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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 2017**

**GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017 together with the comparative figures for the year ended 31 December 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2017

	NOTES	2017 USD'000	2016 USD'000
<b>Continuing operations</b>			
Revenue	3	30,123	29,985
Other income		10,389	4,175
Administrative expenses		(17,620)	(13,867)
Gain on disposal of available-for-sale investments		3,546	31
Fair value changes of held for trading investments		6,860	(9,481)
Fair value loss recognised upon remeasurement of derivative component in convertible bond investment upon redemption		(929)	–
Increase in fair value of investment properties		6,943	773
Provision of impairment on property, plant and equipment		(10,587)	–
Other gain/(loss)		3,972	(1,381)
Finance cost		(128)	–
Share of results of associates		(33)	–
Profit before taxation		32,536	10,235
Taxation	4	(374)	3
Profit for the year from continuing operations	5	32,162	10,238
<b>Discontinued operation</b>			
Profit for the year from discontinued operation		–	118,566
Profit for the year		32,162	128,804

	<i>NOTES</i>	<b>2017</b> <b>USD'000</b>	2016 USD'000
Profit for the year attributable to owners of the Company			
Continuing operations		<b>31,249</b>	10,285
Discontinued operation		—	117,653
Profit for the year attributable to owners of the Company		<u><b>31,249</b></u>	<u>127,938</u>
Profit/(Loss) for the year attributable to non-controlling interests			
Continuing operations		<b>913</b>	(47)
Discontinued operation		—	913
Profit for the year attributable to non-controlling interests		<u><b>913</b></u>	<u>866</u>
		<u><b>32,162</b></u>	<u>128,804</u>
Earnings per share			
For continuing operations and discontinued operation			
— Basic and diluted (US cent)	7	<u><b>0.12</b></u>	<u>0.48</u>
For continuing operations			
— Basic and diluted (US cent)	7	<u><b>0.12</b></u>	<u>0.04</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 USD'000	2016 USD'000
Profit for the year	<b>32,162</b>	128,804
Other comprehensive (expenses)/income:		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	<u>(7,852)</u>	<u>(304)</u>
	<u>(7,852)</u>	<u>(304)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	2,349	(52)
Release of exchange reserve upon disposal of subsidiaries	–	304
Fair value gain on available-for-sale investments	4,914	6,416
Reclassification upon disposal of available-for-sale investments	<u>(3,546)</u>	<u>(26)</u>
	<u>3,717</u>	<u>6,642</u>
Other comprehensive (expenses)/income for the year	<u>(4,135)</u>	<u>6,338</u>
Total comprehensive income for the year	<u><b>28,027</b></u>	<u>135,142</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	27,156	134,278
Non-controlling interests	<u>871</u>	<u>864</u>
	<u><b>28,027</b></u>	<u>135,142</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>NOTES</i>	2017 USD'000	2016 USD'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		48,164	24,664
Investment properties		83,384	95,934
Available-for-sale investments	8	379,728	303,382
Other receivable and deposits	9	1,906	13,357
Interests in associates		898	–
Intangible assets		515	455
Goodwill		1,469	1,480
		<u>516,064</u>	<u>439,272</u>
<b>CURRENT ASSETS</b>			
Accounts and other receivables	9	14,037	21,396
Loans receivable	10	15,266	15,868
Held for trading investments		78,719	72,391
Tax recoverable		79	–
Bank trust accounts balances		1,284	459
Bank balances and cash		780,142	825,485
		<u>889,527</u>	<u>935,599</u>
<b>CURRENT LIABILITIES</b>			
Accounts and other payables	11	15,395	13,071
Tax payable		474	105
		<u>15,869</u>	<u>13,176</u>
<b>NET CURRENT ASSETS</b>			
		<u>873,658</u>	<u>922,423</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,389,722</u>	<u>1,361,695</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		64	64
		<u>64</u>	<u>64</u>
		<u>1,389,658</u>	<u>1,361,631</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	34,871	34,871
Reserves		1,348,747	1,321,591
Equity attributable to owners of the Company		1,383,618	1,356,462
Non-controlling interests		6,040	5,169
<b>TOTAL EQUITY</b>		<u>1,389,658</u>	<u>1,361,631</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 USD'000	2016 USD'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	32,536	138,955
Adjustments for:		
Interest income	(23,444)	(12,778)
Amortisation and depreciation	3,341	26,325
Provision of impairment on property, plant and equipment	10,587	–
Fair value changes of held for trading investments	(6,860)	9,481
Fair value loss recognised upon remeasurement of derivative component in convertible bond investment upon redemption	929	–
Gain on disposal of available-for-sale investments	(3,546)	(31)
Finance cost	128	390
Increase in fair value of investment properties	(6,943)	(773)
Share of results of associates	33	–
Fair value loss recognised upon conversion of convertible bond	–	205
Reversal of provision for impairment of inventories	–	(4,567)
Loss on disposal of property, plant and equipment	–	563
Loss arising from written off of property, plant and equipment	–	3
Gain on disposal of mining business	–	(110,058)
Transaction cost for the disposal of mining business	–	11,520
Operating cash flows before movements in working capital	<u>6,761</u>	<u>59,235</u>
Increase in inventories	–	(564)
Increase in other receivable and deposits	(254)	(3,125)
Decrease/(increase) in accounts and other receivables	7,848	(13,477)
Loans advanced to money lending customers	(93,448)	(366,196)
Repayments from money lending customers	93,929	437,594
Decrease/(increase) in held for trading investments	117	(51,234)
Increase in bank trust accounts balances	(831)	(39)
Increase in accounts and other payables	2,401	8,211
<b>Cash generated from operations</b>	<u>16,523</u>	<u>70,405</u>
Income taxes paid	(82)	(5,304)
<b>Net cash from Operating Activities</b>	<u>16,441</u>	<u>65,101</u>

	2017 USD'000	2016 USD'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(18,871)	(8,878)
Acquisition of interests in associates	(934)	–
Purchase of available-for-sale investments	(152,123)	(130,960)
Proceeds from disposal of available-for-sale investments	65,894	2,347
Proceeds from return of capital of available-for-sale investments	14,821	6,660
Purchase of convertible bond investment	(9,230)	–
Proceeds from redemption of convertible bond investment	8,961	–
Addition of intangible assets	(64)	–
Interest received	23,523	11,914
Receipt of deferred cash consideration in relation to disposal of mining business	11,635	–
Additions of exploration and evaluation assets	–	(2,150)
Proceeds from disposal of property, plant and equipment	–	644
Acquisition of subsidiaries	–	5,518
Net proceed from disposal of mining business	–	784,292
Transaction cost for the disposal of mining business paid	–	(11,497)
<b>Net cash (used in)/from Investing Activities</b>	<b>(56,388)</b>	<b>657,890</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid to shareholders	–	(6,056)
New other borrowings raised	23,099	–
Repayment of other borrowings	(23,099)	–
Interest expenses paid	(128)	–
<b>Net cash used in Financing Activities</b>	<b>(128)</b>	<b>(6,056)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(40,075)</b>	<b>716,935</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>825,485</b>	<b>106,963</b>
<b>Effect of foreign exchange rate changes</b>	<b>(5,268)</b>	<b>1,587</b>
<b>Cash and cash equivalents at end of the year, represented by Bank Balances and Cash</b>	<b><u>780,142</u></b>	<b><u>825,485</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

### Amendments to Hong Kong Financial Reporting Standards that are mandatorily effective for the current year

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 (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time.

HKAS 7 (Amendments)	<i>Disclosure Initiative</i>
HKAS 12 (Amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except as described below, the application of the new and revised 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. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ended 31 December 2017.

## 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 three (2016: four) operating business units which represent three (2016: four) operating segments, namely, principal investment business, financial services business and real property business (2016: principal investment business, financial services business, real property business and mining business). During the year ended 31 December 2016, the Group acquired subsidiaries with the financial services business which includes money lending business and the Group disposed of mining business and the operating segment relating to the mining business was discontinued.

### (a) Segment revenue and results

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

#### For the year ended 31 December 2017

	Continuing operations			Total USD’000
	Principal investment business USD’000	Financial services business USD’000	Real property business USD’000	
Interest income from financial products	13,436	–	–	13,436
Dividend and distribution income from financial products	7,608	–	–	7,608
Interest income from money lending business	–	2,401	–	2,401
Commission income from financial services	–	3,720	–	3,720
Interest income from margin financing	–	1,373	–	1,373
Rental income	–	–	1,585	1,585
Segment revenue	<u>21,044</u>	<u>7,494</u>	<u>1,585</u>	<u>30,123</u>
Segment results	<u>44,458</u>	<u>5,851</u>	<u>1,154</u>	<u>51,463</u>
Unallocated corporate expenses				(15,283)
Increase in fair value of investments properties				6,943
Provision of impairment on property, plant and equipment				(10,587)
Profit before taxation				<u>32,536</u>

**For the year ended 31 December 2016**

	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	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 mining business				–	110,058
Transaction cost for the disposal of mining business				–	(11,520)
Profit before taxation				<u>10,235</u>	<u>128,720</u>

Segment results represent the profit earned or generated by each segment without allocation of central administration costs, corporate income, increase in fair value of investment properties, provision for impairment on property, plant and equipment, gain on disposal of mining business and transaction cost for the disposal of mining business. 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 and reportable segment is as follows:

**At 31 December 2017**

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
<b>ASSETS</b>				
Segment assets	<u>1,228,356</u>	<u>40,855</u>	<u>85,677</u>	1,354,888
Assets relating to discontinued operation				1,691
Unallocated corporate assets				<u>49,012</u>
Total assets				<u>1,405,591</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>109</u>	<u>1,986</u>	<u>909</u>	3,004
Liabilities relating to discontinued operation				9,839
Unallocated corporate liabilities				<u>3,090</u>
Total liabilities				<u>15,933</u>



**At 31 December 2016**

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

**Continuing operations**

**For the year ended 31 December 2017**

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>					
Additions to non-current assets (Note)	-	78	-	18,888	18,966
Additions to available-for-sale investments	152,123	-	-	-	152,123
Acquisition of interests in associates	-	934	-	-	934
Depreciation	-	(11)	-	(3,330)	(3,341)
Finance cost	-	(128)	-	-	(128)
Share of results of associates	-	(33)	-	-	(33)
Fair value changes of held for trading investments	6,860	-	-	-	6,860
Gain on disposal of available-for-sale investments	3,546	-	-	-	3,546
Interest income (including interest on bank deposits)	23,418	3,782	18	-	27,218

**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
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>					
Additions to non-current assets (Note)	-	3,209	-	61	3,270
Additions to available-for-sale investments	130,960	-	-	-	130,960
Additions to held for trading investments	58,878	-	-	-	58,878
Depreciation	-	(67)	-	(1,652)	(1,719)
Fair value changes of held for trading investments	(9,481)	-	-	-	(9,481)
Gain on disposal of available-for-sale investments	31	-	-	-	31
Interest income (including interest on bank deposits)	12,725	12,275	46	-	25,046

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

**(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 Segment revenue		Non-current assets excluding financial instruments	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Singapore	<b>6,899</b>	6,766	-	-
Hong Kong	<b>14,638</b>	21,080	<b>134,430</b>	122,533
United States of America	<b>4,066</b>	458	-	-
Europe	<b>3,950</b>	1,446	-	-
Others	<b>570</b>	235	-	-
	<b><u>30,123</u></b>	<u>29,985</u>	<b><u>134,430</u></b>	<u>122,533</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 2017, one (2016: two) customer contributed over 10% of the total revenue from continuing operations with the amount of USD3,644,000 (2016: USD5,866,000 and USD5,691,000) from principal investment business (2016: financial services business and principal investment business respectively).

### 3. REVENUE

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

	2017 USD'000	2016 USD'000
<b>Continuing operations</b>		
Interest income from financial products	13,436	9,026
Dividend and distribution income from financial products	7,608	5,588
Interest income from money lending business	2,401	11,499
Commission income from financial services	3,720	1,171
Interest income from margin financing	1,373	776
Rental income	1,585	1,925
	<u>30,123</u>	<u>29,985</u>

### 4. TAXATION

	2017 USD'000	2016 USD'000
<b>Continuing operations</b>		
Hong Kong Profits Tax		
Current tax	374	–
Over-provision in prior year	–	(3)
Taxation for the year	<u>374</u>	<u>(3)</u>

### 5. PROFIT FOR THE YEAR

	2017 USD'000	2016 USD'000
<b>Continuing operations</b>		
Profit for the year has been arrived at after charging/(crediting):		
Staff costs		
— Directors' emoluments	1,390	1,900
— Other staff costs	3,301	2,423
— Contributions to retirement benefits schemes, excluding directors	75	55
Total staff costs	<u>4,766</u>	<u>4,378</u>
Auditors' remuneration	234	256
Depreciation of property, plant and equipment	3,341	1,719
Operating lease payments in respect of office premises and warehouse	819	991
Exchange (gain)/loss, net, included in other (gain)/loss	(3,972)	1,381
Loss on disposal of property, plant and equipment	–	563
Loss arising from written off of property, plant and equipment	–	3
Interest income	(27,218)	(25,046)

### 6. DIVIDEND

No dividend for the years ended 31 December 2016 and 2017 was declared, proposed, or paid for ordinary shareholders of the Company during the year of 2017 and since the end of the reporting period.

## 7. 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:

	2017 USD'000	2016 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	31,249	127,938
Less: profit for the year from discontinued operation	—	(117,653)
Profit for the year from continuing operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share	<u>31,249</u>	<u>10,285</u>
	<b>Number of shares</b>	
	2017	2016
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>27,048,844,786</u>	<u>26,757,695,478</u>

### From discontinued operation

For the year ended 31 December 2016, basic and diluted earnings per share for the discontinued operation is US0.44 cents per share, based on the profit for the year from the discontinued operation of USD117,653,000 and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for the years ended 31 December 2016 and 2017.

## 8. AVAILABLE-FOR-SALE INVESTMENTS

	2017 USD'000	2016 USD'000
Listed debt securities, at fair value		
Listed in Hong Kong		
Perpetual Securities at a floating rate of 7.5% (2016: 7.5%) per annum (Notes a, c)	10,695	10,036
Listed outside Hong Kong		
Senior Notes with a fixed coupon interests of ranging from 2.375% to 8.5% (2016: 4.875% to 12%) per annum and maturity dates from 30 November 2019 to 13 November 2024 (2016: 15 January 2019 to 8 August 2021) (Notes a, b)	98,884	100,657
Perpetual Notes at a floating rate of ranging from 4.5% to 7.625% (2016: 6.375% to 7.375%) per annum and it is callable from 23 September 2019 to 16 May 2025 (2016: 10 August 2021 to 30 March 2025) (Notes a, c)	60,852	46,239
Senior Notes at a floating rate of ranging from 2.911% to 5.00% (2016: 2.361% to 2.992%) per annum with the mature dates from 10 August 2021 to 9 November 2047 (2016: 10 August 2021 to 1 September 2023) (Notes a, d)	32,835	19,499
Unlisted securities		
Managed investment funds (Note e)	48,107	47,977
Other security investments (Note f)	128,355	48,974
Unlisted Perpetual Securities (Note g)	—	30,000
	<u>379,728</u>	<u>303,382</u>

Notes:

- (a) The listed Senior Notes, Perpetual Notes and Perpetual Securities were initially measured at fair value. The fair value at the end of reporting period is determined based on the quoted price from financial institutions supported by observable inputs.
- (b) During the year ended 31 December 2017, a decrease in fair value of USD1,328,000 (2016: increase in fair value of USD2,246,000) is recognised in the other comprehensive income. Two senior notes were redeemed and the gain on disposal of available-for-sale investments are USD3,246,000. During the year ended 31 December 2016, one of the senior notes was partially sold and the gain on disposal of available-for-sale-investments was USD5,000.
- (c) The interest rate is subject to change at reset day with reset rate ranging from 2.648% to 7.773% (2016: from 3.705% to 6.301%) plus mid-market swap rate or USD 5 years mid-swap rate or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or 3 months USD LIBOR or semi-annual USD 5 years mid-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 2017, an increase in fair value of USD3,917,000 (2016: USD1,283,000) is recognised in the other comprehensive income.
- (d) The interest rate is subject to change at reset day with reset rate ranging from 1.400% to 3.472% (2016: from 1.430% to 2.110%) plus 3 months USD LIBOR or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or USD 5 years mid-swap rate. During the year ended 31 December 2017, an increase in fair value of USD443,000 (2016: USD77,000) is recognised in the other comprehensive income.
- (e) The Group held four (2016: four) unlisted investment funds which are managed by financial institutions and invest in 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 2017, an increase in fair value of USD2,831,000 (2016: USD2,800,000) is recognised in the other comprehensive income. The Group received a return of capital from one of its unlisted investments funds of USD2,700,000 (2016: USD5,189,000) plus distribution of USD3,644,000 (2016: USD377,000).
- (f) The other security investments of the Group include an investment through partnership with the carrying value of USD5,949,000 (2017: nil) which was stated at fair value as at 31 December 2016. In the absence of quoted market price in an active market, the fair value measurement is determined by the financial institution using valuation techniques including earnings multiples (based on the budget earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flows. The valuation may be adjusted for factors such as non-maintainable earnings, tax risk, growth stage and cash traps as deemed necessary by the financial institution.

During the year ended 31 December 2017, the Group received a return of capital of USD5,000,000 plus gain of USD233,000. The decrease in fair value of USD716,000 (2016: USD170,000) was recognised in the other comprehensive income.

The remaining investments through partnership or direct investment with an aggregate carrying value of USD128,355,000 (2016: USD43,025,000) represent eight (2016: seven) other security investments which were stated at cost less impairment loss as the range of reasonable fair value estimates are so significant and the directors of the Company are of the opinion that the fair value cannot be measured reliably. As at 31 December 2017, three out of these eight (2016: seven) other security investments accounted for 79% (2016: 85%) of the aggregate carrying value, with the investment portfolio is focused in unlisted equity investments in technology, media and telecommunications industry, health care industry and information technology companies in finance industry (2016: unlisted equity investments in information technology companies in consumer business and finance industry).

During the year ended 31 December 2017, the Group received returns of capital from two (2016: one) of its unlisted securities investments of USD7,121,000 (2016: USD1,855,000) and plus distribution of USD1,452,000 (2016: USD1,179,000).

- (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 Stock Exchange of Hong Kong Limited.

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 (2017: Nil) was recognised in the other comprehensive income.

The fair value of the Unlisted Perpetual Securities as at 31 December 2016 was determined using the discounted cash flow model with the following assumptions:

	2016
Discount rate	9.481%
Expected life	2 years

During the year ended 31 December 2017, the issuer redeemed the Unlisted Perpetual Securities and the Group received the principal of USD30,000,000 and recognised a gain of USD300,000.

## 9. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	2017 USD'000	2016 USD'000
Accounts receivables from the business of dealing in securities:		
Cash and custodian clients (Note a)	–	72
Margin clients (Note b)	10,617	19,468
Clearing house (Note a)	50	12
Accounts receivables	<u>10,667</u>	<u>19,552</u>
Less: Impairment allowance (Note c)	–	–
Other receivables and deposits, net of allowance (Note d)	5,276	15,201
Less: Other receivable and deposits classified as non-current assets (Note d)	<u>(1,906)</u>	<u>(13,357)</u>
Accounts and other receivables classified as current assets	<u><u>14,037</u></u>	<u><u>21,396</u></u>

Notes:

- (a) The normal settlement terms of accounts receivables from cash and custodian clients and securities clearing houses are two business days after trade date. As at 31 December 2017, accounts receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the period end date. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these accounts receivables.

(b) Advances to customers on margin financing are secured by clients' pledged securities with fair value of USD83,147,000 (2016: USD159,311,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at 8.5% to 9% (2016: 8.5% to 13.5%) per annum as at 31 December 2017. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

(c) Impairment loss on advances to customers on margin financing

Impairment loss in respect of advances to customers on margin financing is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against advances to customers on margin financing directly.

The Group held collateral of listed equity securities with a fair value of USD83,147,000 (2016: USD159,311,000) at the end of the reporting period in respect of advances to customers on margin financing. No impairment allowance has been made for advances to customers on margin financing with an aggregate outstanding balance of USD10,617,000 (2016: USD19,468,000) based on the Group's evaluation of their collectability.

(d) As at 31 December 2017, included in other receivable are deferred cash consideration recoverable amounting to USD1,691,000 (2016: USD13,304,000) in relation to the disposal of mining business.

## 10. LOANS RECEIVABLE

	<b>2017</b>	2016
	<b>USD'000</b>	USD'000
Fixed-rate loans receivable, current	<u><b>15,266</b></u>	<u>15,868</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 36.0% (2016: 7.5% to 35.0%) per annum. The contractual maturity date of the loans receivable ranges from less than one month to two years (2016: less than one month to two years) and are all denominated in HKD.

As at 31 December 2017, loans receivable of USD15,266,000 (2016: USD15,868,000) are unsecured.

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 2017, included in the Group's loans receivable balance, an aggregate carrying amount of USD794,000 (2016: USD3,902,000) which is past due as at the reporting date for which the Group has not provided for impairment loss. The Group received USD794,000 (2016: USD3,798,000) subsequent to the date of reporting period. As at 31 December 2016, the 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.

## 11. ACCOUNTS AND OTHER PAYABLES

	2017 USD'000	2016 USD'000
Accounts payables from the business of dealing in securities: (Note a)		
Cash and custodian clients	392	284
Margin clients	949	230
Other payables (Note b)	14,054	12,557
	<u>15,395</u>	<u>13,071</u>

Notes:

- (a) 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.
- (b) As at 31 December 2017, included in other payables are USD9,839,000 (2016: USD9,847,000) relating to the liabilities arising from the disposal of mining business.

## 12. SHARE CAPITAL

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

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

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

## 13. OTHER COMMITMENTS

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

	2017 USD'000	2016 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>47,523</u>	<u>29,140</u>



## DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2017 (the “Year”).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Results

Below is a summary of the financial information:

	2017 USD'000	2016 USD'000
<b>For continuing operations:</b>		
Revenue	<b>30,123</b>	29,985
Administrative expenses	<b>17,620</b>	13,867
EBITDA	<b>36,005</b>	11,954
Profit before taxation	<b>32,536</b>	10,235
Profit for the year from continuing operations	<b>32,162</b>	10,238
<b>Analysis of Profit before taxation from continuing operations:</b>		
(i) Principal Investment Business	<b>44,458</b>	6,672
(ii) Financial Services Business	<b>5,851</b>	10,784
(iii) Real Property Business	<b>1,154</b>	1,941

### Review of continuing operations

For the Year, the Group achieved a net profit after tax for continuing operations of USD32.2 million (2016: USD10.2 million). The main reason for the increase in profit was due to the increase in fair value changes of held for trading investments of USD6.9 million (2016: decrease in fair value changes of held for trading investments of USD9.5 million) and gain on disposal of available-for-sale investments of USD3.5 million. The increase in other income and increase in fair value of investment properties were partially offset by the provision of impairment on property, plant and equipment.

Revenue was USD30.1 million (2016: USD30.0 million), which was mainly generated by the interest income from financial products and money lending business, dividend and distribution income from financial products, and commission income from financial services.

Administrative expenses was USD17.6 million for the Year, an increase of USD3.7 million as compared to the corresponding year of USD13.9 million. The increase was partly contributed by the increase in activities in the Financial Services Business for the Year and expenses incurred in search of new business opportunities.

### (i) Principal Investment Business

During the Year, the Group invested approximately USD161.4 million in listed and unlisted financial assets, which were mainly unlisted other security investments and bonds. For the Year, the Group recorded interest income, dividend income and distribution income of USD21.0 million and a net realised and unrealised gain of USD11.8 million from the financial assets held by the Group.

As at 31 December 2017, the Group held approximately USD458.4 million non-cash financial assets, as follows:

	2017 USD'000	2016 USD'000
Listed shares	78,719	72,391
Listed debt securities	203,266	176,431
Unlisted managed investment funds	48,107	47,977
Unlisted other security investments	128,355	48,974
Perpetual securities	–	30,000
Total	<u>458,447</u>	<u>375,773</u>

There was no single investment (for example, available-for-sale investments and financial assets at fair value through profit or loss) in the Group's diversified investment portfolio that was considered a significant investment given that none of the investments has a carrying amount accounting for more than 5% of the Group's audited total assets as at 31 December 2017.

### (ii) Financial Services Business

Enhanced Financial Services Group Limited ("EFS") is now a 75%-owned subsidiary of the Company. The commission income contributed by EFS during the Year was USD3.7 million (2016: USD1.2 million).

The Group lent out USD93.4 million and received USD93.9 million repayments during the Year. There were no bad debts during the Year. Interest income from money lending business and margin financing was USD3.8 million (2016: USD12.3 million). The profit before taxation from financial services business was USD5.9 million (2016: USD10.8 million).

As at 31 December 2017, the fixed-rate loans receivable were USD15.3 million.

### (iii) Real Property Business

As at 31 December 2017, the Group had three floors of commercial offices and ten car parks located in Wanchai, Hong Kong. The rental income earned was USD1.6 million (2016: USD1.9 million) for the Year.

## Review of Group Financial Position

	2017 USD'000	2016 USD'000
Current Assets		
Bank balances and cash	780,142	825,485
Held for trading investments	78,719	72,391
Loans receivable	15,266	15,868
Others	15,400	21,855
Non-current Assets		
Available-for-sale investments	379,728	303,382
Others	136,336	135,890
Total Assets	1,405,591	1,374,871
Other Liabilities	(15,933)	(13,240)
Net Assets	1,389,658	1,361,631

Non-current assets were USD516.1 million (2016: USD439.3 million), representing an increase of USD76.8 million which was mainly due to the net increase in available-for-sale investments of USD76.3 million. The current assets amounted to USD889.5 million (2016: USD935.6 million), representing a decrease of USD46.1 million which was mainly due to the decrease in bank balances and cash of USD45.3 million.

### Net Asset Value

As at 31 December 2017, the Group's total net assets amounted to approximately USD1,389.7 million, representing an increase of USD28.1 million as compared to approximately USD1,361.6 million as at 31 December 2016. The increase in net assets was mainly due to the profit for the year from continuing operations of USD32.2 million.

## Cash Flow, Liquidity and Financial Resources

### CASH FLOW SUMMARY

	2017 USD'000	2016 USD'000
Net cash from Operating Activities	16,441	65,101
Net cash (used in)/from Investing Activities	(56,388)	657,890
Net cash used in Financing Activities	(128)	(6,056)
Net (decrease)/increase in cash and cash equivalents	(40,075)	716,935
Cash and cash equivalents at beginning of the year	825,485	106,963
Effect of foreign exchange rate changes	(5,268)	1,587
Cash and cash equivalents at end of the year	<u>780,142</u>	<u>825,485</u>

The Group's cash balance as at 31 December 2017 was USD780.1 million (2016: USD825.5 million). The Group generated net cash inflows from operating activities for 2017 of USD16.4 million, which was mainly contributed by net cash generated from principal investment business and financial services business. Net cash used in investing activities was USD56.4 million as USD152.1 million invested in available-for-sale investments which was set off with USD65.9 million and USD14.8 million proceeds from disposal and return of capital of available-for-sale investments, respectively.

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

### Capital Structure of the Group

The capital structure of the Group has not changed materially since 30 June 2017, being the end of the reporting period of the Group's interim report.

### Material Acquisitions and Disposals

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

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

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

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

### **Pledge of Assets**

As at 31 December 2017, no assets of the Group had been pledged.

### **Business Outlook**

Despite a positive global economic environment during the year of 2017, uncertainties coexist with opportunities in the financial market. Looking ahead, the Group will carry on with our two-pronged “finance + property” development strategy, banking on our solid funds to optimise resource allocation and maintain our three main businesses for long term development.

For the principal investment business, the Group strives to diversify its investment portfolio and achieve risk dispersion. The Group will continuously be dedicated to tapping quality investment projects in the technology, media and telecommunications and healthcare industries, in order to elevate the Group’s overall profitability and returns. On the other hand, the Group has been and will be seeking for other suitable investment opportunities in projects with strong growth outlooks, recognised catalysts for development and attractive valuations to further strengthen its investment portfolios.

Regarding the financial services business, the Group will continue to expand our existing securities, brokerage and margin financing businesses, and seek business opportunities in other financial sectors such as fund management. Meanwhile, the Group will persist with a cautious approach in developing our money lending business to achieve a risk-gain balance.

As to the real property business, the Group will carry on seeking investment opportunities for real property in Hong Kong and other countries, including North American and European countries, in line with our sustained effort to secure stable income sources for the Group.

### **Human Resources**

As at 31 December 2017, the Group had 45 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **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 to 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, 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, except for the deviation as set out below:

- (i) Mr. Chiu Tao has become acting Chief Executive Officer (“CEO”) of the Company from 30 June 2015. The Board has not yet identified suitable candidate to fill in the vacancy for CEO in compliance with the requirement of 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 of the Company 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;
- (ii) following the retirement of Dr. Or Ching Fai on 30 June 2017, the Board had only two independent non-executive directors, thus fell below the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules and deviated code provision A.5.1 of the Corporate Governance Code. Following the appointment of Mr. Lo Wa Kei, Roy as the independent non-executive director of the Company on 17 July 2017, the Company has complied with the relevant Listing Rules and code provision under the Corporate Governance Code as stated above;
- (iii) under code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors of the Company (including independent non-executive directors) without the executive directors of the Company present. During the Year, a formal meeting could not be arranged between the chairman of the Board and the independent non-executive directors of the Company without the executive directors of the Company present due to their tight schedules. Although such meeting was not held during the Year, the chairman of the Board could be contacted by email or phone to discuss any potential concerns and/or questions that the independent non-executive directors of the Company might have and would arrange to set up follow-up meetings, whenever necessary; and



- (iv) according to code provision E.1.2, Mr. Chiu Tao, the chairman of the Board, should have attended the annual general meeting of the Company held on 30 June 2017 (“2017 AGM”). However, Mr. Chiu Tao was unable to attend the 2017 AGM due to another business commitment. Mr. Leung Oi Kin, executive director and company secretary of the Company, who took the chair of the 2017 AGM, together with other members of the Board who attended the 2017 AGM were of sufficient caliber and knowledge for answering questions at the 2017 AGM.

## **AUDIT COMMITTEE**

As at the date of this announcement, the Audit Committee of the Company comprises Mr. Lo Wa Kei, Roy, 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 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 will be despatched to the shareholders and made available on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.g-resources.com](http://www.g-resources.com)) on before 30 April 2018.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of the Company’s 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, 29 March 2018

*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) *Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive directors of the Company.*

\* *For identification purpose only*