G-Resources Group Limited
國際資源集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1051)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

- **Revenue was USD12.8 million (six months ended 30 June 2015: USD2.7 million)**
- **EBITDA was USD8.6 million (six months ended 30 June 2015: USD2.0 million)**
- **Net profit was USD126.4 million (six months ended 30 June 2015: USD39.1 million)**

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report G-Resources recorded a profit attributable to owners of the Company in the sum of USD125 million for the six months ended 30 June 2016 ("the Interim Period"). The strong performance is mainly contributed by the profit from the disposal of the Martabe Mine.

2016 is the beginning of a new era for G-Resources. After disposal of the Martabe Mine, we are focusing on our growing remaining businesses, namely principal investment business, financial services business and real property business.

During the first six months of 2016, we lent out a total of approximately USD145 million under our money lending business. The term of those loans ranges from 1 month to 2 years with interest rates ranges from 8% to 24% per annum.

We exercised our right of conversion under the convertible bonds of Enhanced Financial Services Group Limited ("EFS") at the end of March 2016. EFS is now a 75% owned subsidiary of G-Resources. EFS is holding, through its subsidiaries, type 1 (dealing in securities), type 6 (advising on corporate finance), and type 9 (asset management) licences under the Securities and Futures Ordinance ("SFO"). EFS is also applying for a type 4 (advising on securities) licence under SFO and will apply for a type 2 (dealing in futures contracts) licence under SFO. We are working with the management of EFS to see how to expand their business, bearing in mind the challenging business environment in 2016. With the support from G-Resources, EFS has grown from a single licence (only type 1 licence) brokerage house to a financial services group which can provide a full range of financial services.

We are also expanding our investment portfolio under our principal investment business. During the Interim Period, the new investments made by G-Resources Group, which amounts to approximately USD54 million, under our principal investment business, are mainly bonds. The coupon rate of those bonds ranges from 6.375% to 8.5% per annum.

The revenue from our continuing operations in the Interim Period increased almost five times when compared with the six months ended 30 June 2015.

2016 is a year full of challenges and the global financial market remains volatile. The long term interest rate remains low. All investors are chasing for yield, pushing up the price of certain asset classes, but there is also market speculation that United States will raise interest rate soon. The recent Brexit issue has caused some shocks to the global financial market but also created some attractive investment opportunities in United Kingdom.

There are both shocks and opportunities for turmoil in the global financial market. We are keeping our eyes open for good investment opportunities and to work with a view to create value for G-Resources and our shareholders.

Finally, I would like to thank our Board and management for their devoted service during the Interim Period and of course, we want to thank our shareholders for their continuing support for G-Resources.

In the recent scrip dividend scheme, there are more shareholders opted for scrip dividend than receiving the cash dividend. To me, this is a strong vote of confidence and encouragement from our shareholders to the Board and the management. We shall continue to work prudently and diligently to deploy our cash resources with a view of increasing return.

G-Resources Group Limited
Chiu Tao
Chairman

Hong Kong, 31 August 2016

GROUP RESULTS

The Board of Directors (the "Board") of G-Resources Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016, together with the comparative figures for the six months ended 30 June 2015.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	NOTES	For the six months ended **30 June 2016 USD'000 (Unaudited)**	 30 June 2015 USD'000 (Unaudited)
Continuing operations			
Revenue	*4*	**12,789**	2,693
Cost of sales		**-**	-
Gross profit		**12,789**	2,693
Other income		**1,675**	1,253
Administrative expenses		**(5,748)**	(2,769)
Fair value changes of held for trading investments		**(1,304)**	865
Increase in fair value of investment properties		**386**	-
Profit before taxation		**7,798**	2,042
Taxation	*5*	**(13)**	(10)
Profit for the period from continuing operations	*6*	**7,785**	2,032
Discontinued operation			
Profit for the period from discontinued operation	*6, 7*	**118,566**	37,114
Profit for the period		**126,351**	39,146
Profit for the period attributable to owners of the Company			
Continuing operations		**7,829**	2,032
Discontinued operation		**117,653**	35,726
Profit for the period attributable to owners of the Company		**125,482**	37,758
(Loss)/profit for the period attributable to non-controlling interests			
Continuing operations		**(44)**	-
Discontinued operation		**913**	1,388
Profit for the period attributable to non-controlling interests		**869**	1,388
		126,351	39,146
Earnings per share			
For continuing operations and discontinued operation			
– Basic and diluted (US cent)	*9*	**0.47**	0.14
For continuing operations			
– Basic and diluted (US cent)	*9*	**0.03**	0.01

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	For the six months ended	
	30 June	30 June
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the period	**126,351**	39,146
Other comprehensive (expenses)/income:		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(874)**	236
	(874)	236
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation	**85**	-
Release of exchange reserve upon disposal of subsidiaries	**304**	-
Fair value gain on:		
Available-for-sale investments	**2,702**	2,868
Hedging instruments designated in cash flow hedges	**-**	510
	3,091	3,378
Other comprehensive income for the period	**2,217**	3,614
Total comprehensive income for the period	**128,568**	42,760
Total comprehensive income for the period attributable to:		
Owners of the Company	**127,703**	41,346
Non-controlling interests	**865**	1,414
	128,568	42,760

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	**30 June 2016 USD'000 (Unaudited)**	31 December 2015 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**26,444**	734,957
Exploration and evaluation assets		**-**	27,316
Investment properties		**95,503**	95,220
Available-for-sale investments	*10*	**230,977**	175,726
Other receivables		**14,122**	27,008
Inventories		**-**	7,999
Intangible assets/goodwill		**2,147**	-
Loans receivable	*12*	**1,306**	-
		370,499	1,068,226
CURRENT ASSETS			
Inventories		**-**	44,773
Accounts and other receivables	*11*	**19,289**	29,335
Held for trading investments		**29,291**	30,606
Loans receivable	*12*	**138,812**	72,483
Convertible bond		**-**	17,044
Derivative component in convertible bond		**-**	744
Bank balances and cash		**830,457**	106,963
Bank trust accounts balances		**322**	-
		1,018,171	301,948
CURRENT LIABILITIES			
Accounts and other payables		**27,159**	28,996
Dividend payable	*8*	**15,064**	-
Tax payable		**121**	10,015
		42,344	39,011
NET CURRENT ASSETS		**975,827**	262,937
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,346,326**	1,331,163
NON-CURRENT LIABILITIES			
Other payables		**-**	4,485
Deferred tax liabilities		**277**	54,605
Provision for mine rehabilitation cost		**-**	20,732
		277	79,822
		1,346,049	1,251,341
CAPITAL AND RESERVES			
Share capital	*13*	**34,246**	34,246
Reserves		**1,306,633**	1,193,994
Equity attributable to owners of the Company		**1,340,879**	1,228,240
Non-controlling interests		**5,170**	23,101
TOTAL EQUITY		**1,346,049**	1,251,341

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	NOTE	For the six months ended 30 June 2016 USD'000 (Unaudited)	30 June 2015 USD'000 (Unaudited)
OPERATING ACTIVITIES			
Profit before taxation		**136,518**	57,581
Adjustments for:			
Interest income		**(4,764)**	(3,369)
Amortisation and depreciation		**25,448**	71,582
Unvested share options lapsed		**-**	(41)
Fair value changes of held for trading investments		**1,304**	(865)
(Reversal of provision) / provision for impairment of inventories		**(4,567)**	448
Loss on disposal of property, plant and equipment		**-**	157
Gain on disposal of available-for-sale investments		**-**	(8)
Finance cost		**390**	1,094
Written off of property, plant and equipment		**3**	-
Increase in fair value of investment properties		**(386)**	-
Fair value loss in conversion of convertible bond		**205**	-
Gain on disposal of mining business	*14*	**(110,696)**	-
Transaction cost for the disposal of mining business		**12,158**	-
Operating cash flows before movements in working capital		**55,613**	126,579
(Increase)/decrease in inventories		**(564)**	756
(Increase)/decrease in other receivables (non-current portion)		**(3,101)**	8,205
Increase in accounts and other receivables		**(11,538)**	(16,175)
Increase in held for trading investments		**-**	(442)
Decrease in bank trust accounts balances		**98**	-
Loans advanced to money lending customers		**(145,253)**	-
Repayment from money lending customers		**92,485**	-
Increase/(decrease) in accounts and other payables		**11,325**	(2,893)
Cash (used in)/generated from operations		**(935)**	116,030
Income taxes paid		**(5,304)**	(8,056)
Net cash (used in)/ from Operating Activities		**(6,239)**	107,974
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(8,586)**	(22,276)
Additions of exploration and evaluation assets		**(2,150)**	(3,100)
Proceeds from disposal of property, plant and equipment		**-**	676
Purchase of available-for-sale investments		**(53,508)**	(76,649)
Proceed from disposal of available-for-sale investments		**-**	17,308
Interest received		**5,172**	2,427
Acquisition of subsidiaries		**5,518**	-
Net proceed from disposal of mining business	*14*	**786,621**	-
Transaction cost for the disposal of mining business paid		**(3,289)**	-
Net cash from/(used in) Investing Activities		**729,778**	(81,614)

	For the six months ended	
	30 June	30 June
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Net increase in cash and cash equivalents	**723,539**	26,360
Cash and cash equivalents at beginning of the period	**106,963**	260,750
Effect of foreign exchange rate changes	**(45)**	(211)
Cash and cash equivalents at end of the period, represented by Bank Balances and Cash	**830,457**	286,899

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 2015.

Significant event and transaction in the current interim period

During the period, the Group disposed of the mining business through disposal of the entire share capital of certain subsidiaries and details are set out in note 14.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

Revenue recognition

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

Revenue from financial services is recognised on the following basis:

- Commission and brokerage income from dealing in securities are recognised on a trade date basis;

- Underwriting commission income, sub-underwriting commission income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and

- Advisory, proof of funds commission and clearing and handling fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered.

Business combinations

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

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

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

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

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

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

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

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, which is described in the accounting policy above, less accumulated impairment losses, if any.

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

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

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

Intangible assets

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses. The Group's accounting policy for impairment losses on intangible assets is described in the accounting policy below.

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

<u>Impairment on intangible assets other than goodwill (the accounting policy in respect of goodwill is mentioned above)</u>

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

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.

HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 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 four (the six months ended 30 June 2015: three) operating business units which represent four (the six months ended 30 June 2015: three) operating segments, namely, principal investment business, financial services business, mining business and real property business (the six months ended 30 June 2015: principal investment business, money lending business and mining business). During the six months ended 30 June 2016, the Group acquired subsidiaries with the financial services business which includes money lending 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 in the current period, which are described in more details in note 7.

(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 2016 (Unaudited)

	Continuing operations				**Discontinued operation**
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	**Total USD'000**	Mining 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**	-
Sales of gold and silver	-	-	-	**-**	78,270
Segment revenue	5,174	6,094	1,521	**12,789**	78,270
Segment results	4,651	5,590	1,499	**11,740**	30,182
Unallocated corporate income				**7**	-
Unallocated corporate expenses				**(4,335)**	-
Increase in fair value of investment properties				**386**	-
Gain on disposal of the mining business				**-**	110,696
Transaction cost for the disposal of the mining business				**-**	(12,158)
Profit before taxation				**7,798**	128,720

For the six months ended 30 June 2015 (Unaudited)

	Continuing operations			**Discontinued operation**
	Principal investment business USD'000	Money lending business USD'000	**Total USD'000**	Mining business USD'000
Interest income from financial products	2,632	-	**2,632**	-
Interest income from money lending business	-	61	**61**	-
Sales of gold and silver	-	-	-	210,996
Segment revenue	2,632	61	**2,693**	210,996
Segment results	5,211	61	**5,272**	55,539
Unallocated corporate expenses			**(3,230)**	-
Profit before taxation			**2,042**	55,539

(b) Segment assets and liabilities

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

At 30 June 2016 (Unaudited)

	Continuing operations			
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	1,076,073	175,634	96,815	1,348,522
Assets relating to discontinued operation				14,093
Unallocated corporate assets				26,055
Total assets				1,388,670
LIABILITIES				
Segment liabilities	74	4,595	580	5,249
Liabilities relating to discontinued operation				20,822
Unallocated corporate liabilities				16,550
Total liabilities				42,621

At 31 December 2015 (Audited)

	Continuing operations			Discontinued operation	
	Principal investment business USD'000	Money lending business USD'000	Real property business USD'000	Mining business USD'000	Total USD'000
ASSETS					
Segment assets	310,427	72,663	96,477	863,478	1,343,045
Unallocated corporate assets					27,129
Total assets					1,370,174
LIABILITIES					
Segment liabilities	2	656	581	115,635	116,874
Unallocated corporate liabilities					1,959
Total liabilities					118,833

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 2016 USD'000 (Unaudited)	30 June 2015 USD'000 (Unaudited)
Continuing operations		
Interest income from financial products	**3,377**	2,632
Dividend and distribution income from financial products	**1,797**	-
Interest income from money lending business	**5,731**	61
Commission income from financial services	**363**	-
Rental income	**1,521**	-
	12,789	2,693
Discontinued operation		
Sales of gold	**71,374**	189,451
Sales of silver	**6,896**	21,545
	78,270	210,996

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 2016 USD'000 (Unaudited)	30 June 2015 USD'000 (Unaudited)
Current tax		
Hong Kong	**13**	10
Taxation for the period	**13**	10

6. Profit for the Period

	Continuing operations For the six months ended		Discontinued operation For the six months ended	
	30 June 2016 USD'000 (Unaudited)	30 June 2015 USD'000 (Unaudited)	**30 June 2016 USD'000 (Unaudited)**	30 June 2015 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**	68,006
– Administrative expenses	**842**	4	**1,324**	3,572
Royalties expense	**-**	-	**607**	1,206
Other taxes	**-**	-	**539**	1,140
(Reversal of provision)/provision for impairment of inventories	**-**	-	**(4,567)**	448
Exchange (gain)/loss, net	**(175)**	(200)	**72**	2,629
Interest income	**(4,757)**	(3,243)	**(7)**	(126)

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 period from the discontinued mining business is set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to re-present the mining business as a discontinued operation.

	For the period ended 17 March 2016 USD'000 (Unaudited)	For the six months ended 30 June 2015 USD'000 (Unaudited)
Profit of mining business for the period	**20,028**	37,114
Gain on disposal of mining business (Note 14)	**110,696**	-
Transaction cost for the disposal of mining business	**(12,158)**	-
	118,556	37,114

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, were as follows:

	For the period ended 17 March 2016 USD'000 (Unaudited)	For the six months ended 30 June 2015 USD'000 (Unaudited)
Revenue	**78,270**	210,996
Cost of sales	**(41,695)**	(137,190)
Other income	**68**	285
Administrative expenses	**(6,071)**	(17,458)
Finance cost	**(390)**	(1,094)
Profit before taxation	**30,182**	55,539
Taxation	**(10,154)**	(18,425)
Profit for the period	**20,028**	37,114

During the period from 1 January 2016 to 17 March 2016, the mining business contributed approximately USD55 million (six months ended 30 June 2015: cash generated from USD121 million) to the Group's net operating cash flows, paid approximately USD10 million (six months ended 30 June 2015: cash used in USD25 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 14.

8. Dividend

During the current interim period, a final dividend of HK0.44 cents per share (the six months ended 30 June 2015: HK0.48 cents per share) in respect of the year ended 31 December 2015 was declared to be payable to the shareholders of the Company. The amount of the final dividend declared to be payable in the current interim period amounted approximately USD15,064,000 (equivalent to approximately HKD117,000,000) (the six months ended 30 June 2015: approximately USD16,402,000 (equivalent to approximately HKD127,000,000)). Shareholders were given an option to receive the final dividend in cash or an allotment of scrip share 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 2016 USD'000 (Unaudited)	30 June 2015 USD'000 (Unaudited)
Profit for the period from continuing and discontinued operations attributable to owners of the Company	**125,482**	37,758
Less: profit for the period from discontinued operation	**(117,653)**	(35,726)
Profit for the period from continuing operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**7,829**	2,032

	Number of shares	
	30 June 2016	30 June 2015
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	26,564,478,210	26,490,076,130

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is US0.44 cents per share (2015: US0.13 cents per share), based on the profit for the period from the discontinued operation of USD117,653,000 (the six months ended 30 June 2015: USD35,726,000) 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 2015.

10. Available-For-Sale Investments

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000 (Audited)
Listed debt securities, at fair value		
Senior Notes Due 2021 (Note a, g)	**34,331**	33,351
Senior Notes Due 2020 (Note b, g)	**24,124**	24,607
Senior Notes Due 2020 8.5% (Note c, g)	**20,535**	-
Perpetual Floating Rate Note Callable 2024 (Note d, g)	**17,423**	-
Perpetual Floating Rate Note Callable 2025 (Note e, g)	**1,940**	-
Perpetual Bond (Note f, g)	**327**	-
		-
Unlisted securities		
Managed investment funds (Note h)	**52,968**	45,366
Other security investments (Note i)	**50,249**	42,582
Perpetual Securities (Note j)	**29,080**	29,820
	230,977	175,726

Notes:

(a) The balance represents the Group's investment in senior notes with principal amount of USD30,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 22 January 2021 (the "Senior Notes Due 2021"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 8.125% per annum, payable semi-annually in arrears on 22 January and 22 July of each year, commencing on 22 July 2014.

(b) The balance represents the Group's investment in senior notes with principal amount of USD22,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 17 February 2020 (the "Senior Notes Due 2020"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 12% per annum, payable semi-annually in arrears on 17 February and 17 August of each year, commencing on 17 August 2015.

(c) During the period, the Group acquired senior notes with principal amount of USD20,000,000 issued by a private limited company incorporated in the British Virgin Islands with maturity date of 1 December 2020 (the "Senior Notes Due 2020 8.5%"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 8.5% per annum, payable semi-annually in arrears on 1 June and 1 December of each year, commencing on 1 June 2016

(d) During the period, the Group acquired perpetual floating rate notes with principal amount of USD18,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange without fixed maturity date (the "Perpetual Floating Rate Notes Callable 2024"). These notes are listed on the Irish Stock Exchange plc., carried interest at a coupon rate of 6.375% per annum, payable semi-annually in arrears on 17 March and 17 September of each year, commencing on 17 September 2016. The interest rate is subject to change at reset day with reset rate at 3.705% plus mid market swap rate. The first reset day would be on 17 September 2024 and every 5 years thereafter.

(e) During the period, the Group acquired perpetual floating rate notes with principal amount of USD2,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange without fixed maturity date (the "Perpetual Floating Rate Notes Callable 2025"). These notes are listed on the Irish Stock Exchange plc., carried interest at a coupon rate of 6.375% per annum, payable semi-annually in arrears on 30 March and 30 September of each year, commencing on 30 September 2016. The interest rate is subject to change at reset day with reset rate at 4.368% plus mid market swap rate. The first reset day would be on 30 March 2025 and every 5 years thereafter.

(f) During the period, the Group acquired perpetual bond with principal amount of USD315,000 issued by a company with its shares listed on Australian Securities Exchange Limited without fixed maturity date (the "Perpetual Bond"). These notes are listed on the Frankfurt Stock Exchange, carried interest at a coupon rate of 6.75% per annum, payable semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 December 2016. The interest rate is subject to change at reset day with reset rate at 5.168% plus mid market swap rate. The first reset day would be on 15 June 2026 and every 5 years thereafter.

(g) Listed debt securities were 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 and the Hull-White term structure 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, an increase in fair value of USD1,092,000 (the six months ended 30 June 2015: USD815,000) was recognised in the investment revaluation reserve.

(h) The Group held four (31 December 2015: three) unlisted investment funds which are managed by financial institutions investing real estate properties, financial products and unlisted equity investments with an aggregate carrying value of USD52,968,000 (31 December 2015: USD45,366,000). 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 market 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 2016, an increase in fair value of USD2,602,000 (the six months ended 30 June 2015: USD2,053,000) was recognised in the investment revaluation reserve.

(i) The other security investments of the Group includes an investment with the carrying value of USD5,867,000 (31 December 2015: USD6,119,000) which was stated at fair value as at 30 June 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 2016, decrease in fair value of USD252,000 (the six months ended 30 June 2015: nil) was recognised in the investment revaluation reserve.

The remaining investments with an aggregate carrying value of USD44,382,000 (31 December 2015: USD36,463,000) represent six (31 December 2015: five) 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 are of the opinion that the fair value cannot be measured reliably. As at 30 June 2016, three out of these six (31 December 2015: five) other security investments accounted for 88% (the six months ended 30 June 2015: 93%) of the aggregate carrying value, which the investment portfolio are focused in unlisted equity investments in information technology companies on consumer business, real property investment and finance industry.

(j) The balance represents the Group's investment in 9% perpetual securities ("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. Subject to the terms of the Perpetual Securities, the Perpetual Securities confer a right to receive distributions at the applicable rate of distribution. Distributions will be payable on the Perpetual Securities in USD semi-annually in arrear on each distribution payment date, meaning 29 June and 29 December in each year, starting on (and including) 29 June 2016. The Securities are perpetual securities in respect of which there is no fixed redemption date and the issuer will only have the right to redeem or purchase them in accordance with the terms of the Perpetual Securities.

The Perpetual Securities was 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. During the six months ended 30 June 2016, a decrease in fair value of USD740,000 (the six months ended 30 June 2015: nil) was recognised in the investment revaluation reserve.

11. Accounts and Other Receivables

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000 (Audited)
Trade receivables from mining business (Note a)	**-**	13,822
Accounts receivables from the business of dealing in securities:		
Cash and custodian clients (Note b)	**791**	-
Margin clients (Note c)	**14,909**	-
Accounts receivables	**15,700**	13,822
Less: Impairment allowance (Note d)	**-**	-
Other receivables, net of allowance (Note e)	**17,711**	42,521
Less: Other receivables classified as non-current assets (Note e)	**(14,122)**	(27,008)
Accounts and other receivables classified as current assets (Note f)	**19,289**	29,335

Notes:

(a) The Group allows a credit period of less than two weeks for its trade customers. The following is an ageing analysis of trade receivables from mining business at the end of the reporting periods which is determined based on the invoice date:

	31 December 2015 USD'000 (Audited)
0-14 days	13,822

(b) The normal settlement terms of accounts receivables from cash and custodian client are two business days after trade date. As at 30 June 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, an ageing analysis does not give additional value in view of the nature of these accounts receivables.

(c) Loans to securities margin clients are secured by clients' pledged securities with fair value of USD17,231,000 (31 December 2015: nil). 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% per annum as at 30 June 2016. 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.

(d) Impairment of margin clients receivables

The Group held collateral of listed equity securities with a fair value of USD17,231,000 (31 December 2015: nil) 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 USD14,909,000 (31 December 2015: nil) based on the Group's evaluation of their collectability.

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.

(e) As at 30 June 2016, included in other receivables are deferred cash consideration recoverable amounting to USD14,093,000 in relation to the disposal of the mining business which is set out in note 14. As at 31 December 2015, USD27,008,000 (30 June 2016: nil) of value added tax ("VAT") paid by an Indonesian subsidiary of the Group, were classified as other receivables non-current portion based on their expected refund time span, in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site.

(f) As at 31 December 2015, an amount of USD3,800,000 (30 June 2016: nil), which is the consideration of capital injection into PT Agincourt Resources ("PTAR"), due from PT Artha Nugraha Agung ("PTANA") was included in other receivables. The balance would be settled by PTANA through reduction of its share of dividend declared by PTAR. The amount was disposed of upon the disposal of mining business which is set out in note 14.

12. Loans Receivable

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000 (Audited)
Fixed-rate loans receivable (Note a)	**140,118**	72,483
Less: loans receivable classified as non-current assets	**(1,306)**	-
Loans receivable classified as current assets	**138,812**	72,483

Note:

(a) 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 35.0% per annum (31 December 2015: 5% to 18% per annum). The contractual maturity date of the loans receivable ranges from one month to two years (31 December 2015: two months to one year) and are all denominated in HKD.

At 30 June 2016, the Group's fixed-rate loans receivable of USD90,382,000 (31 December 2015: USD55,710,000) are secured by the shares in companies listed on the Hong Kong Stock Exchange or a charge over certain properties in Hong Kong. The remaining loans receivable of USD49,736,000 (31 December 2015: USD16,773,000) are unsecured.

13. Share Capital

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2015 (Audited), 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	**60,000,000,000**	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2015 (Audited)	**26,490,076,130**	34,150
Issue of shares in lieu of cash dividends (Note a)	**74,402,080**	96
At 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	**26,564,478,210**	34,246

Note:

(a) On 7 August 2015, the Company issued and allotted 74,402,080 new ordinary shares of HKD0.01 each at an issue price of HKD0.296 per share to the shareholders who elected to receive shares in the Company in lieu of cash for the 2014 Final Dividend pursuant to the scrip dividend scheme announced by the Company on 3 July 2015. Accordingly, USD96,000 (equivalent to HKD744,000) was credited to share capital and USD2,745,000 (equivalent to HKD21,279,000) was credited to share premium.

All the shares issued by the Company during the year ended 31 December 2015 rank pari passu with the then existing ordinary shares in all respects.

14. 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:

	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	813,861

Notes:

(a) As at 30 June 2016, the amount of working capital adjustments under the sales and purchase agreement is not finalised, the deferred cash consideration and other payables are subject to change.

(b) 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 is made on the contingent payment as its fair value is considered to be insignificant as based on the gold price as at 30 June 2016, it will require a substantial increase before the gold price will reach USD1,500 per fine troy ounce.

	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
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 period is disclosed in note 7.

15. Other Commitments

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

	At 30 June 2016	At 31 December 2015
	USD'000	USD'000
	(Unaudited)	(Audited)
Other commitments contracted for but not provided for in the condensed consolidated financial statements in respect of capital contribution in limited partnership which are recognised as available-for-sale investments	31,009	27,225

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (no interim dividend for 2015).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	For the six months ended	
	30 June 2016 USD'000	30 June 2015 USD'000
Highlights		
Profit for the period attributable to owners of the Company	**125,482**	37,758
Earnings per share for continuing operations and discontinued operation (US cent)	**0.47**	0.14
For continuing operations:		
Revenue	**12,789**	2,693
Administrative expenses	**5,748**	2,769
EBITDA	**8,640**	2,046
Profit before taxation	**7,798**	2,042
Profit for the period from continuing operations	**7,785**	2,032
Analysis of Profit before taxation from continuing operations:		
(i) Principal Investment Business	**4,651**	5,211
(ii) Financial Services Business	**5,590**	61
(iii) Real Property Business	**1,499**	-
For discontinued operation:		
Profit after taxation from mining business for the period	**20,028**	37,114
Gain on disposal of mining business	**110,696**	-
Transaction cost for the disposal of mining business	**(12,158)**	-

Highlights

The Group's net profit for the period attributable to owners of the Company was USD125.5 million (the six months ended 30 June 2015: USD37.8 million), an increase of approximately 230% over the corresponding six months ended 30 June 2015. The main reason for the increase in profit was due to the disposal of the Company's interest in Martabe Gold mine and certain of its subsidiaries during the period.

Review of continuing operations

For the period ended 30 June 2016, the Group achieved a net profit after tax for continuing operations of USD7.8 million (the six months ended 30 June 2015: USD2.0 million).

Revenue was USD12.8 million (the six months ended 30 June 2015: USD2.7 million), mainly generated by the money lending business and interest income from financial products.

Administrative expenses was USD5.7 million for the period ended 30 June 2016, an increase of USD2.9 million as compared to the corresponding six months period ended 30 June 2015 of USD2.8 million. The increase was partly contributed by the increase in activities in the Financial Services Business for the period ended 30 June 2016 and expenses incurred in searching for new business opportunities.

(i) Principal Investment Business

During the period, the Group invested approximately USD53.5 million in listed and unlisted financial assets, which were mainly bonds. For the six months ended 30 June 2016, the Group recorded realised and unrealised gain of USD1.4 million, and interest income, dividend income and distribution income of USD5.2 million from the financial assets held by the Group.

As at 30 June 2016, the Group held approximately USD260.3 million non-cash financial assets, as follows:

	30 June 2016 USD'000	31 December 2015 USD'000
Listed shares	**29,291**	30,606
Listed debt securities	**98,680**	57,958
Unlisted managed investment funds	**52,968**	45,366
Unlisted other security investments	**50,249**	42,582
Perpetual securities	**29,080**	29,820
Convertible bond	**-**	17,044
Derivative component in convertible bond	**-**	744
Total	**260,268**	224,120

(ii) Financial Services Business

During the six months period, in addition to the Group's money lending operations, in late March 2016, the Group purchased 75% of the ordinary shares of the Enhanced Financial Services Group Limited ("EFS") through the conversion of all its convertible bond in EFS.

The Group lent out USD145.3 million and received USD92.5 million repayments during the period. There were no bad debts in the six months period. Interest income from money lending business were USD5.7 million (the six months ended 30 June 2015: USD61,000) and commission income from financial services was USD363,000 (the six months ended 30 June 2015: nil). The profit before taxation was USD5.6 million (the six months ended 30 June 2015: USD61,000).

As at 30 June 2016, the fixed-rate loans receivable was USD140.1 million.

(iii) Real Property Business

During the year ended 31 December 2015, the Group acquired three floors of commercial office and ten car parks located in Wanchai, Hong Kong. The rental income earned and the profit before taxation was USD1.5 million for the six months ended 2016.

Discontinued Operation

The disposal of mining business was completed on 17 March 2016. The profit after taxation from mining business for the six months period (including the transaction cost on disposal) was USD7.9 million (the six months ended 30 June 2015: USD37.1 million). The gain on disposal of mining business was USD110.7 million.

Review of Group Financial Position

	30 June 2016 USD'000	31 December 2015 USD'000
Current Assets		
Bank balances and cash	**830,457**	106,963
Held for trading investments	**29,291**	30,606
Inventories	**-**	44,773
Loans receivable	**138,812**	72,483
Convertible bond	**-**	17,044
Others	**19,611**	30,079
Non-current Assets		
Available-for-sale investments	**230,977**	175,726
Loans receivable	**1,306**	-
Others	**138,216**	892,500
Total Assets	**1,388,670**	1,370,174
Other Liabilities	**(42,621)**	(118,833)
Net Assets	**1,346,049**	1,251,341

Total assets were USD1,388.7 million (31 December 2015: USD1,370.2 million) an increase of USD18.5 million which was contributed by the profit from operations. Non-current assets were USD370.5 million (31 December 2015: USD1,068.2 million), a decrease of USD697.7 million as the Group i) disposed of its mining business with the fixed assets of USD691.3 million, and ii) incurred amortisation and depreciation charge of USD25.4 million. These decreases offset by invested USD53.5 million in available-for-sale investments. Current assets were USD1,018.2 million (31 December 2015: USD301.9 million), an increase of USD716.3 million was mainly due to i) net increase in loans receivable of USD66.3 million, ii) an increase in bank balances and cash of USD723.5 million. These increase was set off by the disposal of inventory under mining business of USD44.8 million.

Net Asset Value

As at 30 June 2016, the Group's total net assets amounted to approximately USD1,346.0 million, representing an increase of USD94.7 million as compared to approximately USD1,251.3 million as at 31 December 2015. The increase in net assets was mainly due to the profit for the period for continuing operations of USD7.8 million and gain on the disposal of mining business of USD110.7 million.

Cash Flow, Liquidity and Financial Resources

CASH FLOW SUMMARY

	For the six months ended	
	30 June 2016 USD'000	30 June 2015 USD'000
Net cash (used in)/from Operating Activities	**(6,239)**	107,974
Net cash from/(used in) Investing Activities	**729,778**	(81,614)
Net increase in cash and cash equivalents	**723,539**	26,360
Cash and cash equivalents at beginning of the period	**106,963**	260,750
Effect of foreign exchange rate changes	**(45)**	(211)
Cash and cash equivalents at end of the period	**830,457**	286,899

The Group's cash balance at the end of June 2016 was USD830.5 million (31 December 2015: USD107.0 million). The Group generated net cash outflows from operating activities for the period ended 30 June 2016 of USD6.2 million, which was mainly from the sale of gold and silver and offset by the loans advanced to money lending customers during the period. Cash from investing activities was USD729.8 million as USD786.6 million was net proceed from the disposal of mining operation and set off with i) USD53.5 million invested in available-for-sale investments, ii) USD8.6 million for property, plant and equipment (which included USD0.1 million in near mine exploration and evaluation), and iii) USD2.2 million for regional exploration.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 3 November 2015, the Company, Maxter Investments Limited, Top Gala Development Limited and Agincourt Resources (Singapore) Pte Ltd entered into a sale and purchase agreement dated 3 November 2015 with Marlin Enterprise Limited, Marlin Australia Holdings Pty Ltd and Marlin Group Limited in respect of the disposal of the Company's interest in the Martabe Mine and certain of its subsidiaries. Details of the transaction are disclosed in an announcement of the Company dated 23 November 2015 and a circular of the Company dated 18 February 2016. The transaction was completed on 17 March 2016.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and associated companies 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.

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

Business Outlook

2016 is a year full of challenges and the global financial market remains volatile. The economic growth around the world is stubbornly weak in the last few years and the long term interest rate remains low. All investors are chasing for yield, pushing up the price of certain asset classes, but there is also market speculation that United States will raise interest rate soon. The recent Brexit issue has caused some shocks to the global financial market but also created some attractive investment opportunities in United Kingdom.

Despite uncertainties in global markets, the Board believes that there are still investment opportunities that fit into the growth strategy of the Company, which will enhance the value of the Company for all shareholders. For example, the Company believes that the coming policy of "Shenzhen-Hong Kong Stock Connect" will foster a stronger connection between the capital markets of PRC and Hong Kong. By Enhanced Financial Services Group Limited, the Company is well positioned to grasp any opportunities that may arise therefrom.

The Company also sees a market for short term loan of higher interest rates. There are borrowers in the market who are willing to pay a higher interest rate to resolve their short term liquidity needs.

The Company has restructured its investment and loan approval process. The Investment Management Committee is abolished. The Executive Committee of the Company ("the EC"), which comprises of our Chairman and acting CEO (Mr. Chiu Tao), our Deputy CEO (Mr. Ma Xiao), our CFO (Mr. Arthur Ellis) and 2 other executive directors (Mr. Richard Hui and Mr. Jackie Wah), is responsible for considering and making major decisions on investments and loans of the Company. The EC is also responsible for overseeing the day to day operation of our businesses, namely principal investment business, financial services business and real property business. Under the EC, there is a Credit Committee overseeing the money lending business of the Company.

Human Resources

As at 30 June 2016, the Group had 34 employees in Hong Kong. Employees are remunerated at a competitive level and are rewarded according to their performance. Our 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.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2016, except for the deviation as set out below:

(i) Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are 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; and

(ii) Mr. Chiu Tao became 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 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, 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.

The Board has adopted new terms of reference for the Audit Committee effective from 1 January 2016 to comply with new requirements under the amendments to C.3.3 of the CG Code.

In compliance with code provisions C.2.4 and C.2.5 of the CG Code, the Board has appointed KPMG as the Company's internal auditors. KPMG is reviewing the existing policies and processes used by the Company to identify and evaluate significant risks with a goal to make recommendations for improvement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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, and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2016.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who were all independent non-executive directors of the Company for the six months ended 30 June 2016. The Audit Committee 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 2016 has been reviewed by the Company's Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu.

By Order of the Board
G-Resources Group Limited
Chiu Tao
Chairman and Acting Chief Executive Officer

Hong Kong, 31 August 2016

As at the date of this announcement, the Board comprises:
(i) Mr. Chiu Tao, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and
(ii) Dr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.

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** For identification purpose only*