company Limited (the "Purchaser") and Up Energy Development Group Limited (the "Purchaser Guarantor"), pursuant to which the Purchaser conditionally agreed to acquire and the Group conditionally agreed to sell 42.74% equity interest in GCC and GCC LP at cash consideration of US$1 (the "Disposal").

On 2 September 2015, all the conditions precedent to the completion of the Disposal were either satisfied or waived pursuant to the aforementioned sale and purchase agreement, with a total consideration of US$1. Upon the completion of the Disposal, GCC and GCC LP ceased to be subsidiaries of the Group.

(a) Results of discontinued operation

	2015 $'000
Results of discontinued operation	
Revenue	249,675
Expenses	(542,801)
Results from operating activities	(293,126)
Income tax	91,808
Results from operating activities, net of tax	(201,318)
Adjustments of carrying value of GCC LP's net assets to fair value less costs to sell	11,793
Income tax in respect of adjustments of GCC LP's net assets	(1,769)
Loss for the year	(191,294)
Gain on disposal of GCC and GCC LP	11,707
Loss from discontinued operation	(179,587)
Attributable to:	
Equity shareholders of the Company	(108,232)
Non-controlling interests	(71,355)
	(179,587)
Loss per share	
Basic and diluted (HK$) (restated)	(0.164)

5 DISCONTINUED OPERATION (CONTINUED)

(b) Cash generated from/(used in) discontinued operation

	2015 $'000
Net cash used in operating activities	(59,214)
Net cash generated from investing activities	3,935
Net cash generated from financing activities	64,479
Net cash inflow for the year	9,200

6 OTHER REVENUE

	2016 $'000	2015 $'000
Government grants	**21,413**	2,991

7 OTHER OPERATING (EXPENSES)/INCOME, NET

	2016 $'000	2015 $'000
(Loss)/gain on disposal of property, plant and equipment and intangible assets	**(9,290)**	4,268
Net realised and unrealised loss on trading securities	**–**	(1,742)
Net realised and unrealised gain on derivative financial instruments	**9,805**	–
Penalty*	**(15,748)**	(983)
Others	**647**	1,696
	(14,586)	3,239

* During the year ended 31 December 2016, the Group has paid a penalty of $8,488,000 to an agent under Framework Contract in relation to the Group's cancellation of purchase of steels of 28,250 tonnes.

8 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit/(loss) before taxation from continuing operations is arrived at after (crediting)/charging:

(a) Net finance costs

	2016 $'000	2015 $'000
Interest income	**(8,093)**	(46,750)
Fair value change of derivative financial instruments	**–**	(22,785)
Finance income	**(8,093)**	(69,535)
Interest on secured bank and other loans*	**45,423**	49,913
Interest on discounted bills	**21,482**	7,231
Interest on senior notes (note 28)	**76,816**	230,196
Total interest expense	**143,721**	287,340
Bank charges	**1,174**	4,030
Foreign exchange loss, net	**11,572**	73,664
Finance costs	**156,467**	365,034
Net finance costs	**148,374**	295,499

* During the year ended 31 December 2016, the Group entered into several financing arrangements with a third party company in the form of sale and buyback arrangements. Pursuant to these arrangements, during the year ended 31 December 2016, certain subsidiaries of the Group entered into transactions with that third party company to sell coking coal at an average price of approximately $664/tonne with a total amount of $377,381,000 to that third party company with transfer of rights of coking coal inventories of 568,000 tonnes thereto.

At the same time, other subsidiaries of the Group entered into transactions with the same third party company to purchase the same quantity of coking coal at an average price of approximately $684/tonne with a total amount of $388,326,000 from that third party company with a term of 45 days to be settled afterwards and the rights to the corresponding coking coal inventories were transferred back to the Group upon settlement.

During the year ended 31 December 2016, interest expense of $10,945,000 has been charged to the consolidated statement of profit or loss in relation to these sale and buyback arrangements.

8 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

(b) Staff costs

	2016	2015
	$'000	$'000
Salaries, wages, bonus and other benefits	**404,272**	104,300
Contributions to defined contribution retirement plan	**6,866**	7,080
Equity settled share-based payment expenses	**730**	4,535
	411,868	115,915

(c) Distribution costs

Distribution costs represented fees and charges incurred for coal trading and related logistics and transportation costs. Distribution costs increased from $29,141,000 for the year ended 31 December 2015 to $192,789,000 for the year ended 31 December 2016 was due to the recovery of coking coal market in the PRC resulted in the Group's increased sales of coking coal sourced from Mongolia.

8 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

(d) Other items

	2016 $'000	2015 $'000
Amortisation#		
— lease prepayments	**10,901**	11,062
— intangible assets	**723**	830
Depreciation#	**26,082**	45,523
Reversal of provision for impairment losses		
— trade and other receivables (note 24(b))	**120,622**	38,403
— other receivables (note 24(d))	**81**	150,158
Provision for impairment losses		
— trade and other receivables (note 24(b))	**(39,054)**	(36,059)
— other receivables (note 24(d))	**(120,083)**	–
(Reversal of impairment loss)/Impairment losses		
— property, plant and equipment (note 14)	**(4,248)**	596,107
— construction in progress (note 15)	**–**	153,995
— other investments in equity securities (note 21)	**–**	250,656
— loan to a third party (note 22(i))	**–**	120,189
— prepayment related to property, plant and equipment (note 22(ii))	**–**	22,307
Operating lease charges, mainly relating to buildings	**6,410**	9,930
Auditors' remuneration		
— audit services	**5,484**	5,765
— other services	**1,391**	597
Cost of inventories	**11,578,836**	5,514,991

Cost of inventories includes $34,856,000 (2015: $4,177,000) and $3,912,000 (2015: $6,786,000) for the year ended 31 December 2016 relating to staff costs, depreciation and amortisation which amount is also included in the respective total amount disclosed separately above or in note 8(b) for each type of these expenses.

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2016	2015
	$'000	$'000
Continuing operations:		
Current tax — Hong Kong Profits Tax		
Provision for the year	**27,536**	1,508
Current tax — Outside of Hong Kong		
Provision for the year	**66,548**	–
Under-provision in respect of prior years	**341**	2,026
	94,425	3,534

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

The provision for PRC current income tax is based on a statutory rate of 25% (2015: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit/loss at applicable tax rates:

	2016 **$'000**	2015 $'000
Continuing operations:		
Profit/(loss) before taxation	**2,966,740**	(1,752,266)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the jurisdictions concerned	**228,537**	(382,236)
Tax effect of non-deductible expenses	**4,661**	8,423
Tax effect of utilisation of previously unrecognised tax losses	**(148,537)**	(1,758)
Tax effect of unused tax losses and other temporary differences not recognised	**9,423**	377,079
Under-provision in respect of prior years	**341**	2,026
Actual tax expense	**94,425**	3,534

10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2016			
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Equity settled share-based payments (note) $'000	Total $'000
Executive directors				
Cao Xinyi	–	20,772	–	20,772
Zhu Hongchan	–	142,002	–	142,002
Wang Yaxu	–	23,049	–	23,049
Feng Yi (appointed on 16 November 2015)**	–	1,401	–	1,401
Wang Wengang (appointed on 18 July 2016)	–	11,576	–	11,576*
Non-executive directors				
Lu Chuan (resigned on 18 July 2016)	–	–	–	–
Guo Lisheng (appointed on 18 July 2016)	–	–	–	–*
Independent non-executive directors				
James Downing (resigned on 18 July 2016)	1,164	–	–	1,164
Gao Zhikai (appointed on 18 July 2016)	352	–	–	352*
Ng Yuk Keung	1,552	–	–	1,552
Jay Hambro (resigned on 18 July 2016)	1,164	–	–	1,164
Wang Wenfu	1,552	–	–	1,552
Total	5,784	198,800	–	204,584

* The directors' emoluments for these directors who were appointed during 2016 included all remunerations paid to, or receivable by, these directors during the year ended 31 December 2016.

** Mr. Feng Yi, an executive director and vice president of the Company, passed away on 16 June 2016.

10 DIRECTORS' EMOLUMENTS (CONTINUED)

	2015			
	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Equity settled share-based payments (note) $'000	Total $'000
Executive directors				
Cao Xinyi (appointed on 28 October 2015)	–	2,849	618	3,467*
Wang Xingchun (resigned on 16 November 2015)	–	–	1	1
Andreas Werner (resigned on 28 October 2015)	–	3,778	–	3,778
Zhu Hongchan	–	3,139	906	4,045
Wang Yaxu (appointed on 28 October 2015)	–	2,345	619	2,964*
Feng Yi (appointed on 16 November 2015)	–	1,095	103	1,198*
Ma Li (resigned on 28 October 2015)	–	2,694	906	3,600
Wang Changqing (resigned on 28 October 2015)	–	731	554	1,285
Non-executive directors				
Liu Qingchun (resigned on 31 August 2015)	–	–	–	–
Lu Chuan	–	–	–	–
Daniel J. Miller (resigned on 18 June 2015)	–	–	–	–
Independent non-executive directors				
James Downing	1,553	–	–	1,553
Ng Yuk Keung	1,553	–	–	1,553
Jay Hambro	1,553	–	–	1,553
Wang Wenfu	1,553	–	–	1,553
Total	6,212	16,631	3,707	26,550

* The directors' emoluments for these directors who were appointed during 2015 included all remunerations paid to, or receivable by, these directors during the year ended 31 December 2015.

10 DIRECTORS' EMOLUMENTS (CONTINUED)

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under note 31.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2015: four) are directors whose emoluments are disclosed in note 10. During the year ended 31 December 2016, the aggregate of the emoluments in respect of the other one individual (2015: one) were as follow:

	2016 **$'000**	2015 $'000
Salaries and other emoluments	**8,342**	3,142

During the year ended 31 December 2016, the emoluments of the one individual (2015: one) with the highest emoluments were within the following bands:

	2016 **Number of individuals**	2015 Number of individuals
$3,000,001 to $3,500,000	**–**	1
$8,000,001 to $8,500,000	**1**	–

12 OTHER COMPREHENSIVE INCOME

Other comprehensive income does not have any tax effect for the year ended 31 December 2016 (2015: Nil).

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of $2,873,605,000 (2015: loss attributable to equity shareholders of the Company of $1,722,992,000) and the weighted average number of ordinary shares of 1,931,279,000 ordinary shares (2015 (restated): 657,564,000 shares after adjusting for the share consolidation in 2016) in issue during the year ended 31 December 2016, calculated as follows:

Weighted average number of ordinary shares (basic):

	2016 **'000**	2015 '000 (Restated#)
Issued ordinary shares at 1 January	**3,773,199**	3,773,199
Share consolidation (note 34(c)(i))	**(3,584,539)**	(3,584,539)
Effect of shares issued under rights issue (including issuance of anti-dilution shares) (note 34(c)(ii))	**1,237,115**	–
Effect of bonus element on shares issued under right issue	**212,813**	469,213
Effect of scheme shares issued under debt restructuring (note 34(c)(iii))	**296,907**	–
Effect of purchase of shares held by the employee share trusts*	**(3,190)**	(309)
Effect of purchase of own shares	**(1,026)**	–
Weighted average number of ordinary shares (basic) as at 31 December	**1,931,279**	657,564

Comparative figures for the weighted average number of ordinary shares for the year ended 31 December 2015 have been adjusted retrospectively for the effect of the share consolidation and rights issue made during the year ended 31 December 2016.

* The shares held by the employee share trusts are regarded as treasury shares.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during year ended 31 December 2016.

For the year ended 31 December 2015, basic and diluted loss per share was the same as the effect of the potential ordinary shares outstanding was anti-dilutive.

14 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Reconciliation of carrying amount

	Buildings $'000	Plant and machinery $'000	Railway special assets $'000	Motor vehicles $'000	Office and other equipment $'000	Total $'000
Cost:						
At 1 January 2015	848,239	343,163	317,994	168,374	66,678	1,744,448
Additions	–	240	–	1,273	1,860	3,373
Transferred from construction in progress (note 15)	17,304	1,625	–	–	647	19,576
Disposals	–	(617)	–	(23,411)	(2,722)	(26,750)
Exchange adjustments	(52,360)	(16,056)	(18,564)	(7,683)	(3,422)	(98,085)
At 31 December 2015	813,183	328,355	299,430	138,553	63,041	1,642,562
At 1 January 2016	813,183	328,355	299,430	138,553	63,041	1,642,562
Additions	194	6,670	19	11,098	13,269	31,250
Transferred from construction in progress (note 15)	254	–	–	116	11,755	12,125
Disposals	(21,011)	(1,739)	–	(44,639)	(1,220)	(68,609)
Exchange adjustments	(47,897)	(23,519)	(17,389)	(7,678)	(4,525)	(101,008)
At 31 December 2016	744,723	309,767	282,060	97,450	82,320	1,516,320
Accumulated depreciation and impairment losses:						
At 1 January 2015	326,732	314,649	25,150	118,024	51,331	835,886
Charge for the year	13,870	2,728	4,545	19,201	5,179	45,523
Impairment loss	318,719	6,982	259,812	7,069	3,525	596,107
Written back on disposal	–	(5)	–	(18,751)	(2,212)	(20,968)
Exchange adjustments	(11,353)	(18,201)	(1,833)	(5,140)	(2,792)	(39,319)
At 31 December 2015	647,968	306,153	287,674	120,403	55,031	1,417,229
At 1 January 2016	647,968	306,153	287,674	120,403	55,031	1,417,229
Charge for the year	8,908	1,667	–	10,216	5,291	26,082
Reversal of impairment loss	(3,703)	(545)	–	–	–	(4,248)
Written back on disposal	(6,634)	(812)	–	(39,778)	(890)	(48,114)
Exchange adjustments	(44,981)	(17,752)	(16,830)	(3,915)	(3,361)	(86,839)
At 31 December 2016	601,558	288,711	270,844	86,926	56,071	1,304,110
Net book value:						
At 31 December 2016	143,165	21,056	11,216	10,524	26,249	212,210
At 31 December 2015	165,215	22,202	11,756	18,150	8,010	225,333

14 PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

(a) Reconciliation of carrying amount (Continued)

At 31 December 2016, property, plant and equipment with an aggregate carrying value of $113,035,000 (2015: $173,895,000) have been pledged as collateral for the Group's borrowings (see note 27).

Reversal of impairment loss

During the year ended 31 December 2015, an impairment loss of $596,107,000 for property, plant and equipment in respect of the Group's coal processing factories and logistic facilities in the PRC was charged to the consolidated statement of profit or loss due to the unfavorable future prospects of the coking coal business and production suspension or low utilisation of the coal processing factories and logistic facilities.

During the year ended 31 December 2016, a reversal of impairment loss of $4,248,000 relating to one of the coal processing factories in the PRC was credited to the consolidated statement of profit or loss due to the increase of the utilisation of such coal processing factory.

The reversal of impairment has been recognised based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. The cash flows are discounted using a discount rate of 12.00% (2015: 12.36%). The discount rate used reflects specific risks relating to the relevant segments.

(b) The analysis of net book value of properties

	2016	2015
	$'000	$'000
The PRC (including Hong Kong and Macau)	**211,957**	224,944
Other countries	**253**	389
Aggregate net book value	**212,210**	225,333

As at 31 December 2016, the Group was in the process of applying for the ownership certificate for certain buildings with an aggregate net book value amounting to $374,000 (2015: $326,000). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy and use of the above mentioned buildings.

14 PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

(c) Fixed assets held under finance leases

The group leases office and other equipment under finance leases expiring from 1 to 3 years. At the end of the lease term the group has the option to purchase the leased equipment at a price deemed to be a bargain purchase option. None of the leases includes contingent rentals.

During the year, additions to office and other equipment financed by new finance leases were $10,753,000 (2015: $nil). At the end of the reporting period, the net book value of plant and machinery held under finance leases was $10,391,000 (2015: $nil).

15 CONSTRUCTION IN PROGRESS

	2016	2015
	$'000	$'000
At 1 January	**–**	160,590
Additions	**13,055**	46,776
Transferred to property, plant and equipment (note 14)	**(12,125)**	(19,576)
Disposals	**–**	(22,996)
Impairment	**–**	(153,995)
Exchange adjustments	**(40)**	(10,799)
At 31 December	**890**	–

Impairment loss

During the year ended 31 December 2015, an impairment loss of $153,995,000 for construction in progress in respect of certain logistics and coal processing projects under construction in the PRC was charged to the consolidated statement of profit or loss for the current year since the directors determined to abandon these projects given unfavourable future prospects of the coking coal business in 2015.

16 LEASE PREPAYMENTS

Lease prepayments comprise interests in leasehold land held for own use under operating leases located in the PRC as follows:

	2016 **$'000**	2015 $'000
Cost:		
At 1 January	**551,046**	591,506
Exchange adjustments	**(33,533)**	(40,460)
At 31 December	**517,513**	551,046
Accumulated amortisation:		
At 1 January	**48,523**	40,403
Charge for the year	**10,901**	11,062
Exchange adjustments	**(4,291)**	(2,942)
At 31 December	**55,133**	48,523
Net book value:		
At 31 December	**462,380**	502,523

Lease prepayments represent the net of payments for land use rights paid to the PRC authorities and the associated government grants received. The Group's land use rights were amortised on a straight-line basis over the operating lease periods of 50 years. The associated government grants were recognised as deduction of lease prepayment amortisation charge for the year over the lease periods of the relevant lease prepayments.

At 31 December 2016, land use rights with a total carrying amount of $276,721,000 (2015: $387,082,000) have been pledged as collateral for the Group's borrowings (see note 27).

17 INTANGIBLE ASSETS

	Software $'000
Cost:	
At 1 January 2015	8,355
Additions	1,070
Exchange adjustments	(445)
At 31 December 2015	8,980
At 1 January 2016	**8,980**
Additions	**557**
Disposals	**(1,462)**
Exchange adjustments	**(498)**
At 31 December 2016	**7,577**
Accumulated amortisation and impairment losses:	
At 1 January 2015	3,485
Charge for the year	830
Exchange adjustments	(151)
At 31 December 2015	4,164
At 1 January 2016	**4,164**
Charge for the year	**723**
Written back on disposal	**(1,462)**
Exchange adjustments	**(202)**
At 31 December 2016	**3,223**
Net book value:	
At 31 December 2016	**4,354**
At 31 December 2015	4,816

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of major subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Lucky Colour Limited ("Lucky Colour")	11 March 2008 British Virgin Islands ("BVI")	United States dollars ("US$") 1	100%	–	Investment holding
Reach Goal Management Ltd.	2 January 2009 BVI	US$21,770,001	100%	–	Investment holding
E-Commodities (HK) Holdings Limited ("E-Commodities (HK)")	23 October 2009 Hong Kong	31,312,613 shares	100%	–	Investment holding
E-Commodities Australia Pty. Ltd. ("E-Commodities Australia")	9 November 2009 Commonwealth of Australia ("Australia")	Australian dollars ("AUD") 492,994	100%	–	Internal marketing and consulting service
E-Commodities Holdings Private Limited ("E-Commodities Singapore")	31 December 2009 The Republic of Singapore ("Singapore")	Singapore dollars ("SGD") 1,000,000 US$10,000,000	100%	–	Trading of coal and other products
E-Commodities (Beijing) Supply Chain Management Co., Ltd. ("E-Commodities (Beijing)")*	6 November 1995 PRC	US$276,500,000	–	100%	Investment holding
Colour Future International Limited ("Colour Future")	5 January 2005 BVI	US$21,770,001	–	100%	Trading of coal
Urad Zhongqi Yiteng Mining Co., Ltd. ("Yiteng")**	7 September 2005 PRC	RMB640,000,000	–	100%	Processing of coal
Inner Mongolia Haotong Energy Joint Stock Co., Ltd. ("Inner Mongolia Haotong")***	18 November 2005 PRC	RMB750,000,000	–	100%	Trading of coal

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company Direct	Effective percentage of equity attributable to the Company Indirect	Principal activities
Erlianhaote Haotong Energy Co., Ltd. logistics ("Erlianhaote Haotong")#	18 January 2007 PRC	RMB95,370,000	–	95%	Trading of coal and rendering of service
Ejina Qi Haotong Energy Co., Ltd. ("Ejinaqi Haotong")**	19 May 2008 PRC	RMB260,000,000	–	100%	Processing of coal
Baotou-city Haotong Energy Co., Ltd. ("Baotou Haotong")**	18 September 2008 PRC	RMB90,000,000	–	100%	Trading of coal
Nantong Haotong Energy Co., Ltd. ("Nantong Haotong")**	24 February 2009 PRC	RMB10,000,000	–	100%	Trading of coal
Yingkou Haotong Mining Co., Ltd. ("Yingkou Haotong")**	16 November 2009 PRC	RMB175,000,000	–	100%	Trading of coal
Manzhouli Haotong Energy Co., Ltd. ("Manzhouli Haotong")****	23 December 2009 PRC	RMB200,000,000	–	100%	Trading of coal
Ulanqab Haotong Energy Co., Ltd. ("Ulanqab Haotong")**	2 March 2010 PRC	RMB240,000,000	–	100%	Trading of coal
Longkou Winsway Energy Co., Ltd. ("Longkou Winsway")***	27 April 2010 PRC	RMB180,000,000	–	100%	Trading of coal
Ejina Qi Ruyi Winsway Energy Co., Ltd. ("Ejina Qi Winsway")**	30 June 2010 PRC	RMB20,000,000	–	51%	Logistics service

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Inner Mongolia Hutie Winsway Logistics Co., Ltd. ("Inner Mongolia Hutie Winsway Logistics")**	22 July 2010 PRC	RMB30,000,000	–	51%	Logistics service
Winsway Coking Coal Holdings S. a. r. l. ("Winsway Luxemburg")	27 September 2011 Luxemburg	Canadian dollars ("CA$") 20,000	–	100%	Investment holding
0925165 B.C. Ltd.	15 November 2011 Canada	CA$139,472,368 US$1,593,249	–	100%	Investment holding
Nantong E-commodities Supply Chain Management Co., Ltd ("Nantong Winsway") **	2 April 2013 PRC	RMB50,000,000	–	100%	Investment and trading of coal
Nantong Million Super Star Coking Coal Co., Ltd ("Nantong Million") *	3 July 2013 PRC	US$60,700,000	–	100%	Investment holding
Suzhou Wisdom Elite Energy Inc Ltd. ("Suzhou Wisdom") **	28 January 2014 PRC	US$10,000,000	–	100%	Trading of coal
Beijing Shacong E-Commerce Inc Ltd. ("Beijing Shacong") **	26 March 2014 PRC	RMB4,763,271	–	100%	Trading of coal
Erlian Junrong Winsway Mining Co., Ltd. ("Erlian Junrong") **	4 April 2014 PRC	RMB4,920,000	–	100%	Trading of coal

(Expressed in Hong Kong dollars unless otherwise indicated)

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Date and place of incorporation/ establishment and place of operations	Issued and fully paid up capital	Effective percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Urad Zhongqi Tengshengda Energy Co., Ltd. ("Tengshengda") **	17 June 2014 PRC	RMB65,000,000	–	100%	Processing and trading of coal
Tianjin Rongzetongli Trading Co., Ltd. (Rongzetongli) **	10 December 2015 PRC	RMB283,041	–	100%	Trading of coal and other products
E-commodities Mongolia	29 September 2016 Mongolia	Mongolian Tugrik ("MNT") 223,800,000	–	100%	Trading of coal
Hinode Tourism Trading LLC	6 June 2016 Japan	Japanese Yen ("JPY") 8,000,000	–	88.89%	Internal marketing and consulting service

* Wholly foreign owned enterprises established under the PRC law.
** Limited liability companies established under the PRC law.
*** Sino-foreign equity joint ventures established under the PRC law.
# A Sino-foreign cooperative joint venture established under the PRC law.

19 INTEREST IN AN ASSOCIATE

Details of the Group's interest in the associate are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Bayannao'er City Hutie Ruyi Logistics Co., Ltd.	Incorporated	PRC	RMB50,000,000	24%	–	24%	Logistics service in the PRC

The associate is accounted for using the equity method in the consolidated financial statements.

19 INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2016	2015
	$'000	$'000
Gross amounts of the associate		
Current assets	**59,319**	53,900
Non-current assets	**22,327**	24,162
Current liabilities	**14,389**	10,063
Equity	**67,257**	67,999
Revenue	**5,537**	19,046
Profit for the year	**3,734**	3,247
Other comprehensive loss	**(4,476)**	(6,169)
Total comprehensive loss	**(742)**	(2,922)
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**67,257**	67,999
Group's effective interest	**24%**	24%
Group's share of net assets of the associate	**16,142**	16,320
Carrying amount in the consolidated financial statements	**16,142**	16,320

20 INTEREST IN A JOINT VENTURE

On 25 July 2016, the Group entered into a sale and purchase agreement with a third party company, namely Bless Town Limited, pursuant to which the Group sold Peabody-Winsway Resources B.V. ("Peabody-Winsway") at cash consideration of US$1. Upon the completion of the disposal on 19 August 2016, Peabody-Winsway ceased to be a joint venture of the Group.

21 OTHER INVESTMENTS IN EQUITY SECURITIES

	2016	2015
	$'000	$'000
Other investments in equity securities	**351,893**	375,721
Less: impairment losses	**(234,759)**	(250,656)
	117,134	125,065

Other investments in equity securities represent the Group's equity interests in third party companies engaged in coal mining, railway logistics, ports management and coal storage business. As at 31 December 2016, the Group holds equity interests in a range of 1–15% in these companies.

In 2015, an impairment loss of $250,656,000 was recorded to fully write down the carrying amount of the Group's investments in certain of these companies due to the unsatisfactory operating performance of these companies. The impairment was calculated based on fair value assessments of the respective investments performed by an independent appraiser using discounted cash flows method based on cash flow projections taking into account the transportation price and volume assumptions and source data provided by the management of the investees. The expected net cash flows were discounted using a risk adjusted pre-tax discount rate of 12.36%. As a full impairment provision had already been provided for these companies during the year ended 31 December 2015, no further loss incurred by these companies during the year ended 31 December 2016 was taken up in the Company's consolidated financial statements and changes during the current period represented effect of exchange rate changes.

22 OTHER NON-CURRENT ASSETS

	2016	2015
	$'000	$'000
Loan to a third party (note (i))	**–**	–
Advance payments for equipment purchase and construction in progress (note (ii))	**–**	–
	–	–

22 OTHER NON-CURRENT ASSETS (CONTINUED)

(i) In 2009, the Company agreed to provide a loan to Moveday Enterprises Limited ("Moveday") to purchase additional vehicles to meet with the increasing volume of coal procured by the Group in Mongolia, and Moveday agreed to use the trucks purchased through financing provided by the Company for the provision of transportation services to the Group during the term of the agreement. Pursuant to a loan agreement entered into on 10 April 2010 (as subsequently amended by a supplemental deed on 15 September 2010) and the strategic alliance agreement, the Company agreed to lend Moveday up to US$40 million solely for the purpose of purchasing vehicles for transporting coal purchased by the Group in Mongolia. The loan to Moveday was provided on an unsecured basis, at an interest rate of LIBOR plus 3% and repayable over five years in equal annual installments of US$8 million, commencing from 18 months after the receipt of the loan (being 31 December 2012) by Moveday, with interest payable semi-annually in arrears. The entire loan amount was fully drawn down in 2010. As Moveday being a third party and the loan to Moveday was an unsecured loan, the Group did not have any interest in or control over the cash flows or other assets of Moveday other than in accordance with the terms of the loan agreement (as amended).

In 2013, the Group entered into another supplemental agreement with Moveday to modify the repayment terms of the remaining outstanding principal of US$32 million. Pursuant to the supplemental agreement, the remaining outstanding principal was repayable on 31 December from 2013 to 2015 with an amount of US$4 million plus a floating repayment amount. The floating repayment amount was calculated based on the volume of coals transported (maximum of 12 million tonnes) by Moveday for the Group and up to US$6 million during each year. Apart from the repayment terms, all the other terms of the loan were not changed and Moveday was obliged to repay the entire outstanding principal on or before 31 December 2016.

In October 2015, Moveday informed the Group that they could not repay the outstanding principal and interest as scheduled in the above-mentioned supplemental agreement due to the financial difficulty encountered.

For the year ended 31 December 2015, the Group made an impairment provision of $120,189,000 against the remaining outstanding loan balance as at 31 December 2015 based on the communication with management of Moveday about the adverse financial and operating circumstances of Moveday in 2015.

During the four months ended 30 April 2016, the Group has incurred expenses of $51,609,000 (31 December 2015: $81,000,000) for coking coal transportation services provided by Moveday. On 30 April 2016, the transportation agreement entered into by the Group and Moveday has expired and the Group determined not to renew such agreement and engaged another third party company to provide such transportation services to the Group (the third party company may use Moveday as sub-contractor for transportation at its discretion). As at 31 December 2016, the outstanding loan balance is US$15,500,000 (equivalent to approximately $120,260,000) (31 December 2015: US$20,400,000 (equivalent to approximately $158,075,000)). The Group continued to pursue recovery of the outstanding loan balance but given the circumstances considered it appropriate to continue to fully provide against the remaining outstanding loan balance.

22 OTHER NON-CURRENT ASSETS (CONTINUED)

(ii) For the year ended 31 December 2015, the Group provided a full impairment of $22,307,000 for all advance payments for equipment purchase and construction in progress in relation to the coal processing plants and logistic park facilities which have ceased construction.

23 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	2016	2015
	$'000	$'000
Coking coal	**502,616**	143,291
Thermal coal	**28,850**	6,957
Coal related products	**13,870**	864
Petrochemical products	**5,795**	22,698
Others	**31,875**	19,099
	583,006	192,909
Less: write down of inventories	**–**	(8,124)
	583,006	184,785

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2016	2015
	$'000	$'000
Carrying amount of inventories sold	**11,578,836**	5,506,867
Write down of inventories	**–**	8,124
	11,578,836	5,514,991

24 TRADE AND OTHER RECEIVABLES

	2016 **$'000**	2015 $'000
Trade receivables	**416,925**	211,566
Bills receivable	**476,197**	261,505
Receivables from import agents	**254,197**	9,916
Less: allowance for doubtful debts	**(137,786)**	(58,870)
	1,009,533	424,117
Loan to a third party company (note 22(i))	**–**	37,886
Prepayments to suppliers	**299,368**	111,082
Derivative financial instruments*	**38,406**	31,760
Deposits and other receivables	**303,461**	442,957
Less: allowance for doubtful debts	**(41,285)**	(161,368)
	1,609,483	886,434

* As at 31 December 2016, derivative financial instruments represented the fair value of commodity futures contracts entered into by the Group.

As at 31 December 2015, derivative financial instruments represented fair value of foreign exchange forward contracts and commodity futures contracts entered into by the Group.

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

The credit terms for trade debtors are generally within 90 days. The credit terms for receivables from import agents can be as long as one year, which are comparable to the credit terms for payables to import agents as granted to the Group. Bills receivable are normally due within 180 days to 360 days from the date of issuing.

At 31 December 2016, trade and bills receivable of the Group of $176,721,000 (31 December 2015: $230,365,000) have been pledged as collateral for the Group's borrowings (see note 27).

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Ageing analysis

Included in trade receivables, bills receivable and receivables from import agents are trade debtors with the ageing analysis, based on the invoice dates and net of allowances for bad debt, as follows:

	2016 $'000	2015 $'000
Less than 3 months	**568,823**	109,642
More than 3 months but less than 6 months	**440,710**	168,056
More than 6 months but less than 1 year	**–**	133,940
More than 1 year	**–**	12,479
	1,009,533	424,117

(b) Impairment of trade receivables, bills receivable and receivables from import agents

Impairment losses in respect of trade receivables, bills receivable and receivables from import agents are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables, bills receivable and receivables from import agents (see note 2(m)).

The movement in the allowance for doubtful debts during the year is as follows:

	2016 $'000	2015 $'000
At 1 January	**58,870**	56,526
Impairment loss recognised	**120,622**	38,403
Amounts written off	**(2,652)**	–
Reversal of impairment loss	**(39,054)**	(36,059)
At 31 December	**137,786**	58,870

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables, bills receivable and receivables from import agents (Continued)

At 31 December 2016, the Group's trade receivables, bills receivable and receivables from import agents of $137,786,000 (2015: $71,044,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $137,786,000 (2015: $58,870,000) were recognised.

The reversal of impairment loss represented trade receivables impaired in prior years for which the amounts have been recovered by the Group during the year ended 31 December 2016.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade receivables, bills receivable and receivables from import agents that were neither individually nor collectively considered to be impaired is as follows:

	2016 $'000	2015 $'000
Neither past due nor impaired	**940,764**	318,826
Less than 3 months past due	**68,769**	27,088
More than 3 months but less than 12 months past due	**–**	66,029
	1,009,533	411,943

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Impairment of other receivable

The movement in the allowance for doubtful debts during the year is as follows:

	2016	2015
	$'000	$'000
At 1 January	**161,368**	11,210
Impairment loss recognised	**81**	150,158
Amounts written off	**(81)**	–
Reversal of impairment loss	**(120,083)**	–
At 31 December	**41,285**	161,368

As at 31 December 2016, included in the impairment loss are impaired value added tax ("VAT") recoverable of $25,306,000 (31 December 2015: $144,079,000) that have accumulated to date in certain subsidiaries of the Group which can be deducted from VAT on future sales made. The directors of the Company are of the opinion that the recoverability of such amount after commercial production is remote.

The reversal of impairment loss represents the VAT recoverable, impaired in the prior year and which has been utilised by the Group during the year ended 31 December 2016 or is expected to be utilised in the near future due to the recovery of coking coal market.

25 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of $63,889,000 (2015: $499,104,000) as at 31 December 2016, as collateral for the Group's borrowings (see note 27) and banking facilities in respect of issuing bills and letters of credit by the Group (see note 32).

26 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2016 **$'000**	2015 $'000
Cash at bank and in hand	**534,395**	259,574

At 31 December 2016, cash and cash equivalents of $247,827,000 (2015: $191,617,000) was held by the entities of the Group in form of RMB in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

Included in cash and cash equivalents in the statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2016 **$'000**	2015 $'000
US$	**97,154**	13,708
RMB	**2,228**	3,867
Euro	**2**	4
HK$	**19,080**	3,080
SGD	**896**	3,475
Great Britain Pounds ("GBP$")	**11**	12

27 SECURED BANK LOANS

(a) The secured bank loans comprise:

	2016 $'000	2015 $'000
Short-term loans and current portion of long-term loans	**724,168**	1,073,197
Long-term loans	**33,537**	27,453
	757,705	1,100,650

The interest rates per annum of bank loans were:

	2016	2015
Short-term loans and current portion of long-term loans	**2.80%–7.84%**	1.63%–5.35%
Long-term loans	**7.84%**	5.15%

(b) The secured bank loans are repayable as follows:

	2016 $'000	2015 $'000
Within 1 year	**724,168**	1,073,197
After 1 year but within 2 years	**33,537**	27,453
	757,705	1,100,650

At 31 December 2016, bank loans amounting to $27,035,000 (2015: $205,932,000) have been secured by bank deposits placed in banks with an aggregate carrying value of $27,901,000 (2015: $201,280,000).

At 31 December 2016, bank loans amounting to $176,721,000 (2015: $138,980,000) have been secured by bills receivable with an aggregate carrying value of $176,721,000 (2015: $122,941,000).

27 SECURED BANK LOANS (CONTINUED)

At 31 December 2016, bank loans amounting to $520,412,000 (2015: $673,891,000) have been secured by land use rights and property, plant and equipment with an aggregate carrying value of $389,756,000 (2015: $553,567,000).

At 31 December 2016, bank loan amounting to $33,537,000 (2015: $nil) has been secured by credit guarantee with a guarantee amount of $33,537,000 (2015: $nil).

At 31 December 2016, bank loans amounting to $Nil (2015: $81,847,000) have been secured by bills receivable, land use rights and property, plant and equipment with an aggregate carrying value of $Nil (2015: $114,834,000).

Further details of the Group's management of liquidity risk are set out in note 35(b).

28 SENIOR NOTES

	2016	2015
	$'000	$'000
Senior notes due in 2016	**–**	2,388,573

On 8 April 2011, the Company had issued senior notes in the aggregate principal amount of US$500,000,000 ("Senior Notes") and listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bear interest at 8.50% per annum, payable semi-annually in arrears. During the year ended 31 December 2012 and 2013, the Group repurchased Senior Notes in an aggregate principal amount of US$190,690,000 in the open market. The outstanding Senior Notes with principal amount of US$309,310,000 matured on 8 April 2016.

During the year ended 31 December 2015, the Group did not make the scheduled interest payments of US$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively ("Interest Payment"). The Group had defaulted on outstanding Senior Notes amounting to US$309,310,000 as at 31 December 2015 after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the indenture, as amended and supplemented.

On 25 November 2015, the Company, certain of its subsidiaries and certain of the holders of the Senior Notes ("Bondholders") entered into a restructuring support agreement ("Restructuring Support Agreement"), pursuant to which such Bondholders agreed to support the proposed restructuring of the outstanding Senior Notes ("Debt Restructuring") to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) ("BVI Scheme") and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong ("Hong Kong Scheme") (collectively "Schemes").

28 SENIOR NOTES (CONTINUED)

The Debt Restructuring consisted of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) cash consideration of US$50 million minus a consent fee in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at the date of the Restructuring Support Agreement ("Consent Fee"), and a success fee payable to Houlihan Lokey (China) Limited ("Houlihan Lokey") which was appointed to act as the financial advisor to the Bondholders ("Cash Consideration"); (ii) new ordinary shares of the Company allotted and issued to the Bondholders representing not less than 18.75% of the total issued shares on a fully diluted basis upon completion of the Debt Restructuring ("Scheme Shares"); and (iii) contingent value rights ("CVRs") which would give rise to a one-off payment of US$10 million to the Bondholders upon the occurrence of a triggering event that is the Company's adjusted profit before taxation in any of the 5 years from the issue date of the CVRs exceeding US$100 million ("Triggering Event").

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a rights issue ("Rights Issue") (see note 34(c)(ii)).

On 23 June 2016, all Scheme Conditions (as defined in the prospectus published by the Company on 31 May 2016 ("Prospectus")) were satisfied and the Debt Restructuring became effective.

As disclosed in note 34(c)(ii), on 28 June 2016, a total number of 322,706,001 Initial Scheme Shares (as defined in note 34 (c)(ii)) were allotted and issued to the Initial Bondholders (as defined in note 34(c)(ii)) and the remaining 243,273,777 Scheme Shares were allotted and issued to the Participating Bondholders (as defined in note 34(c)(ii)) on 7 October 2016 ("Final Distribution Date").

At the Debt Restructuring effective date on 23 June 2016, the carrying value of the Senior Notes including accrued interest amounted to approximately $2,719,877,000. The fair value of the consideration to settle the Senior Notes was cash consideration of US$50 million (equivalent to approximately $388,194,000), the fair value of 565,979,778 Scheme Shares of approximately $305,629,000 based on the closing price of the Company's shares as traded in The Stock Exchange of Hong Kong Limited on 23 June 2016 of $0.54 per share, and the fair value of the CVRs of US$10 million (equivalent to approximately $77,603,000) based on its notional value, given the Triggering Event has been occurred during the year ended 31 December 2016. The excess of carrying value of the Senior Notes over the fair value of the consideration to settle the Senior Notes, amounting to approximately $1,948,451,000, has been recognised by the Group as a gain on Debt Restructuring of Senior Notes and credited to profit or loss for the year ended 31 December 2016. There were no Senior Notes outstanding as at 31 December 2016.

For year ended 31 December 2016, interest on the Senior Notes of $76,816,000 (see note 8(a)) and expenses incurred in relation to the Debt Restructuring of $65,181,000 (as included in Administrative expenses) was charged to the profit or loss.

29 DEFERRED INCOME

Deferred income represents the unfulfilled conditional government grants received, which will be subsequently recognised as revenue in the statement of profit or loss to compensate the Group for expenses when incurred, and the unrecognised government grants relating to compensating the Group for the cost of assets.

30 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2016, the Group had obligations under finance leases repayable as follows:

	2016		2015	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	$'000	**$'000**	$'000	$'000
Within 1 year	**2,625**	**3,069**	–	–
After 1 year but within 2 years	**3,239**	**3,502**	–	–
After 2 years but within 5 years	**2,772**	**2,844**	–	–
	6,011	**6,346**		
	8,636	**9,415**	–	–
Less: total future interest expenses		**(779)**		–
Present value of lease obligations		**8,636**		–

(Expressed in Hong Kong dollars unless otherwise indicated)

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) The 2014 Scheme

The Company had adopted a share option scheme on 22 July 2014 ("2014 Scheme"), whereby the directors of the Company are authorised, at their direction, to invite employees of the Group including directors of any company of the Group, to take up options at $1 consideration to subscribe for shares of the Company. The options will vest every six months over a period of four years commencing from 1 October 2014 (the "Initial Vesting Date") in equal portions (12.5% each) on the first day of each six-month period after the Initial Vesting Date and are exercisable during the relevant period to the extent the share options have vested until 5 years commencing from the date of grant at a fixed subscription price. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) In 2014 the number of options granted to directors and management was 46,000,000 and 65,400,000 respectively, whereby all options are settled by physical delivery of shares.

(ii) The number and weighted average exercise prices of share options are as follows:

	2016		2015	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 January	**$0.420**	**83,025,000**	$0.420	111,400,000
Exercised during the period	**$0.420**	**–**	$0.420	–
Expired during the period	**$0.420**	**(36,525,000)**	$0.420	(2,250,000)
Forfeited during the period	**$0.420**	**(46,500,000)**	$0.420	(26,125,000)
Outstanding at 31 December	**–**	**–**	$0.420	83,025,000
Exercisable at 31 December	**–**	**–**	$0.420	36,525,000

On 1 March 2016, all the outstanding options under the 2014 Scheme were cancelled by the Company, in accordance with the terms which stipulated in 2014 Scheme that the board of directors of the Company may at any time terminate this 2014 Scheme.

(Expressed in Hong Kong dollars unless otherwise indicated)

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The 2014 Scheme (Continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the share options is valued by the directors with reference to a valuation report issued by Sallmanns. The estimate of the fair value of the share options granted is measured based on a Binominal Tree option pricing model. The contractual life of the share option is used as an input into this model.

(iii) Fair value of share options and assumptions

	2014
Fair value at measurement date	\$0.170~\$0.193
Share price	\$0.420
Exercise price	\$0.420
Expected volatility	53%
Option life (expressed as weighted average life used in modeling under Binominal Tree option pricing model)	5 years
Expected dividends	0.00%
Risk-free interest rate	1.38%

The expected volatility is based on the historic volatility of entities in the same industry (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on management estimate. The risk-free interest rate is based on the yield of Hong Kong Exchange Fund Notes. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There has been no market condition associated with the share option grants.

Equity settled share-based payment expense amounting to \$730,000 (2015: \$4,535,000) during year ended 31 December 2016 has been recognised in profit or loss.

32 TRADE AND OTHER PAYABLES

	2016 **$'000**	2015 $'000
Trade and bills payables	**212,377**	242,055
Payables to import agents	**1,772**	8,737
Amounts due to related parties	**–**	383
Prepayments from customers	**26,283**	34,284
Payables in connection with construction projects	**58,617**	103,593
Payables for purchase of equipment	**7,708**	2,323
Payable for contingent value rights (note 28)	**77,553**	–
Others*	**488,690**	365,127
	873,000	756,502

* Included bonus payable to directors amounting to approximately $180,084,000 (2015: $nil).

At 31 December 2016, bills payable amounting to $11,514,000 (2015: $159,597,000) have been secured by deposits placed in banks with an aggregate carrying value of $11,514,000 (2015: $158,093,000).

As of the end of the reporting period, the ageing analysis of trade and bills payables and payables to import agents (which are included in trade and other payables), based on the invoice date, is as follows:

	2016 **$'000**	2015 $'000
Within 3 months	**199,665**	106,116
More than 3 months but less than 6 months	**10,655**	132,084
More than 6 months but less than 1 year	**–**	8,778
More than 1 year	**3,829**	3,814
	214,149	250,792

32 TRADE AND OTHER PAYABLES (CONTINUED)

Trade and bills payables and payables to import agents are expected to be settled within one year or are repayable on demand. The maturity analysis of these payables is as follows:

	2016 $'000	2015 $'000
Due within 1 month or on demand	202,634	164,315
Due after 1 month but within 3 months	8,161	–
Due after 3 months but within 6 months	3,354	86,477
	214,149	250,792

33 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statements of financial position represents:

	2016 $'000	2015 $'000
At 1 January	38,002	39,580
Provision for the year (note 9(a))	94,084	1,508
Under-provision in respect of prior years (note 9(a))	341	2,026
Income tax paid	(1,410)	(5,627)
Exchange adjustments	(2,045)	515
At 31 December	128,972	38,002

(b) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of deductible temporary differences and tax losses incurred by the subsidiaries of the Group of $1,932,854,000 and $1,710,679,000 respectively (2015: $2,451,956,000 and $2,237,186,000) as management of the Group considers that it is not possible as at 31 December 2016 to estimate, with any degree of certainty, the future taxable profits which may be earned by these subsidiaries. In particular, in accordance with the Group's accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses at 31 December 2016 as the management considers it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses in the PRC established entities of approximately $1,373,331,000, and $293,856,000 and $34,378,000 will expire in five years after the tax losses generated under current tax legislation in 2019, 2020 and 2021 respectively. The tax losses in those Hong Kong incorporated companies of approximately $9,114,000 can be utilised to offset any future taxable profits under current tax legislation.

34 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital $'000	Employee share trusts $'000	Other Reserve $'000	Exchange reserve $'000	Accumulated loss $'000	Treasury shares $'000	Total $'000
Balance at 1 January 2015	4,992,337	(3,000)	117,629	(16,689)	(6,062,963)	–	(972,686)
Changes in equity for 2015:							
Equity settled share-based transactions	–	–	4,535	–	–	–	4,535
Expiry of share options granted under share option scheme	–	–	(110,441)	–	110,441	–	–
Total comprehensive income for the year	–	–	–	(3,271)	(620,109)	–	(623,380)
Balance at 31 December 2015 1 January 2016	4,992,337	(3,000)	11,723	(19,960)	(6,572,631)	–	(1,591,531)
Changes in equity for 2016:							
Shares issued under rights issue (note 34(c)(ii))	**390,526**	**–**	**–**	**–**	**–**	**–**	**390,526**
Transaction costs attributable to issue of shares under rights issue (note 34(c)(ii))	**(6,980)**	**–**	**–**	**–**	**–**	**–**	**(6,980)**
Scheme shares issued under debt restructuring (note 34(c)(iii))	**305,629**	**–**	**–**	**–**	**–**	**–**	**305,629**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(15,390)**	**(15,390)**
Contribution to employee share trusts	**–**	**(18,387)**	**–**	**–**	**–**	**–**	**(18,387)**
Expiry of share options granted under share option scheme	**–**	**–**	**(8,949)**	**–**	**8,949**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**3,328**	**2,354,867**	**–**	**2,358,195**
Balance at 31 December 2016	**5,681,512**	**(21,387)**	**2,774**	**(16,632)**	**(4,208,815)**	**(15,390)**	**1,422,062**

34 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

A final dividend of HK$0.077 per share was declared attributable to the year ended 31 December 2016 (2015: nil).

(ii) There is no dividends payable to equity shareholders of the Company attributable to previous financial year, approved and paid during the year ended 31 December 2016 (2015: $nil).

(c) Share capital

	2016 '000 No. of shares	2015 '000 No of shares
Authorised:		
Ordinary shares with no par value	**6,000,000**	6,000,000

	2016 No. of shares '000	**2016 $'000**	2015 No. of shares '000	2015 $'000
Ordinary shares, issued and fully paid:				
Existing shares at 1 January	**3,773,199**	**4,992,337**	3,773,199	4,992,337
Shares Consolidation (note i)	**(3,584,539)**	**–**	–	–
Right Shares issued upon rights issue (note ii)	**565,980**	**383,546**	–	–
Anti-dilution Shares issued under rights issue (note ii)	**1,697,939**	**–**	–	–
Scheme Shares issued under Debt Restructuring (note iii)	**565,980**	**305,629**	–	–
At 31 December	**3,018,559**	**5,681,512**	3,773,199	4,992,337

34 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

Notes:

(i) Share consolidation

Pursuant to the resolution passed at the extraordinary general meeting of the Company held on 16 May 2016, the share consolidation of every twenty issued ordinary shares of the Company into one ordinary share of the Company (the "Consolidated Share") became effective on 18 May 2016.

(ii) Shares issued under rights issue

As disclosed in note 28, the Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a rights issue ("Rights Issue") which was on the basis of three rights shares ("Rights Shares") for each Consolidated Share held on the record date at the subscription price of $0.69 per rights share. As a mechanism to counter the dilutive effect of the issue of the Scheme Shares under the Debt Restructuring, three anti-dilution shares will be issued for no further consideration for each Rights Share subscribed ("Anti-dilution Shares").

As stated in the Prospectus as updated by the supplemented announcement dated 24 August 2016, the Scheme Shares would be distributed on two separate dates under the terms of the Schemes:

(a) on 28 June 2016 ("Initial Distribution Date"), a proportion of the Scheme Shares would be distributed among all Bondholders that have submitted a claim in the Schemes by the initial scheme consideration deadline on 17 May 2016 (the "Initial Bondholders"); and

(b) on 7 October 2016 ("Final Distribution Date"), the remainder of the Scheme Shares would be distributed among those Bondholders that have submitted a claim in the Schemes by 23 September 2016 (including the Initial Bondholders) (the "Participating Bondholders").

The Anti-dilution Shares to be issued and allotted on the Initial Distribution Date ("Initial Anti-dilution Shares") would be allotted and issued in the same proportion to the total Anti-dilution Shares as the Scheme Shares to be issued and allotted on the Initial Distribution Date ("Initial Scheme Shares") bear to the total number of Scheme Shares.

On 28 June 2016, a total number of 565,979,778 Rights Shares were allotted and issued at the subscription price of $0.69 per Rights Share for net proceeds of $383,546,000 which have been credited to share capital account, and a total number of 322,706,001 Initial Scheme Shares were allotted and issued to the Initial Bondholders in accordance with the terms of the Schemes on the Initial Distribution Date. Accordingly, a total number of 968,114,195 Anti-dilution Shares were allotted and issued for distribution on the Initial Distribution Date to qualifying shareholders allotted and issued Rights Shares.

On 7 October 2016, the remaining 243,273,777 Scheme Shares and 729,825,139 Anti-dilution Shares were allotted and issued to the Participating Bondholders.

(iii) Scheme Shares issued under Debt Restructuring

As disclosed in note (ii), during the year ended 31 December 2016, a total number of 565,979,778 Scheme Shares have been allotted and issued to the Participating Bondholders in accordance with the terms of the Schemes. The fair value of these Scheme Shares of $305,629,000 has been credited to share capital account (see note 28).

(Expressed in Hong Kong dollars unless otherwise indicated)

34 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Share issued under share option scheme

No option was exercised during the year ended 31 December 2016 (2015: $nil).

(e) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price $	**2016 Number**	2015 Number
October 2014 to 22 July 2019	0.420	**–**	83,025,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 31 to the financial statements.

(f) Nature and purpose of reserves

(i) Other reserve

The other reserve comprises the following:

— the aggregate amount of paid-in capital or share capital of the companies now comprising the Group after elimination of the investments in subsidiaries and the changes in equity arisen from the acquisition of non-controlling interests;

— the net loss on purchase of non-controlling interest in a subsidiary; and

— the fair value of unexercised share options granted to employees of the Company at the grant date that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

34 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Nature and purpose of reserves (Continued)

(ii) Statutory reserve

Pursuant to the Articles of Association of the companies comprising the Group in the PRC, appropriations to the statutory reserve were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective companies comprising the Group. During the year ended 31 December 2016, amounts in retained earnings of $21,293,000 (2015: nil) were transferred from retained earnings to the statutory reserve.

Statutory reserve can be utilised in setting off accumulated losses or increasing capital of the companies comprising the Group is non-distributable other than in liquidation. During the year ended 31 December 2015, statutory surplus reserve of the Company amounting to $147,314,000 were used to make good the previous years' accumulated losses.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which are dealt with in accordance with the accounting policies as set out in note 2(w).

(iv) Employee share trusts

The Group operates a long-term incentive program in 2012 to retain and motivate the employees to make contributions to the long term-growth and performance of the Group, namely Restricted Share Units Scheme ("RSU Scheme"). A restricted share unit award ("RSU Award") gives a participant in the RSU Scheme a conditional right when the RSU Award vests to obtain either ordinary shares (existing ordinary shares in issue or new ordinary shares to be issued by the Company) or an equivalent value in cash with reference to the value of the ordinary shares on or about the date of vesting. The Group reserves the right, at its discretion, to pay the award in cash or ordinary shares of the Group.

Employee share trusts are established for the purposes of awarding shares to eligible employees under the RSU Scheme. The employee share trusts are administered by trustees and are funded by the Group's cash contributions for buying the Company's shares in the open market and recorded as contributions to employee share trusts, an equity component. The administrator of the employee share trusts transfers the shares of the Company to employees upon vesting.

34 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Nature and purpose of reserves (Continued)

(v) Treasury shares

During the year ended 31 December 2016, the Company has repurchased on-market own shares in aggregate of 18,408,000 shares.

(vi) Distributability of reserves

At 31 December 2016, there is no aggregate amount of reserves available for distribution to equity shareholders of the Company (2015: $nil).

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes secured bank loans, and obligations under finance leases) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity and redeemable preference shares, other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, listed debt investments and over-the-counter derivative financial instruments entered into for hedging purposes. Management has had a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due 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. Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Transactions involving derivative financial instruments are with counterparties of sound credit standing and with whom the Group has a signed netting agreement. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 12% (2015: 0%) and 12% (2015: 0%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively within the processing and trading of coking coal and other products segment.

Except for the financial guarantees given by the Group as set out in note 39, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 39.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 24.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2016					2015				
	Contractual undiscounted cash outflow					Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount at 31 December**	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at 31 December
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000
Secured bank loans	**736,734**	**35,721**	**–**	**772,455**	**757,705**	1,094,694	28,482	–	1,123,176	1,100,650
Senior notes	**–**	**–**	**–**	**–**	**–**	2,703,034	–	–	2,703,034	2,388,573
Trade and other payables (excluding prepayments from customers)	**846,717**	**–**	**–**	**846,717**	**846,717**	722,218	–	–	722,218	722,218
Finance leases obligations	**3,069**	**3,502**	**2,844**	**9,415**	**8,636**	–	–	–	–	–
	1,586,520	**39,223**	**2,844**	**1,628,587**	**1,613,058**	4,519,946	28,482	–	4,548,428	4,211,441

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2016		2015	
	Interest rate %	**$'000**	Interest rate %	$'000
Fixed rate borrowings:				
Bank loans	**2.80%–7.84%**	**706,282**	1.63%–5.35%	1,043,357
Senior notes	**–**	**–**	10%	2,388,573
		706,282		3,431,930
Variable rate borrowings:				
Bank loans	**4.9%**	**51,423**	5.15%	57,293
		51,423		57,293
Total borrowings		**757,705**		3,489,223
Fixed rate borrowings as a percentage of total borrowings		**93.21%**		98.36%

(ii) Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the borrowings outstanding at the end of the reporting period were outstanding for the whole year. The analysis is performed on the same basis for 2015.

At 31 December 2016, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated loss by approximately $440,952 (2015: $2,064,000). Other components of consolidated equity would have no change in response to the general increase/decrease in interest rates.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases and borrowings which give rise to payables, cash balances and bank loans that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Most of the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currency (expressed in HK$)								
	2016					2015			
	US$	**RMB**	**SGD**	**HK$**	**New Zealand Dollar ("NZD")**	US$	RMB	SGD	HK$
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Cash and cash equivalents	**97,154**	**2,228**	**896**	**19,080**	**–**	13,708	3,867	3,475	3,080
Trade and other receivables	**–**	**20,196**	**264**	**14,055**	**–**	148,134	414,496	–	659
Trade and other payables	**–**	**(33,863)**	**(339)**	**(1,334)**	**–**	(36,371)	(112,676)	(23)	(75)
Bank loans	**(359,478)**	**–**	**–**	**–**	**(27,035)**	(671,076)	–	–	–
Net exposure arising from Recognised assets and liabilities	**(262,324)**	**(11,439)**	**821**	**31,801**	**(27,035)**	(545,605)	305,687	3,452	3,664

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated loss) and other components of consolidated equity that would arise if foreign exchange rate to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2016		2015	
	Increase/ (decrease) in foreign exchange rate $'000	**(Increase)/ decrease in loss after tax and accumulated loss $'000**	Increase/ (decrease) in foreign exchange rate $'000	(Increase)/ decrease in loss after tax and accumulated loss $'000
US$	**5%**	**9,181**	5%	(19,441)
	(5)%	**(9,181)**	(5)%	19,441
RMB	**5%**	**400**	5%	4,733
	(5)%	**(400)**	(5)%	(4,733)
SGD	**5%**	**29**	5%	129
	(5)%	**(29)**	(5)%	(129)
HK$	**5%**	**1,113**	5%	137
	(5)%	**(1,113)**	(5)%	(137)
NZD	**5%**	**946**	5%	–
	(5)%	**(946)**	(5)%	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2015.

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs

2016

		Fair value measurements as at 31 December 2016 categorised into		
	Fair value at 31 December 2016 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments				
— Commodity futures contracts	38,406	38,406	–	–

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

2015

	Fair value at 31 December 2015 $'000	Fair value measurements as at 31 December 2015 categorised into Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments				
— Forward foreign exchange contracts	21,373	–	21,373	–
— Commodity futures contracts	10,387	10,387	–	–
Trading securities				
— Listed trading securities	613	613	–	–

During the years ended 31 December 2015 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements.

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(ii) Fair value of financial assets and liabilities carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016 and 2015 except for the Senior Notes (see note 28).

	2016 Carrying amount $'000	**2016** Fair value $'000	2015 Carrying amount $'000	2015 Fair value $'000
Senior Notes	–	–	2,388,573	2,388,573

36 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that:

— are offset in the Group's consolidated statement of financial position; or

— are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

The Group also entered into several loan and offsetting agreements with commercial banks in domestic China with an offset over the Group's restricted bank deposits and bank loans. Under such agreements, the Group has a legally enforceable right to set off the restricted bank deposits with the bank loans, and the Group and the commercial banks will settle the difference between the amount of the restricted bank deposits and the bank loans on a net basis.

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets $'000	Gross amounts of recognised financial liabilities offset in the statement of financial position $'000	Net amounts of financial assets presented in the statement of financial position $'000
As at 31 December 2016			
Restricted bank deposits	–	–	–
As at 31 December 2015			
Restricted bank deposits	354,715	(354,715)	–

There are no financial instruments or financial collateral received in connection with the above offsetting arrangements.

36 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities $'000	Gross amounts of recognised financial assets offset in the statement of financial position $'000	Net amounts of financial liabilities presented in the statement of financial position $'000
As at 31 December 2016			
Restricted bank deposits	–	–	–
As at 31 December 2015			
Restricted bank deposits	368,626	(354,715)	13,911

There are no financial instruments or financial collateral pledged in connection with the above offsetting arrangements.

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the statement of financial position", as set out above, to the "restricted bank deposits" and "secured bank loans" presented in the statement of financial position.

	At 31 December 2016 $'000	At 31 December 2015 $'000
Net amount of restricted bank deposits after offsetting as stated above	**–**	–
Restricted bank deposits not in scope of offsetting disclosure	**63,889**	499,104
Total restricted bank deposits	**63,889**	499,104

36 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements (Continued)

	At 31 December 2016 $'000	At 31 December 2015 $'000
Net amount of secured bank loans after offsetting as stated above	**–**	13,911
Secured bank loans not in scope of offsetting disclosure	**757,705**	1,086,739
Total secured bank loans	**757,705**	1,100,650

37 MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the year.

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10, and certain of the highest paid employees as disclosed in note 11, is as follows:

	2016 $'000	2015 $'000
Short-term employee benefits	**222,919**	31,896
Equity compensation benefits	**–**	5,046

The remuneration is included in "staff costs" (see note 8(b)).

37 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material related party transactions

During the year, the Group entered into the following material related party transactions:

	2016 **$'000**	2015 $'000
Sales of products to a related party	**–**	89,786
Purchase of products from a related party	**–**	61,341
Rental expense for lease of properties from related parties	**–**	6,876

The directors of the Group is of the opinion that the above related party transactions were conducted on normal commercial terms and in accordance with the agreements governing such transactions.

(c) Related party balances

The outstanding balances arising from above transactions at consolidated statement of financial position are as follows:

	2016 **$'000**	2015 $'000
Amounts due from related parties	**–**	–
Amounts due to related parties	**–**	383

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Directors' interests in contracts and continuing connected transactions" of the Directors' Report.

38 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2016 not provided for in the interim financial statements are as follows:

	At 31 December 2016 $'000	At 31 December 2015 $'000
Contracted for	**–**	–

(b) At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2016 $'000	At 31 December 2015 $'000
Within 1 year	**5,182**	5,102
After 1 year but within 5 years	**1,724**	7,004
	6,906	12,106

The Group leases buildings and others under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

39 CONTINGENT LIABILITIES — GUARANTEES

In December 2016, the Group has provided guarantee to a third party company for a bank loan borrowed by that third party company with an amount of $67,070,000. Such guarantee will be released along with the repayment of loan principal by that third party company to the bank in.

On 4 January 2017, the Group borrowed a loan from that third party company with the same principal amount, interest and payment terms as the third party company borrowed from the bank as mentioned above.

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment, net		**253**	–
Interests in subsidiaries		**2,571,875**	2,201,173
Total non-current assets		**2,572,128**	2,201,173
Current assets			
Trade and other receivables		**13,675**	1,639
Cash and cash equivalents		**27,448**	4,044
Total current assets		**41,123**	5,683
Current liabilities			
Trade and other payables		**1,191,189**	1,410,548
Senior notes	28	**–**	2,388,573
Income tax recoverable		**–**	(734)
Total current liabilities		**1,191,189**	3,798,387
Net current liabilities		**(1,150,066)**	(3,792,704)
NET ASSETS/(LIABILITIES)		**1,422,062**	(1,591,531)
CAPITAL AND RESERVES			
Share capital	34(c)	**5,681,512**	4,992,337
Reserves		**(4,259,450)**	(6,583,868)
TOTAL EQUITY		**1,422,062**	(1,591,531)

(Expressed in Hong Kong dollars unless otherwise indicated)

41 IMMEDIATE AND ULTIMATE CONTROLLING SHAREHOLDERS

At 31 December 2016, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be Famous Speech Limited and Ms. Wang respectively. Famous Speech Limited is incorporated in the British Virgin Islands and does not produce financial statements available for public use. Ms. Wang's address is Avenida Sir Anders Ljungstedt No. 297 E 303 EDF L'arc 48 Andar G48, Macau.

42 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group and a third party company, Minghua Energy Group Co., Ltd. ("Minghua Energy"), entered into a sales and purchase agreement, pursuant to which Minghua Energy agreed to sell and the Group agreed to purchase certain assets, including a coal processing plant, the relevant facilities and equipment, of Minghua Energy for cash consideration of RMB100,000,000 (equivalent to $111,790,000). The transaction was completed on 5 January 2017.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 7, *Statement of cash flows: Disclosure initiative*	1 January 2017
Amendments to IAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018
IFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to IFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
IFRS 16, *Leases*	1 January 2019

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

— The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

— For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of IFRS 9.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

IFRS 9, Financial instruments (Continued)

(a) Classification and measurement (continued)

The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of IFRS 9.

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

IFRS 15, Revenue from contracts with customers (Continued)

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2(v). Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that some of the Group's contracts the point in time when revenue is recognised under IFRS 15 may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

IFRS 15, Revenue from contracts with customers (Continued)

(b) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

The Group is in the process of assessing whether the advance payments from customers would be significant to the contract and therefore whether, once IFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue. Any adjustment to the transaction price under IFRS 15, if considered necessary, would result in interest expense being recognised.

IFRS 16, Leases

As disclosed in note 2(l), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

IFRS 16, Leases (Continued)

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for buildings which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 38 at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to $6,906,000 for buildings, the majority of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

The Group is considering whether to adopt IFRS 16 before its effective date of 1 January 2019. However, early adoption of IFRS 16 is only permitted if this is no earlier than the adoption of IFRS 15. It is therefore unlikely that IFRS 16 will be adopted before the effective date of IFRS 15, being 1 January 2018.

Definitions

In this annual report, unless the context requires otherwise, the following expressions have the following meanings:

"Articles of Association" or "Articles"	the articles of association of our Company as amended from time to time
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board" or "Board of Directors"	our board of Directors
"Bondholder(s)"	beneficial holder(s) of the Senior Notes
"BVI"	the British Virgin Islands
"CG Code"	the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules, which has been renamed as "Corporate Governance Code and corporate Governance Report" from 1 April 2012
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong
"Company", "our Company", "we" or "us"	E-Commodities Holdings Limited (易大宗控股有限公司), formerly known as "Winsway Enterprises Holdings Limited (永暉實業控股股份有限公司)", a company incorporated under the laws of the BVI with limited liability on 17 September 2007 and, except where the context indicates otherwise, including our subsidiaries
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, unless the context otherwise requires, refers to Ms. Wang and Famous Speech Limited
"Mr. Wang's Group"	means Mr. Wang Xingchun and his directly or indirectly wholly owned companies, Winsway Group Holdings, Winsway Resources Holdings, Great Start and Winsway International Petroleum & Chemicals
"Debt Restructuring"	the restructuring of the senior notes issued by the Company on 8 April 2011 implemented through the schemes that was effective on 23 June 2016
"Director(s)"	the director(s) of our Company

"Ejinaqi Haotong"	額濟納旗浩通能源有限公司 (Ejina Qi Haotong Energy Co., Ltd.*), a company established under the laws of the PRC with limited liability on 19 May 2008 and our indirectly wholly-owned subsidiary
"GCC"	Grande Cache and GCC LP
"GCC LP"	Grande Cache Coal LP
"Grande Cache" or "GCCC"	Grande Cache Coal Corporation
"Great Start"	Great Start Development Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 21 April 2010 and indirectly wholly-owned by Mr. Wang Xingchun
"Group" or "our Group"	our Company and its subsidiaries
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time)
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board (the "IASB") and the International Accounting Standards ("IAS") and Standing interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Inner Mongolia Haotong"	內蒙古浩通能源股份有限公司 (Inner Mongolia Haotong Energy Joint Stock Co., Ltd.*), a joint stock company established under the laws of the PRC on 18 November 2005 and our indirectly wholly-owned subsidiary
"Listing"	the listing of our Shares on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

Definitions

"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 of the Listing Rules
"Ms. Wang"	王奕涵女士 (Wang Yihan), our ultimate Controlling Shareholder of our Company
"Nantong Haotong"	南通浩通能源有限公司 (Nantong Haotong Energy Co., Ltd.*), a company established under the laws of the PRC with limited liability on 24 February 2009 and our indirectly wholly-owned subsidiary
"Senior Notes"	the 8.5% senior notes issued by the Company in the aggregate principal amount of US$500 million
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and futures Ordinance (Chapter 571 of the Laws of Hong Kong)(as amended from time to time)
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) with no par value of our Company
"Shareholders"	holders of the Shares
"subsidiary(ies)"	has the meaning ascribed to it in section 2 of the Hong Kong Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Underwriting Agreement"	the underwriting agreement dated 11 March 2016 entered into between the Company, Mr. Wang's Group and Famous Speech in relation to the underwriting arrangements in respect of the Rights Issue

"United States", "US" or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States
"Winsway Group"	the group of companies established and/or incorporated by Mr. Wang Xingchun and/or his associates which is not a member of our Group
"Winsway Group Holdings"	Winsway Group Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 1 March 2001 and wholly-owned by Mr. Wang Xingchun
"Winsway International Petroleum & Chemicals"	Winsway International Petroleum & Chemicals Limited, a company incorporated under the laws of the BVI with limited liability on 18 August 2005 and indirectly wholly-owned by Mr. Wang Xingchun
"Winsway Petroleum Holdings"	Winsway Petroleum Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 9 September 2009 and indirectly wholly-owned by Mr. Wang Xingchun
"Winsway Resources Holdings"	Winsway Resources Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 31 December 2009 and indirectly wholly-owned by Mr. Wang Xingchun

Five-Year Financial Summary

(Expressed in Hong Kong dollars)

	2016	2015	2014	2013	2012
	$'000	$'000	$'000	$'000	$'000
				(restated)	
Continuing operations					
Turnover	**13,501,746**	5,735,319	7,547,738	13,319,742	12,387,405
Profit/(loss) before taxation from continuing operations	**2,966,740**	(1,752,266)	(1,133,469)	(410,076)	(1,965,270)
Income tax	**(94,425)**	(3,534)	(82,081)	(312,461)	293,142
Profit/(loss) from continuing operations	**2,872,315**	(1,755,800)	(1,215,550)	(722,537)	(1,672,128)
Discontinued operations					
Loss from discontinued operations (net of income tax)	**–**	(179,587)	(4,681,208)	(1,602,797)	–
Profit/(loss) for the year	**2,872,315**	(1,935,387)	(5,896,758)	(2,325,334)	(1,672,128)
Attributable to:					
Equity shareholders of the Company	**2,873,605**	(1,722,992)	(3,693,055)	(1,789,385)	(1,490,961)
Non-controlling interests	**(1,290)**	(212,395)	(2,203,703)	(535,949)	(181,167)
Profit/(loss) for the year	**2,872,315**	(1,935,387)	(5,896,758)	(2,325,334)	(1,672,128)
Total assets	**3,603,883**	2,704,567	10,286,821	22,133,003	22,868,300
Total liabilities	**1,900,614**	4,427,735	9,904,233	16,136,278	14,613,022
Non-controlling interests	**(133,979)**	(132,367)	82,211	1,987,490	2,529,815
Total equity attributable to equity shareholders of the Company	**1,837,248**	(1,590,801)	300,377	4,009,235	5,725,463

Company Information

BOARD MEMBERS

Executive Directors

Cao Xinyi (Chairman)
Wang Wengang (appointed on 18 July 2016)
Zhu Hongchan
Wang Yaxu
Feng Yi (passed away on 16 June 2016)

Non-executive Directors

Lu Chuan (resigned on 18 July 2016)
Guo Lisheng (appointed on 18 July 2016)

Independent Non-executive Directors

James Downing (resigned on 18 July 2016)
Ng Yuk Keung
Wang Wenfu
George Jay Hambro (resigned on 18 July 2016)
Gao Zhikai (appointed on 18 July 2016)

AUDIT COMMITTEE

Chairman

Ng Yuk Keung

Member

Wang Wenfu
Gao Zhikai

REMUNERATION COMMITTEE

Chairman

Wang Wenfu

Member

Cao Xinyi
Ng Yuk Keung

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Chairman

Gao Zhikai

Member

Ng Yuk Keung
Cao Xinyi

HEALTH AND SAFETY AND ENVIRONMENTAL COMMITTEE

Chairman

Wang Yaxu

Member

Wang Wenfu
Gao Zhikai

Company Information

SECRETARY TO THE BOARD

Cao Xinyi

CHIEF FINANCIAL OFFICER

Wang Yaxu

LEGAL COUNSEL

Reed Smith Richards Butler

AUDITORS

KPMG
Certified Public Accountants

REGISTERED OFFICE IN THE BVI

Nerine Trust Company (BVI) Limited,
Nerine Chambers,
PO Box 905,
Road Town, Tortola
BVI

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Room 12-6, Tower B Guanghua SOHO II,
No. 9 Guanghua Road, Chaoyang District
Beijing, 100020
PRC

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE HONG KONG COMPANIES ORDINANCE

Suites 2104–05
Hutchison House
10 Harcourt Road
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

China Minsheng Bank
Agricultural Bank of China

WEBSITE

www.e-comm.com

HKEX STOCK CODE

1733