

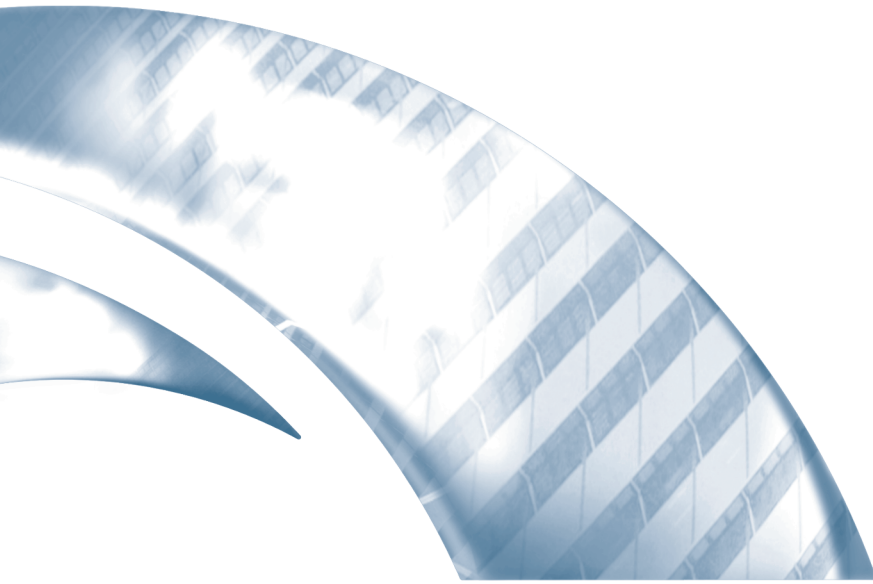


For the six months ended 30 June 2017
(Incorporated in Bermuda with limited liability)

Stock Code: 1051

A large, stylized, blue-tinted 'G' graphic that frames the central text. The 'G' is composed of multiple overlapping, curved segments, each containing a blurred image of a modern building facade with windows. The overall effect is a sense of depth and architectural complexity.

INTERIM
FINANCIAL REPORT **2017**



GROWTH

in value for all
our stakeholders

RESPECT

for our people,
our communities
and for all stakeholders

EXCELLENCE

in everything we do

ACTION

to deliver on
our commitments

TRANSPARENCY

openness, honesty and
good governance



GREAT VALUES

G-RESOURCES
IS A COMPANY
LISTED ON THE
HONG KONG
STOCK EXCHANGE
FOCUSING ON
PRINCIPAL
INVESTMENT
BUSINESS,
FINANCIAL
SERVICES
BUSINESS,
MONEY LENDING
BUSINESS AND
REAL PROPERTY
BUSINESS
(HKEX: 1051).

Corporate Philosophy

OUR VALUES

We strive to be a GREAT company in all of our operations and dealings with people. The GREAT values are the foundation of the Company, and provide a core commitment to achieve the best we can for all of G-Resources' stakeholders.

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr Chiu Tao, *Chairman and Acting Chief Executive Officer*
Mr Ma Xiao, *Deputy Chief Executive Officer*
Mr Wah Wang Kei, Jackie
Mr Hui Richard Rui (resigned on 3 February 2017)
Mr Leung Oi Kin

Independent Non-Executive Directors

Dr Or Ching Fai, *Vice-Chairman* (retired on 30 June 2017)
Ms Ma Yin Fan (resigned on 3 February 2017)
Mr Leung Hoi Ying (resigned on 3 February 2017)
Mr Lo Wa Kei, Roy (appointed on 17 July 2017)
Mr Chen Gong (appointed on 3 February 2017)
Mr Martin Que Meideng (appointed on 3 February 2017)

Executive Committee

Mr Chiu Tao, *Chairman*
Mr Ma Xiao
Mr Wah Wang Kei, Jackie
Mr Hui Richard Rui (resigned on 3 February 2017)
Mr Leung Oi Kin
Mr Arthur Ellis

Audit Committee

Dr Or Ching Fai, *Chairman* (retired on 30 June 2017)
Ms Ma Yin Fan (resigned on 3 February 2017)
Mr Leung Hoi Ying (resigned on 3 February 2017)
Mr Lo Wa Kei, Roy, *Chairman* (appointed on 17 July 2017)
Mr Chen Gong (appointed on 3 February 2017)
Mr Martin Que Meideng (appointed on 3 February 2017)

Remuneration Committee

Dr Or Ching Fai, *Chairman* (retired on 30 June 2017)
Ms Ma Yin Fan (resigned on 3 February 2017)
Mr Leung Hoi Ying (resigned on 3 February 2017)
Mr Lo Wa Kei, Roy, *Chairman* (appointed on 17 July 2017)
Mr Chen Gong (appointed on 3 February 2017)
Mr Martin Que Meideng (appointed on 3 February 2017)

Nomination Committee

Mr Chiu Tao, *Chairman*
Dr Or Ching Fai (retired on 30 June 2017)
Ms Ma Yin Fan (resigned on 3 February 2017)
Mr Lo Wa Kei, Roy (appointed on 17 July 2017)
Mr Chen Gong (appointed on 3 February 2017)

Company Secretary

Mr Leung Oi Kin

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

Hong Kong: Peter Yuen & Associates
(in association with Fangda Partners),
Sullivan & Cromwell,
Tung & Co.
Bermuda: Appleby

Principal Bankers

Industrial and Commercial Bank of China (Asia) Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd.

Share Registrars

Hong Kong

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

Bermuda

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business

Room 1801, 18/F
AXA Centre
No. 151 Gloucester Road
Wanchai, Hong Kong

Website

www.g-resources.com

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Chiu Tao, aged 61

was appointed as the Chairman and an executive director of G-Resources Group Limited (the "Company", together with its subsidiaries, the "Group") on 19 August 2009 and 22 July 2009, respectively. Mr Chiu was also appointed as Acting Chief Executive Officer of the Company on 30 June 2015. Mr Chiu is an experienced executive and merchant, and was engaged as the chairman of various listed companies in Hong Kong. Mr Chiu has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management. He is currently the Chairman and an executive director of NetMind Financial Holdings Limited ("NetMind") (formerly known as CST Mining Group Limited), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Ma Xiao, aged 52

was appointed as the Deputy Chief Executive Officer and an executive director of the Company on 22 July 2009. Mr Ma has over twenty years of international minerals and metals trading, financing and hedging experience. Mr Ma also has extensive experience in mineral company acquisitions and development. He previously held senior and executive positions with several base and precious metals companies, including China Minmetals. Mr Ma was based in London for four years working for Minmetals (UK) Limited and was the Managing Director of Guizhou H-Gold & Mining Limited and was a director of the China Minerals Acquisition Fund.

Wah Wang Kei, Jackie, aged 50

was appointed as an executive director of the Company on 9 April 2008. Mr Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Up until 1997, Mr Wah was a partner of a Hong Kong law firm. He is currently an executive director and in-house legal counsel of NetMind; an independent non-executive director of Symphony Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange.

Leung Oi Kin, aged 43

was appointed as an executive director and company secretary of the Company on 8 November 2016 and 16 December 2016, respectively. Mr Leung has more than eighteen years of experience in accounting and financial management. He is a professional accountant and a member of the CPA Australia. Prior to joining our Company, Mr Leung worked in PricewaterhouseCoopers as an auditor. He was the group financial controller of China NT Pharma Group Company Limited (whose shares are listed on the Main Board of the Stock Exchange). He was also the company secretary and chief financial officer of Wisdom Holdings Group (now known as Wisdom Sports Group) (whose shares are listed on the Main Board of the Stock Exchange); and the chief financial officer of Linekong Interactive Group Co., Ltd. (whose shares are listed on the Growth Enterprise Market of the Stock Exchange). Mr Leung graduated from University of Adelaide, Australia in 1997 with a bachelor's degree in commerce.

Independent Non-Executive Directors

Lo Wa Kei, Roy, aged 46

was appointed as an independent non-executive director of the Company on 17 July 2017. Mr Lo received a bachelor's degree of business administration from the University of Hong Kong in 1993 and a master's degree of professional accounting from the Hong Kong Polytechnic University in 2000. Mr Lo is a practicing accountant in Hong Kong and is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the CPA Australia and an associate of the Institute of Chartered Accountants in England and Wales. He serves as the managing partner of SHINEWING (HK) CPA Limited, which is a full service accounting and consulting firm engaged in the provision of, among others, audit and business advisory services. He is also a member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference and the founding executive vice-president and council member of the Hong Kong Independent Non-Executive Director Association. Mr Lo has over 23 years of experience in auditing, accounting, risk management and finance and has been serving as an independent non-executive director of a number of companies listed on the Stock Exchange, including Quam Limited, Wan Kei Group Holdings Limited, Sun Hing Vision Group Holdings Limited, China Zhongwang Holdings Limited, Sheen Tai Holdings Group Company Limited, China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) and Xinming China Holdings Limited. He also served as an independent non-executive director of North Mining Shares Company Limited.

Chen Gong, aged 47

was appointed as an independent non-executive director of the Company on 3 February 2017. Mr Chen has more than twenty years extensive experience in finance management, mergers & acquisitions, financing, negotiation and restructuring in a cross-culture environment. Mr Chen has participated in cross-border merger & acquisition and financing transactions. He has been involved with the management of various public companies listed in Toronto Stock Exchange, in the capacity of director and/or chief executive officer/chief financial officer. Mr Chen was a director and chief executive officer of First Growth Holdings Ltd. (whose shares are listed on TSX Venture Exchange). He is currently also an independent director of Newmac Resources Inc. (whose shares are listed on TSX Venture Exchange); a president, chief executive officer and director of Ord Mountain Resources Corp. (whose shares are listed on TSX Venture Exchange NEX); and an independent director of Credent Capital Corp. (whose shares are listed on TSX Venture Exchange NEX). Mr Chen is also the founder and managing director of DoubleOcean Financial Group, a financial advisory company that facilitates the cross-border investments between North America and China. Mr Chen also worked in various financial management positions at two Fortune 100 companies in the United States for about eight years.

Mr Chen received a Bachelor's degree in International Economics from Peking (Beijing) University in 1992 and a Master of Business Administration (MBA) from the University of Arizona in 1997. He is a United States Certified Public Accountant (CPA).

Martin Que Meideng, aged 56

was appointed as an independent non-executive director of the Company on 3 February 2017. Mr Que has over twenty years of extensive experience of North American financial investment and management, chartered financial planner in North American and tax planning and investment risk management.

Mr Que received a Bachelor of Engineering from Wuhan College of Geology in 1983 and a Master of Science from China University of Geosciences of China in 1986. Mr Que is a president and owner of Allvista Financial and Planning Services Inc., British Columbia, Canada; a vice-president of Marketing of Citistar Financial, British Columbia, Canada; a chief financial officer and a director of McVicar Energy Inc., Ontario, Canada, a natural resources and investment company; a chief financial officer of Blue-O Technology Inc., British Columbia, Canada, a fuel cell technology company. He is also a member of the Million Dollar Round Table (MDRT) of The Premier Association of Financial Professionals®, a Certified Financial Planner of the Financial Planning Standards Council and a Chartered Life Underwriter of The American College of Financial Services.

Senior Management

Lau Yue Wah, Brian, aged 43

is a director of Enhanced Financial Services Group Limited (an indirect 75%-owned subsidiary of the Company) ("EFS") and its various subsidiaries. Mr Lau graduated from the University of New South Wales in Sydney. He is a co-founder of Enhanced Securities Limited ("ESL") and Enhanced Finance Limited ("EFL"). Mr Lau has over twenty years of experience in the financial services industry. He had held different positions in ESL and EFL. He was a responsible officer of ESL from 2011 to 2014, supervising type 1 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). He is holding a type 1 and type 4 (effective June 2017) license under SFO and is a responsible officer for type 1 regulated activities under the SFO with effect from January 2017.

David Ki, aged 40

is a director of EFS and its various subsidiaries. He is a co-founder and director of ESL and EFL. He has over fifteen years of experience in the financial services industry. Before founding ESL and EFL, he worked in South China Securities Limited as a customer manager for ten years. He is an honorary advisor of New Territories Chiu Chow Federation and a director of Hong Kong Chiu Chow Chamber of Commerce, both since 2010. He is also a director of Overseas Teo Chew Entrepreneurs Association Limited.

Nguyen Gia Vinh, Patrick, aged 42

is a co-founder of Enhanced Investment Management Limited ("EIML") and currently holds the roles of director and responsible officer of EIML. Mr Nguyen has over fifteen years of investment advisory and discretionary portfolio management experience. He is in charge of overseeing the strategic development and daily operations of EIML. Before founding EIML, Mr Nguyen was a director at the International Private Banking division of CTBC Bank (formerly known as Chinatrust Commercial Bank). From 2007 to 2011, he worked as the Head of Investment at Crosby Wealth Management. Prior to that, he was a senior investment advisor of AIG Private Bank, responsible for formulating portfolio allocation strategies and providing investment recommendations/solutions to relationship managers and clients. Mr Nguyen graduated from Boston College, USA and is a CFA charterholder since 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	For the six months ended	
	30 June	30 June
	2017	2016
	USD'000	USD'000
For continuing operations:		
Revenue	13,322	12,789
Administrative expenses	7,714	5,748
EBITDA	20,971	8,640
Profit before taxation	19,520	7,798
Profit for the period from continuing operations	19,294	7,785
Analysis of Profit before taxation from continuing operations:		
(i) Principal Investment Business	15,323	4,651
(ii) Financial Services Business	4,107	5,590
(iii) Real Property Business	418	1,499

Review of continuing operations

The Group's net profit for the period attributable to owners of the Company from continuing operations was USD18.5 million (the six months ended 30 June 2016: USD7.8 million). The main reason for the increase in profit was due to the increase in interest income from financial products and margin financing and commission income from financial services during the period. The increase in other income was however partially offset by the decrease of rental income due to the tenancy agreements transition period.

Revenue was USD13.3 million (the six months ended 30 June 2016: USD12.8 million), mainly generated by interest income from financial products, margin financing and money lending business and commission income from financial services. The revenue increase was also contributed by the increase of commission income from financial services.

Administrative expenses was USD7.7 million for the period ended 30 June 2017, achieving an increase of USD2.0 million as compared to the corresponding six months period ended 30 June 2016 of USD5.7 million. Such increase was partly due to the increase in activities in the Financial Services Business for the period ended 30 June 2017 and expenses incurred in searching for new business opportunities.

(i) Principal Investment Business

During the period, the Group invested approximately USD131.2 million in listed and unlisted financial assets, which included mainly bonds, convertible bond and unlisted other security investments. For the six months ended 30 June 2017, the Group recorded realised and unrealised gain of USD6.9 million, and interest income, dividend income and distribution income of USD8.0 million from the financial assets held by the Group.

As at 30 June 2017, the Group held approximately USD478.1 million non-cash financial assets, as follows:

	30 June 2017 USD'000	31 December 2016 USD'000
Listed shares	72,750	72,391
Listed debt securities	221,665	176,431
Unlisted managed investment funds	52,547	47,977
Unlisted other security investments	122,204	48,974
Perpetual securities	–	30,000
Convertible bond	8,872	–
Derivative component in convertible bond	73	–
Total	478,111	375,773

There was no single investment (for example, available-for-sale investments and financial assets at fair value through profit or loss) in the Group's diversified investment portfolio that was considered a significant investment given that none of the investments has a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2017.

(ii) Financial Services Business

After the Group purchased 75% of the ordinary shares of EFS in 2016, the commission income contributed by EFS during the period was USD2.7 million (the six months ended 30 June 2016: USD0.4 million).

The Group lent out USD53.3 million and received USD42.1 million repayments during the period. There were no bad debts recorded in the six months period. Interest income from money lending business and margin financing amounted to USD2.1 million (the six months ended 30 June 2016: USD5.7 million). The profit before taxation amounted to USD4.1 million (the six months ended 30 June 2016: USD5.6 million).

As at 30 June 2017, the fixed-rate loans receivable amounted to USD26.9 million.

(iii) Real Property Business

The Group had three floors of commercial office and ten car parks located in Wanchai, Hong Kong. The rental income earned and the profit before taxation were USD526,000 and USD418,000 for the six months period respectively.

Review of Group Financial Position

	30 June 2017 USD'000	31 December 2016 USD'000
Current Assets		
Bank balances and cash	725,543	825,485
Held for trading investments	72,750	72,391
Loans receivable	26,622	15,868
Convertible bond	8,872	–
Others	19,875	21,855
Non-current Assets		
Available-for-sale investments	396,416	303,382
Loans receivable	256	–
Others	146,961	135,890
Total Assets	1,397,295	1,374,871
Other Liabilities	(14,513)	(13,240)
Net Assets	1,382,782	1,361,631

As at 30 June 2017, the total assets amounted to USD1,397.3 million (31 December 2016: USD1,374.9 million), representing an increase of USD22.4 million, which was mainly contributed by the profit from operations. As at 30 June 2017, among the total assets, the non-current assets amounted to USD543.6 million (31 December 2016: USD439.3 million), representing an increase of USD104.3 million and the current assets amounted to USD853.7 million (31 December 2016: USD935.6 million), representing to a decrease of USD81.9 million, which was mainly due to the net increase in available-for-sale investments of USD93.0 million under non-current assets and partial offset by the increase in convertible bond of USD8.9 million under current assets and decrease in bank balances and cash of USD100 million.

Net Asset Value

As at 30 June 2017, the Group's total net assets amounted to approximately USD1,382.8 million, representing an increase of USD21.2 million as compared to approximately USD1,361.6 million as at 31 December 2016. The increase in net assets was mainly due to the profit for the period for continuing operations of USD19.3 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	For the six months ended	
	30 June 2017 USD'000	30 June 2016 USD'000
Net cash used in Operating Activities	(5,148)	(6,239)
Net cash (used in)/from Investing Activities	(90,980)	729,778
Net (decrease)/increase in cash and cash equivalents	(96,128)	723,539
Cash and cash equivalents at beginning of the period	825,485	106,963
Effect of foreign exchange rate changes	(3,814)	(45)
Cash and cash equivalents at end of the period	725,543	830,457

The Group's cash balance at the end of June 2017 was USD725.5 million (31 December 2016: USD825.5 million). The Group generated net cash outflows from operating activities for the period ended 30 June 2017 of USD5.1 million, which was mainly contributed to working capital of operations of financial services business during the period. Cash used in investing activities was USD91.0 million as USD131.2 million invested in available-for-sale investments and convertible bond and set off with USD36.9 million proceed from disposal of available-for-sale investments.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 30 June 2017 and 31 December 2016 as the Group did not have any borrowings as at the end of the reporting periods.

Capital Structure of the Group

The capital structure of the Group has not changed materially since 31 December 2016.

Material Acquisitions and Disposals

On 10 February 2017, Top Concept Global Limited ("TCGL"), an indirect wholly-owned subsidiary of the Company, Empire Gain International Limited ("Original Investor"), Edge Special Opportunity Limited ("Edge Special") and ZQ Capital Services Limited ("ZQ Capital") entered into the deed of novation ("Novation Deed") pursuant to which the Original Investor transferred to TCGL, and TCGL accepted the transfer of, all the rights and outstanding obligations of the Original Investor under the investment agreement dated 12 December 2016 entered into among Edge Special, ZQ Capital and the Original Investor, subject to the terms of the Novation Deed.

On 28 April 2017, Classic Idea Investments Limited ("Transferee"), an indirect wholly-owned subsidiary of the Company, entered into the transfer agreement with Dundee Greentech Limited ("Transferor") and Genesis Capital Ltd ("General Partner"), pursuant to which the Transferor conditionally agreed to transfer and assign, and the Transferee conditionally agreed to assume the limited partnership interest in Genesis Capital I LP, a Cayman Islands exempted limited partnership (the "Fund") represented by a capital commitment of USD80.0 million (equivalent to approximately HKD624.0 million) to the Fund, representing 20% of the total capital commitment to the Fund for a consideration of USD38,613,838 (equivalent to approximately HKD301.2 million).

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the period.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD.

The management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Pledge of Assets

As at 30 June 2017, no assets of the Group had been pledged.

Business Outlook

In 2017, despite uncertainties in global markets continue, the Company will continue to develop its three principal business segments, namely the principal investment business, financial services business and real property business.

The Company shall continue to look for investment opportunities in different sectors and different countries (including United States and United Kingdom) with a view to attain better risk-balanced investment returns.

The Company continued to see a market for short term loans of higher interest rate in Hong Kong and cautiously developing the business of EFS which is our 75%-owned subsidiary to a financial services group which can provide a full range of financial services.

On the real property business of the Group, the Group remains confident in the property market in Hong Kong. However, the Group is cautious of the sustainability of the current property price level. The Group will continue to search for investment opportunities in Hong Kong and other countries (including Northern America and Europe) for its real property business.

Human Resources

As at 30 June 2017, the Group had 42 employees in Hong Kong. Employees are remunerated at a competitive level and are rewarded according to their performance. The Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

According to the new share option scheme adopted by the Company on 18 June 2014, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

Directors and Executive Officers' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2017, the interests and short positions of the directors and executive officers of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by directors and chief executives of the Company (the "Model Code"), were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in shares and underlying shares of the Company

Name of Directors	Number of shares / underlying shares ⁽¹⁾			Total	Approximate % of the issued share capital of the Company ⁽²⁾
	Personal interests	Corporate interests	Share options		
Or Ching Fai ⁽³⁾	13,998,600	–	–	13,998,600	0.05%
Wah Wang Kei, Jackie	1,780,800	–	–	1,780,800	0.00%

Notes:

1. Ordinary shares unless otherwise specified in the Note.
2. Certain percentage figures included in this table have been subject to rounding adjustments.
3. Dr Or Ching Fai retired as an independent non-executive director of the Company on 30 June 2017.

Save as disclosed above, none of the directors and executive officers of the Company or their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 30 June 2017.

Disclosable Interests and Short Positions of Substantial Shareholders other than Directors and Executive Officers

As at 30 June 2017, so far as known to the directors or executive officers of the Company, the following persons/entities are the shareholders (other than the directors or executive officers of the Company) who had interests or short positions in the shares and underlying shares 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital of the Company	Notes
NetMind Financial Holdings Limited ("NetMind") (formerly known as CST Mining Group Limited)	Interest of a controlled corporation	4,626,958,790 (L)	17.10%	2
Skytop Technology Limited ("Skytop")	Beneficial owner	4,626,958,790 (L)	17.10%	2

Notes:

- "L" denotes long position.
- NetMind is the ultimate beneficial owner of Skytop. Under Part XV of the SFO, NetMind is deemed to have interest in the shares of the Company held by Skytop.

Save as disclosed above, the Company has not been notified by any person (other than the directors or executive officers of the Company) who had interests or short positions in the shares or underlying shares 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 June 2017.

Share Option

Particulars of the share option scheme of the Company are set out in note 20 to the financial statements contained in this interim report.

Share Option Scheme

The Company's old share option scheme adopted on 30 July 2004 (the "2004 Share Option Scheme") was expired on 29 July 2014. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the shareholders of the Company on 18 June 2014 (the "2014 Share Option Scheme") which will remain in force for 10 years from the date becoming effective. The following table discloses movements in the Company's share options held by each of the directors and the employees of the Company in aggregate granted under the 2004 Share Option Scheme during the six months ended 30 June 2017:

Name or Category of participants	Date of grant	Exercisable period	Exercise price HKD	Outstanding as at 01.01.2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30.6.2017	Market value per share at date of grant of options HKD	Option value per share HKD
(a) OTHERS	03.01.2012	03.01.2012 – 02.01.2017	0.5311	20,617,025	-	-	-	(20,617,025)	-	0.4400	0.1426
	10.01.2012	10.01.2012 – 09.01.2017	0.5311	3,389,100	-	-	-	(3,389,100)	-	0.4400	0.1287
Total for Others				24,006,125	-	-	-	(24,006,125)	-		
Total for Scheme				24,006,125	-	-	-	(24,006,125)	-		

As at 30 June 2017, no share options were outstanding under the 2004 Share Option Scheme. No further options will be granted under the 2004 Share Option Scheme. The total number of shares of the Company issuable pursuant to the 2014 Share Option Scheme on the date of its adoption was 2,649,007,613 shares of the Company, representing 9.79% of the issued share capital of the Company as at the date of this interim report and there was no share option granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme as at the date of this interim report.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Interim Dividend

The board of directors of the Company (the "Board") does not recommend the proposal and payment of an interim dividend for the six months ended 30 June 2017 (no interim dividend was proposed or paid for 2016).

Change of Directors

Save as disclosed in the annual report of the Company for the year ended 31 December 2016, the changes of Directors during the six months ended 30 June 2017 and thereafter are as follows:

On 30 June 2017, Dr Or Ching Fai retired as the vice-chairman of the Company, an independent non-executive director of the Company, the chairman of both of the Audit Committee and Remuneration Committee of the Company and a member of the Nomination Committee of the Company.

On 17 July 2017, Mr Lo Wa Kei, Roy was appointed as an independent non-executive director of the Company, the chairman of both of the Audit Committee and Remuneration Committee of the Company and a member of the Nomination Committee of the Company.

Compliance with the Corporate Governance Code

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2017, except for the deviation as set out below:

- (i) Code provision A.4.1 under the Corporate Governance Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. As at 30 June 2017, Dr Or Ching Fai, the independent non-executive director of the Company, did not have a specific term of appointment but was subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices. Subsequent to the retirement of Dr Or Ching Fai retired as the independent non-executive director of the Company on 30 June 2017, Mr Lo Wa Kei, Roy was appointed as the independent non-executive director of the Company on 17 July 2017. In order to adhere to code provision A.4.1, the term of office of Mr Lo Wa Kei, Roy is three years and will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws;
- (ii) Mr Chiu Tao has become acting Chief Executive Officer ("CEO") of the Company from 30 June 2015. The Board has not yet identified suitable candidate to fill in the vacancy for CEO in compliance with the requirement of the code provision A.2.1 under the Corporate Governance Code. Under code provision A.2.1, the roles of chairman and CEO should be separated and should not be performed by the same individual. Mr Chiu Tao, who acts as the chairman and the acting CEO of the Company, is also responsible for the overall business strategy and development and management of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive directors and senior management of the Company, who are in charge of different functions, complement the role of the chairman and the CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. As such, the structure is beneficial to the Group and the shareholders of the Company as a whole; and
- (iii) Following the retirement of Dr Or Ching Fai on 30 June 2017, the Board had only two independent non-executive directors of the Company, thus fell below the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules and deviated code provision A.5.1 of the Corporate Governance Code. Following the appointment of Mr Lo Wa Kei, Roy on 17 July 2017, the Company has complied with the relevant Listing Rules and code provision under the Corporate Governance Code as stated above.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made of all directors of the Company, and the directors of the Company have confirmed their respective compliance with the required standards set out in the Model Code during the six months ended 30 June 2017.

Audit Committee

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the Corporate Governance Code, comprises three members who were all independent non-executive directors of the Company for the six months ended 30 June 2017. The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2017 has been reviewed by the Company's Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu.

By Order of the Board

Leung Oi Kin

Executive Director and Company Secretary

Hong Kong, 28 August 2017

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF G-RESOURCES GROUP LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of G-Resources Group Limited (the "Company") and its subsidiaries set out on pages 17 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		For the six months ended	
	NOTES	30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)
Continuing operations			
Revenue	4	13,322	12,789
Other income		7,635	1,675
Administrative expenses		(7,714)	(5,748)
Fair value changes of held for trading investments		690	(1,304)
Fair value loss of derivative component in convertible bond		(858)	–
Increase in fair value of investment properties		6,445	386
Profit before taxation		19,520	7,798
Taxation	5	(226)	(13)
Profit for the period from continuing operations	6	19,294	7,785
Discontinued operation			
Profit for the period from discontinued operation	6,7	–	118,566
Profit for the period		19,294	126,351
Profit for the period attributable to owners of the Company			
Continuing operations		18,499	7,829
Discontinued operation		–	117,653
Profit for the period attributable to owners of the Company		18,499	125,482
Profit/(loss) for the period attributable to non-controlling interests			
Continuing operations		795	(44)
Discontinued operation		–	913
Profit for the period attributable to non-controlling interests		795	869
		19,294	126,351
Earnings per share			
For continuing operations and discontinued operation			
– Basic and diluted (US cent)	9	0.07	0.47
For continuing operations			
– Basic and diluted (US cent)	9	0.07	0.03

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended	
	30 June 2017	30 June 2016
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the period	19,294	126,351
Other comprehensive (expenses)/income:		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(6,494)	(874)
	(6,494)	(874)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	1,864	85
Release of exchange reserve upon disposal of subsidiaries	–	304
Fair value gain on available-for-sale investments	7,020	2,702
Reclassification upon disposal of available-for-sale investments	(533)	–
	8,351	3,091
Other comprehensive income for the period	1,857	2,217
Total comprehensive income for the period	21,151	128,568
Total comprehensive income for the period attributable to:		
Owners of the Company	20,393	127,703
Non-controlling interests	758	865
	21,151	128,568

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	30 June 2017 USD'000 (Unaudited)	31 December 2016 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	60,032	24,664
Investment properties	11	82,978	95,934
Available-for-sale investments	12	396,416	303,382
Other receivable and deposits	13	1,964	13,357
Intangible assets		516	455
Goodwill		1,471	1,480
Loans receivable	15	256	–
		543,633	439,272
CURRENT ASSETS			
Accounts and other receivables	13	17,641	21,396
Held for trading investments	14	72,750	72,391
Loans receivable	15	26,622	15,868
Convertible bond	16	8,872	–
Derivative component in convertible bond	16	73	–
Tax recoverable		79	–
Bank trust accounts balances	17	2,082	459
Bank balances and cash		725,543	825,485
		853,662	935,599
CURRENT LIABILITIES			
Accounts and other payables	18	14,123	13,071
Tax payable		326	105
		14,449	13,176
NET CURRENT ASSETS			
		839,213	922,423
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,382,846	1,361,695
NON-CURRENT LIABILITY			
Deferred tax liabilities		64	64
		64	64
		1,382,782	1,361,631
CAPITAL AND RESERVES			
Share capital	19	34,871	34,871
Reserves		1,341,984	1,321,591
Equity attributable to owners of the Company		1,376,855	1,356,462
Non-controlling interests		5,927	5,169
TOTAL EQUITY			
		1,382,782	1,361,631

The condensed consolidated financial statements on pages 17 to 40 were approved and authorised for issue by the Board of Directors on 28 August 2017 and are signed on its behalf by:

Wah Wang Kei, Jackie
Director

Leung Oi Kin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Share options reserve	Exchange reserve	Investment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
(Unaudited)											
At 1 January 2016	34,246	1,014,800	212	11,658	3,919	1,383	6,269	155,753	1,228,240	23,101	1,251,341
Profit for the period	-	-	-	-	-	-	-	125,482	125,482	869	126,351
Fair value gain on available-for-sale investments	-	-	-	-	-	-	2,702	-	2,702	-	2,702
Exchange difference arising on translation	-	-	-	-	-	(785)	-	-	(785)	(4)	(789)
Release of exchange reserve upon disposal of subsidiaries (Note 22)	-	-	-	-	-	304	-	-	304	-	304
Total comprehensive income for the period	-	-	-	-	-	(481)	2,702	125,482	127,703	865	128,568
Disposal of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	(24,014)	(24,014)
Acquisition of subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	5,218	5,218
Vested share options lapsed/forfeited	-	-	-	-	(3,256)	-	-	3,256	-	-	-
Dividends recognised as distribution (Note 8)	-	-	-	-	-	-	-	(15,064)	(15,064)	-	(15,064)
At 30 June 2016	34,246	1,014,800	212	11,658	663	902	8,971	269,427	1,340,879	5,170	1,346,049
(Unaudited)											
At 1 January 2017	34,871	1,023,183	212	11,658	286	1,333	12,659	272,260	1,356,462	5,169	1,361,631
Profit for the period	-	-	-	-	-	-	-	18,499	18,499	795	19,294
Fair value gain on available-for-sale investments	-	-	-	-	-	-	7,020	-	7,020	-	7,020
Exchange difference arising on translation	-	-	-	-	-	(4,593)	-	-	(4,593)	(37)	(4,630)
Reclassified to profit or loss upon disposal of available-for-sale investments	-	-	-	-	-	-	(533)	-	(533)	-	(533)
Total comprehensive (expenses)/income for the period	-	-	-	-	-	(4,593)	6,487	18,499	20,393	758	21,151
Vested share options lapsed	-	-	-	-	(286)	-	-	286	-	-	-
At 30 June 2017	34,871	1,023,183	212	11,658	-	(3,260)	19,146	291,045	1,376,855	5,927	1,382,782

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	NOTES	For the six months ended	
		30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)
OPERATING ACTIVITIES			
Profit before taxation		19,520	136,518
Adjustments for:			
Interest income		(11,060)	(4,764)
Amortisation and depreciation		1,451	25,448
Fair value changes of held for trading investments		(690)	1,304
Reversal of provision for impairment of inventories		–	(4,567)
Gain on disposal of available-for-sale investments		(533)	–
Finance cost		–	390
Written off of property, plant and equipment		–	3
Increase in fair value of investment properties		(6,445)	(386)
Fair value loss of derivative component in convertible bond		858	–
Fair value loss in conversion of convertible bond		–	205
Gain on disposal of mining business	22	–	(110,696)
Transaction cost for the disposal of mining business		–	12,158
Operating cash flows before movements in working capital		3,101	55,613
Increase in inventories		–	(564)
Increase in other receivable (non-current portion)		–	(3,101)
Decrease/(increase) in accounts and other receivables and deposits		3,564	(11,538)
(Increase)/decrease in bank trust accounts balances		(1,623)	98
Loans advanced to money lending customers		(53,259)	(145,253)
Repayment from money lending customers		42,100	92,485
Increase in accounts and other payables		1,052	11,325
Cash used in operations		(5,065)	(935)
Income taxes paid		(83)	(5,304)
Net cash used in Operating Activities		(5,148)	(6,239)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,322)	(8,586)
Additions of exploration and evaluation assets		–	(2,150)
Purchase of available-for-sale investments		(121,929)	(53,508)
Purchase of convertible bond		(9,230)	–
Proceed from disposal of available-for-sale investments		36,946	–
Addition of intangible assets		(64)	–
Interest received		9,984	5,172
Acquisition of subsidiaries	21	–	5,518
Deferred cash proceed received from disposal of mining business		11,635	–
Net proceed from disposal of mining business	22	–	786,621
Transaction cost for the disposal of mining business paid		–	(3,289)
Net cash (used in)/from Investing Activities		(90,980)	729,778
Net (decrease)/increase in cash and cash equivalents		(96,128)	723,539
Cash and cash equivalents at beginning of the period		825,485	106,963
Effect of foreign exchange rate changes		(3,814)	(45)
Cash and cash equivalents at end of the period, represented by Bank Balances and Cash		725,543	830,457

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical basis, except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group has three (the six months ended 30 June 2016: four) operating business units which represent three (the six months ended 30 June 2016: four) operating segments, namely, principal investment business, financial services business and real property business (the six months ended 30 June 2016: principal investment business, financial services business, mining business and real property business). The Group disposed of the mining business during the six months ended 30 June 2016 and the operating segment regarding to the mining business was discontinued which are described in more details in note 7.

3. Segment Information (continued)

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating segment is as follows:

For the six months ended 30 June 2017 (Unaudited)

	Continuing operations			Total USD'000
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	
Interest income from financial products	6,926	–	–	6,926
Dividend and distribution income from financial products	1,082	–	–	1,082
Interest income from money lending business	–	1,351	–	1,351
Commission income from financial services	–	2,700	–	2,700
Interest income from margin financing	–	737	–	737
Rental income	–	–	526	526
Segment revenue	8,008	4,788	526	13,322
Segment results	15,323	4,107	418	19,848
Unallocated corporate expenses				(6,773)
Increase in fair value of investment properties				6,445
Profit before taxation				19,520

For the six months ended 30 June 2016 (Unaudited)

	Continuing operations			Total USD'000
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	
Interest income from financial products	3,377	–	–	3,377
Dividend and distribution income from financial products	1,797	–	–	1,797
Interest income from money lending business	–	5,731	–	5,731
Commission income from financial services	–	363	–	363
Rental income	–	–	1,521	1,521
Segment revenue	5,174	6,094	1,521	12,789
Segment results	4,651	5,590	1,499	11,740
Unallocated corporate income				7
Unallocated corporate expenses				(4,335)
Increase in fair value of investment properties				386
Profit before taxation				7,798

3. Segment Information (continued)

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segment is as follows:

At 30 June 2017 (Unaudited)

	Continuing operations			Total USD'000
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	
ASSETS				
Segment assets	1,195,563	55,292	84,545	1,335,400
Assets relating to discontinued operation				1,720
Unallocated corporate assets				60,175
Total assets				1,397,295
LIABILITIES				
Segment liabilities	106	2,600	728	3,434
Liabilities relating to discontinued operation				9,840
Unallocated corporate liabilities				1,239
Total liabilities				14,513

At 31 December 2016 (Audited)

	Continuing operations			Total USD'000
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	
ASSETS				
Segment assets	1,183,552	56,429	96,066	1,336,047
Assets relating to discontinued operation				13,304
Unallocated corporate assets				25,520
Total assets				1,374,871
LIABILITIES				
Segment liabilities	112	782	383	1,277
Liabilities relating to discontinued operation				9,847
Unallocated corporate liabilities				2,116
Total liabilities				13,240

4. Revenue

The following is an analysis of the Group's revenue from its major products and services:

	For the six months ended	
	30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)
Continuing operations		
Interest income from financial products	6,926	3,377
Dividend and distribution income from financial products	1,082	1,797
Interest income from money lending business	1,351	5,731
Commission income from financial services	2,700	363
Interest income from margin financing	737	–
Rental income	526	1,521
	13,322	12,789
Discontinued operation		
Sales of gold	–	71,374
Sales of silver	–	6,896
	–	78,270

5. Taxation

Continuing operations

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

	For the six months ended	
	30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)
Hong Kong Profits Tax		
Current tax	226	13
Taxation for the period	226	13

6. Profit for the Period

	Continuing operations For the six months ended		Discontinued operation For the six months ended	
	30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)	30 June 2017 USD'000 (Unaudited)	30 June 2016 USD'000 (Unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Amortisation and depreciation of property, plant and equipment, included in				
– Cost of sales	–	–	–	23,282
– Administrative expenses	1,451	842	–	1,324
Royalties expense	–	–	–	607
Other taxes	–	–	–	539
Reversal of provision for impairment of inventories	–	–	–	(4,567)
Exchange (gain)/loss, net	(2,621)	(175)	–	72
Interest income	(13,148)	(4,757)	–	(7)

7. Discontinued Operation

On 3 November 2015, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of G-Resources Martabe Pty Ltd and Capital Squad Limited and their respective subsidiaries, which carried out all of the Group's mining business. The disposal was completed on 17 March 2016, on which date control of Martabe Mine and other companies passed to the acquirer.

The consolidated profit for the six months ended 30 June 2016 from the discontinued mining business is set out below.

	For the period ended 17 March 2016 USD'000 (Unaudited)
Profit of mining business for the period	20,028
Gain on disposal of mining business (Note 22)	110,696
Transaction cost for the disposal of mining business	(12,158)
	<u>118,566</u>

The results of the mining business for the period from 1 January 2016 to 17 March 2016, which have been included in the condensed consolidated statement of profit or loss for the six months ended 30 June 2016, were as follows:

	For the period ended 17 March 2016 USD'000 (Unaudited)
Revenue	78,270
Cost of sales	(41,695)
Other income	68
Administrative expenses	(6,071)
Finance cost	(390)
Profit before taxation	30,182
Taxation	(10,154)
Profit for the period	<u>20,028</u>

During the period from 1 January 2016 to 17 March 2016, the mining business contributed approximately USD55 million to the Group's net operating cash flows, paid approximately USD10 million in respect of investing activities.

The carrying amounts of the assets and liabilities of mining business at the date of disposal are disclosed in note 22.

8. Dividend

No dividend were paid or proposed during the six months ended 30 June 2017 nor has any dividend been proposed since the end of the reporting period.

During the six months ended 30 June 2016, a final dividend of HK0.44 cents per share in respect of the year ended 31 December 2015 was declared to be payable to the shareholders of the Company as at 30 June 2016. The amount of the final dividend declared to be payable as at 30 June 2016 amounted approximately USD15,064,000 (equivalent to approximately HKD117,000,000). Shareholders were given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash.

9. Earnings Per Share

From continuing and discontinued operations

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

	For the six months ended	
	30 June 2017	30 June 2016
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the period from continuing and discontinued operations attributable to owners of the Company	18,499	125,482
Less: profit for the period from discontinued operation	–	(117,653)
Profit for the period from continuing operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share	18,499	7,829

	Number of shares	
	30 June 2017	30 June 2016
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	27,048,844,786	26,564,478,210

From discontinued operation

Basic and diluted earnings per share for the discontinued operation for the six months ended 30 June 2016 was US0.44 cents per share, based on the profit for the period from the discontinued operation of USD117,653,000 and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for the six months ended 30 June 2016 and 30 June 2017.

10. Movement in Property, Plant and Equipment

During the six months ended 30 June 2017, total additions to the property, plant and equipment were USD18,322,000 (the six months ended 30 June 2016: USD8,586,000), of which USD17,700,000 (the six months ended 30 June 2016: nil) is an addition of a vessel and USD565,000 (the six months ended 30 June 2016: USD870,000) is attributable to additions of leasehold improvements. During the six months ended 30 June 2016, the additions included USD3,959,000, USD3,585,000 and USD172,000 which were attributable to additions of the mining properties, construction in progress for the construction of Martabe Gold Mine and furniture, fixtures and equipment respectively. In addition, certain investment properties with the carrying value amounting to USD18,824,000 (the six months ended 30 June 2016: nil) was transferred to property, plant and equipment.

During the six months ended 30 June 2016, property, plant and equipment with a net carrying value amounting to USD691,277,000 (the six months ended 30 June 2017: nil) was disposed of upon the disposal of the mining business, which is set out in note 22.

11. Investment Properties

At fair value

	<i>USD'000</i>
At 1 January 2016	95,220
Fair value change during the year	773
Exchange realignments	(59)
At 31 December 2016 and 1 January 2017	95,934
Fair value change during the period	6,445
Transferred to property, plant and equipment	(18,824)
Exchange realignments	(577)
At 30 June 2017	82,978

The investment properties comprise commercial office units and car park spaces situated in a commercial building in Hong Kong. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 30 June 2017 and 31 December 2016 has been arrived at on the basis of a valuation carried out by Asset Appraisal Limited, independent qualified professional valuers not connected to the Group.

Asset Appraisal Limited is a member of the Institute of Valuers of Hong Kong, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in nature, location and condition of the properties under review.

12. Available-For-Sale Investments

	30 June 2017 USD'000 (Unaudited)	31 December 2016 <i>USD'000</i> (Audited)
Listed debt securities, at fair value		
Listed in Hong Kong		
Perpetual Securities at a floating rate of 7.5% per annum (Note a, b)	10,639	10,036
Listed outside Hong Kong		
Senior Notes with a fixed coupon interest of ranging from 2.375% to 12% (31 December 2016: from 4.875% to 12%) per annum and maturity dates from 15 January 2019 to 13 November 2024 (31 December 2016: from 15 January 2019 to 8 August 2021) (Note a)	127,158	100,657
Perpetual Notes at a floating rate of ranging from 6.375% to 7.625% (31 December 2016: from 6.375% to 7.375%) per annum and it is callable from 23 September 2019 to 30 March 2025 (31 December 2016: from 10 August 2021 to 30 March 2025) (Note a, b)	53,791	46,239
Senior Notes at a floating rate of ranging from 2.553% to 3.295% (31 December 2016: from 2.361% to 2.992%) per annum with the mature dates from 10 August 2021 to 28 October 2027 (31 December 2016: from 10 August 2021 to 1 September 2023) (Note a, c)	30,077	19,499
Unlisted securities		
Managed investment funds (Note d)	52,547	47,977
Other security investments (Note e)	122,204	48,974
Unlisted Perpetual Securities (Note f)	–	30,000
	396,416	303,382

12. Available-For-Sale Investments (continued)

Notes:

- (a) The listed Senior Notes, Perpetual Notes and Perpetual Securities were initially measured at fair value. The fair value at the end of reporting period is determined based on the quoted price from financial institutions supported by observable inputs. During the six months ended 30 June 2017, an increase in fair value of USD3,166,000 (the six months ended 30 June 2016: USD1,092,000) is recognised in the investment revaluation reserve.
- (b) The interest rate is subject to change at reset day with reset rate ranging from 3.705% to 6.314% (31 December 2016: from 3.705% to 6.301%) plus mid-market swap rate.
- (c) The interest rate is subject to change at reset day with reset rate ranging from 1.400% to 2.110% (31 December 2016: from 1.430% to 2.110%) plus 3 months LIBOR.
- (d) The Group held four (31 December 2016: four) unlisted investment funds which are managed by financial institutions investing real estate properties, financial products and unlisted equity investments respectively. The financial products include listed equity shares, straight bonds, convertible bonds, REITs, business trusts and derivatives. The fair value of the real estate properties is determined by the market transaction prices of similar properties of the relevant locations. The underlying financial products and unlisted equity investments are valued at quoted prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. During the period ended 30 June 2017, an increase in fair value of USD4,570,000 (the six months ended 30 June 2016: USD2,602,000) was recognised in the investment revaluation reserve.
- (e) The other security investments of the Group includes an investment with the carrying value of USD5,949,000 (30 June 2017: nil) which was stated at fair value as at 31 December 2016. In the absence of quoted market price in an active market, the fair value measurement is determined by the financial institution using valuation techniques including earnings multiples (based on the budget earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flows. The valuation may be adjusted for factors such as non-maintainable earnings, tax risk, growth stage and cash traps as deemed necessary by the financial institution.

During the six months ended 30 June 2017, the Group received a return of capital of USD5,000,000 plus gain of USD233,000. The decrease in fair value of USD716,000 (the six months ended 30 June 2016: USD252,000) was recognised in the investment revaluation reserve.

The remaining investments through partnership or direct investment with an aggregate carrying value of USD122,204,000 (31 December 2016: USD43,025,000) represent eight (31 December 2016: seven) other security investments which were stated at cost less impairment loss as the range of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably. As at 30 June 2017, three out of these eight (31 December 2016: seven) other security investments accounted for 80% (31 December 2016: 85%) of the aggregate carrying value, which the investment portfolio is focused in unlisted equity investments in technology, media and telecommunications industry, health care industry and information technology companies on finance industry (31 December 2016: unlisted equity investments in information technology companies on consumer business and finance industry).

- (f) As at 31 December 2016, the balance represents investment in 9% perpetual securities ("Unlisted Perpetual Securities") with principal amount of USD30,000,000. The issuer is a public limited company with its shares listed on the Main Board of the Hong Kong Stock Exchange.

The Unlisted Perpetual Securities were initially measured at fair value. In the absence of quoted market price in an active market, the fair value measurements are derived from valuation techniques using the discounted cash flow model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the six months ended 30 June 2016, a decrease in fair value of USD740,000 (the six months ended 30 June 2017: nil) was recognised in the investment revaluation reserve.

During the six months ended 30 June 2017, the issuer redeemed the Unlisted Perpetual Securities and the Group received the principal of USD30,000,000 with gain of USD300,000.

13. Accounts and Other Receivables and Deposits

	30 June 2017 USD'000 (Unaudited)	31 December 2016 <i>USD'000</i> (Audited)
Accounts receivables from the business of dealing in securities:		
Cash and custodian clients (Note a)	9	72
Margin clients (Note b)	14,054	19,468
Clearing house (Note a)	32	12
Accounts receivables	14,095	19,552
Less: Impairment allowance (Note c)	–	–
Other receivables and deposits, net of allowance (Note d)	5,510	15,201
Less: Other receivable and deposits classified as non-current assets (Note d)	(1,964)	(13,357)
Accounts and other receivables classified as current assets	17,641	21,396

Notes:

- (a) The normal settlement terms of accounts receivables from cash and custodian client and securities clearing house are two business days after trade date. As at 30 June 2017 and 31 December 2016, accounts receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the period end date. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these accounts receivables.
- (b) Loans to securities margin clients are secured by clients' pledged securities with fair value of USD104,725,000 (31 December 2016: USD159,311,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at 8.5% to 13.5% (31 December 2016: 8.5% to 13.5%) per annum as at 30 June 2017. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.
- (c) Impairment loss on margin clients receivables
- Impairment losses in respect of margin clients receivables are recorded using an allowance account unless the company is satisfied that recovery of the amount is remote, in which the impairment loss is written off against margin clients receivables directly.
- The Group held collateral of listed equity securities with a fair value of USD104,725,000 (31 December 2016: USD159,311,000) at the end of the reporting period in respect of these loans. No impairment allowance has been made for margin loans with an aggregate outstanding balance of USD14,054,000 (31 December 2016: USD19,468,000) based on the Group's evaluation of their collectability.
- (d) As at 30 June 2017, included in other receivable are deferred cash consideration recoverable amounting to USD1,720,000 (31 December 2016: USD13,304,000) in relation to the disposal of the mining business.

14. Held for Trading Investments

The entire balance of the held for trading investments are Hong Kong listed equity securities held by the Group as at the end of the reporting periods. The fair value is determined based on the closing price per share quoted on the Hong Kong Stock Exchange and quoted market bid price as at the end of the respective reporting periods.

15. Loans Receivable

	30 June 2017 <i>USD'000</i> (Unaudited)	31 December 2016 <i>USD'000</i> (Audited)
Fixed-rate loans receivable	26,878	15,868
Less: loans receivable classified as non-current assets	(256)	–
Loans receivable classified as current assets	26,622	15,868

The range of effective interest rate (which is fixed rates, also equal to contractual interest rates) on the Group's loans receivable is 7.5% to 36.0% per annum (31 December 2016: 7.5% to 35.0% per annum). The contractual maturity date of the loans receivable ranges from less than one month to eighteen months (31 December 2016: less than one month to two years) and are all denominated in HKD.

At 30 June 2017, the Group's fixed-rate loans receivable of USD26,878,000 (31 December 2016: USD15,868,000) are unsecured.

As at 30 June 2017, included in the Group's loans receivable balance, an aggregate carrying amount of USD103,000 (31 December 2016: USD3,902,000) which is past due as at the reporting date for which the Group has not provided for impairment loss.

Management believes that no impairment allowance is necessary in respect of the loans receivable as there is no significant change in credit quality and the balances are still considered fully recoverable.

16. Convertible Bond/Derivative Component in Convertible Bond

During the period ended 30 June 2017, the Group acquired convertible bond issued by an independent party, a listed issuer in Hong Kong from two independent third parties, with an aggregate principal amount of USD9,018,000 (which is denominated in HKD of HKD70,000,000), which carries interest at 8% per annum payable on 18 November 2017 with maturity on the same date at a redemption amount of 100% of the principal amount.

The convertible bond can be converted into ordinary share of the listed company in Hong Kong at any time from the initial issue date before the maturity date. The fair value at initial recognition of the debt component and derivative component, which amounted to USD8,297,000 (equivalent to HKD64,402,000) and USD933,000 (equivalent to HKD7,240,000) respectively, are determined based on the valuation provided by Roma Appraisals Limited, independent professional qualified valuers not connected with the Group. Subsequent to the initial recognition, the debt component is carried at amortised cost using the effective interest method and the derivative component is carried at fair value.

The Group's convertible bond is recognised as follows:

	Debt component <i>USD'000</i>	Derivative component <i>USD'000</i>
At acquisition date on 6 March 2017	8,297	933
Accretion of interest	625	–
Fair value loss recognised in profit or loss	–	(858)
Exchange realignment	(50)	(2)
At 30 June 2017	8,872	73

16. Convertible Bond/Derivative Component in Convertible Bond (continued)

The methods and assumptions applied for the valuation of the convertible bond are as follows:

(i) Valuation of debt component

At initial recognition, the fair value of debt component was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit risk of the convertible bonds issuer and maturity term of the convertible bond. The effective interest rate of the debt component was 23.71%.

(ii) Valuation of derivative component

Derivative component was measured at fair value using the trinomial option pricing model, at initial recognition and at the end of the reporting period. The inputs into the model as at date of acquisition and at 30 June 2017, were as follows:

	30 June 2017	6 March 2017
Stock price	HKD0.240	HKD0.330
Conversion price	HKD0.350	HKD0.350
Volatility	44.201%	37.419%
Dividend yield	0%	0%
Option life	0.39 year	0.7 year
Risk free rate	0.888%	1.171%

17. Bank Trust Accounts Balances

The Group maintains segregated trust accounts with licensed financial institutions to hold clients' monies arising from the business of dealing in securities. The Group has classified the clients' monies as cash held on behalf of customers under the current assets of the condensed consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

18. Accounts and Other Payables

	30 June 2017 USD'000 (Unaudited)	31 December 2016 USD'000 (Audited)
Accounts payables from the business of dealing in securities: (Note a)		
Cash and custodian clients	290	284
Margin clients	1,834	230
Other payables (Note b)	11,999	12,557
Accounts and other payables	14,123	13,071

Notes:

- (a) The normal settlement terms of accounts payable to clients are two business days after trade date. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.
- (b) As at 30 June 2017, included in other payables are USD9,840,000 (31 December 2016: USD9,847,000) relating to the liabilities arising from the disposal of mining business.

19. Share Capital

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2016 (Audited), 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	60,000,000,000	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2016 (Audited)	26,564,478,210	34,246
Issue of shares in lieu of cash dividends (Note a)	484,366,576	625
At 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	27,048,844,786	34,871

Note:

- (a) On 8 August 2016, the Company issued and allotted 484,366,576 new ordinary shares of HKD0.01 each at an issue price of HKD0.1442 per share to the shareholders who elected to receive shares in the Company in lieu of cash for the 2015 Final Dividend pursuant to the scrip dividend scheme announced by the Company on 29 June 2016. Accordingly, USD625,000 (equivalent to HKD4,844,000) was credited to share capital and USD8,383,000 (equivalent to HKD65,002,000) was credited to share premium.

All the shares issued by the Company during the year ended 31 December 2016 rank pari passu with the then existing ordinary shares in all respects.

20. Share-Based Payment Transactions

The Company's share option scheme was adopted pursuant to a resolution passed on 30 July 2004 (the "2004 Scheme") which was expired on 29 July 2014. The Company adopted a new share option scheme pursuant to a resolution passed by shareholders on 18 June 2014 (the "2014 Scheme") for the purpose of providing incentives or rewards to directors, employees, customers, suppliers, providers of research, development or technical support, shareholders and holders of securities of the Group and its invested entities, in which the Group holds not less than 10% equity interest ("Eligible Participants"). Under the 2014 Scheme, the Board of Directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

Share-based payment was recognised over the vesting period based on the management's estimation of the timing when the vesting conditions are met. No share option was granted under the 2004 Scheme and 2014 Scheme during the six months ended 30 June 2017 and 30 June 2016.

Details of the share options outstanding during the current period are as follows:

	Number of share options
At 31 December 2016 (Audited)	24,006,125
Lapsed during the period	(24,006,125)
At 30 June 2017 (Unaudited)	–

During six months ended 30 June 2017, the Group transferred from share option reserve to retained profits amounting to USD286,000 (the six months ended 30 June 2016: USD3,256,000) upon vested share options lapsed (the six months ended 30 June 2016: lapsed/forfeited).

21. Acquisition of Subsidiaries/Business

On 30 March 2016, the Group served a notice to exercise its conversion right to convert a convertible bond with principal amount of USD17,415,000 (which is denominated in HKD of HKD135,000,000) issued by Enhanced Financial Services Group Limited ("EFSG"). Upon the conversion of the convertible bond on 30 March 2016, 135,000,000 ordinary shares of EFSG with par value of HKD1 each were issued to the Group, which represent 75% of the issued share capital of EFSG. The consideration of USD17,460,000 was determined with reference to the fair value of convertible bond at the date of conversion. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was USD1,481,000. EFSG and its subsidiaries ("Enhanced Group") are engaged in the financial service business. EFSG was acquired so as to expand the Group's financial service business.

USD'000

Consideration transferred:

Fair value of convertible bond at the date of acquisition

17,460

Total

17,460

The acquisition-related costs of the acquisition is insignificant.

30 March 2016

USD'000

Assets acquired and liabilities recognised at the date of acquisition are as follows:

Property, plant and equipment	31
Intangible assets	455
Accounts and other receivables and deposits	610
Loans receivable	27,793
Bank trust accounts balances	420
Bank balance and cash	5,518
Accounts and other payables	(561)
Loan from the Group	(12,897)
Tax payable	(108)
Deferred tax liabilities	(64)
Net assets acquired at	21,197

The fair value of account and other receivables and deposits and loans receivables at the date of acquisition amounted to USD610,000 and USD27,793,000 respectively. The gross contractual amounts of those accounts and other receivables and loans receivable acquired amounted to USD709,000 and USD27,930,000 respectively at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to USD99,000 and USD137,000 respectively.

30 March 2016

USD'000

Goodwill arising on acquisition:

Consideration transferred	17,460
Non-controlling interests	5,218
Less: net assets acquired	(21,197)
Goodwill arising on acquisition	1,481

The non-controlling interests (25%) in EFSG recognised at the acquisition date was measured at its proportionate share of recognised amounts of EFSG's identifiable net assets.

21. Acquisition of Subsidiaries/Business *(continued)*

Goodwill arose in the acquisition of EFSG because the cost of the combination included a control premium. In addition, the consideration transferred for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of EFSG. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

	30 March 2016 USD'000
Net cash inflow arising on acquisition of EFSG:	
Cash consideration paid	–
Bank balances and cash acquired	5,518
	<u>5,518</u>

Included in the profit for the six months period ended 30 June 2016 was USD129,000 attributable to the additional business generated by Enhanced Group. Revenue for the six months period ended 30 June 2016 includes USD855,000 generated from Enhanced Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the six months period ended 30 June 2016 would have been USD13,655,000, and profit for the six months period ended 30 June 2016 would have been USD8,213,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

22. Disposal of Business/Subsidiaries

As referred to in note 7, on 17 March 2016, the Group discontinued its mining business at the time of disposal of the Martabe Mine and other companies ("mining business"). The net assets of mining business at the date of disposal were as follows:

	For the six months ended 30 June 2016 USD'000 (Unaudited)
Consideration received and receivables:	
Cash received	811,721
Deferred cash consideration (Note a)	14,093
Contingent payment (Note b)	–
Other payables (Note a)	(11,953)
Total consideration received and receivables	<u>813,861</u>

Notes:

- As at 30 June 2016, the amount of the working capital entitlements under the sales and purchase agreement was not finalised, the deferred cash consideration and other payables were subject to change.
- Pursuant to the sales and purchase agreement entered into with the buyer, the buyer shall pay, or procure the payment of, a contingent payment of USD130,000,000 to the Group on 31 December 2019 if the arithmetic mean of the price of gold set by the ICE Benchmark Administration on each business day in London at 3:00 p.m. (London time), expressed in USD per fine troy ounce (which is currently published on the website of the London Bullion Market Association) or, if the price of gold ceases to be set by the ICE Benchmark Administration prior to 1 January 2019, the price of gold set by any other person selected by Intercontinental Exchange and the London Bullion Market Association to perform this function ("Gold Fix") as published on each business day in London during any period of 365 consecutive calendar days between 17 March 2016 and 1 January 2019 is USD1,500 or more ("Gold Fix Target"). The "arithmetic mean" will be the sum of the Gold Fix for each business day in London during this period of 365 consecutive calendar days, divided by the number of business days in London during that period. No adjustment was made on the contingent payment as its fair value was considered to be insignificant as based on the gold price as at 30 June 2016, it would require a substantial increase before the gold price would reach USD1,500 per fine troy ounce.

22. Disposal of Business/Subsidiaries (continued)

17 March 2016

USD'000

(Unaudited)

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	691,277
Exploration and evaluation assets	29,466
Accounts and other receivables	52,490
Inventories	58,163
Bank balance and cash	25,100
Accounts and other payables	(39,094)
Tax payables	(10,677)
Deferred tax liabilities	(58,728)
Provision for mine rehabilitation cost	(21,122)
Net assets disposed of	726,875

For the six
months ended
30 June 2016
USD'000
(Unaudited)

Gain on disposal of mining business:

Consideration received and receivables	813,861
Net assets disposed of	(726,875)
Non-controlling interests	24,014
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	(304)
Gain on disposal	110,696

Net cash inflow arising on disposal:

Cash consideration received	811,721
Less: bank balances and cash disposed of	(25,100)
	786,621

The impact of mining business on the Group's results and cash flows in the current and prior periods is disclosed in note 7.

23. Fair value measurements of financial instruments

The fair value of financial assets are measured at fair value on a recurring basis:

- the fair value of held for trading investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of unlisted perpetual securities included in available-for-sale investments is determined in accordance with the discounted cash flow model;
- the fair value of unlisted managed investment funds, unlisted other security investment and listed debt securities included in available-for-sale investments is determined based on the quoted price provided by the counterparty financial institutions; and
- the fair value of derivative financial asset in derivative component in convertible bond is determined in accordance with trinomial option pricing model.

The fair value of financial assets and financial liabilities are not measured at fair value on a recurring basis:

- the fair value of other financial assets and financial liabilities (excluding held for trading investments and available-for-sale investments measured at fair value and derivative component in convertible bond) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 30 June 2017 (Unaudited)				
Financial assets				
Listed debt securities (classified as available-for-sale investments) (Note a, e)	–	221,665	–	221,665
Unlisted managed investment funds (classified as available-for-sale investments) (Note a)	–	52,547	–	52,547
Held for trading investments (Note c)	72,750	–	–	72,750
Derivative financial asset (Note d)	–	–	73	73
Sub-total	72,750	274,212	73	347,035
At 31 December 2016 (Audited)				
Financial assets				
Listed debt securities (classified as available-for-sale investments) (Note a, e)	–	176,431	–	176,431
Unlisted managed investment funds (classified as available-for-sale investments) (Note a)	–	47,977	–	47,977
Unlisted other security investment (classified as available-for-sale investments) (Note a)	–	–	5,949	5,949
Unlisted perpetual securities (classified as available-for-sale investments) (Note b)	–	–	30,000	30,000
Held for trading investments (Note c)	72,391	–	–	72,391
Sub-total	72,391	224,408	35,949	332,748

23. Fair value measurements of financial instruments (continued)

Fair value measurements recognised in the condensed consolidated statement of financial position (continued)

Notes:

- (a) The fair value of listed debt securities, unlisted managed investment funds and unlisted other security investment included in available-for-sale investments are provided by the financial institutions which are determined in accordance with the quoted price supported by observable inputs.
- (b) The fair value of unlisted perpetual securities classified as available-for-sale investments is determined in accordance with discounted cash flow model. The key inputs include those can be observed in the market in addition to unobservable inputs such as company specific financial information. The fair value of the available-for-sale investments is measured with the assumptions including discount rate and expected life. The lower the discount rate or shorter the expected life, the higher the fair value.
- (c) The fair value of held for trading investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.
- (d) The fair value of derivative financial assets in derivative component in convertible bond is determined in accordance with trinomial option pricing model. The key inputs include those can be observed in the market in addition to unobservable inputs such as company specific financial information. The fair value of the derivative component in convertible bond is measured with the assumptions including option life, volatility and risk free rate. The lower the risk free rate or shorter the option life, the higher the fair value.
- (e) There is no transfer between Level 1,2 and 3 during the current period. During the year ended 31 December 2016, in view of availability of the market transaction information, two listed debt securities are transferred from Level 3 to Level 2 fair value hierarchy.

Reconciliation of Level 3 fair value measurements of financial asset

	<i>USD'000</i>
At 1 January 2016 (Audited)	94,641
Reclassification to level 2	(57,958)
Disposals	(538)
Gain/(loss) recognised in	
– profit or loss	2,494
– other comprehensive income (Note)	(2,690)
At 31 December 2016 (Audited)	35,949
Purchases	933
Disposals	(34,700)
Loss recognised in	
– profit or loss	(235)
– other comprehensive income (Note)	(1,874)
At 30 June 2017 (Unaudited)	73

Note: The gain and loss included in other comprehensive income for the period related to the unlisted perpetual securities, derivative financial asset and unlisted other security investment at the end of the reporting period and is reported as changes of "investment revaluation reserve".

24. Operating Leases

The Group as lessee

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

	At 30 June 2017 <i>USD'000</i> (Unaudited)	At 31 December 2016 <i>USD'000</i> (Audited)
Within one year	693	717
In the second to fifth year inclusive	775	1,095
	1,468	1,812

Operating lease payments represented rentals payable by the Group for certain of its office premises and warehouse. Leases are negotiated for terms ranging from two to three years.

The Group as lessor

During the six months ended 30 June 2017, the Group had property rental income of approximately USD526,000 (the six months ended 30 June 2016: USD1,521,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2017 <i>USD'000</i> (Unaudited)	At 31 December 2016 <i>USD'000</i> (Audited)
Within one year	1,236	833
In the second to fifth year inclusive	1,810	1,499
	3,046	2,332

25. Other Commitments

At the end of the reporting period, the Group had the following other commitments:

	At 30 June 2017 <i>USD'000</i> (Unaudited)	At 31 December 2016 <i>USD'000</i> (Audited)
Other commitments contracted for but not provided for in the condensed consolidated financial statements in respect of capital contribution in other securities investments which are recognised as available-for-sale investments	54,915	29,140

26. Related Party Disclosures

Key management personnel compensation

	For the six months ended 30 June 2017 <i>USD'000</i> (Unaudited)	30 June 2016 <i>USD'000</i> (Unaudited)
Short-term benefits	724	890
Post-employment benefits	4	6
	728	896