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G-Resources Group Limited

國際資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

**FINAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2016

- G Revenue was USD30.0 million (2015: USD11.6 million)**
- G EBITDA was USD12.0 million (2015: USD5.4 million)**
- G Profit for the year was USD128.8 million (2015: USD61.3 million)**

FINANCIAL SUMMARY

	<u>2016</u>	<u>2015</u>
	USD'000	USD'000
Revenue	29,985	11,613
EBITDA	11,954	5,384
Profit before taxation	10,235	5,104
Profit for the year	128,804	61,308

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that 2016 is another profitable year for G-Resources.

After completion of the disposal of the Martabe Mine, G-Resources is focusing on its other businesses, namely principal investment business, financial services business and real property business. We continue to see significant growth in our principal investment business and financial services business. However, we also see high volatility in the global financial market and the world is full of uncertainties. In short, I believe 2017 will be a year full of challenges.

In 2016, we continued to expand our investment portfolio under our principal investment business. We have also realized some of our previous investments. We 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.

We continued to see a market for short term loans of higher interest rate in Hong Kong. G-Resources did not record any bad debt for our money lending business in 2016. During the year, we lent out a total of approximately USD366 million under our money lending business. The term of those loans ranges from 1 month to 2 years with interest rates ranges from 7% to 32.5% per annum.

Apart from our money lending business, we are cautiously developing the business of Enhanced Financial Services Group Limited ("EFS"). EFS is now a 75% owned subsidiary of G-Resources. EFS is holding, through its subsidiaries, type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) licences under the Securities and Futures Ordinance (the "SFO"). EFS, through its subsidiaries, is also applying for a type 2 (dealing in futures contracts) licence under the SFO. With the strong 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.

On the real property business of the Group, we see that there are more and more companies from Mainland China setting up regional offices in Hong Kong. Accordingly, there is a demand for prime office spaces in Hong Kong. This is further supported and confirmed by the high bids submitted in recent land tenders. 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 for its real property business.

Today, G-Resources has a strong balance sheet with significant funds available for future investments at opportune time. We are prepared for any good opportunities when arises.

Finally, I would like to thank our Board and management for their devoted service during the year and of course, we want to thank our shareholders for their continuing support for G-Resources. I look forward to continuing to work with them to achieve further success for the Company.

G-Resources Group Limited

Chiu Tao

Chairman

Hong Kong, 31 March 2017

GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “Board”) of G-Resources Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015.

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

	NOTES	2016 USD'000	2015 USD'000
Continuing operations			
Revenue	3	29,985	11,613
Cost of sales		-	-
Gross profit		29,985	11,613
Other income		4,206	1,450
Administrative expenses		(15,248)	(8,900)
Fair value changes of held for trading investments		(9,481)	941
Increase in fair value of investment properties		773	-
Profit before taxation		10,235	5,104
Taxation	4	3	-
Profit for the year from continuing operations	5	10,238	5,104
Discontinued operation			
Profit for the year from discontinued operation	6	118,566	56,204
Profit for the year		128,804	61,308
Profit for the year attributable to owners of the Company			
Continuing operations		10,285	5,104
Discontinued operation		117,653	54,319
Profit for the year attributable to owners of the Company		127,938	59,423
(Loss)/Profit for the year attributable to non-controlling interests			
Continuing operations		(47)	-
Discontinued operation		913	1,885
Profit for the year attributable to non-controlling interests		866	1,885
128,804			
61,308			
Earnings per share			
For continuing operations and discontinued operation			
- Basic and diluted (US cent)	8	0.48	0.22
For continuing operations			
- Basic and diluted (US cent)	8	0.04	0.02

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	2016 USD'000	2015 USD'000
Profit for the year	128,804	61,308
Other comprehensive (expenses)/income:		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(304)	264
	<u>(304)</u>	<u>264</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(52)	-
Release of exchange reserve upon disposal of subsidiaries	304	-
Fair value gain on:		
Available-for-sale investments	6,416	5,771
Hedging instruments designated in cash flow hedges	-	1,082
Reclassification upon disposal of available-for-sale investments	(26)	(10)
	<u>6,642</u>	<u>6,843</u>
Other comprehensive income for the year	<u>6,338</u>	<u>7,107</u>
Total comprehensive income for the year	<u>135,142</u>	<u>68,415</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	134,278	66,476
Non-controlling interests	864	1,939
	<u>135,142</u>	<u>68,415</u>

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	2016 USD'000	2015 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment		24,664	734,957
Exploration and evaluation assets		-	27,316
Investment properties		95,934	95,220
Available-for-sale investments	9	303,382	175,726
Other receivable and deposits	10	13,357	27,008
Inventories		-	7,999
Intangible assets		455	-
Goodwill		1,480	-
		<u>439,272</u>	<u>1,068,226</u>
CURRENT ASSETS			
Inventories		-	44,773
Accounts and other receivables	10	21,396	29,335
Loans receivable	11	15,868	72,483
Held for trading investments		72,391	30,606
Convertible bond		-	17,044
Derivative component in convertible bond		-	744
Bank trust accounts balances		459	-
Bank balances and cash		825,485	106,963
		<u>935,599</u>	<u>301,948</u>
CURRENT LIABILITIES			
Accounts and other payables	12	13,071	28,996
Tax payable		105	10,015
		<u>13,176</u>	<u>39,011</u>
NET CURRENT ASSETS			
		<u>922,423</u>	<u>262,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,361,695</u>	<u>1,331,163</u>
NON-CURRENT LIABILITIES			
Other payables	12	-	4,485
Deferred tax liabilities		64	54,605
Provision for mine rehabilitation cost		-	20,732
		<u>64</u>	<u>79,822</u>
		<u>1,361,631</u>	<u>1,251,341</u>
CAPITAL AND RESERVES			
Share capital	13	34,871	34,246
Reserves		1,321,591	1,193,994
Equity attributable to owners of the Company		<u>1,356,462</u>	<u>1,228,240</u>
Non-controlling interests		5,169	23,101
TOTAL EQUITY		<u>1,361,631</u>	<u>1,251,341</u>

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	NOTES	2016 USD'000	2015 USD'000
OPERATING ACTIVITIES			
Profit before taxation		138,955	100,920
Adjustments for:			
Interest income		(12,778)	(10,386)
Amortisation and depreciation		26,325	138,318
Loss on disposal of property, plant and equipment		563	157
Unvested share options lapsed		-	(41)
Fair value changes of held for trading investments		9,481	(941)
Fair value loss of derivative component in convertible bond		-	161
Fair value loss recognised upon conversion of convertible bond		205	-
(Reversal of provision) / provision for impairment of inventories		(4,567)	366
Gain on disposal of available-for-sale investments		(31)	(19)
Finance cost		390	2,260
Loss arising from written off of property, plant and equipment		3	-
Increase in fair value of investment properties		(773)	-
Gain on disposal of mining business	14	(110,058)	-
Transaction cost for the disposal of mining business	6	11,520	-
Operating cash flows before movements in working capital		59,235	230,795
(Increase)/decrease in inventories		(564)	2,694
(Increase)/decrease in other receivable and deposits		(3,125)	2,430
Increase in accounts and other receivables		(13,477)	(10,663)
Loans advanced to money lending customers		(366,196)	(85,386)
Repayments from money lending customers		437,594	12,903
Increase in held for trading investments		(51,234)	(442)
Increase in bank trust accounts balances		(39)	-
Increase in accounts and other payables		8,211	2,109
Cash generated from operations		70,405	154,440
Income taxes paid		(5,304)	(24,555)
Net cash from Operating Activities		65,101	129,885
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,878)	(43,534)
Additions of exploration and evaluation assets		(2,150)	(8,024)
Proceeds from disposal of property, plant and equipment		644	676
Acquisition of property, plant and equipment and other assets and liabilities through acquisition of a subsidiary		-	(26,952)
Net cash outflow arising on acquisition of subsidiaries for real property business		-	(94,671)
Acquisition of subsidiaries		5,518	-
Net proceed from disposal of mining business	14	784,292	-

	2016 USD'000	2015 USD'000
NOTES		
Transaction cost for the disposal of mining business paid	(11,497)	-
Purchase of available-for-sale investments	(130,960)	(111,523)
Proceeds from disposal of available-for-sale investments	2,347	20,138
Proceeds from return of capital of available-for-sale investments	6,660	-
Purchase of convertible bond	-	(17,415)
Interest received	11,914	8,726
Decrease in pledged bank deposits	-	1,543
	<hr/>	<hr/>
Net cash from/ (used in) Investing Activities	657,890	(271,036)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Dividend paid to shareholders	(6,056)	(13,561)
Dividend paid to a non-controlling shareholder	-	(150)
	<hr/>	<hr/>
Cash used in Financing Activities	(6,056)	(13,711)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	716,935	(154,862)
Cash and cash equivalents at beginning of the year	106,963	260,750
Effect of foreign exchange rate changes	1,587	1,075
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Cash and cash equivalents at end of the year, represented by Bank Balances and Cash	825,485	106,963
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. Application of New and Revised Hong Kong Financial Reporting Standards

Adoption of new and revised HKFRSs

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards (“HKAS”s), Hong Kong Financial Reporting Standards (“HKFRS”s), amendments and interpretations (“Int”s) (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time.

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
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle

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

New and revised HKFRSs issued but not yet effective

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and Related Amendments ¹
HKFRS 16	Leases ²
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKAS 7 (Amendments)	Disclosure Initiative ⁴
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵

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

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material impact on the amounts recognised in the Group’s consolidated financial statements.

2. 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 (2015: four) operating business units which represent four (2015: four) operating segments, namely, principal investment business, financial services business, real property business and mining business (2015: principal investment business, money lending business, real property business and mining business). In the current year, the Group acquired subsidiaries with the financial services business which includes money lending business. The Group disposed of the mining business during the year and the operating segment regarding to the mining business was discontinued in the current year, which are described in more details in the note 6.

(a) Segment revenue and results

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

For the year ended 31 December 2016

	Continuing operations			Total USD'000	Discontinued operation
	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000		Mining business USD'000
Interest income from financial products	9,026	-	-	9,026	-
Dividend and distribution income from financial products	5,588	-	-	5,588	-
Interest income from money lending business	-	11,499	-	11,499	-
Commission income from financial services	-	1,171	-	1,171	-
Interest income from margin financing	-	776	-	776	-
Rental income	-	-	1,925	1,925	-
Sales of gold and silver	-	-	-	-	78,270
Segment revenue	<u>14,614</u>	<u>13,446</u>	<u>1,925</u>	<u>29,985</u>	<u>78,270</u>
Segment results	<u>6,672</u>	<u>10,784</u>	<u>1,941</u>	19,397	30,182
Unallocated corporate income				7	-
Unallocated corporate expenses				(9,942)	-
Increase in fair value of investments properties				773	-
Gain on disposal of the mining business				-	110,058
Transaction cost for the disposal of the mining business				-	(11,520)
Profit before taxation				<u>10,235</u>	<u>128,720</u>

For the year ended 31 December 2015

	Continuing operations				Discontinued operation
	Principal investment business USD'000	Money lending business USD'000	Real property business USD'000	Total USD'000	Mining business USD'000
Interest income from financial products	5,720	-	-	5,720	-
Dividend and distribution income from financial products	1,591	-	-	1,591	-
Interest income from money lending business	-	3,647	-	3,647	-
Rental income	-	-	655	655	-
Sales of gold and silver	-	-	-	-	391,468
Segment revenue	<u>7,311</u>	<u>3,647</u>	<u>655</u>	<u>11,613</u>	<u>391,468</u>
Segment results	<u>8,732</u>	<u>3,644</u>	<u>611</u>	<u>12,987</u>	<u>95,901</u>
Unallocated corporate expenses				<u>(7,883)</u>	<u>(85)</u>
Profit before taxation				<u>5,104</u>	<u>95,816</u>

Segment results represent the profit earned or generated by each segment without allocation of central administration costs. This is the measure reported to the executive directors of the Company for the purposes of resources allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

At 31 December 2016

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

At 31 December 2015

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

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segment other than certain property, plant and equipment and other receivables.
- All liabilities are allocated to operating segment other than certain other payables.

(c) Other segment information

For the year ended 31 December 2016

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	-	1,273	-	61	1,334
Additions to available-for-sale investments	130,960	-	-	-	130,960
Additions to held for trading investments	58,878	-	-	-	58,878
Depreciation	-	67	-	1,653	1,720
Interest income (including interest on bank deposits)	12,725	12,275	46	-	25,046

For the year ended 31 December 2015

	Principal investment business USD'000	Money lending business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	-	-	95,227	26,518	121,745
Additions to available-for-sale investments	111,523	-	-	-	111,523
Additions to held for trading investments	959	-	-	-	959
Depreciation	-	-	-	280	280
Interest income (including interest on bank deposits)	<u>6,585</u>	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>10,236</u>

Note: Non-current assets excluded available-for-sale investments, other receivable and deposits, inventories (non-current portion), intangible assets and goodwill.

(d) Geographical information

The following table sets out (i) information about the geographical location of the Group's revenue from continuing operations from external customers determined based on the location of financial products, the location of financial services business operated and location of properties in the case of rental income and (ii) information of the non-current assets by the geographical area in which the assets are located are detailed below:

	Continuing operations		Non-current assets excluding financial instruments	
	Segment revenue			
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Singapore	6,766	5,189	-	-
Hong Kong	21,080	6,172	122,533	121,464
Indonesia	-	-	-	744,028
Others	<u>2,139</u>	<u>252</u>	<u>-</u>	<u>-</u>
	<u>29,985</u>	<u>11,613</u>	<u>122,533</u>	<u>865,492</u>

Note: Non-current assets excluded available-for-sale investments and other receivable and deposits.

(e) Information about major customers

For the year ended 31 December 2016, two customers contributed over 10% of the total revenue from continuing operations with the amount of USD5,866,000 and USD5,691,000 (2015:USD2,435,000 and USD2,593,000) from financial services business and principal investment business respectively (2015: principal investment business).

3. Revenue

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

	2016 USD'000	2015 USD'000
Continuing operations		
Interest income from financial products	9,026	5,720
Dividend and distribution income from financial products	5,588	1,591
Interest income from money lending business	11,499	3,647
Commission income from financial services	1,171	-
Interest income from margin financing	776	-
Rental income	1,925	655
	<u>29,985</u>	<u>11,613</u>
Discontinued operation		
Sales of gold	71,374	351,285
Sales of silver	6,896	40,183
	<u>78,270</u>	<u>391,468</u>

4. Taxation

	2016 USD'000	2015 USD'000
Continuing operations		
Hong Kong Profits Tax		
Current tax	-	-
Over-provision in prior years	(3)	-
	<u>(3)</u>	<u>-</u>
Taxation for the year	<u>(3)</u>	<u>-</u>

5. Profit for the Year

	2016 USD'000	2015 USD'000
Continuing operations		
Profit for the year has been arrived at after charging/(crediting):		
Staff costs		
- Directors' emoluments	1,900	3,245
- Other staff costs	2,423	1,526
- Contributions to retirement benefits schemes, excluding directors	55	42
Total staff costs	<u>4,378</u>	<u>4,813</u>
Auditors' remuneration	256	251
Depreciation of property, plant and equipment	1,719	280
Operating lease payments in respect of office premises and warehouse	991	503
Exchange loss, net	1,381	1,138
Loss on disposal of property, plant and equipment	563	-
Loss arising from written off of property, plant and equipment	3	-
Interest income	(25,046)	(10,236)

6. 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 the date which control of Martabe Mine and other companies passed to the acquirer.

The consolidated profit for the period/year from the discontinued mining business is set out below. The comparative figures in the 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	For the year ended 31 December 2015 USD'000
Profit of mining business for the period/year	20,028	56,204
Gain on disposal of mining business (Note 14)	110,058	-
Transaction cost for the disposal of mining business	(11,520)	-
	<u>118,566</u>	<u>56,204</u>

The results of the mining business for the period/year, which have been included in the consolidated statement of profit or loss, were as follows:

	For the period ended 17 March 2016 USD'000	For the year ended 31 December 2015 USD'000
Revenue	78,270	391,468
Cost of sales	(41,695)	(265,771)
Other income	68	4,411
Administrative expenses	(6,071)	(32,032)
Finance costs	(390)	(2,260)
	<u>30,182</u>	<u>95,816</u>
Profit before taxation	30,182	95,816
Taxation	(10,154)	(39,612)
	<u>20,028</u>	<u>56,204</u>

	For the period ended 17 March 2016 USD'000	For the year ended 31 December 2015 USD'000
Profit for the period/year from discontinued operations has been arrived at after charging/(crediting):		

Profit for the period/year from discontinued operations has been arrived at after charging/(crediting):

Staff costs		
- Directors' emoluments	44	132
- Other staff costs		
- Cost of sales	3,290	12,194
- Administrative expenses	1,295	4,617
- Contributions to retirement benefits schemes, excluding directors	188	620
- Unvested share options lapsed	-	(41)
Total staff costs	<u>4,817</u>	<u>17,522</u>

	For the period ended 17 March 2016 USD'000	For the year ended 31 December 2015 USD'000
Amortisation and depreciation of property, plant and equipment, included in		
- Cost of sales	23,282	132,243
- Administrative expenses	1,324	5,795
Loss on disposal of property, plant and equipment	-	157
Operating lease payments in respect of office premises and warehouse	33	130
(Reversal of provision)/provision for impairment of inventories	(4,567)	366
Royalties expense	607	2,348
Other taxes	539	3,977
Exchange loss, net	72	3,679
Interest income	(7)	(150)

The Group entered into several foreign currency forward contracts with one of the local banks in Jakarta for the purchase of Indonesia Rupiah ("IDR") and the terms of all the foreign currency forward contracts were negotiated to match the expectation of the IDR payments in 2014. The directors of the Company considered the foreign currency forward contracts were designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to those highly probable IDR payments. During the year ended 31 December 2015, a fair value loss of USD660,000 (2016: nil) had been recognised foreign currency forward contracts under cash flow hedge, in which a fair value gain of USD1,082,000 (2016: nil) was in other comprehensive income and reclassified from cash flow hedges reserve. For the year ended 31 December 2015, the remaining fair value loss of USD1,742,000 (2016: nil) related to those foreign currency forward contracts settled during the year was transferred to foreign exchange loss/gain included in the discontinued operation.

During the period from 1 January 2016 to 17 March 2016, the mining business contributed approximately USD55 million (year ended 31 December 2015: USD223 million) to the Group's net operating cash flows, paid approximately USD10 million (year ended 31 December 2015: USD49 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.

7. Dividend

No dividend for the year ended 31 December 2016 was declared, paid or proposed for ordinary shareholders of the Company during the year of 2016 and since the end of the reporting period.

At the annual general meeting held on 8 June 2016, the board of directors recommended and shareholders approved the payment of a final dividend for the year ended 31 December 2015 of HK0.44 cents per share of par value of HKD0.01 each (the "2015 Final Dividend"). Shareholders were given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash. The 2015 Final Dividend paid to shareholders in cash and in scrip shares amounted to USD6,056,000 and USD9,008,000, respectively. Full details of the 2015 Final Dividend were set out in the Company's circulars dated 29 April 2016.

8. 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:

	2016	2015
	USD'000	USD'000
Profit for the year from continuing and discontinued operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share	127,938	59,423
Less: profit for the year from discontinued operation	<u>(117,653)</u>	<u>(54,319)</u>
Profit for the period from continuing operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share	<u>10,285</u>	<u>5,104</u>
	Number of shares	
	2016	2015
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>26,757,695,478</u>	<u>26,520,040,803</u>

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is US0.44 cents per share (2015: US0.20 cents per share), based on the profit for the year from the discontinued operation of USD117,653,000 (year ended 31 December 2015: USD54,319,000) 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 year ended 31 December 2016 and 2015.

9. Available-For-Sale Investments

	2016 USD'000	2015 USD'000
Listed debt securities, at fair value		
Listed in Hong Kong		
Perpetual Securities at a floating rate of 7.5% per annum (Note a, c)	10,036	-
Listed outside Hong Kong		
Senior Notes with a fixed coupon interests ranging from 4.875% to 12% (2015: 8.125% to 12%) per annum and maturity dates from 15 January 2019 to 8 August 2021 (2015: 17 February 2020 to 22 January 2021) (Note a, b)	100,657	57,958
Perpetual Notes at a floating rate ranging from 6.375% to 7.375% per annum and it is callable from 10 August 2021 to 30 March 2025 (Note a, c)	46,239	-
Senior Notes at a floating rate of ranging from 2.361% to 2.992% per annum with the mature dates from 10 August 2021 to 1 September 2023 (Note a, d)	19,499	-
Unlisted securities		
Managed investment funds (Note e)	47,977	45,366
Other security investments (Note f)	48,974	42,582
Unlisted Perpetual Securities (Note g)	30,000	29,820
	303,382	175,726

Notes:

- (a) The Listed Senior Notes and Perpetual Notes and Perpetual Securities were initially measured at fair value. The fair value at the end of reporting period is determined with reference to quoted price from the financial institutions supported by observable inputs.
- (b) During the year ended 31 December 2016, an increase in fair value of USD2,246,000 (2015: USD3,397,000) is recognised in the other comprehensive income. One of the senior notes was partially sold and the gain on disposal of available-for-sale investments is USD5,000.
- (c) The interest rate is subject to change at reset day with reset rate ranging from 3.705% to 6.301% plus mid-market swap rate. During the year ended 31 December 2016, one of the perpetual notes was sold and the gain on disposal of available-for-sale investments is USD26,000. During the year ended 31 December 2016, an increase in fair value of USD1,283,000 (2015: nil) is recognised in the other comprehensive income.
- (d) The interest rate is subject to change at reset day with reset rate at 1.430% to 2.110% plus 3 months LIBOR. During the year ended 31 December 2016, an increase in fair value of USD77,000 (2015: nil) is recognised in the other comprehensive income.
- (e) The Group held four (2015: three) unlisted investments 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 bond, 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 investment 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 year ended 31 December 2016, an increase in fair value of USD2,800,000 (2015: USD1,135,000) is recognised in the other comprehensive income. The Group received a return of capital from one of its unlisted investments funds of USD5,189,000 (2015: USD819,000) plus distribution of USD377,000.

- (f) The other security investments of the Group includes an investment with the carrying value of USD5,949,000 (2015: USD6,119,000) which was stated at fair value as at 31 December 2016 through partnership. 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.

The remaining investments through partnership or direct investment with an aggregate carrying value of USD43,025,000 (2015: USD36,463,000) represent seven (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 31 December 2016, three out of these seven (2015: five) other security investments accounted for 85% (2015: 93%) of the aggregate carrying value, which the investment portfolio is focused in unlisted equity investments in information technology companies on consumer business and finance industry.

During the year ended 31 December 2016, the Group received a return of capital from one of its unlisted securities investments of USD1,855,000 (2015: nil) and plus distribution of USD1,179,000. During the year ended 31 December 2015, the Group withdrawn its investment in one of the unlisted securities investments. The cost of investment of USD2,000,000 was refunded plus gain of USD11,000.

- (g) On 29 December 2015, the Group subscribed for 9% perpetual securities (“Unlisted Perpetual Securities”) with principal amount of USD30,000,000 at a consideration of USD29,700,000. The consideration was settled in cash by the Group. 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 year ended 31 December 2016, an increase in fair value of USD180,000 (2015: USD120,000) was recognised in the investment revaluation reserve.

The fair value of the Unlisted Perpetual Securities as at 31 December 2016 and 2015 is determined by using the discount cash flow model with the following assumptions:

	2016	2015
Discount rate	9.481%	11.389%
Expected life	2 years	25 years

10. Accounts and Other Receivables and Deposits

	2016 USD'000	2015 USD'000
Trade receivables from mining business (Note a)	-	13,822
Accounts receivables from the business of dealing in securities:		
Cash and custodian clients (Note b)	72	-
Margin clients (Note c)	19,468	-
Clearing house (Note b)	12	-
Accounts receivables	19,552	-
Less: Impairment allowance (Note d)	-	-
Other receivables and deposits, net of allowance (Note e)	15,201	42,521
Less: Other receivable and deposits classified as non-current assets (Note e)	(13,357)	(27,008)
Accounts and other receivables classified as current assets	<u>21,396</u>	<u>29,335</u>

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 period which is determined based on the invoice date:

	2015 USD'000
0-14 days	<u>13,822</u>

- (b) The normal settlement terms of accounts receivables from cash and custodian client and securities clearing houses are two business days after trade date. As at 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, 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 USD159,311,000 (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 31 December 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 replighted and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.
- (d) 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 USD159,311,000 (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 USD19,468,000 (2015: nil) based on the Group's evaluation of their collectability.

(e) As at 31 December 2016, included in other receivable are deferred cash consideration recoverable amounting to USD13,304,000 in relation to the disposal of the mining business. As at 31 December 2015, USD27,008,000 (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.

11. Loans Receivable

	2016	2015
	USD'000	USD'000
Fixed-rate loans receivable, current	<u>15,868</u>	<u>72,483</u>

The range of effective interest rate (which are fixed rates, also equal to contractual interest rates) on the Group's loans receivable is 7.5% to 35.0% (2015: 5% to 18%) per annum. The contractual maturity date of the loans receivable ranges from less than one month to two years (2015: two months to one year) and are all denominated in HKD.

As at 31 December 2016, loans receivable of USD15,868,000 carried interest ranging from 7.5% to 35.0% per annum are unsecured. As at 31 December 2015, the Group's fixed-rate loans receivable of USD36,127,000 carried interest at ranging from 14% to 16% per annum are secured by the shares in companies listed on the Hong Kong Stock Exchange and one of the Group's loans receivable of USD19,583,000 carried interest at 18% per annum is secured by a charge over certain properties in Hong Kong and the remaining loans receivable of USD16,773,000 carried interest ranging from 5% to 12.0% per annum are unsecured. All the loans receivable were due within one year (2015: one year).

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

As at 31 December 2016, included in the Group's loan receivable balance, an aggregate carrying amount of USD3,902,000 (2015: nil) which is past due as at the reporting date for which the Group has not provided for impairment loss. The Group received USD3,798,000 subsequent to the date of reporting period. Management believes that no impairment allowance is necessary in respect of the remaining loans receivable as there is no significant change in credit quality and the balances are still considered fully recoverable.

12. Accounts and Other Payables

	2016	2015
	USD'000	USD'000
Trade payables from mining business (Note a)	-	3,454
Accounts payables from the business of dealing in securities: (Note b)		
Cash and custodian clients	284	-
Margin clients	230	-
Other payables (Note c)	<u>12,557</u>	<u>30,027</u>
Accounts and other payables	13,071	33,481
Less: Other payables classified as non-current liabilities	-	(4,485)
Accounts and other payables classified as current liabilities	<u>13,071</u>	<u>28,996</u>

Notes:

- (a) As at 31 December 2015, the following is an analysis of trade payables from mining business by age, presented based on the invoice date.

	2015 USD'000
0-60 days	2,933
61-90 days	64
> 90 days	457
	<u>3,454</u>

- (b) The normal settlement terms of accounts payables 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 as, 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.
- (c) As at 31 December 2016, included in other payables are USD9,847,000 relating to the liabilities arising from the disposal of mining business. As at 31 December 2015, included in other payables are USD25,660,000 and USD1,180,000 relating to payables by an Indonesian subsidiary of the Group for the operation of the Martabe Mine and to its consultants and contractors in connection with the construction of the Martabe Mine, respectively.

13. Share Capital

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2015, 31 December 2015 and 31 December 2016	<u>60,000,000,000</u>	<u>76,923</u>
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2015	26,490,076,130	34,150
Issue of shares in lieu of cash dividends (Note a)	74,402,080	96
At 31 December 2015 and 1 January 2016	<u>26,564,478,210</u>	<u>34,246</u>
Issue of shares in lieu of cash dividends (Note b)	484,366,576	625
At 31 December 2016	<u>27,048,844,786</u>	<u>34,871</u>

Notes:

- (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.
- (b) 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 both years rank pari passu with the then existing ordinary shares in all respects.

14. Disposal of Business/Subsidiaries

As referred to in note 6, 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
Consideration received and receivables:	
Net cash received	809,392
Deferred cash consideration (Note a)	13,655
Contingent payment (Note b)	-
Other payables (Note a)	<u>(9,824)</u>
Total consideration received and receivables	<u><u>813,223</u></u>

Notes:

- (a) As at 31 December 2016, the amount of the working capital entitlements under the sale and purchase agreement is not finalized, the deferred cash consideration and other payables are subjected to change.
- (b) Pursuant to the sale 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 31 December 2016, it will require a substantial increase before the gold price will reach USD1,500 per fine troy ounce.

17 March 2016
USD'000

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 receivable	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	<u>(21,122)</u>

Net assets disposed of 726,875

Gain on disposal of mining business:

Consideration received and receivables	813,223
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	<u>(304)</u>

Gain on disposal 110,058

Net cash inflow arising on disposal:

Cash consideration received	809,392
Less: bank balances and cash disposed of	<u>(25,100)</u>
	<u><u>784,292</u></u>

The impact of mining business on the Group's results and cash flows in the current and prior periods is disclosed in note 6.

15. Other Commitments

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

	2016	2015
	USD'000	USD'000
Other commitments contracted for but not provided for in the consolidated financial statements in respect of capital contribution in other security investments which are recognised as available-for-sale investments	<u>29,140</u>	<u>27,225</u>

16. Event after the Reporting Date

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 and the relevant subscription price is USD30,000,000. Details of the transaction are disclosed in an announcement of the Company dated 10 February 2017 and 16 February 2017.

DIVIDENDS

The Board wishes to inform the shareholders of the Company and potential investors that, the Board, after taking into account the Group's current business development and capital requirements for the Group's future development, has decided to review the Company's current dividend policy.

The Company is still in the process of reviewing the dividend policy, and the Company has not yet concluded details of any new dividend policy or dividends declared thereunder (if any). As such, no dividend for the year ended 31 December 2016 has been proposed as at the date of this results announcement.

Announcement(s) will be made by the Company in due course where appropriate regarding the details of such new dividend policy and proposed payment of the final dividends (if any).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	2016	2015
	USD'000	USD'000
Highlights		
Profit for the year attributable to owners of the Company	127,938	59,423
Earnings per share for continuing operations and discontinued operation (US cent)	0.48	0.22
For continuing operations:		
Revenue	29,985	11,613
Administrative expenses	15,248	8,900
EBITDA	11,954	5,384
Profit before taxation	10,235	5,104
Profit for the year from continuing operations	10,238	5,104
Analysis of Profit before taxation from continuing operations:		
(i) Principal Investment Business	6,672	8,732
(ii) Financial Services Business	10,784	3,644
(iii) Real Property Business	1,941	611
For discontinued operation:		
Profit after taxation from mining business for the period/year	20,028	56,204
Gain on disposal of mining business	110,058	-
Transaction cost for the disposal of mining business	(11,520)	-

Highlights

The Group's net profit for the year attributable to owners of the Company was USD127.9 million (2015: USD59.4 million), an increase of approximately 110% over the corresponding year. The main reason for the increase in profit was due to the gain on disposal of the Company's interest in Martabe Mine and certain of its subsidiaries during the year.

Review of continuing operations

For the year ended 31 December 2016, the Group achieved a net profit after tax for continuing operations of USD10.2 million (2015: USD5.1 million).

Revenue was USD30.0 million (2015: USD11.6 million), mainly generated by the interest income from money lending business and financial products.

Administrative expenses was USD15.2 million for the year ended 31 December 2016, an increase of USD6.3 million as compared to the corresponding year of USD8.9 million. The increase was partly contributed by the increase in activities in the Financial Services Business for the year ended 31 December 2016 and expenses incurred in searching for new business opportunities.

(i) Principal Investment Business

During the year, the Group invested approximately USD131.0 million in listed and unlisted financial assets, which were mainly bonds. For the year ended 31 December 2016, the Group recorded net realised and unrealised loss of USD3.1 million, and interest income, dividend income and distribution income of USD14.6 million from the financial assets held by the Group.

As at 31 December 2016, the Group held approximately USD375.8 million non-cash financial assets, as follows:

	2016	2015
	USD'000	USD'000
Listed shares	72,391	30,606
Listed debt securities	176,431	57,958
Unlisted managed investment funds	47,977	45,366
Unlisted other security investments	48,974	42,582
Perpetual securities	30,000	29,820
Convertible bond	-	17,044
Derivative component in convertible bond	-	744
Total	375,773	224,120

(ii) Financial Services Business

During the year, 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 USD366.2 million and received USD437.6 million repayments during the year. There were no bad debts during the year. Interest income from money lending business and margin financing were USD11.5 million and USD0.8 million respectively and commission income from financial services was USD1.2 million. The profit before taxation was USD10.8 million.

As at 31 December 2016, the fixed-rate loans receivable was USD15.9 million.

(iii) Real Property Business

The Group acquired three floors of commercial office and ten car parks located in Wanchai, Hong Kong in 2015. The rental income earned and the profit before taxation was USD1.9 million for the year ended 31 December 2016.

Discontinued Operation

The disposal of mining business was completed on 17 March 2016. The profit after taxation from mining business for the period (including the transaction cost on disposal) was USD8.5 million (2015: USD56.2 million). The gain on disposal of mining business was USD110.1 million.

Review of Group Financial Position

	2016	2015
	USD'000	USD'000
Current Assets		
Bank balances and cash	825,485	106,963
Held for trading investments	72,391	30,606
Inventories	-	44,773
Loans receivable	15,868	72,483
Convertible bond	-	17,044
Others	21,855	30,079
Non-current Assets		
Available-for-sale investments	303,382	175,726
Loans receivable	-	-
Others	135,890	892,500
Total Assets	1,374,871	1,370,174
Other Liabilities	(13,240)	(118,833)
Net Assets	1,361,631	1,251,341

Non-current assets were USD439.3 million (2015: USD1,068.2 million), a decrease of USD628.9 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 USD26.3 million. These decreases partially offset by invested USD131.0 million in available-for-sale investments. Current assets were USD935.6 million (2015: USD301.9 million), an increase of USD633.7 million was mainly due to an increase in bank balances and cash of USD718.5 million. These increase offset by i) net decrease in loans receivable of USD56.6 million, and ii) the decrease in inventory due to disposal of mining business of USD44.8 million. Other liabilities were USD13.2 million (2015: USD118.8 million), a decrease of USD105.6 million was due to the decrease in liabilities upon disposal of its mining business.

Net Asset Value

As at 31 December 2016, the Group's total net assets amounted to approximately USD1,361.6 million, representing an increase of USD110.3 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 year for continuing operations of USD10.2 million and gain on the disposal of mining business of USD110.1 million.

Cash Flow, Liquidity and Financial Resources

CASH FLOW SUMMARY

	2016	2015
	USD'000	USD'000
Net cash from Operating Activities	65,101	129,885
Net cash from/(used in) Investing Activities	657,890	(271,036)
Cash used in Financing Activities	(6,056)	(13,711)
	<hr/>	<hr/>
Net increase/(decrease in) cash and cash equivalents	716,935	(154,862)
Cash and cash equivalents at beginning of the year	106,963	260,750
Effect of foreign exchange rate changes	1,587	1,075
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	825,485	106,963
	<hr/> <hr/>	<hr/> <hr/>

The Group's cash balance as at 31 December 2016 was USD825.5 million (2015: USD107.0 million). The Group generated net cash inflows from operating activities for 2016 of USD65.1 million, which was mainly from the sale of gold and silver and net repayment from money lending customers. Cash from investing activities was USD657.9 million as USD784.3 million was net proceed from the disposal of mining operation and set off with i) USD131.0 million invested in available-for-sale investments, ii) USD8.9 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.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 31 December 2016 and 31 December 2015 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 from the last interim report.

Material Acquisitions and Disposals

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.

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.

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

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.

Pledge of Assets

As at 31 December 2016, no assets of the Group had been pledged.

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. All investors are chasing for yield, there is also market speculation that United States will continue raising the interest rate.

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.

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 Enhanced Financial Services Group Limited 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 Company sees that there are more and more companies from Mainland China setting up regional offices in Hong Kong. Accordingly, there is a demand for prime office spaces in Hong Kong. This is further supported and confirmed by the high bid submitted in recent land tenders. 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 for its real property business.

Human Resources

As at 31 December 2016, the Group had 35 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 year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHANGE OF DIRECTORS

On 24 March 2016, Mr. Owen L Hegarty resigned as executive director and vice-chairman of the Company.

On 8 November 2016, Mr. Leung Oi Kin has been appointed as the executive director of the Company.

On 3 February 2017, Mr. Hui Richard Rui resigned as executive director of the Company, meanwhile, Ms. Ma Yin Fan resigned as independent non-executive director of the Company, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee, and Mr. Leung Hoi Ying resigned as independent non-executive director of the Company, and a member of both of the Audit Committee and Remuneration Committee.

On 3 February 2017, Mr. Chen Gong has been appointed as an independent non-executive director of the Company, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee, and Mr. Martin Que Mei Deng has been appointed as an independent non-executive director of the Company, and a member of both of the Audit Committee and the Remuneration Committee.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2016, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

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 year ended 31 December 2016, 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 31 December 2016, the 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. Subsequent to the resignation of Ms. Ma Yin Fan and Mr. Leung Hoi Ying resigned as the independent non-executive directors on 3 February 2017, Mr. Chen Gong and Mr. Martin Que Meideng have been appointed as the independent non-executive directors on the same date. In order to adhere to code provision A.4.1, the term of office of both Mr. Chen Gong and Mr. Martin Que Meideng 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. The Company considers that although Dr. Or Ching Fai, the independent non-executive director currently does not have a specific term of appointment with the Company, he is subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. Pursuant to the Company’s Bye-laws, Dr. Or Ching Fai will be subject to retirement by rotation and re-election in the forthcoming annual general meeting; 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 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, 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 code provision C.3.3 under the Corporate Governance Code. Further, the Board has revised the scope of senior management covered under the terms of reference for the Remuneration Committee and adopted such revised terms of reference effective from 23 March 2016.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprises of Dr. Or Ching Fai, Mr. Chen Gong and Mr. Martin Que Meideng. All of them are independent non-executive directors of the Company. The audited consolidated financial statements of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2016 (the "2016 Annual Report") will be despatched to the shareholders and made available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.g-resources.com) on before 30 April 2017.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and dedication of all our staff over the past year.

By Order of the Board
G-Resources Group Limited
Leung Oi Kin
Executive Director and Company Secretary

Hong Kong, 31 March 2017

As at the date of this announcement, the Board comprises:

- (i) Mr. Chiu Tao, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Leung Oi Kin as executive directors of the Company; and*
- (ii) Dr. Or Ching Fai, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive directors of the Company.*

** For identification purpose only*