G-RESOURCES

Broadening Our Future

Annual Report 2015

Corporate Philosophy

OUR VALUES

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

G-Resources is a company listed on the Hong Kong Stock Exchange focusing on principal investment business, financial services business, money lending business and real property business (HKEx: 1051).

GROWTH in value for all our stakeholders

RESPECT for our people, our communities and for all stakeholders

EXCELLENCE in everything we do

ACTION to deliver on our commitments

TRANSPARENCY openness, honesty and good governance

CHAIRMAN AND ACTING CHIEF EXECUTIVE OFFICER'S STATEMENT

After disposal of the Martabe Mine, the Company shall focus on its remaining businesses, namely principal investment business, financial services business and real property business.

Dear Shareholders,

I am delighted to report G-Resources' continuing successful operating and financial results for the twelve months ending December 2015.

Gross Revenue was USD403 million, EBITDA was USD241 million and Net Profit After Tax was USD61 million. At end December 2015, the Company had a strong balance sheet with USD331 million in cash and investments and no debt.

During 2015, the Company declared and paid its first dividend of HK0.48 cents per share. Based on the full 2015 results, the Board has proposed a final dividend of HK0.44 cents per share in line with its announced Dividend Policy.

In November 2015, the Company announced the sale of its interest in Martabe for a consideration of USD905 million – USD775 million cash at completion and a further USD130 million cash in four years time subject to certain gold price hurdles

Revenue
USD' million

USD **403,100,000**

Profit for the year
USD' million

USD **61,300,000**

Dividend (HK cents per share)
HK cents

HK **0.44** cents

being met. Shareholders approved the transaction at a Special General Meeting held on 8 March 2016 and completion occurred on 17 March 2016.

After disposal of the Martabe Mine, the Company shall focus on its remaining businesses, namely principal investment business, financial services business and real property business. It is a new era for G-Resources. We shall step up our efforts in searching for suitable investment opportunities for our principal investment business and our real property business. We are not ruling out the possibilities of investing in the mining sector again if we find some good investment opportunities.

In light of the recent market conditions and the expected economic outlook, we anticipate an increase in the number of attractive investment opportunities in the near term and believe that we are well-positioned to take advantage of these, particularly with our cash resources on hand.

I am grateful for all your support and we shall continue to search for opportunities and to work with a view to create value for G-Resources and our shareholders.

Finally I would like to thank our Board and management for their devoted service during the year and I look forward to continuing to work with them to achieve further success for the Company.

Chiu Tao
Chairman and Acting Chief Executive Officer
Hong Kong, 23 March 2016

COMPANY OVERVIEW

Our principal businesses are:

1. Principal Investment Business
2. Financial Services Business
   – Money Lending
   – Securities Dealing
3. Real Property Business

The principal business segments of the Group are described below:

1. Principal Investment Business

In late 2014, the Group announced the adoption of a strategy to expand its business to include a principal investment business, the goal of which is to identify investment opportunities and to invest in different industries, including mining, to provide better risk weighted return and capital value to the Group.

An Investment Management Committee has been established to identify, review and consider for approval different investment opportunities taking into account the Group's liquidity requirements, risk to capital and reasonable returns on investment with the risk taken.

During the year, the Group invested in listed and unlisted financial assets such as shares, bonds, other security investments, managed investment funds, convertible bond and perpetual securities.

2. Financial Services Business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities brokerage services, placing and underwriting services, corporate finance advisory services, provision of margin financing, money lending business and investment advisory and management services.

(A) MONEY LENDING

Since June 2015, the Group has commenced money lending business in Hong Kong through Global Access Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which has successfully obtained a money lender's license in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

(B) SECURITIES DEALING

In late August 2015, the Group entered into an agreement to subscribe, at a consideration of HKD135,000,000, for convertible bonds issued by Enhanced Financial Services Group Limited ("Enhanced Financial Services"), which subscription was completed on 29 September 2015. Upon conversion of these convertible bonds, the Group will hold 75% of shares

in Enhanced Financial Services, which has been in operation in Hong Kong since August 2011, and currently holds a licence to engage in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance ("SFO") and a money lender's licence under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong).

Under the SFO, a person (including a corporation) is required to obtain the Securities and Futures Commission's ("SFC") approval in order to become a substantial shareholder of a licensed corporation within the meaning of the SFO. The Company received formal approval from SFC on 17 March 2016 and the Company had converted such convertible bond into shares of Enhanced Financial Services on 30 March 2016.

3. Real Property Business

In the past few years, a low interest rate environment coupled with continuous economic growth in Hong Kong has seen robust demand for properties in Hong Kong. The Group intends to continue to expand its property portfolio on commercial properties with a primary focus in Hong Kong, but also in other types of properties and locations as and when appropriate investment opportunities arise.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

(From left)
Dr Or Ching Fai
Mr Chiu Tao

Executive Directors

Chiu Tao, aged 60
was appointed as the Chairman and an executive director of the Company on 19 August 2009 and 22 July 2009, respectively. Mr Chiu was also appointed as Acting Chief Executive Officer of the Company on 30 June 2015. Mr Chiu is an experienced executive and merchant, and was engaged as the chairman of various listed companies in Hong Kong. Mr Chiu has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management. He is currently the Chairman and an executive director of CST Mining Group Limited, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("CST").

Ma Xiao, aged 50
was appointed as the Deputy Chief Executive Officer and an executive director of the Company on 22 July 2009. Mr Ma has over 20 years of international minerals and metals trading, financing and hedging experience. Mr Ma also has extensive experience in mineral company acquisitions and development. He previously held senior and executive positions with several base and precious metals companies, including China Minmetals. Mr Ma was based in London for four years working for Minmetals (UK) Limited and was the Managing Director of Guizhou H-Gold & Mining Limited and was a director of the China Minerals Acquisition Fund.

Wah Wang Kei, Jackie, aged 49
was appointed as an executive director and Company Secretary of the Company on 9 April 2008 and 1 December 2009, respectively. Mr Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Up until 1997, Mr Wah was a partner of a Hong Kong law firm. He was an executive director of CST and China New Energy Power Group Limited, whose shares are listed on the main board of the Stock Exchange ("China New Energy Power"). He is currently also the in-house legal counsel of CST and an independent non-executive director of Symphony Holdings Ltd., whose shares are listed on the main board of the Stock Exchange.

Hui Richard Rui, aged 47
was appointed as an executive director of the Company on 5 March 2009. Mr Hui graduated from the University of Technology, Sydney in Australia with a Bachelor's degree in Mechanical Engineering. He has more than ten years' experience in management positions with companies in Australia, Hong Kong and PRC. Mr Hui was an executive director of China Strategic Holdings Limited, whose shares are listed on the main board of the Stock Exchange ("China Strategic"). Mr Hui is currently an executive director of CST. He is also a member of AusIMM.

Independent Non-Executive Directors

Or Ching Fai, aged 66

was appointed as the Vice-Chairman and an independent non-executive director of the Company on 22 July 2009. Dr Or began his career with The Hongkong and Shanghai Banking Corporation Limited in 1972 after receiving a bachelor's degree in Economics and Psychology from the University of Hong Kong. He was the Vice-Chairman, Chief Executive Officer and an executive director of Hang Seng Bank Limited (whose shares are listed on the main board of the Stock Exchange). Dr Or was also an independent non-executive director of Hutchison Whampoa Limited and Cathay Pacific Airways Limited. Dr Or is currently an independent non-executive director of Chow Tai Fook Jewellery Group Limited, Industrial and Commercial Bank of China Limited, Television Broadcasts Limited and Regina Miracle International (Holdings) Limited (whose shares are all listed on the main board of the Stock Exchange); Chairman and an independent non-executive director of Esprit Holdings Limited (whose shares are listed on the main board of the Stock Exchange); Chairman and an executive director of China Strategic; non-executive director and Deputy Chairman of Aquis Entertainment Limited (whose share are listed on ASX).

Ma Yin Fan, aged 52

was appointed as an independent non-executive director of the Company on 25 March 2009. She obtained a bachelor's degree with honours in accountancy at Middlesex University in the United Kingdom. She also holds an MBA and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and Hong Kong Polytechnic University, respectively. Ms Ma is a CPA (Practising) in Hong Kong and has been working in auditing, accounting and taxation for more than 20 years. She is the principal of Messrs Ma Yin Fan & Company CPAs. Ms Ma is a fellow of the Hong Kong Institute of Certified Public Accountants, Taxation Institute of Hong Kong, Association of Chartered Certified Accountants, Hong Kong Institute of Chartered Secretaries, Institute of Chartered Secretaries and Administrators and Institute of Chartered Accountants in England and Wales. She is also a certified Tax Adviser in Hong Kong. Ms Ma was an independent non-executive director of China New Energy Power. Ms Ma is currently an independent non-executive director of China Strategic and CST.

Leung Hoi Ying, aged 65

was appointed as an independent non-executive director of the Company on 31 March 2009. Mr Leung graduated from the Guangdong Foreign Trade School in the People's Republic of China. He has over 30 years of experience in international trade and business development. Mr Leung was an independent non-executive director of China New Energy Power. Mr Leung is currently an independent non-executive director of China Strategic and CST.

Senior Management

Arthur Ellis, aged 55

was appointed as the Chief Financial Officer of the Company on 1 December 2009. Mr Ellis is a member of the Institute of Chartered Accountants in Australia and holds a BA (Hons) Accounting and Finance degree. He has over 15 years' experience in the resources industry. He was the Group Financial Controller for Kingsgate Consolidated Limited ("Kingsgate"), an ASX listed gold mining company. He joined Kingsgate in 2000 as Financial Controller at the start of the construction of the Chatree Gold mine in Thailand. Prior to that, he worked in Australia and Hong Kong and provided accounting, corporate, tax and auditing services (including business acquisitions and restructuring).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

A. Martabe Gold Mine

Mining and Milling statistics are as follows:

	2015	2014
Tonnes Mined Ore	**4,478,000**	5,157,000
Tonnes Mined Waste	**7,011,000**	8,244,000
Tonnes Milled	**4,220,000**	3,867,000
Gold Head Grade, g/t	**2.76**	2.63
Silver Head Grade, g/t	**28.68**	26.1
Gold Recovery, %	**81.4**	82.8
Silver Recovery, %	**65.2**	68.9
Gold Poured, ounces	**302,449**	275,515
Silver Poured, ounces	**2,534,486**	2,238,076

Mining

Total material movements from Purnama pit during 2015 were 11.5 million tonnes, representing a decrease compared to 2014 of 13.4 million tonnes. This was principally due to a reduction in the mining fleet during the last quarter of 2015. Despite the reduced fleet size in the fourth quarter, increased productivities resulted in 4% higher volumes than budget.

Ore mining volumes were 4.5 million tonnes, a decrease compared to the previous year of 5.2 million tonnes, to better align with mill throughput. Total waste mined for the year was approximately 7 million tonnes. This was all delivered to the Tailings Storage Facility (TSF) embankment, to complete the construction of TSF up to 330mRL. The waste to ore strip ratio was 1.57:1 for the year, which was 4% below plan. At the end of 2015, stockpiles at the ROM were approximately 135,000 tonnes of ore and the low grade stockpile was 2.6 million tonnes.

The Purnama pit has progressed vertically with an even profile from north to south, the elevations being RL355m to RL412.5m respectively. A new pit sump has been established in the north of the pit. Artificial ground support (AGS) has been installed at specific locations to mitigate deterioration of pit walls. Additionally a number of improvement projects within the pit were implemented, including construction of shorter hauls, increased direct tipping of ore and corresponding decrease in rehandled material and a greater emphasis on in-pit blending for smoothing of grade and hardness to optimise mill throughput.

During the year a tender process was conducted for a new five years mining contract. A joint venture between PT Macmahon Mining Services and PT NKE (Nusa Konstruksi Enjiniring) was awarded for its competitive bid and they mobilised to site during the fourth quarter. They commenced mining on 1 January 2016, bringing an end to the successful five year term of PT LCI (Leighton Contractors Indonesia).

Processing

The processing plant milled 4.2 million tonnes ore in 2015 (2014: 3.9 million tonnes) at an average throughput rate 531 tonnes per hour. 2015 milling run time was 90.7% (2014: 89.6%).

Maintenance improved downtime reporting and established monthly meetings to focus on the top 80% downtime reasons. Improvement projects on high wear areas continued to enable these to last until scheduled mill reline shutdowns.

Improvement programs focussing on SAG mill liner/discharge grates & pulp lifters aimed to reduce unplanned down time for pre-mature liner breakages as well as increasing the mill discharge rate of critical sized material. Start-up issues after SAG relines with material packing between the lifters are being addressed with an alternate lifter configuration.

Implementation of the Manta Cube SAG Mill supervisory control began in December with promising results. This control system takes mill operating constraints into consideration while continuously striving for maximum throughput.

Combined Metallurgy/Production focus on plant operating issues have seen improvements to carbon management and the elution circuit. By avoiding recirculation of fine carbon to the CIL circuit precious metal losses via carbon fines has been minimised. Elution efficiencies have improved from 92% to 96% thus decreasing the gold recirculating back into the circuit with the risk of losses to fines.

Reagent optimisation continued throughout 2015 with improved understanding of cyanide chemistry with relation to copper. Further improvements are being sought with an improved cyanide dosing control system. The Manta Control supervisory control system is being reviewed for this purpose with the aim of optimising cyanide consumption and increasing silver recovery.

Quality Control check on reagents was implemented in 2015 to ensure quality is consistent with supplier specifications.

Formal communication and collaboration between Mining and Processing was established. This has led to improved blending strategies to stabilise mill throughput and feed grades. The Mine to Mill program will be further developed via improved mapping and communication of ore hardness and a collaborative blast fragmentation project.

All-in Sustaining Costs

The all-in sustaining costs ("AISC") for the year ended of December 2015 were USD503 per ounce of gold sold resulting in a reduction of 28.1% from the year ended 31 December 2014 of USD700 per ounce of gold sold.

	2015 **USD**	2014 USD
AISC per ounce of gold sold[1]	**503**	700

1 AISC is a non-GAAP financial performance measures and is intended to provide additional information only. It does not have any standardised definitions under HKAS and HKFRS, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKAS and HKFRS. Although the World Gold Council has published a standardised definition, other companies may calculate these measures differently.

B. Principal Investment Business

With the volatility of commodities prices and the global investment environment in 2014, the Group in late 2014 announced adopting a strategy to expand its business to include a Principal Investment Business. The goal of which is to identify investment opportunities and to invest in different industries, including mining, to provide better risk weighted return and capital value to the Group.

During the year, the Group, as part of its Principal Investment Business, invested about USD128.9 million in listed and unlisted financial assets such as shares, bonds, other security investments, managed investment funds, convertible bond and perpetual securities. The Group recorded realised and unrealised gain of USD6.7 million and interest income, dividend income and distribution income of USD7.3 million from the financial assets held by the Group.

As at 31 December 2015, the Group was holding approximately USD224.1 million non-cash financial assets, as follows:

	2015 **USD'000**	2014 USD'000
Listed shares	**30,606**	29,216
Listed bonds	**57,958**	40,908
Unlisted managed investment funds	**45,366**	37,550
Unlisted other security investments	**42,582**	–
Perpetual securities	**29,820**	–
Convertible bond	**17,044**	–
Derivative component in convertible bond	**744**	–
Total	**224,120**	107,674

The Company believes that Hong Kong is a leading financial centre in Asia, which will attract business opportunities in the financial services sector.

Accordingly, in late August 2015, the Group entered into an agreement to subscribe, at a consideration of USD17.4 million, for convertible bond issued by Enhanced Financial Services Group Limited ("Enhanced Financial Services"), which subscription was completed on 29 September 2015. Upon conversion of these convertible bond, the Company will hold 75% of shares in Enhanced Financial Services, which has been in operation in Hong Kong since August 2011, and currently holds a licence to engage in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance ("SFO") and a money lender's licence under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Enhanced Financial Services aims to become a leading financial services group that provides a wide range of financial services to high net worth individuals and institutions and to become the Group's financial services flagship.

As at the date of report, Enhanced Financial Services, through its wholly-owned subsidiary engaged in licensed money lending business under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), is in the process of undertaking an internal group restructuring, upon the completion of which it is expected that Enhanced Financial Services will, through its wholly-owned subsidiaries, engage in type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO. Thereafter, Enhanced Financial Services will further apply for licenses covering additional regulated activities including type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the SFO. By virtue of the above, Enhanced Financial Services plans to (i) strengthen its underwriting capability, (ii) expand its money lending business and (iii) expand its margin financing business.

C. Money Lending Business

During the year, a Group's wholly-owned subsidiary received a money lending license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). As at 31 December 2015, the fixed-rate loans receivable was USD72.5 million. The interest income from money lending business is USD3.6 million and the profit is USD3.6 million.

D. Real Property Business

As disclosed in the Company's announcement dated 11 August 2015, in line with its diversification strategy, it had entered into an agreement on 11 August 2015 for the purchase of certain properties through the acquisition of Supreme Racer Limited ("Supreme Racer"). Pursuant to the Supreme Racer Agreement, the properties held under Supreme Racer are three office units and ten car parks located in Wanchai, Hong Kong. The transaction under the Supreme Racer Agreement was completed on 16 October 2015. The rental income earned is USD0.7 million and the profit is USD0.6 million.

Business Review and Results

Below is a summary of the financial information:

	31 December 2015 USD'000	31 December 2014 USD'000
Revenue	**403,081**	387,577
Cost of sales	**(265,771)**	(278,265)
Gross profit	**137,310**	109,312
Administrative expenses	**36,115**	30,883
EBITDA	**241,498**	219,356
Profit before taxation	**100,920**	86,103
Taxation	**(39,612)**	(21,636)
Profit for the year	**61,308**	64,467
Gold sold (ounces)	**302,448**	273,805
Silver sold (ounces)	**2,568,455**	2,118,152
Average gold price achieved (USD)	**1,161**	1,258
Average silver price achieved (USD)	**15.6**	18.8
Mine site production costs	**113,445**	135,942
Staff costs	**12,194**	14,348
Refining and bullion transportation costs	**3,865**	3,548
Inventory movement	**4,024**	(460)
	133,528	153,378
Depreciation	**132,243**	124,887
Total cost of sales	**265,771**	278,265
Royalties	**2,348**	2,111
Other taxes	**3,977**	4,313

For the year ended 31 December 2015, the Group continued its strong operational and financial performances and achieved a net profit after tax of USD61.3 million (2014: USD64.5 million).

Revenue generated for the year ended 31 December 2015 was USD403.1 million mainly from the sale of 302,448 ounces of gold and 2,568,455 ounces of silver at an average selling spot price of USD1,161 per ounce of gold and USD15.6 per ounce of silver. For the year ended 31 December 2014, revenue was USD387.6 million from the sale of 273,805 ounces of gold and 2,118,152 ounces of silver at an average selling spot price of USD1,258 per ounce of gold and USD18.8 per ounce of silver.

The Group's gross profit margin was 34.1% with a gross profit of USD137.3 million as compared to 2014, of 28.2% and USD109.3 million respectively. The gross profit margin increased as compared to 2014 was mainly due to higher gold and silver sales and tonnes milled despite the average gold and silver price decreased by USD97 per ounce and USD2.8 per ounce respectively. In addition, the cost of sales decreased by USD12.5 million to USD265.8 million as compared to 2014 of USD278.3 million.

The administrative expense increased by USD5.2 million which is mainly due to decrease in unvested share options lapsed from USD6.9 million for the year ended 31 December 2014 to USD41,000 for the year ended 31 December 2015.

The taxation expense increased by USD18.0 million from USD21.6 million to USD39.6 million which was mainly due to the under-provision of taxation expense in prior years of USD8.2 million.

The all-in sustaining costs ("AISC") for 2015 were USD503 per ounce of gold sold, resulting in a reduction of 28.1% from 2014 of USD700 per ounce of gold sold. The good cost results are a result of strong project fundamentals including favourable energy costs, the Company's focus on the Martabe Improvement Programme ("MIP") seeking to improve on ounces recovered and to reduce costs so as to increase the margin per ounce of gold produced.

	2015 USD	2014 USD
AISC per ounce sold[2]	**503**	700

2 AISC is a non-GAAP financial performance measures and is intended to provide additional information only. It does not have any standardised definitions under HKAS and HKFRS, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKAS and HKFRS. Although the World Gold Council has published a standardised definition, other companies may calculate these measures differently.

Review of Group Financial Position

	2015 USD'000	2014 USD'000
Current Assets		
Bank balances and cash	**106,963**	260,750
Held for trading investments	**30,606**	29,216
Available-for-sale investments	**–**	39,419
Inventories	**44,773**	47,685
Loans receivable	**72,483**	–
Convertible bond	**17,044**	–
Others	**30,079**	19,433
Non-current Assets		
Available-for-sale investments	**175,726**	39,039
Others	**892,500**	862,317
Total Assets	**1,370,174**	1,297,859
Other Liabilities	**(118,833)**	(101,181)
Net Assets	**1,251,341**	1,196,678

Total assets were USD1,370.2 million (31 December 2014: USD1,297.9 million) an increase of USD72.3 million which was contributed by the profit from operations. Non-current assets were USD1,068.2 million (31 December 2014: USD901.4 million) an increase of USD166.8 million as the Group invested USD69.6 million in property, plant and equipment, USD111.5 million in available-for-sale investments, USD94.7 million in investment properties, USD17.4 million in convertible bond, these increases offset by amortisation and depreciation charge of USD138.3 million, disposal of available-for-sale investments of USD20.2 million and the remaining reclassification of available-for-sale investment from current assets to non-current assets of USD30.1 million. Current assets were USD301.9 million (31 December 2014: USD396.5 million) a decrease of USD94.6 million mainly due to an increase in non-current assets.

Net Asset Value

As at 31 December 2015, the Group's total net assets amounted to approximately USD1,251.3 million, representing an increase of USD54.6 million as compared to approximately USD1,196.7 million as at 31 December 2014. The increase in net assets was mainly due to the profit for the year of USD61.3 million and set off by the final dividend for the year ended 31 December 2014 of USD16.4 million.

Cash Flow, Liquidity and Financial Resources

	For the year ended	
	2015 USD'000	2014 USD'000
CASH FLOW SUMMARY		
Net cash from Operating Activities	**129,885**	197,250
Net cash used in Investing Activities	**(271,036)**	(136,955)
Net cash used in Financing Activities	**(13,711)**	(250)
Net (decrease)/increase in cash and cash equivalents	**(154,862)**	60,045
Cash and cash equivalents at the beginning of the year	**260,750**	200,575
Effect of foreign exchange rate changes	**1,075**	130
Cash and cash equivalents at the end of the year	**106,963**	260,750

The Group's cash balance at the end of December 2015 was USD107.0 million (31 December 2014: USD260.8 million). The Group generated net cash inflows from operating activities for the year ended 31 December 2015 of USD130.0 million, mainly from the sale of gold and silver in the year. Cash used in investing activities was USD271.0 million as USD111.5 million was invested in available-for-sale investments, USD17.4 million was invested in convertible bond, USD94.7 million was invested in investment properties and USD69.6 million for property, plant and equipment (which included USD11.0 million in near mine exploration and evaluation) and USD8.0 million for regional exploration, which was offset by USD20.1 million from disposal of available-for-sale investments.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 11 August 2015, the Company, through Bevan Global Investments Limited, entered into a sale and purchase agreement dated 11 August 2015 with Aleta Holdings Limited in relation to the acquisition of Supreme Racer Limited ("Supreme Racer"). Supreme Racer through its subsidiaries holds three floors of AXA Centre and ten carparks in Wanchai, Hong Kong. The transaction was completed in October 2015.

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

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

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD"), Australian dollars ("AUD"), Indonesian Rupiah ("IDR") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD. The Group has exposure to foreign currency risk that is denominated in AUD and IDR.

In 2014, the Group entered into foreign currency forward contracts to sell USD and purchase IDR at a fixed rate in the normal course of business in order to limit its exposure to adverse fluctuations in currency exchange rates. Management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Business Outlook

The Company completed the disposal of the Martabe Mine and related companies on 17 March 2016. Going forward, the Company shall focus on its remaining businesses, namely, Principal Investment Business, Real Property business, Money Lending Business and Financial Services Business. In light of the recent market conditions and the expected economic outlook, the Company anticipates an increase in the number of attractive investment opportunities in the near term and believe that the Company is well-positioned to take advantage of these, particularly with our cash resources on hand.

Human Resources

As at 31 December 2015, the Group had 19 employees in Hong Kong and 735 employees in Indonesia. 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.

DIRECTORS' REPORT

The Board is pleased to present their report and the audited financial statements for the year ended 31 December 2015.

Principal Activities

In the course of the financial year, the principal activities of the Company are mining, principal investment business, money lending business and real property business. The principal activities of the Company's subsidiaries as at 31 December 2015 are set out in note 38 to the financial statements.

Business Review

A business review of the Group is set out on pages 8 to 12 of the annual report.

Results and Dividends

In line with the Dividend Policy of the Company announced on 3 December 2013, the Board has proposed a final dividend of HK0.44 cents per share (2014: HK0.48 cents) for the financial year ended 31 December 2015, with an option to receive new fully paid shares in lieu of cash ("Scrip Dividend Scheme").

The proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on 20 June 2016. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the final dividend by the shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 8 June 2016 ("AGM") and the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. On the condition that the proposed final dividend is approved by the shareholders at the AGM, a circular containing details of the Scrip Dividend Scheme and the relevant election form will be despatched to the shareholders of the Company as soon as practicable.

Closure of Register of Members

For ascertaining shareholders' right to attend and vote at the forthcoming AGM:

Latest time to lodge transfers	4:00 p.m. on 3 June 2016 (Friday)
Closure dates of Register of Members (both days inclusive)	6 June 2016 (Monday) to 8 June 2016 (Wednesday)
Record date	8 June 2016 (Wednesday)
AGM	8 June 2016 (Wednesday)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Latest time to lodge transfers	4:00 p.m. on 15 June 2016 (Wednesday)
Closure date of Register of Members (both days inclusive)	16 June 2016 (Thursday) to 20 June 2016 (Monday)
Record date	20 June 2016 (Monday)
Proposed final dividend payment date	8 August 2016 (Monday)

* *Subject to shareholders' approval at the AGM*

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before the relevant latest time to lodge transfers.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 98 of the annual report.

Reserves

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 36 to the annual report.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 27 and 28 to the financial statements, respectively.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Directors

The directors of the Company (the "Directors") during the year and up to the date of this report are:

Executive Directors
Chiu Tao (Chairman and Acting Chief Executive Officer)
Owen L Hegarty (Vice-Chairman) (resigned on 24 March 2016)
Peter Geoffrey Albert (Chief Executive Officer) (resigned on 1 July 2015)
Ma Xiao (Deputy Chief Executive Officer)
Wah Wang Kei, Jackie
Hui Richard Rui

Independent Non-Executive Directors
Or Ching Fai (Vice-Chairman)
Ma Yin Fan
Leung Hoi Ying

In accordance with clause 99 of the Company's Bye-laws, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Mr Wah Wang Kei, Jackie, Ms Ma Yin Fan and Mr Leung Hoi Ying will retire by rotation at the forthcoming annual general meeting. Each of Mr Wah Wang Kei, Jackie, Ms Ma Yin Fan and Mr Leung Hoi Ying, being eligible, have offered themselves for re-election.

Directors' Service Contracts of the Retiring Directors

Mr Wah Wang Kei, Jackie has entered into a service agreement with the Company. The service agreement shall be valid unless terminated by either party by giving a three months' written notice.

The term of office of Ms Ma Yin Fan and Mr Leung Hoi Ying is the period from the date of letter of appointment entered into between Ms Ma Yin Fan and Mr Leung Hoi Ying and the Company respectively up to his/her retirement by rotation or removal as required by the Company's Bye-laws.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors and Executive Officers' Interests in Securities

As at 31 December 2015, the interests and short positions of the Directors and Executive Officers of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors and Chief Executives of the Company (the "Model Code"), were disclosed as follows in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in shares, underlying shares of the Company

	Number of * shares/underlying shares					
Name of Directors/ Executive Officers	Personal interests	Corporate interests	Share options	Total	Approximate % of the issued share capital of the Company	*Notes*
Owen L Hegarty ("Mr Hegarty")	1,402,800	245,250,600	–	246,653,400	0.92%	1 & 2
Or Ching Fai	13,998,600	–	112,970,000	126,968,600	0.47%	
Wah Wang Kei, Jackie	1,780,800	–	–	1,780,800	0.00%	
Arthur Ellis	294,000	–	–	294,000	0.00%	

* *Ordinary shares unless otherwise specified in the Note*

Notes:

1. 245,250,600 shares are held by Asia Linkage International Corp. ("Asia Linkage"), and Asia Linkage was wholly-owned by Mr Hegarty. By virtue of SFO, Mr Hegarty is deemed to have interest in all of the shares.
2. Mr Hegarty resigned as an executive director and vice-chairman of the Company with effect from 24 March 2016.

Save as disclosed above, none of the Directors and Executive Officers of the Company or their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 31 December 2015.

Share Option

Particulars of the share option scheme of the Company are set out in note 28 to the financial statements.

Share Option Scheme

The Company's old share option scheme adopted on 30 July 2004 ("2004 Share Option Scheme") expired on 29 July 2014. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the shareholders of the Company on 18 June 2014. The following table discloses movements in the Company's share options held by each of the Directors and the employees of the Company in aggregate granted under the 2004 Share Option Scheme during the year ended 31 December 2015:

Name or Category of participants	Date of grant	Exercisable period	*Note*	Exercise price *HKD*	Outstanding as at 01.01.2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31.12.2015	Market value per share at date of grant of options *HKD*	Option value per share *HKD*
(a) DIRECTORS												
Chiu Tao	01.12.2010	01.12.2010-30.11.2015		0.6196	158,158,000	–	–	–	(158,158,000)	–	0.5200	0.1814
Owen L Hegarty ("Mr Hegarty")	01.12.2010	01.12.2010-30.11.2015	1	0.6196	136,128,850	–	–	–	(136,128,850)	–	0.5200	0.1814
Or Ching Fai	03.03.2011	03.03.2011-02.03.2016		0.6196	112,970,000	–	–	–	–	112,970,000	0.5400	0.2170
Peter Geoffrey Albert ("Mr Albert")	01.12.2010	01.12.2010-30.11.2015	2	0.6196	112,970,000	–	–	(112,970,000)	–	–	0.5200	0.1814
Ma Xiao	01.12.2010	01.12.2010-30.11.2015		0.6196	16,945,500	–	–	–	(16,945,500)	–	0.5200	0.1814
Wah Wang Kei, Jackie	01.12.2010	01.12.2010-30.11.2015		0.6196	16,945,500	–	–	–	(16,945,500)	–	0.5200	0.1814
Hui Richard Rui	01.12.2010	01.12.2010-30.11.2015		0.6196	16,945,500	–	–	–	(16,945,500)	–	0.5200	0.1814
Total for Directors					**571,063,350**	**–**	**–**	**(112,970,000)**	**(345,123,350)**	**112,970,000**		
(b) EMPLOYEES	13.05.2010	13.05.2010-12.05.2015		0.4869	5,648,500	–	–	–	(5,648,500)	–	0.4750	0.1929
	01.12.2010	01.12.2010-30.11.2015		0.6196	30,060,406	–	–	(1,694,550)	(28,365,856)	–	0.5200	0.1814
	01.12.2010	01.12.2010-30.11.2015		0.5311	27,282,255	–	–	(734,305)	(26,547,950)	–	0.5200	0.2021
	02.03.2011	02.03.2011-01.03.2016		0.6196	19,204,900	–	–	–	–	19,204,900	0.5400	0.2174
	08.07.2011	08.07.2011-07.07.2016		0.6816	22,029,150	–	–	(8,755,175)	–	13,273,975	0.6400	0.2474
	03.01.2012	03.01.2012-02.01.2017		0.5311	29,937,050	–	–	(9,320,025)	–	20,617,025	0.4400	0.1426
	10.01.2012	10.01.2012-09.01.2017		0.5311	3,389,100	–	–	–	–	3,389,100	0.4400	0.1287
Total for Employees					**137,551,361**	**–**	**–**	**(20,504,055)**	**(60,562,306)**	**56,485,000**		
Total for Scheme					**708,614,711**	**–**	**–**	**(133,474,055)**	**(405,685,656)**	**169,455,000**		

Notes:

1. Mr Hegarty resigned as an executive director and vice-chairman of the Company with effect from 24 March 2016.
2. Mr Albert resigned as an executive director and chief executive officer of the Company with effect from 1 July 2015.

Valuation of Share Options

The valuation of share options is set out in note 28 to the financial statements.

Retirement Benefit Scheme

Details of the Group's retirement benefit scheme for the year ended 31 December 2015 are set out in note 36 to the financial statements.

Directors' and Executive Officers' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors and Executive Officers' Interests in Securities" disclosed above, at no time during the year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director or Executive Officer to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Save as disclosed above, none of the Directors or Executive Officers or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

Directors' Interests in Contracts of Significance

Saved as disclosed in note 40, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in Competing Business

During the year up to the date hereof, except otherwise disclosed, none of the Directors of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

Independent Non-Executive Directors

The Company has received from each of its independent non-executive directors written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

Discloseable Interests and Short Positions of Persons Other than Directors and Executive Officers

As at 31 December 2015, so far as known to the Directors or Executive Officers of the Company, the following persons/ entities are the shareholders (other than the Directors or Executive Officers of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital of the Company	*Notes*
CST Mining Group Limited ("CST")	Interest of a controlled corporation	4,489,955,974 (L)	16.90%	2
Skytop Technology Limited ("Skytop")	Beneficial owner	4,489,955,974 (L)	16.90%	2
The Bank of New York Mellon Corporation	Interest of a controlled corporation	2,932,313,129 (L) 2,931,065,129 (P)	11.03% 11.03%	3
BlackRock, Inc.	Interest of a controlled corporation	2,261,336,495 (L)	8.51%	4
Market Vectors ETF – Market Vectors Gold Miners ETF ("Market Vectors")	Beneficial owner	1,727,559,000 (L)	6.50%	5
Van Eck Associates Corporation ("Van Eck")	Investment manager	1,727,559,000 (L)	6.50%	5

Notes:
1. "L" denotes long position and "P" denotes lending pool.
2. CST is the ultimate beneficial owner of Skytop. Under Part XV of the SFO, CST is deemed to have interest in the shares of the Company held by Skytop.
3. The Bank of New York Mellon Corporation is deemed to be interested in 2,932,313,129 shares held by The Bank of New York Mellon, its wholly-owned subsidiary.
4. These interests comprised 2,261,336,495 ordinary shares of the Company.

   These interests comprised the respective direct interests held by:

	Number of shares (in Long Position)
BlackRock (Isle of Man) Limited	11,762,800
BlackRock Advisors (UK) Limited	105,374,295
BlackRock Asset Management Canada Limited	1,167,000
BlackRock Fund Advisors	178,094,400
BlackRock Institutional Trust Company, National Association	133,379,200
BlackRock Investment Management (Australia) Limited	13,357,800
BlackRock Investment Management (UK) Limited	1,744,202,400
BlackRock Japan Co., Ltd.	73,998,600

   BlackRock, Inc. is deemed to be interested in 2,261,336,495 shares held by various of its indirectly wholly owned subsidiaries.

5. Van Eck is an investment adviser of Market Vectors. Under Part XV of the SFO, Van Eck is deemed to have interest in the shares of the Company held by Market Vectors.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or Executive Officers of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 31 December 2015.

Major Customers and Suppliers

The aggregate percentage of revenue attributable to one customer of 92% of the Group's total revenue for the year. Purchases from the five largest suppliers accounted for approximately 46% of the total purchase for the year, and purchases from the largest supplier included therein amounted to approximately 16%.

At no time during the year, none of the Directors, their associate or the shareholders of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the above suppliers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

Permitted Indemnity Provision

A permitted indemnity provision under the Bye-laws of the Company and for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has also purchased and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors.

Risk Factors

(1) The following factors may lower the level of revenue and profit of the Group. The Group cannot guarantee that the revenue and net profit level will be sustained or improved in the future:

(a) change in the mix of revenue contributions, such as sales of gold and silver from mining, rental income from investment properties, income from investments and money lending;

(b) increased market competition that could adversely affect rental income from investment properties;

(c) decrease in the fair value of investment properties;

(d) decrease in the fair value of investments; and

(e) defaults of our borrowers.

(2) The Group is required to reassess the fair value of its investment properties at every balance sheet date to which financial statements are made up. Based on the appraisal conducted by independent property valuer, the Group recognises investment properties at fair value in the consolidated statement of financial position, while the variation in changes in fair value of investment properties are recognised in the consolidated statement of profit or loss. Notwithstanding any variations in profit, fair value gains and losses are not cash items and will not increase or decrease cash and cash equivalent. The amount of revaluation adjustment has been and will continually be subject to changes in market conditions. As such, there can be no assurance that changes in market conditions will continue to generate gains from fair value changes in investment properties at similar level or at all, or there will be no decline in the fair value of the Group's investment properties.

(3) The Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. The Group may suffer loss on loans receivable if the repayment of principal and/or interest is not paid on due date and the market value of collaterals, such as shares in companies listed on the Hong Kong Stock Exchange or certain properties in Hong Kong, fluctuate below the principal of the loans receivable and/or interest.

(4) The Group faces market risk due to market movement which may cause a fall in the value of principal investments. In view of the increased volatility in the stock and other financial markets, this may impact the fair value of the investments and add unpredictability to the Group's profits and investment revaluation reserve.

(5) The results of the Group are presented in United States Dollars, but the Company and its various subsidiaries may receive revenue, incur expenses and make investments in other currencies. Any currency fluctuations on translation of the accounts of the Company and these subsidiaries and also on the repatriation of earnings and equity investments may therefore impact on the Group's businesses. Exchange rate of United States Dollars against other foreign currencies is affected by, among other things, changes in the political and economic environment of the issuing jurisdictions of the currencies. The appreciation or depreciation in United States Dollars against other foreign currencies may materially affect the Group's businesses, financial condition, results of operations and growth prospects.

(6) Notwithstanding the appropriate measures adopted to protect the Group's computer system and information, the Group cannot assure that there will be no occurrence of unlawful break-ins or misuse with rapid technological advancement, which may affect our businesses to a certain extent.

(7) The Group oversees potential compliance risks, such as inside dealing, money laundering, on a regular basis. With the support of external professional advisers where appropriate, the Group monitors whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our business and operations in financial services business.

Environmental Policies

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

Compliance with Regulations

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), Listing Rules, and other applicable local laws and regulations in various jurisdictions during the year ended 31 December 2015 and up to the date of this annual report.

Relationships with Employees, Customers and Suppliers

The sustainability of the Group's business relies on the growth of the Group's employees. Remuneration packages of the employees are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees of the Group.

Relationship is the fundamentals of business. The Group fully understands this principal and thus maintains good relationship with its stakeholders, including but not limited to our customers, borrowers and tenants.

Emolument Policy

The emolument policy of the employees of the Group is set up by the board of Directors on the basis of their merit, qualifications and competence. The emoluments of the Directors of the Company are decided by the Directors, who are authorised by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in note 28 to the financial statements.

Public Float

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times during the year under review and as at the date of this report.

Corporate Governance

The information set out in pages 21 to 30 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the recommendations set out in *A Guide for Effective Audit Committees* published by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code. The duties of the audit committee include reviewing the Company's annual reports and interim reports and providing advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at the date of this report, the audit committee comprises three independent non-executive Directors, namely, Dr Or Ching Fai, Ms Ma Yin Fan, and Mr Leung Hoi Ying, with Dr Or Ching Fai being the chairman of the committee. The audited financial statements of the Company for the year ended 31 December 2015 have been reviewed by the audit committee.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by Deloitte Touche Tohmatsu who shall retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chiu Tao
Chairman and Acting Chief Executive Officer
Hong Kong, 23 March 2016

CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high standard of corporate governance, enhancing transparency to protect shareholders' interests, and formalising the best practices of corporate governance.

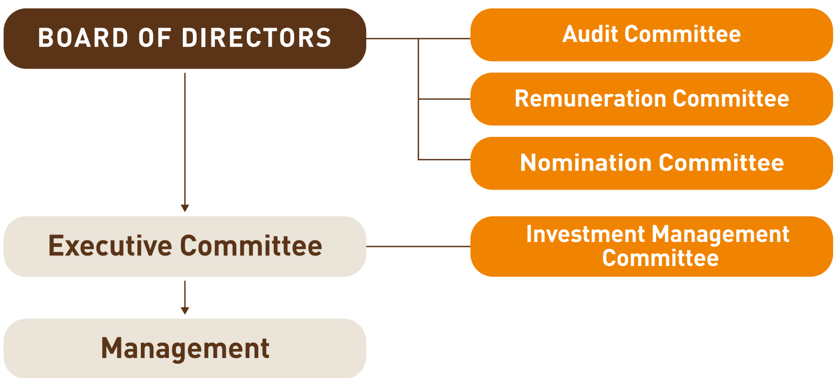
G-Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is committed to maintaining a high standard of corporate governance and enhancing its transparency so as to protect shareholders' interests in general. The Group will continue to raise the standard by formalising the best practices of corporate governance as far as possible.

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2015, except for the deviations as set out below:

(i) Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices; and

(ii) After the resignation of Mr Peter Geoffrey Albert as an executive director and chief executive officer ("CEO") of the Company with effect from 1 July 2015, Mr Chiu Tao became chairman and acting CEO of the Company until an appropriate CEO candidate is found. 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 of directors will meet regularly to consider major matters affecting the operations of the Group. The board of directors considers that this structure will not impair the balance of power and authority between the board of directors 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 of directors 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.

Organisation Chart of the Group and Various Board Committees



Board of Directors

As at 31 December 2015, the board of directors (the "Board") of the Company comprised five executive directors and three independent non-executive directors ("INEDs") (collectively the "Directors").

Save as disclosed under the section headed "Biographical Details of Directors and Senior Management" of this annual report, there is no financial, business, family or other material/relevant relationship between the Directors and the Board, which is comprised of the following:

Executive Directors
Chiu Tao (Chairman and Acting Chief Executive Officer)
Owen L Hegarty (Vice-Chairman) (resigned on 24 March 2016)
Ma Xiao (Deputy Chief Executive Officer)
Wah Wang Kei, Jackie
Hui Richard Rui

Independent Non-Executive Directors
Or Ching Fai (Vice-Chairman)
Ma Yin Fan
Leung Hoi Ying

The principal functions of the Board are to supervise the management of the business and Company's affairs; to approve the Company's strategic plans, investment and funding decisions; to review the Group's financial performance and operative initiatives.

The role of the INEDs is to bring an independent and objective view to the Board's deliberations and decisions. The INEDs must have appropriate professional qualifications, or accounting or related financial management expertise, so that they are of sufficient calibre and number for their views to carry weight. The INEDs may also take independent professional advice at the Company's expense in carrying out their functions.

The Board considers the current board size as adequate for its present operations. The day-to-day running of the Company is delegated to the senior management team, with divisional heads responsible for different aspects of the business. The Board is characterised by significant diversity, whether considered in term of gender, nationality, professional background and skills. The Board has adopted the Board Diversity Policy. The Nomination Committee is responsible for reviewing and assessing Board composition and its effectiveness on an annual basis.

The Company has received from each of the INEDs an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

The Board is responsible for overseeing the development of good corporate governance practice of the Group.

Role and Function on Corporate Governance	
• to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board	• to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors
• to review and monitor the training and continuous professional development of Directors and senior management	• to review the Company's compliance with the code provision and disclosure in this Corporate Governance Report
• to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements	

Summary of work during the year	
• reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements	• arranged suitable training for Directors, placing an appropriate emphasis on the roles, functions and duties of a listed company director
• reviewed the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee	• considered and commented on the annual budget and regular operation reports of the Martabe Mine
• reviewed the Company's compliance with the Code and disclosure in this Corporate Governance Report	• reviewed and approved the financial results of the Company and announcements thereof
• reviewed the Whistleblowing Policy	• reviewed the Board Diversity Policy

Board Committees

Executive Committee ("EC")

The Board has delegated the management of the daily operation and investment matters of the Company and its subsidiaries to the EC. The EC comprised five members of the Board, namely:

EC Members
Chiu Tao
Owen L Hegarty (resigned on 24 March 2016)
Ma Xiao
Hui Richard Rui
Arthur Ellis

Under EC, the Investment Management Committee ("IC") is established with the responsibilities for Principal Investment Business. The IC identifies, reviews and considers for approval different investment opportunities taking into account the Group's liquidity requirements, risk to capital and reasonable returns on investment with the risk taken.

Audit Committee

As at 31 December 2015, the Audit Committee comprised three members, all of whom are INEDs, namely:

Audit Committee Members
Or Ching Fai (Chairman)
Ma Yin Fan
Leung Hoi Ying

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

The terms of reference of the Audit Committee have been reviewed with reference to the Code. The terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange and are also available from the Company Secretary on request.

In accordance with the terms of reference of the Audit Committee, the Audit Committee meets at least twice a year to review the interim results and the final results of the Company. The terms of reference of the Committee are aligned with the recommendations set out in *A Guide For Effective Audit Committees* issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code.

Role and Function	
• to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of external auditor, any questions of its resignation or dismissal	• to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences
• to develop and implement policy on engaging an external auditor to supply non-audit services	• to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response
• to review the Group's financial and accounting policies and practices	• to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter
• to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings	• to report to the Board on the matters contained in code provision of the Code in Appendix 14
• to review the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Group's risk management and internal control systems	• to consider other topics, as defined by the Board
• to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective systems	• to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters
• where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness	• to establish a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group
• to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them	• to act as the key representative body for overseeing the Company's relations with the external auditor

Summary of work during the year	
• reviewed and made recommendation for the Board's approval for the draft 2015 interim report, annual report and accounts	• meeting, discussion and reviewed 2015 annual accounting and financial reporting issues
• reviewed management letter, tax issues, compliance and salient features of 2015 annual accounts presented by Deloitte Touche Tohmatsu, the external auditor ("DTT")	• meeting, discussion and reviewed the reports, on internal control system and its effectiveness for the year ended 31 December 2015
• reviewed the enhancements to the 2015 audit planning process	• reviewed the terms of reference of the Audit Committee
• approved the audit and non-audit services provided by DTT	• reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process
• reviewed DTT's fees proposal for the 2015 audit	• reviewed the Whistleblowing Policy
• discussed with management on how to comply with the new code provision on risk management and appointment of an internal auditor	

Remuneration Committee

As at 31 December 2015, the Remuneration Committee comprised three members, all of whom are INEDs, namely:

Remuneration Committee Members
Or Ching Fai (Chairman)
Ma Yin Fan
Leung Hoi Ying

The primary function of the Remuneration Committee is to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The terms of reference of the Remuneration Committee have been reviewed with reference to the Code. The terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange and are also available from the Company Secretary on request.

Role and Function	
• to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy	• to recommend to the Board the structure of long-term incentive plans for executive directors and certain senior management
• to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives	• to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group
• to make recommendations to the Board on the remuneration packages of individual executive directors and senior management (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment)	• to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive
• to make recommendations to the Board on the remuneration of non-executive directors	• to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate
• to review the proposals for the award of share options to executive directors and senior management based on their performance and contribution to the Company from time to time	• to ensure that no director or any of his associates is involved in deciding his own remuneration

Summary of work during the year	
• reviewed and recommended the remuneration and bonus of executive directors and senior management	• reviewed the terms of reference of the Remuneration Committee
• conducted an annual review of the remuneration packages for executive, non-executive directors and senior management	

Nomination Committee

As at 31 December 2015, the Nomination Committee comprised three members, namely:

Nomination Committee Members
Chiu Tao (Chairman)
Or Ching Fai (INED)
Ma Yin Fan (INED)

The primary duties of the Nomination Committee are to develop and maintain a formal and transparent process for the appointment and re-appointment of members of the Board. The Nomination Committee also reviews and assesses Board composition and its effectiveness on an annual basis.

The terms of reference of the Nomination Committee have been reviewed with reference to the Code. The terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange and are also available from the Company Secretary on request.

Role and Function	
• review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy	• make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive
• identify individuals suitably qualified to become Board Members and select or make recommendations to the Board on the selection of individuals nominated for directorships	• assess the independence of independent non-executive directors

Summary of work during the year	
• reviewed the Board Diversity Policy	• reviewed the terms of reference of the Nomination Committee
• reviewed and assessed the structure, size and composition (including the skills, knowledge and experience) of the Board and its effectiveness	• proposed the Directors for re-election at annual general meeting
• assessed the independence of INED and confirmed that all INED are considered independent	

Board Diversity

The Board has adopted a board diversity policy.

1. Vision

The Company sees diversity at Board level as an important element in maintaining a high standard of corporate governance. The Company is committed to a diverse Board, so directors from diverse backgrounds could present the Company effectively to various constituencies, and to bring previously unheard perspective into the boardroom.

2. Policy Statement

(a) The Company aspires to maintain an appropriate range and balance of skills, experience and background on the Board. In determining the optimum composition of the Board, differences in the skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of the skills and experience the Board as a whole requires to be effective, with due regard for the benefits of diversity on the Board.

(b) The Nomination Committee will review and assess Board composition and its effectiveness on an annual basis. When there is vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the Terms of Reference of the Nomination Committee, with due regard to the Company's own circumstances.

3. Monitoring and Reporting

The Nomination Committee will report annually in the corporate governance report in the annual report, on the composition of the Board (including gender, age, length of service, education background, working experience), and monitor the implementation of the board diversity policy.

Company Secretary

The Company Secretary, Mr Wah Wang Kei, Jackie, plays the role in supporting the Board by ensuring good information flow within the Board, as well as communications with Shareholders and management. The Company Secretary's biography is set out in the Biographical Details of Directors and Senior Management section of this annual report. For the year ended 31 December 2015, the Company Secretary undertook 15 hours of professional training to update his skills and knowledge.

Attendances of Meetings

The Board will also conduct meetings on a regular basis and on an ad hoc basis, as required by business needs. The Bye-laws of the Company allow Board meetings to be conducted by way of telephone or videoconference. The Board held a total of four full Board meetings during the year.

Details of Directors' attendance at the Annual General Meeting ("AGM"), Board and Board Committees' meetings held during the year ended 31 December 2015 are set out in the following table:

	Meeting Attended/Held				
Name of Directors	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	2015 AGM[5]
EXECUTIVE DIRECTORS					
Chiu Tao[1,4]	4/4	–	–	1/1	1/1
Owen L Hegarty[1] (resigned on 24 March 2016)	4/4	–	–	–	1/1
Peter Geoffrey Albert[1] (resigned on 1 July 2015)	2/4	–	–	–	1/1
Ma Xiao[1]	4/4	–	–	–	1/1
Hui Richard Rui[1]	4/4	–	–	–	1/1
Wah Wang Kei, Jackie	4/4	–	–	–	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Or Ching Fai[2,3,4]	4/4	2/2	1/1	1/1	1/1
Ma Yin Fan[2,3,4]	4/4	2/2	1/1	1/1	1/1
Leung Hoi Ying[2,3]	4/4	2/2	1/1	–	1/1

Notes:
1. Executive Committee members
2. Audit Committee members
3. Remuneration Committee members
4. Nomination Committee members
5. The 2015 AGM was held on 29 May 2015

Chairman and Chief Executive Officer

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.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies, contained in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year under review.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Auditor's Remuneration

For the year ended 31 December 2015, the Group engaged Deloitte Touche Tohmatsu, auditors of the Company, to perform audit service. Their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report on page 32 of this annual report.

The services provided by Deloitte Touche Tohmatsu and the fees thereof were as follows:

Nature of services	For the year ended 31 December 2015 *USD'000*
Audit services	**251**
Non-audit services in relation to tax advisory	**14**
	265

Supply and Access to Information

The financial plans, including budgets and forecasts, are regularly discussed at Board meetings. Monthly reports to all Directors (including non-executive directors) are issued, covering financial and operating highlights.

Internal Control and Risk Management

The Board has overall responsibility for maintaining a sound and effective internal control system for the Group. The Group's system of internal control, which includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against their unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislations and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of the Group's system of internal control. The Board is satisfied that the Group has fully complied with the code provisions ("Code Provision(s)") of the Code on internal control during the year under review although an internal audit function was not yet set up in the internal control system of the Group.

The Audit Committee has established and adopted a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. The whistleblowing policy is posted on the websites of the Company and is also available from the Company Secretary on request.

Directors' Commitments

The Company has received confirmation from each Director that he/she has given sufficient time and attention to affairs of the Company for the year. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. Directors are also reminded to notify the Company Secretary in a timely manner and bi-annually confirm to the Company Secretary any change of such information. In respect of those Directors who stand for re-election at the 2016 AGM, all their directorships held in listed public companies in the past three years are set out in the Notice of AGM.

Participation in Continuous Professional Development Programme in 2015

During the year, Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates. All Directors are also encouraged to attend relevant training courses at the Company's expense. With effect from 1 January 2012, all Directors are required to provide the Company with his or her training record.

During the financial year, the Company arranged a workshop on 8 December 2015 on compliance with legal and regulatory requirements to the Directors. The workshop covered a broad range of topics including energy use – a goldmine of opportunity. Most of the Directors have attended the workshop.

	Reading Regulatory Updates	Attending expert briefings/seminars/ conferences relevant to the business or Directors' duties
EXECUTIVE DIRECTORS		
Chiu Tao	✓	✓
Owen L Hegarty (resigned on 24 March 2016)	✓	✓
Peter Geoffrey Albert (resigned on 1 July 2015)	✓	✓
Ma Xiao	✓	✓
Hui Richard Rui	✓	✓
Wah Wang Kei, Jackie	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Or Ching Fai	✓	✓
Ma Yin Fan	✓	✓
Leung Hoi Ying	✓	✓

Insurance Arrangement

Pursuant to the Code Provision A.1.8 under the Code, the Company should arrange appropriate insurance to cover potential legal actions against its Directors. The Company has renewed its corporate liability insurance purchased for its Directors and senior management.

Term of Appointment of Non-executive Directors

The independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation at annual general meetings in accordance with the Company's Bye-laws.

Memorandum of Association and Bye-Laws

During the year ended 31 December 2015, there were no changes to the Memorandum of Association and Bye-Laws of the Company. An up to date consolidated version of the Memorandum of Association and Bye-Laws of the Company is available on the websites of the Company and the Stock Exchange.

Shareholders

The Company recognises the importance of effective communication with our shareholders. Transparency is part of who we are and included in our GREAT core values. We uphold good corporate transparency and continue to review and improve our communications with shareholders through their consultation and feedback.

Shareholders' Right and Communication

We have been reporting our financial and non-financial results in a transparent fashion. Besides the annual report and the interim report, we published and released, from time to time, announcements, press releases and quarterly updates.

The Company's corporate website – www.g-resources.com, provides an excellent channel for our shareholders and other interested parties to access information about the Company. Shareholders can find from the website all key corporate information and information of the Company including but not limited to:

- Financial Reports
- Announcements and Press Releases
- Information on Change of Share Capital
- Circulars
- Press Releases
- Terms of Reference of the various Board Committees
- Shareholders Communication Policy
- Whistleblowing Policy
- Board Diversity Policy

Shareholders are encouraged to attend all general meetings of the Company and have the right to convene special general meetings, if shareholders find necessary.

Pursuant to Section 74 of the Bermuda Companies Act 1981, the Board, notwithstanding anything in its Bye-laws shall, on the requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

The Company arranges for the notice to its shareholders to be sent at least 20 clear business days before each of the annual general meetings of the Company in accordance with Code Provision E.1.3 of the Code. Separate resolutions are proposed at the annual general meetings on each substantially separate issue, including the election or re-election of each individual director.

The Board established a shareholders' communication policy and has posted it on the website of the Company. The Board reviews it on a regular basis to ensure its effectiveness.

Enquiries, comments and suggestions to the Board or the Company are welcome and can be addressed to the Investor Relations Department by mail to Rooms 4501-02, 4510, 45th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or by email at investor.relations@g-resources.com.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF G-RESOURCES GROUP LIMITED
國際資源集團有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of G-Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 97, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015** *USD'000*	2014 *USD'000*
Revenue	6	**403,081**	387,577
Cost of sales		**(265,771)**	(278,265)
Gross profit		**137,310**	109,312
Other income		**5,861**	2,221
Administrative expenses		**(36,115)**	(30,883)
Fair value changes of held for trading investments		**941**	5,404
Foreign exchange (loss)/gain, net		**(4,817)**	1,811
Finance cost	7	**(2,260)**	(1,762)
Profit before taxation		**100,920**	86,103
Taxation	8	**(39,612)**	(21,636)
Profit for the year	9	**61,308**	64,467
Profit for the year attributable to:			
Owners of the Company		**59,423**	62,737
Non-controlling interests		**1,885**	1,730
		61,308	64,467
Earnings per share			
– Basic and diluted (US cent)	12	**0.22**	0.24

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 USD'000	2014 USD'000
Profit for the year	**61,308**	64,467
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**264**	108
	264	108
Items that may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on:		
Available-for-sale investments	**5,771**	2,726
Hedging instruments designated in cash flow hedges	**1,082**	(1,082)
Reclassification upon disposal of available-for-sale investments	**(10)**	–
Reclassification upon impairment on available-for-sale investments	**–**	626
	6,843	2,270
Other comprehensive income for the year	**7,107**	2,378
Total comprehensive income for the year	**68,415**	66,845
Total comprehensive income for the year attributable to:		
Owners of the Company	**66,476**	65,169
Non-controlling interests	**1,939**	1,676
	68,415	66,845

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 USD'000	2014 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**734,957**	805,807
Exploration and evaluation assets	14	**27,316**	19,292
Investment properties	15	**95,220**	–
Available-for-sale investments	16	**175,726**	39,039
Other receivable	17	**27,008**	29,438
Inventories	18	**7,999**	7,780
		1,068,226	901,356
CURRENT ASSETS			
Inventories	18	**44,773**	47,685
Trade and other receivables	17	**29,335**	17,890
Loans receivable	19	**72,483**	–
Available-for-sale investments	16	**–**	39,419
Held for trading investments	20	**30,606**	29,216
Convertible bond	21	**17,044**	–
Derivative component in convertible bond	21	**744**	–
Pledged bank deposits	22	**–**	1,543
Bank balances and cash	22	**106,963**	260,750
		301,948	396,503
CURRENT LIABILITIES			
Trade and other payables	23	**28,996**	28,161
Derivative financial liabilities	24	**–**	1,082
Tax payable		**10,015**	15,559
		39,011	44,802
NET CURRENT ASSETS		**262,937**	351,701
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,331,163**	1,253,057
NON-CURRENT LIABILITIES			
Other payables	23	**4,485**	3,925
Deferred tax liabilities	25	**54,605**	33,982
Provision for mine rehabilitation cost	26	**20,732**	18,472
		79,822	56,379
		1,251,341	1,196,678
CAPITAL AND RESERVES			
Share capital	27	**34,246**	34,150
Reserves		**1,193,994**	1,141,216
Equity attributable to owners of the Company		**1,228,240**	1,175,366
Non-controlling interests		**23,101**	21,312
TOTAL EQUITY		**1,251,341**	1,196,678

The consolidated financial statements on pages 33 to 97 were approved and authorised for issue by the Board of Directors on 23 March 2016 and are signed on its behalf by:

Wah Wang Kei, Jackie
Director

Hui Richard Rui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital USD'000	Share premium USD'000	Capital redemption reserve USD'000	Contributed surplus (Note) USD'000	Share options reserve USD'000	Cash flow hedges reserve USD'000	Exchange reserve USD'000	Investment revaluation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total USD'000
At 1 January 2014	34,150	1,012,055	212	11,658	35,780	–	1,011	(2,844)	25,027	1,117,049	19,886	1,136,935
Profit for the year	–	–	–	–	–	–	–	–	62,737	62,737	1,730	64,467
Fair value gain/(loss) on:												
Available-for-sale investments	–	–	–	–	–	–	–	2,726	–	2,726	–	2,726
Hedging instruments designated in cash flow hedges (note 24)	–	–	–	–	–	(1,028)	–	–	–	(1,028)	(54)	(1,082)
Reclassified to profit or loss upon recognition of impairment of available-for-sale investments	–	–	–	–	–	–	–	626	–	626	–	626
Exchange difference arising on translation	–	–	–	–	–	–	108	–	–	108	–	108
Total comprehensive (expenses)/ income for the year	–	–	–	–	–	(1,028)	108	3,352	62,737	65,169	1,676	66,845
Vested share options lapsed/forfeited	–	–	–	–	(13,725)	–	–	–	13,725	–	–	–
Unvested share options lapsed	–	–	–	–	(6,852)	–	–	–	–	(6,852)	–	(6,852)
Dividend paid to a non-controlling interests	–	–	–	–	–	–	–	–	–	–	(250)	(250)
At 31 December 2014	34,150	1,012,055	212	11,658	15,203	(1,028)	1,119	508	101,489	1,175,366	21,312	1,196,678
Profit for the year	–	–	–	–	–	–	–	–	59,423	59,423	1,885	61,308
Fair value gain on:												
Available-for-sale investments	–	–	–	–	–	–	–	5,771	–	5,771	–	5,771
Hedging instruments designated in cash flow hedges (note 24)	–	–	–	–	–	1,028	–	–	–	1,028	54	1,082
Exchange difference arising on translation	–	–	–	–	–	–	264	–	–	264	–	264
Reclassified to profit or loss upon disposal of available-for-sale investment	–	–	–	–	–	–	–	(10)	–	(10)	–	(10)
Total comprehensive income for the year	–	–	–	–	–	1,028	264	5,761	59,423	66,476	1,939	68,415
Vested share options lapsed/forfeited	–	–	–	–	(11,243)	–	–	–	11,243	–	–	–
Unvested share options lapsed	–	–	–	–	(41)	–	–	–	–	(41)	–	(41)
Dividend recognised as distribution (Note 27)	96	2,745	–	–	–	–	–	–	(16,402)	(13,561)	–	(13,561)
Dividend paid to a non-controlling interests	–	–	–	–	–	–	–	–	–	–	(150)	(150)
At 31 December 2015	34,246	1,014,800	212	11,658	3,919	–	1,383	6,269	155,753	1,228,240	23,101	1,251,341

Note: The contributed surplus includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; (ii) the surplus arising from the group reorganisation in 1998; and (iii) the surplus arising from capital reorganisation in June 2009.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 USD'000	2014 USD'000
OPERATING ACTIVITIES		
Profit before taxation	**100,920**	86,103
Adjustments for:		
Interest income	**(10,386)**	(5,132)
Amortisation and depreciation	**138,318**	131,491
Loss on disposal of property, plant and equipment	**157**	–
Unvested share options lapsed	**(41)**	(6,852)
Fair value changes of held for trading investments	**(941)**	(5,404)
Fair value loss of derivative component in convertible bond	**161**	–
Provision for impairment of inventories	**366**	3,981
Provision for impairment of available-for-sale investments	**–**	626
Gain on disposal of available-for-sale investments	**(19)**	–
Finance cost	**2,260**	1,762
Operating cash flows before movements in working capital	**230,795**	206,575
Decrease/(increase) in inventories	**2,694**	(4,780)
Decrease/(increase) in other receivable (non-current portion)	**2,430**	(15,311)
(Increase)/decrease in trade and other receivables	**(10,663)**	45,527
Loans advanced to money lending customers	**(85,386)**	–
Repayment from money lending customers	**12,903**	–
Increase in held for trading investments	**(442)**	(22,395)
Increase in trade and other payables	**2,109**	2,425
Cash generated from operations	**154,440**	212,041
Income taxes paid	**(24,555)**	(14,791)
Net cash from Operating Activities	**129,885**	197,250
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(43,534)**	(63,984)
Additions of exploration and evaluation assets	**(8,024)**	(7,952)
Proceed from disposal of property, plant and equipment	**676**	–
Acquisition of property, plant and equipment and other assets and liabilities through acquisition of a subsidiary (Note 29)	**(26,952)**	–
Net cash outflow arising on acquisition of subsidiaries for real property business (Note 29)	**(94,671)**	–
Purchase of available-for-sale investments	**(111,523)**	(67,583)
Proceeds from disposal of available-for-sale investments	**20,138**	–
Purchase of convertible bond	**(17,415)**	–
Interest received	**8,726**	4,064
Decrease/(increase) in pledged bank deposits	**1,543**	(1,500)
Net cash used in Investing Activities	**(271,036)**	(136,955)
FINANCING ACTIVITIES		
Dividend paid to shareholders	**(13,561)**	–
Dividend paid to a non-controlling shareholder	**(150)**	(250)
Cash used in Financing Activities	**(13,711)**	(250)
Net (decrease)/increase in cash and cash equivalents	**(154,862)**	60,045
Cash and cash equivalents at beginning of the year	**260,750**	200,575
Effect of foreign exchange rate changes	**1,075**	130
Cash and cash equivalents at end of the year, represented by Bank Balances and Cash	**106,963**	260,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. General

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is disclosed in the Corporate Information of the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 38.

The consolidated financial statements are presented in United States Dollars ("USD"), which is different from the Company's functional currency of Hong Kong Dollars ("HKD"). The management adopted USD as presentation currency as the management controls and monitors the performance and financial position of the Group based on USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. 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.

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to 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.

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[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKAS 1 (Amendments)	Disclosure Initiative[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[2]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[2]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the Consolidation Exception[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

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 2016, with earlier application permitted
3 Effective for annual periods beginning on or after a date to be determined

2. Application of New and Revised Hong Kong Financial Reporting Standards (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 FINANCIAL INSTRUMENTS

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised revision of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of *HKAS 39 Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. Application of New and Revised Hong Kong Financial Reporting Standards (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including *HKAS 18 Revenue*, *HKAS 11 Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may affect the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at revalued amounts or at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Significant Accounting Policies (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated in full on consolidation.

3. Significant Accounting Policies (continued)

Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holdings to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

ALLOCATION OF TOTAL COMPREHENSIVE INCOME TO NON-CONTROLLING INTERESTS

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Proceeds from sales of financial assets at fair value through profit and loss/available-for-sale investments are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend and distribution income from investments including financial assets at fair value through profit or loss and available-for-sale financial assets are recognised when the shareholders' rights to receive payment have been established.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress, mine property and development assets) less their estimated residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Mine property and development assets include costs of exploration and evaluation, cost to acquire mineral rights, subsequent costs to develop the mine to the production phase, costs which are necessarily incurred during commissioning of the plant and net of proceeds from the sale of test production.

Mine property and development assets are reclassified to mining properties when the mine starts commercial production.

Mining properties represent the accumulated mine property and development assets and other costs, including construction cost of the mining site infrastructure, incurred in relation to areas of interest in which commercial production of minerals has commenced.

Buildings are situated on the land which is located in Indonesia. The land is included in mining properties.

When further development expenditure is incurred in respect of an area of interest in production, such expenditure is capitalised as part of the cost of that mining property only if future economic benefits are probable. Otherwise such expenditure is classified as part of the cost of production and expensed in profit and loss.

The amortisation of mining properties and plant and equipment related to production commences when the mine starts commercial production and is provided on the unit of production basis, based on the actual production volume over the total estimated proved and probable reserves of the gold and silver mine.

The estimated reserves and life of mine are reassessed at least annually. Where there is a change in the reserves, depreciation and amortisation rates are adjusted prospectively from that reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

3. Significant Accounting Policies (continued)

Stripping cost

The costs from waste removal activity ("stripping cost") incurred in the development phase of a surface mine are capitalised as part of the mining properties and are subsequently amortised over the life of the mine on a unit of production basis.

To the extent that stripping costs incurred in the production phase of a surface mine ("production stripping costs") provide improved access to ore, such costs are recognised as a non-current asset ("stripping activity asset") when certain criteria are met. The costs of normal ongoing operational stripping activities are accounted as inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of mining properties and classified as tangible assets according to the nature of the mining properties of which it forms part.

The stripping activity asset is then depreciated on a unit of production basis over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost.

Exploration and evaluation assets represent costs of acquiring exploration and mining rights and the expenditures in the search for mineral resources on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrated, any previously recognised exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties (included in property, plant and equipment).

3. Significant Accounting Policies (continued)

Inventories

Inventories comprise raw materials, work in progress and finished goods. Work in progress inventories mainly comprise ore stockpiles and other partly processed materials.

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined primarily on a weighted average cost basis.

Cost for inventories comprises labour costs, material costs and contractor expenses which are directly attributable to the extraction and processing of ore; and a systematic allocation of the amortisation and depreciation of mining properties and of property, plant and equipment used in the extraction and processing of ore; and production overheads. Cost for purchased materials is determined after deducting discounts.

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

Stockpiles represent ore that has been extracted and is awaiting further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with reasonable certainty, it is valued at the lower of cost and net realisable value.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

THE GROUP AS LESSOR

Rental income is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

THE GROUP AS LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. USD) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Retirement benefits scheme

The retirement benefits scheme contributions relating to the mandatory provident fund scheme for all employees in Hong Kong and state-managed retirement benefit scheme for all employees in Indonesia charged to profit and loss represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial assets. Fair value is determined in the manner described in note 31(c).

3. Significant Accounting Policies (continued)

Financial instruments (continued)

FINANCIAL ASSETS (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, debt component of the convertible bond, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Derivative component in convertible bond

Derivative component in convertible bond is initially recognised at fair value and is classified separately into respective items on initial recognition. The derivative component is subsequently remeasured at fair value at the end of the reporting period with resulting gain or loss recognised in profit or loss immediately.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of less than a week, observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

FINANCIAL ASSETS (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and loans receivable, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale investment equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale investment debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Debt and equity instruments issued by a group entity as either financial liabilities or as equity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedges of highly probable forecast transactions for foreign currency exposure (cash flow hedges).

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of cash flow hedges reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (cash flow hedges reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

DERECOGNITION

Financial assets are derecognised only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised only when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost is required when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured based on the area of land disturbed by the mine as a whole in accordance with the relevant rules and regulations applicable in Indonesia at the end of the reporting period, and using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows (where the effect is material). The payments for the mine rehabilitation cost is required by the local authority upon the closure of the respective mine project.

Mine rehabilitation cost is provided in the period in which the obligation is identified and is capitalised to the costs of mining properties. The cost is charged to profit or loss through depreciation of assets, which are depreciated using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the gold and silver mine.

Impairment losses on tangible assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. Significant Accounting Policies (continued)

Share-based payment transactions

EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense on a straight-line basis over the vesting period, based on the Group's estimation of share options that will eventually vests, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the unvested share options are lapsed at the expiry date, the amount previously recognised in share options reserve is transferred to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted, measured at the date the entity obtained the goods or the counterparty rendered the service. The fair values of the goods or services received are recognised as expenses, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

VALUE ADDED TAX RECOVERABLE (INCLUDED IN OTHER RECEIVABLES)

Included in other receivable (non-current portion) of USD27,008,000 (2014: USD29,438,000) and other receivables (current portion) of USD nil (2014: USD5,495,000) are value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site. According to relevant tax law and regulations in Indonesia, such VAT payment is refundable upon application by the Group, subject to approval by the relevant Indonesian tax authority. The directors are not aware of any non-compliance with the relevant tax laws and are of the opinion that the approval from relevant tax office will be obtained and VAT will be fully refunded.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ORE RESERVE AND RESOURCES ESTIMATES

Recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of future operating performance, future capital requirements, short and long term commodity prices, and short and long term exchange rates. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, as well as the amount of depreciation and amortisation recognised.

ESTIMATED IMPAIRMENT ON MINING PROPERTIES AND PLANT AND EQUIPMENT

In determining whether there is an impairment of the mining properties and plant and equipment of the Group's gold and silver mine located in the Regency of South Tapanuli, Northern Sumatra, Indonesia (the "Martabe Gold Mine"), management will consider whether there is any objective evidence that indicates the carrying value of these assets are less than the recoverable value. As at 31 December 2015, the carrying amount of mining properties and plant and equipment are USD524,833,000 (2014: USD591,932,000) and USD170,780,000 (2014: USD199,056,000) respectively.

ESTIMATED IMPAIRMENT ON EXPLORATION AND EVALUATION ASSETS

In determining whether there is an impairment of the exploration and evaluation assets of the Martabe Gold Mine, management is required to assess whether there is any impairment indicator which indicates that there is impairment on the exploration and evaluation assets including (a) the period for which the Indonesian subsidiary has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Indonesian subsidiary has decided to discontinue such activities in the specific area; (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. As at 31 December 2015, the carrying amount of exploration and evaluation assets is USD27,316,000 (2014: USD19,292,000).

PROVISION FOR MINE REHABILITATION COST

Provision for mine rehabilitation cost has been estimated by the directors based on current regulatory requirements and the area affected in drilling and construction activities in the Martabe Gold Mine area estimated by the management and discounted to their present value. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amounts from period to period. In addition, the expected timing of cash outflows of such mine rehabilitation cost is estimated based on the expected closure date of the Martabe Gold Mine and is subject to any significant changes to the production plan. As at 31 December 2015, the balance of provision for mine rehabilitation cost was USD20,732,000 (2014: USD18,472,000).

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets and liabilities is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are set out in note 31(c).

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

IMPAIRMENT LOSS ON LOANS RECEIVABLE

Management regularly reviews the recoverability of the loans receivable. Appropriate impairment for estimated irrecoverable amount is recognised in profit and loss when there is objective evidence that the amount is not recoverable.

In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aged status and likelihood of collection. Specific allowance is only made for the loans receivable that are unlikely to be collected and is recognised on the difference between the carrying amount of loans receivable and the present value of estimated future cash flow discounted using the original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, there is no impairment made and the carrying amount of loans receivable is USD72,483,000 (2014: nil).

ESTIMATED IMPAIRMENT ON AVAILABLE-FOR-SALE INVESTMENTS

Management reviews the recoverability of the Group's available-for-sale investments with reference to current market environment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceed their corresponding recoverable amounts. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on available-for-sale investments is required, the Group takes into consideration the current market environment and the estimates of future cash flows which the Group expects to receive. Impairment is recognised based on the present value of estimated future cash flows. If the market environment/circumstances change significantly, resulting in a decrease in the recoverable amount of these available-for-sale investments, additional impairment loss may be required. As at 31 December 2015, the carrying amount of available-for-sale investments is USD175,726,000 (2014: USD78,458,000).

FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties are carried in the consolidated statement of financial position at 31 December 2015 at their fair value of USD95,220,000 (2014: nil). The fair value was based on valuation of these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

DEFERRED TAXATION ON INVESTMENT PROPERTIES

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

5. 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 (2014: two) operating business units which represent four (2014: two) operating segments, namely, principal investment business, money lending business, real property business and mining business (2014: principal investment business and mining business). In the current year, the Group is actively engaged in investment and securities trading. The interest income and dividend and distribution income earned from financial products is presented as segment revenue under principal investment business segment. Money lending business and real property business are newly commenced during the year ended 31 December 2015.

(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 2015

	Principal investment business *USD'000*	Money lending business *USD'000*	Real property business *USD'000*	Mining business *USD'000*	Total *USD'000*
Sale of gold and silver	–	–	–	391,468	391,468
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
Segment revenue	7,311	3,647	655	391,468	403,081
Segment results	8,732	3,644	611	95,901	108,888
Unallocated corporate expenses					(7,968)
Profit before taxation					100,920

For the year ended 31 December 2014

	Principal investment business *USD'000*	Mining business *USD'000*	Total *USD'000*
Sale of gold and silver	–	384,115	384,115
Interest income from financial products	3,462	–	3,462
Segment revenue	3,462	384,115	387,577
Segment results	9,535	77,502	87,037
Unallocated corporate expenses			(1,032)
Unallocated income			98
Profit before taxation			86,103

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3. Segment results represents 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.

5. Segment Information (continued)

(b) Segment assets and liabilities

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

At 31 December 2015

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

At 31 December 2014

	Principal investment business *USD'000*	Mining business *USD'000*	Total *USD'000*
ASSETS			
Segment assets	328,219	969,139	1,297,358
Unallocated corporate assets			501
Total assets			1,297,859
LIABILITIES			
Segment liabilities	3	99,710	99,713
Unallocated corporate liabilities			1,468
Total liabilities			101,181

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.

5. Segment Information (continued)

(c) Other segment information

For the year ended 31 December 2015

	Principal investment business *USD'000*	Money lending business *USD'000*	Real property business *USD'000*	Mining 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	50,129	26,518	171,874
Additions to available-for-sale investments	111,523	–	–	–	–	111,523
Additions to held for trading investments	959	–	–	–	–	959
Depreciation						
Cost of sales	–	–	–	132,243	–	132,243
Administrative expenses	–	–	–	5,795	280	6,075
Provision for impairment of inventories	–	–	–	366	–	366
Interest income (including interest on bank deposits)	6,585	3,651	–	150	–	10,386

For the year ended 31 December 2014

	Principal investment business *USD'000*	Mining 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)	–	65,147	11	65,158
Additions to available-for-sale investments	67,583	–	–	67,583
Additions to held for trading investments	22,395	–	–	22,395
Depreciation				
Cost of sales	–	124,887	–	124,887
Administrative expenses	–	6,596	8	6,604
Provision for impairment of inventories	–	3,981	–	3,981
Provision for impairment of available-for-sale investments	626	–	–	626
Interest income (including interest on bank deposits)	4,575	557	–	5,132

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

5. Segment Information (continued)

(d) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue determined based on the location of goods produced, the location of financial products, the location of money lending 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:

	Segment revenue		Non-current assets excluding financial instruments	
	2015	2014	**2015**	2014
	USD'000	*USD'000*	***USD'000***	*USD'000*
Singapore	**5,189**	3,462	**–**	–
Hong Kong	**6,172**	–	**121,464**	9
Indonesia	**391,468**	384,115	**744,028**	832,870
Others	**252**	–	**–**	–
	403,081	387,577	**865,492**	832,879

Note: Non-current assets excluded available-for-sale investments (non-current portion) and other receivable (non-current portion).

(e) Information about major customers

For the year ended 31 December 2015 and 31 December 2014, an individual customer contributed over 10% of the total revenue with the amount of USD371,994,000 and USD372,029,000 respectively, from the mining business segment.

6. Revenue

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

	2015	2014
	USD'000	*USD'000*
Sales of gold	**351,285**	344,407
Sales of silver	**40,183**	39,708
Interest income from financial products	**5,720**	3,462
Dividend and distribution income from financial products	**1,591**	–
Interest income from money lending business	**3,647**	–
Rental income	**655**	–
	403,081	387,577

7. Finance Cost

	2015 USD'000	2014 USD'000
Discount unwinding on provision	**2,260**	1,762
Total finance cost	**2,260**	1,762

8. Taxation

	2015 USD'000	2014 USD'000
Current tax		
Hong Kong	**15**	–
Indonesia	**10,802**	8,659
	10,817	8,659
Under-provision in prior years		
Indonesia	**8,172**	–
Deferred tax (Note 25)		
Undistributed profits of subsidiary	**3,313**	2,036
Accelerated tax depreciation	**17,310**	10,941
	20,623	12,977
Taxation for the year	**39,612**	21,636

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the relevant tax law, the Corporate Income Tax rate of the Indonesian subsidiary is 25%.

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Taxation (continued)

Pursuant to the relevant laws and regulations in Indonesia, dividend withholding tax is imposed at a rate of 7.5% on dividend declared in respect of profits earned by Indonesian subsidiary that are received by non-Indonesian resident entities. Dividend withholding tax of approximately USD3,313,000 (2014: USD2,036,000) was recognised as deferred tax expense in the current reporting period.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2015 ***USD'000***	2014 *USD'000*
Profit before taxation	**100,920**	86,103
Tax at Indonesian Corporate Income Tax rate of 25%	**25,230**	21,526
Tax effect of expenses not deductible for tax purpose	**8,184**	5,494
Tax effect of income not taxable for tax purpose	**(2,110)**	(8,560)
Tax effect of tax losses not recognised	**97**	1,144
Utilisation of tax losses previously not recognised	**(1,278)**	(884)
Effect of different tax rates of group companies operating in other jurisdictions	**(3,050)**	(3,379)
Withholding tax on interest	**2,993**	3,903
Tax credit on withholding tax paid	**(2,153)**	–
Withholding tax on dividend	**214**	356
Deferred tax for undistributed profits of subsidiary	**3,313**	2,036
Under-provision of tax in prior years	**8,172**	–
Taxation for the year	**39,612**	21,636

The domestic tax rate, which is Indonesian Corporate Income Tax rate in the jurisdiction where the operation of the Group is substantially based, is used.

Details of the Group's deferred tax are set out in note 25.

9. Profit for the Year

	2015 USD'000	2014 USD'000
Profit for the year has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments (Note 10(a))	**3,377**	3,541
– Other staff costs		
– Cost of sales	**12,194**	14,348
– Administrative expenses	**6,143**	6,800
– Contributions to retirement benefits schemes, excluding directors	**662**	572
– Unvested share options lapsed	**(41)**	(6,852)
Total staff costs	**22,335**	18,409
Auditors' remuneration	**251**	219
Amortisation and depreciation of property, plant and equipment, included in		
– Cost of sales	**132,243**	124,887
– Administrative expenses	**6,075**	6,604
Loss on disposal of property, plant and equipment	**157**	–
Operating lease payments in respect of office premises and warehouse	**633**	632
Provision for impairment of inventories	**366**	3,981
Provision for impairment of available-for-sale investments	**–**	626
Royalties expense	**2,348**	2,111
Other taxes	**3,977**	4,313
Interest income (Note 5(c))	**(10,386)**	(5,132)

10. Directors', Chief Executive's and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the directors for the year were as follows:

For the year ended 31 December 2015

	Fees *USD'000*	Salaries and other emoluments *USD'000*	Discretionary bonus *USD'000*	Contributions to retirement benefits scheme *USD'000*	Allowances *USD'000*	Total *USD'000*
EXECUTIVE DIRECTORS: (Note c)						
Chiu Tao (Note b)	–	–	387	–	–	387
Owen L Hegarty	–	601	100	–	–	701
Peter Geoffrey Albert (Note a)	–	629	–	1	65	695
Ma Xiao	–	322	258	2	94	676
Wah Wang Kei, Jackie	–	342	114	4	–	460
Hui Richard Rui	–	246	82	2	–	330
INDEPENDENT NON-EXECUTIVE DIRECTORS: (Note d)						
Or Ching Fai	90	–	–	–	–	90
Ma Yin Fan	19	–	–	–	–	19
Leung Hoi Ying	19	–	–	–	–	19
	128	2,140	941	9	159	3,377

10. Directors', Chief Executive's and Employees' Emoluments (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2014

	Fees USD'000	Salaries and other emoluments USD'000	Discretionary bonus USD'000	Contributions to retirement benefits scheme USD'000	Allowances USD'000	Total USD'000
EXECUTIVE DIRECTORS: (Note c)						
Chiu Tao	–	–	–	–	–	–
Owen L Hegarty	–	601	–	–	–	601
Peter Geoffrey Albert (Note a)	–	1,001	500	2	126	1,629
Ma Xiao	–	276	161	2	88	527
Wah Wang Kei, Jackie	–	325	54	2	–	381
Hui Richard Rui	–	234	39	2	–	275
INDEPENDENT NON-EXECUTIVE DIRECTORS: (Note d)						
Or Ching Fai	90	–	–	–	–	90
Ma Yin Fan	19	–	–	–	–	19
Leung Hoi Ying	19	–	–	–	–	19
	128	2,437	754	8	214	3,541

Notes:

(a) Mr Peter Geoffrey Albert was the Chief Executive of the Company till 30 June 2015 and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(b) Mr Chiu Tao became the acting Chief Executive since 30 June 2015 and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(c) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(d) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Bonuses which are discretionary are determined with reference to individual performance. Mr Chiu Tao suspended his salary with effect from October 2010 until the gold production in Martabe Gold Mine begins and reaches certain level. Mr Chiu had not drawn any salary for the year ended 31 December 2014. No other director waived any emoluments in the year. The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

10. Directors', Chief Executive's and Employees' Emoluments (continued)

(b) Employees' emoluments

(i) Of the five individuals with the highest emoluments in the Group, three were executive directors of the Company (2014: three) whose emoluments are included in the disclosures above. The remaining two (2014: two) individuals were the senior management and the emoluments were as follows:

	2015 *USD'000*	2014 *USD'000*
Salaries and other benefits	**1,030**	1,092
Retirement benefits scheme contributions	**4**	2
Discretionary bonus	**216**	339
	1,250	1,433

The emoluments were within the following bands:

	Number of employees **2015**	2014
HKD4,000,001 (USD515,989) to HKD4,500,000 (USD580,488)	**1**	–
HKD4,500,001 (USD580,489) to HKD5,000,000 (USD644,987)	**–**	1
HKD5,000,001 (USD644,988) to HKD5,500,000 (USD709,485)	**1**	–
HKD6,000,001 (USD773,984) to HKD6,500,000 (USD838,482)	**–**	1
	2	2

(ii) The emoluments of senior management were within the following bands:

	Number of employees **2015**	2014
HKD1,500,001 (USD193,496) to HKD2,000,000 (USD257,995)	**1**	1
HKD3,500,001 (USD451,491) to HKD4,000,000 (USD515,989)	**1**	1
HKD4,000,001 (USD515,990) to HKD4,500,000 (USD580,488)	**2**	–
HKD4,500,001 (USD580,489) to HKD5,000,000 (USD644,987)	**–**	1
HKD5,000,001 (USD644,988) to HKD5,500,000 (USD709,485)	**1**	–
HKD6,000,001 (USD773,984) to HKD6,500,000 (USD838,482)	**–**	1
	5	4

The senior management of the Group are solely determined by the directors and the senior management for the 2015 are Arthur Ellis, Timothy John Vincent Duffy, Ed Cooney, Linda H D Siahaan and Shawn David Crispin (2014: Arthur Ellis, Timothy John Vincent Duffy, Linda H D Siahaan and Shawn David Crispin). Two (2014: Two) of the senior management are included as five individuals with the highest emoluments in the Group.

(c) Save as disclosed above, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the year.

11. Dividend

The final dividend of HK0.44 cents (2014: HK0.48 cents) per share, with the amount of approximately HKD117,000,000 (2014: HKD127,000,000), in respect of the year ended 31 December 2015 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

At the annual general meeting held on 29 May 2015, the board of directors recommended and shareholders approved the payment of a final dividend for the year ended 31 December 2014 of HK0.48 cents per share of par value of HKD0.01 each (the "2014 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 2014 Final Dividend paid to shareholders in cash and in scrip shares amounted to USD13,561,000 and USD2,841,000, respectively. Full details of the 2014 Final Dividend were set out in the Company's circulars dated 23 April 2015.

12. Earnings Per Share

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

	2015 ***USD'000***	2014 *USD'000*
Profit for the year attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**59,423**	62,737

	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**26,520,040,803**	26,490,076,130

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 2015 and 2014.

13. Property, Plant and Equipment

	Buildings USD'000	Plant and equipment USD'000	Mining properties USD'000	Construction in progress USD'000	Leasehold improvements USD'000	Furniture, fixtures & equipment USD'000	Motor vehicles USD'000	Aircraft USD'000	Total USD'000
COST									
At 1 January 2014	16,555	255,455	618,950	106,557	265	8,286	1,090	–	1,007,158
Exchange realignments	–	–	(23)	–	–	–	–	–	(23)
Additions	–	–	18,394	38,346	–	338	128	–	57,206
Transfer from construction in progress	212	4,889	139,671	(144,772)	–	–	–	–	–
At 31 December 2014 and 1 January 2015	16,767	260,344	776,992	131	265	8,624	1,218	–	1,064,341
Exchange realignments	–	–	64	–	–	–	–	(3)	61
Additions	–	431	11,241	29,112	–	1,252	76	–	42,112
Transfer from construction in progress	757	2,672	25,814	(29,243)	–	–	–	–	–
Disposals	(3)	(754)	–	–	–	–	(184)	–	(941)
Arising from acquisition of assets through acquisition of a subsidiary (Note 29)	–	–	–	–	–	–	–	26,511	26,511
At 31 December 2015	17,521	262,693	814,111	–	265	9,876	1,110	26,508	1,132,084
ACCUMULATED DEPRECIATION									
At 1 January 2014	3,536	33,987	79,262	–	265	3,707	826	–	121,583
Exchange realignments	–	–	(1)	–	–	–	–	–	(1)
Provided for the year	1,698	27,301	105,799	–	–	1,985	169	–	136,952
At 31 December 2014 and 1 January 2015	5,234	61,288	185,060	–	265	5,692	995	–	258,534
Exchange realignments	–	–	16	–	–	–	–	–	16
Elimination on disposals	–	–	–	–	–	–	(108)	–	(108)
Provided for the year	1,718	30,625	104,202	–	–	1,770	98	272	138,685
At 31 December 2015	6,952	91,913	289,278	–	265	7,462	985	272	397,127
CARRYING VALUES									
At 31 December 2015	10,569	170,780	524,833	–	–	2,414	125	26,236	734,957
At 31 December 2014	11,533	199,056	591,932	131	–	2,932	223	–	805,807

13. Property, Plant and Equipment (continued)

Construction in progress represents the construction of mine structures and mining site infrastructure for the Martabe Gold Mine.

Depreciation on the mining properties and plant and equipment related to production are provided using the unit of production method ("UOP") based on the actual production volume over the total estimated proved and probable reserves of the gold and silver mine. These estimations are prepared by appropriately qualified party who is independent of the Group.

The effective depreciation rate of mining properties and plant and equipment related to production is approximately 13% (2014: 14%).

The other items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Buildings	10%
Plant and equipment	12.5% to 25%
Leasehold improvements	10% to 50% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20% to 50%
Motor vehicles	20% to 25%
Aircraft	7%

Note: Depreciation of USD132,610,000 (2014: USD130,348,000) incurred during the year ended 31 December 2015 were capitalised as inventories of which USD132,243,000 (2014: USD124,887,000) were subsequently charged to profit or loss as cost of sales during the year.

14. Exploration and Evaluation Assets

	USD'000
At 1 January 2014	11,340
Additions	7,952
At 31 December 2014 and 1 January 2015	19,292
Additions	8,024
At 31 December 2015	27,316

Exploration and evaluation assets represent the costs of acquiring exploration rights and expenditures in the search for mineral resources on an area of interest basis. The addition on the exploration and evaluation assets represents drilling, assaying costs, consultancy and advisory fee, staff costs and other expenditures incurred in the search for mineral resources during the year in mining areas where the existence of economically recoverable reserves could not be reasonably assessed.

15. Investment Properties

At fair value	*USD'000*
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Acquisition of assets through acquisition of subsidiaries (Note 29)	95,227
Exchange realignments	(7)
At 31 December 2015	95,220

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

The fair value of the Group's investment properties at 31 December 2015 has been arrived at on the basis of a valuation carried out by Asset Appraisal Limited, independent qualified professional valuers not connected to the Group.

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 are as follows:

	Level 3 *USD'000*	Total *USD'000*
Commercial office units in Hong Kong	92,252	92,252
Car parking spaces in Hong Kong	2,968	2,968
At 31 December 2015	95,220	95,220

For the investment properties categorised into Level 3 of the fair value hierarchy, the valuation method used is direct comparison method and the key inputs for valuation technique of the commercial office units in Hong Kong is price per square feet and car parking spaces in Hong Kong is price per car parking space. The price per square feet using market direct comparable and taking into account of location and other individual factors such as floor range and change in market environment for the timing differences of comparable transactions of the range from HKD18,431 to HKD18,902 per square feet and HKD2,300,000 per car park space. A slight increase in price per square feet and price per car parking space will increase significantly the fair value of commercial office units and car parking spaces respectively.

16. Available-For-Sale Investments

	2015 **USD'000**	2014 USD'000
Listed debt securities, at fair value		
Senior Notes Due 2015 (Note a)	**–**	9,300
Senior Notes Due 2021 (Note b)	**33,351**	31,608
Senior Notes Due 2020 (Note c)	**24,607**	–
Unlisted securities		
Managed investment funds (Note d)	**45,366**	37,550
Other security investments (Note e)	**42,582**	–
Perpetual Securities (Note f)	**29,820**	–
	175,726	78,458
Less: Available-for-sale investments classified as non-current assets	**(175,726)**	(39,039)
Available-for-sale investments classified as current assets	**–**	39,419

Notes:

(a) The balance represents the Group's investment in senior notes with principal amount of USD10,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 18 May 2015 (the "Senior Notes Due 2015"). These notes were listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 11.75% per annum, payable semi-annually in arrears on 18 May and 18 November of each year, commencing on 18 November 2010.

The Senior Notes Due 2015 might be redeemed anytime under certain conditions before the maturity date in the following circumstances:

(1) At any time prior to 18 May 2013, the Senior Notes Due 2015 issuer might redeem up to 35% of the aggregate principal amount of the Senior Notes Due 2015 at a redemption price equal to 111.75% of the principal amount of the Senior Notes Due 2015 redeemed, plus accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days' notice;

(2) At any time prior to 18 May 2013, the Senior Notes Due 2015 issuer might at its option redeem the Senior Notes Due 2015, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes Due 2015 redeemed, plus the make-whole premium as of, and accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days' notice;

(3) At any time on or after 18 May 2013, the Senior Notes Due 2015 issuer might redeem the Senior Notes Due 2015, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Senior Notes Due 2015 redeemed, to the redemption date, if redeemed during the twelve-month period commencing on 18 May of any year set forth below:

Period	Redemption price
2013	105.8750%
2014 and thereafter	102.9375%

The Senior Notes Due 2015 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 and the Hull-White term structure model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the year ended 31 December 2014, an increase in fair value of USD2,219,000 was recognised in the investment revaluation reserve. During the year end 31 December 2014, prior to the maturity, the issuer of the Senior Note Due 2015 offered repurchase of Senior Note Due 2015, it was accepted by the Group and was confirmed by the issuer. The cumulative loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss and an impairment loss amounting to USD626,000 was recognised in the profit or loss.

The fair value of the Senior Notes Due 2015 as at 31 December 2014 was determined using the discounted cash flow model and the Hull-White term structure model with the following assumptions:

	2014
Discount rate	41.02%
Time to maturity	0.38 year
Mean reverting rate	0.01735
Volatility	0.01155

16. Available-For-Sale Investments (continued)

Notes: (continued)

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

The Senior Notes Due 2021 may be redeemed anytime under certain conditions before the maturity date in the following circumstances:

(1) At any time and from time to time prior to 22 January 2017, the Senior Notes Due 2021 issuer may redeem up to 35% of the aggregate principal amount of the Senior Notes Due 2021 at a redemption price equal to 108.125% of the principal amount of the Senior Notes Due 2021 redeemed, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the Senior Notes Due 2021 originally issued on the original issue date remains outstanding after the redemption takes place within 60 days;

(2) At any time prior to 22 January 2018, the Senior Notes Due 2021 issuer may at its option redeem the Senior Notes Due 2021, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes Due 2021 redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date;

(3) At any time on or after 22 January 2018, the Senior Notes Due 2021 issuer may redeem the Senior Notes Due 2021, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Senior Notes Due 2021 redeemed, to the redemption date, if redeemed during the twelve-month period commencing on 22 January of any year set forth below:

	Redemption price
Period	
2018	104.063%
2019	102.031%
2020 and thereafter	100%

The Senior Notes Due 2021 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 and the Hull-White term structure model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the year ended 31 December 2015, an increase in fair value of USD1,745,000 (2014: USD540,000) was recognised in the investment revaluation reserve.

The fair value of the Senior Notes Due 2021 as at 31 December 2015 and 31 December 2014 is determined using the discounted cash flow model and the Hull-White term structure model with the following assumptions:

	2015	2014
Discount rate	**4.416-6.097%**	6.136-7.948%
Time to maturity	**5.066 years**	6.066 years
Spread	**6.080%**	7.308%
Floating rate	**0.846%**	0.363%

16. Available-For-Sale Investments (continued)

Notes: (continued)

(c) During the year ended 31 December 2015, the Group acquired senior notes with principal amount of USD30,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 17 February 2020 (the "Senior Notes Due 2020"). These notes are listed on the Singapore Exchange Securities Trading Limited, carry interest at a fixed rate of 12% per annum, payable semi-annually in arrears on 17 February and 17 August of each year, commencing on 17 August 2015. During the year, the Group disposed of 8,000,000 units at an original cost of USD8,000,000, realised and recognised a gain of USD8,000.

The Senior Notes Due 2020 may be redeemed anytime under certain conditions before the maturity date in the following circumstances:

(1) At any time and from time to time prior to 17 February 2017, the Senior Notes Due 2020 issuer may redeem up to 35% of the aggregate principal amount of the Senior Notes Due 2020 at a redemption price equal to 112% of the principal amount of the Senior Notes Due 2020 redeemed, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the Senior Notes Due 2020 originally issued on the original issue date remains outstanding after the redemption takes place within 60 days;

(2) At any time prior to 17 February 2018, the Senior Notes Due 2020 issuer may at its option redeem the Senior Notes Due 2020, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes Due 2020 redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date;

(3) At any time on or after 17 February 2018, the Senior Notes Due 2020 issuer may redeem the Senior Notes Due 2020, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Senior Notes Due 2020 redeemed, to the redemption date, if redeemed during the twelve-month period commencing on 17 February of any year set forth below:

Period	Redemption price
2018	106%
2019 and thereafter	103%

The Senior Notes Due 2020 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 and the Hull-White term structure model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the year ended 31 December 2015, an increase in fair value of USD1,652,000 was recognised in the investment revaluation reserve.

The fair value of the Senior Notes Due 2020 as at 31 December 2015 is determined using the discounted cash flow model and the Hull-White term structure model with the following assumptions:

	2015
Discount rate	**8.593-10.021%**
Time to maturity	**4.134 years**
Spread	**10.911%**
Floating rate	**0.846%**

(d) The Group held 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 market prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. During the year ended 31 December 2015, an increase in fair value of USD1,135,000 (2014: a decrease in fair value of USD33,000) is charged to the other comprehensive income. The Group receive a return of capital from are of its unlisted investments fund of USD819,000.

(e) The other security investments of the Group includes an investment with the carrying value of USD6,119,000 (2014: nil) which was stated at fair value as at 31 December 2015 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 USD36,463,000 (2014: nil) represent 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 2015, three out of these five other security investments accounted for 93% (2014: nil) of the aggregate carrying value, which the investment portfolio are focused in unlisted equity investments in information technology companies on consumer business and finance industry.

During the year, the Group withdrawn its investment in one of the unlisted securities investments. The cost of investment of USD2,000,000 (2014: nil) was refunded plus gain of USD11,000.

16. Available-For-Sale Investments (continued)

Notes: (continued)

(f) On 29 December 2015, the Group subscribed for 9% perpetual securities ("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.

A holder of Perpetual Securities is not entitled to vote at any general meetings of the issuer by reason only of it being a holder of such Perpetual Securities.

Subject to the terms of the Perpetual Securities, the Perpetual Securities confer a right to receive distributions (each a "Distribution") at the applicable rate of distribution (the "Distribution Rate"). Distributions will be payable on the Perpetual Securities in USD semi-annually in arrear on each distribution payment date, meaning 29 June and 29 December in each year, starting on (and including) 29 June 2016.

The issuer may, unless a Compulsory Distribution Payment Event has occurred, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a distribution payment date to the next distribution payment date by giving notice of not more than ten nor less than five business days prior to the relevant distribution payment date. Any such deferred distribution shall constitute "Arrears of Distribution". The issuer may, at its sole discretion, elect to further defer any Arrears of Distribution and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. Each amount of Arrears of Distribution shall bear interest at the prevailing Distribution Rate (the amount of such interest, the "Additional Distribution Amount").

The Securities are perpetual securities in respect of which there is no fixed redemption date and the issuer will only have the right to redeem or purchase them in accordance with the terms of the Perpetual Securities.

The issuer may at its option, at any time, on giving not less than 15 nor more than 30 days' notice to the holders, redeem the Perpetual Securities in whole or in part only on a date specified for such redemption in such notice (the dates of such redemption, each, a "Call Date").

On expiry of any such notice, the issuer will be bound to redeem the Perpetual Securities on the relevant Call Date at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

The 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 2015, an increase in fair value of USD120,000 (2014: nil) was recognised in the investment revaluation reserve.

The fair value of the perpetual securities as at date of subscription and 31 December 2015 is determined using the discounted cash flow model with the following assumptions:

	2015
Discount rate	**11.389%**
Expected life	**25 years**

17. Trade and Other Receivables

	2015 ***USD'000***	2014 *USD'000*
Trade receivables (Note a)	**13,822**	–
Other receivables, net of allowance (Note b)	**42,521**	47,328
Less: Other receivable classified as non-current assets (Note b)	**(27,008)**	(29,438)
Other receivables classified as current assets (Note c)	**29,335**	17,890

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 at the end of the reporting period which is determined based on the invoice date:

	2015 ***USD'000***	2014 *USD'000*
0-14 days	**13,822**	–

(b) As at 31 December 2015, USD27,008,000 (2014: USD29,438,000) and USD nil (2014: USD5,495,000) of VAT paid by an Indonesian subsidiary of the Group, were classified as other receivables under non-current portion and current portion respectively based on the expected time span, in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site. As at 31 December 2014, USD5,495,000 (2015: nil) was classified as current portion as the Indonesian subsidiary received the refund in February 2015.

(c) An amount of USD3,800,000 (2014: USD3,875,000), which is the consideration of capital injection into PT Agincourt Resources ("PTAR"), due from PT Artha Nugraha Agung ("PTANA") was included in other receivables. The balance will be settled by PTANA through reduction of its share of dividend declared by PTAR.

18. Inventories

	2015	2014
	USD'000	*USD'000*
Raw materials	**24,573**	23,243
Stockpiles	**10,010**	9,241
Work in progress	**18,189**	22,981
	52,772	55,465
Less: inventories classified as non-current assets		
Stockpiles	**(7,999)**	(7,780)
Inventories classified as current assets	**44,773**	47,685

The portion of the stockpile that is to be processed more than 12 months from the reporting date is classified as non-current inventories.

19. Loans Receivable

	2015	2014
	USD'000	*USD'000*
Fixed-rate loans receivable, current	**72,483**	–

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

At 31 December 2015, the Group's fixed-rate loans receivable of USD36,127,000 (2014: nil) carried interest ranging from 14% to 16% (2014: nil) per annum are secured by the shares in companies listed on the Hong Kong Stock Exchange. One of the Group's loans receivable of USD19,583,000 (2014: nil) carried interest at 18% per annum is secured by a charge over certain properties in Hong Kong. The remaining loans receivable of USD16,773,000 (2014: nil) carried interest ranging from 5% to 12% (2014: nil) per annum are unsecured. All the loans receivable were due within 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.

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

No loans receivable is past due but not impaired as at 31 December 2015.

20. Held for Trading Investments

	2015	2014
	USD'000	*USD'000*
Equity instruments listed in Hong Kong, at fair value	**30,606**	29,216

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

21. Convertible Bond/Derivative Component in Convertible Bond

During the year ended 31 December 2015, the Group subscribed for a convertible bond issued by Enhanced Financial Services Group Limited, with principal amount of USD17,415,000 (which is denominated in HKD of HKD135,000,000) which carried interest at 7% per annum payable on 29 September 2016 with maturity on the same date at a redemption amount of 100% of the principal amount. The convertible bond can be converted at any time from the date immediately following seven days after the issue date up to the maturity date. The fair value at initial recognition of the debt component and derivative component, which amounted to USD16,510,000 (equivalent to HKD127,982,000) and USD905,000 (equivalent to HKD7,076,000) respectively, are determined based on the valuation provided by Greater China Appraisal Limited, independent professional qualified valuers not connected with the Group. Subsequent to the initial recognition, the debt component is carried at amortised cost using the effective interest method and the derivative component is carried at fair value.

The Group's convertible bond is recognised as follows:

	Debt component *USD'000*	Derivative component *USD'000*
At issue date on 29 September 2015	16,510	905
Accretion of interest	531	–
Fair value loss recognised in profit or loss	–	(161)
Exchange realignment	3	–
At 31 December 2015	17,044	744

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

(i) Valuation of debt component

At initial recognition, the fair value of debt component was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit risk of the convertible bond issuer and maturity term of the convertible bond. The effective interest rate of the debt component is 12.9%.

(ii) Valuation of derivative component

Derivative component is measured at fair value using the Binomial Pricing Model, at initial recognition and at the end of the reporting period. The inputs into the model as at the issue date and at 31 December 2015, are as follows:

	31 December 2015	29 September 2015
Stock price	HKD0.8456	HKD0.8236
Conversion price	HKD1.0000	HKD1.0000
Volatility	49.94%	45.33%
Dividend yield	0%	0%
Option life	0.75 year	1 year
Risk free rate	0.64%	0.58%

22. Pledged Bank Deposits and Bank Balances and Cash

As at 31 December 2014, there was approximately USD43,000 pledged to a bank to secure the cutting tree permit granted to a subsidiary and USD1,500,000 pledged to a bank for banking facility. The pledged deposits carry no interest for the year ended 31 December 2014.

Bank balances carry interest at market rates which range from 0.001% to 1% (2014: 0.001% to 10%) per annum.

23. Trade and Other Payables

	2015	2014
	USD'000	*USD'000*
Trade payables (Note a)	**3,454**	1,826
Other payables (Note b)	**30,027**	30,260
Trade and other payables	**33,481**	32,086
Less: Other payables classified as non-current liabilities	**(4,485)**	(3,925)
Trade and other payables classified as current liabilities	**28,996**	28,161

Notes:

(a) The following is an analysis of trade payables by age, presented based on the invoice date.

	2015	2014
	USD'000	*USD'000*
0-60 days	**2,933**	1,299
61-90 days	**64**	71
> 90 days	**457**	456
	3,454	1,826

(b) Included in other payables are USD25,660,000 (2014: USD19,177,000) and USD1,180,000 (2014: USD9,588,000) relating to payables by an Indonesian subsidiary of the Group for the operation of the Martabe Gold Mine and to its consultants and contractors in connection with the construction of the Martabe Gold Mine, respectively.

24. Derivative Financial Liabilities

On 12 May 2014, the Group had entered into 13 foreign currency forward contracts with one of the local banks in Jakarta for a monthly purchase of Indonesia Rupiah ("IDR") for a notional amount of IDR18,030,000,000 (equivalent to USD1,500,000) at a rate of USD1 to IDR12,020 each month for the period from August 2014 to August 2015.

On 12 June 2014, the Group had entered into another 13 foreign exchange forward contracts with a bank for a monthly purchase of IDR for a notional amount of IDR18,367,500,000 (equivalent to USD1,500,000) at a rate of USD1 to IDR12,245 each month for the period from August 2014 to August 2015.

As at 31 December 2014, 16 (2015: nil) foreign currency forward contracts remained outstanding and the terms of all the foreign currency forward contracts had been negotiated to match the expectation of the IDR payments. The directors of the Company considered those outstanding 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 current year, a fair value loss of USD660,000 had been recognised foreign currency forward contracts under cash flow hedge, in which a fair value gain of USD1,082,000 was in other comprehensive income and reclassified from cash flow hedges reserve. For the year ended 31 December 2014, a fair value loss of USD975,000 had been recognised foreign current forward contract under cash flow hedge, in which a fair value loss of USD1,082,000 was in other comprehensive income and accumulated in the cash flow hedges reserve and is expected to be reclassified to profit or loss when the payment is expected to occur in next coming twelve months after the end of the reporting period. For the year ended 31 December 2015, the remaining fair value loss of USD1,742,000 (2014: fair value gain of USD107,000) related to those foreign currency forward contracts settled during the year was transferred to foreign exchange loss/gain.

25. Deferred Tax Liabilities

The following is the major deferred tax liabilities recognised and movements thereon during the current year and prior year:

	Undistributed profits of subsidiary *USD'000*	Accelerated tax depreciation *USD'000*	Total *USD'000*
At 1 January 2014	6,880	14,125	21,005
Charged to profit or loss	2,036	10,941	12,977
At 31 December 2014 and 1 January 2015	8,916	25,066	33,982
Charged to profit or loss	3,313	17,310	20,623
At 31 December 2015	12,229	42,376	54,605

At the end of the reporting period, the Group has unused tax losses of USD70,127,000 (2014: USD77,278,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profits streams. The tax losses may be carried forward indefinitely.

26. Provision for Mine Rehabilitation Cost

In accordance with relevant rules and regulations in Indonesia, the Indonesian subsidiary of the Group accrued for the cost of land rehabilitation and mine closure for the Martabe Gold Mine. The provision for rehabilitation cost has been determined by the directors based on their best estimates in accordance with the Indonesian rules and regulations.

	USD'000
At 1 January 2014	14,453
Additions	2,257
Unwinding of discount	1,762
At 31 December 2014 and 1 January 2015	18,472
Unwinding of discount	2,260
At 31 December 2015	20,732

Provision for mine rehabilitation cost of USD2,257,000 (2015: nil) was capitalised as part of mining properties (included in property, plant and equipment) during the year ended 31 December 2014.

27. Share Capital

	Number of shares	Value *USD'000*
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2014, 31 December 2014 and 31 December 2015	60,000,000,000	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2014 and 31 December 2014	26,490,076,130	34,150
Issue of shares in lieu of cash dividends (Note a)	74,402,080	96
At 31 December 2015	26,564,478,210	34,246

Note:

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

All the shares issued by the Company during both years rank pari passu with the then existing ordinary shares in all respects.

28. Share-Based Payment Transactions

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

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme and 2014 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 30% of its issued share capital from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Scheme and 2014 Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issuable under the options to each eligible participant in any twelve-month period is limited to 1% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. Any grant of options under the 2004 Scheme and 2014 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HKD5,000,000 (approximately USD641,000), in any twelve-month period, are subject to shareholders' approval in a general meeting of the Company.

As at 31 December 2015, the number of shares of the Company in respect of which options had remained outstanding under the 2004 Scheme of the Company was 169,455,000 (2014: 708,614,711), representing 0.6% (2014: 2.7%) of the shares of the Company in issue at that date.

No option was granted during the year ended 31 December 2014 and 2015.

Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 as the consideration for accepting the grant. The exercise period of the share options granted under the 2004 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end more than ten years from the date of grant. The exercise price is determined by the Board of Directors of the Company, and will not be less than the highest of the closing price of the Company's shares at the date of grant, the average closing price of the Company's shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

As part of the remuneration package to certain key employees, the Company also entered into share option agreements (the "Share Option Agreements") on 10 May 2009 and 8 June 2009 upon signing of the Service Contracts with these employees whereby the Company agrees (subject to Shareholders' approval) to grant share options to each of the key employees upon the terms and conditions as set out therein. Details of the terms and conditions of the Share Option Agreements are set out in the Company's circular dated 18 June 2009.

28. Share-Based Payment Transactions (continued)

The following table discloses the movements of the Company's share options for the reporting period:

Share options granted under 2004 Scheme

Category of Participants	Date of grant	Exercise period	Exercise price per share HKD	Adjusted exercise price per share (Note 5) HKD	Notes	Outstanding at 01.01.2014	Granted during the year	Exercised during the year	Lapsed during the year	Forfeited during the year	Outstanding at 01.01.2015	Granted during the year	Exercised during the year	Lapsed during the year	Forfeited during the year	Outstanding at 31.12.2015
Directors	20.10.2009	20.10.2009-19.10.2014	0.48	0.4249	1	13,400,694	–	–	(13,400,694)	–	–	–	–	–	–	–
	23.11.2009	23.11.2009-22.11.2014	0.55	0.4869	1	273,543,103	–	–	(273,543,103)	–	–	–	–	–	–	–
	01.12.2010	01.12.2010-30.11.2015	0.70	0.6196	2	458,093,350	–	–	–	–	458,093,350	–	–	(345,123,350)	(112,970,000)	–
	03.03.2011	03.03.2011-02.03.2016	0.70	0.6196	2	112,970,000	–	–	–	–	112,970,000	–	–	–	–	112,970,000
Employees	20.10.2009	20.10.2009-19.10.2014	0.48	0.4249	1	6,075,708	–	–	(6,075,708)	–	–	–	–	–	–	–
	23.11.2009	23.11.2009-22.11.2014	0.55	0.4869	1	24,683,945	–	–	(24,683,945)	–	–	–	–	–	–	–
	04.12.2009	04.12.2009-03.12.2014	0.55	0.4869	1	31,631,600	–	–	(31,631,600)	–	–	–	–	–	–	–
	13.05.2010	13.05.2010-12.05.2015	0.55	0.4869	1	5,648,500	–	–	–	–	5,648,500	–	–	(5,648,500)	–	–
	01.12.2010	01.12.2010-30.11.2015	0.70	0.6196	2	30,060,406	–	–	–	–	30,060,406	–	–	(28,365,856)	(1,694,550)	–
	01.12.2010	01.12.2010-30.11.2015	0.60	0.5311	2	27,564,680	–	–	–	(282,425)	27,282,255	–	–	(26,547,950)	(734,305)	–
	02.03.2011	02.03.2011-01.03.2016	0.70	0.6196	2	19,204,900	–	–	–	–	19,204,900	–	–	–	–	19,204,900
	08.07.2011	08.07.2011-07.07.2016	0.77	0.6816	3	22,029,150	–	–	–	–	22,029,150	–	–	–	(8,755,175)	13,273,975
	03.01.2012	03.01.2012-02.01.2017	0.60	0.5311	4	30,501,900	–	–	–	(564,850)	29,937,050	–	–	–	(9,320,025)	20,617,025
	10.01.2012	10.01.2012-09.01.2017	0.60	0.5311	4	3,389,100	–	–	–	–	3,389,100	–	–	–	–	3,389,100
Others	23.11.2009	23.11.2009-22.11.2014	0.55	0.4869	1	4,518,800	–	–	(4,518,800)	–	–	–	–	–	–	–
						1,063,315,836	–	–	(353,853,850)	(847,275)	708,614,711	–	–	(405,685,656)	(133,474,055)	169,455,000
Exercisable at the end of the year						943,481,719					700,239,744					169,455,000
Weighted average exercise price (HKD)						0.57	–	–	0.48	0.53	0.61	–	–	0.61	0.62	0.61

28. Share-Based Payment Transactions (continued)

Share options granted under 2004 Scheme (continued)

Notes:

1. The share options will vest upon the occurrence of:
   i) as to one-third, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold Mine;
   ii) as to one-third, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the board of directors ("the board") for a continuous of three months; and
   iii) as to the remaining one-third, upon the average closing share price of the Company for a continuous period of 30 days having reached 100% above the exercise price of the share option granted,

   provided always that, in each case, no share options shall be vested at any time prior to the expiry of twelve months from the date of the grant of the share options and no option is exercisable until upon and after vesting.

2. The share options will vest upon the occurrence of:
   i) as to 50%, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold Mine;
   ii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any six consecutive months after the first gold production at the Martabe Gold Mine; and
   iii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any twelve consecutive months after the first gold production at the Martabe Gold Mine,

   provided always that, in each case, no share options shall be vested at any time prior to the expiry of twelve months from the date of grant of the share options.

3. The share options will vest upon the occurrence of:
   i) as to 50%, 90 days after the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold Mine;
   ii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any six consecutive months after the first gold production at the Martabe Gold Mine; and
   iii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly average of gold production of 90% of the board approved production output for that year over a period of any twelve consecutive months after the first gold production at the Martabe Gold Mine,

   provided always that, in each case, no share options shall be vested at any time prior to the expiry of twelve months from the date of grant of the share options.

4. The share options will vest upon the occurrence of:
   i) as to 50%, 180 days after the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold Mine;
   ii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly cumulated average of gold production of 90% of the board approved production output for that year over a period of any six consecutive months after the first gold production at the Martabe Gold Mine; and
   iii) as to 25%, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity of not less than a monthly cumulated average of gold production of 90% of the board approved production output for that year over a period of any twelve consecutive months after the first gold production at the Martabe Gold Mine,

   provided always that, in each case, no share options shall be vested at any time prior to the expiry of nine months from the date of grant of the share options.

5. The Company has made adjustments to the outstanding share options upon the completion of the rights issue which was announced on 28 August 2013 and completed on 7 October 2013.

28. Share-Based Payment Transactions (continued)

Share options granted under Share Option Agreement

Category of participants	Date of grant	Exercise period	Exercise price per share HKD	Adjusted exercise price per share (Note 2) HKD	Note	Outstanding at 01.01.2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 01.01.2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2015
Directors	15.07.2009	24.07.2009-23.07.2014	0.3850	0.3408	1	455,678,164	–	–	(455,678,164)	–	–	–	–	–
Employees	15.07.2009	03.08.2009-02.08.2014	0.4025	0.3563	1	30,378,543	–	–	(30,378,543)	–	–	–	–	–
						486,056,707	–	–	(486,056,707)	–	–	–	–	–
Exercisable at the end of the year						324,037,805				–				–
Weighted average exercise price (HKD)						0.3418	–	–	0.3418	–	–	–	–	–

Notes:

1. The share options will vest upon the occurrence of:
   i) as to one-third, upon the first gold production by G-Resources Martabe Pty Ltd and its subsidiary under the Martabe Gold Mine;
   ii) as to one-third, upon the process plant of the Martabe Gold Mine being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the board for a continuous period of three months; and
   iii) as to the remaining one-third, upon the average closing share price of the Company for a continuous period of 30 days having reached 100% above the exercise price of the share option granted,

   provided always that, in each case, no share options shall be vested at any time prior to the expiry of twelve months from the date of the grant of the share options and no option is exercisable until upon and after vesting.

2. The Company has made adjustments to the outstanding share options upon the completion of the rights issue which was announced on 28 August 2013 and completed on 7 October 2013.

No share option was granted for the year ended 31 December 2015 and 2014. During the year ended 31 December 2015, the Group transferred from share option reserve to profit and loss and retained profits amounting to USD41,000 (2014: USD6,852,000) and USD11,243,000 (2014: USD13,725,000) upon vested share options lapsed/forfeited and unvested share options lapsed respectively.

28. Share-Based Payment Transactions (continued)

The following assumptions were used to calculate the fair values of share options:

Grant date	8 July 2011	8 July 2011	8 July 2011
Lot	1	2	3
Weighted average share price on date of grant*	HKD0.649	HKD0.649	HKD0.649
Exercise price*	HKD0.770	HKD0.770	HKD0.770
Expected life	3.0 years	3.3 years	3.5 years
Expected volatility	61.82%	62.52%	64.18%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.711%	0.833%	0.937%

Grant date	3 January 2012	3 January 2012	3 January 2012	3 January 2012
Tranche/Lot	A1	A2	A3	B
Weighted average share price on date of grant*	HKD0.439	HKD0.439	HKD0.439	HKD0.439
Exercise price*	HKD0.600	HKD0.600	HKD0.600	HKD0.600
Expected life	2.9 years	3.0 years	3.3 years	2.6 years
Expected volatility	58.68%	63.42%	68.17%	56.59%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.496%	0.527%	0.581%	0.452%

Grant date	10 January 2012	10 January 2012	10 January 2012
Lot	1	2	3
Weighted average share price on date of grant*	HKD0.417	HKD0.417	HKD0.417
Exercise price*	HKD0.600	HKD0.600	HKD0.600
Expected life	2.9 years	3.0 years	3.3 years
Expected volatility	58.64%	61.88%	68.23%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.487%	0.513%	0.567%

* *Before the adjustments for the right issue*

28. Share-Based Payment Transactions (continued)

The following assumptions were used to calculate the fair values of share options: (continued)

Grant date	3 March 2011	3 March 2011	3 March 2011
Lot	1	2	3
Weighted average share price on date of grant*	HKD0.547	HKD0.547	HKD0.547
Exercise price*	HKD0.700	HKD0.700	HKD0.700
Expected life	3.0 years	3.5 years	3.7 years
Expected volatility	66.53%	67.82%	65.95%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.099%	1.283%	1.393%

Grant date	1 December 2010	1 December 2010	1 December 2010	2 March 2011	2 March 2011	2 March 2011
Tranche/Lot	A	B	C	1	2	3
Weighted average share price on date of grant*	HKD0.512	HKD0.512	HKD0.512	HKD0.546	HKD0.546	HKD0.546
Exercise price*	HKD0.700	HKD0.600	HKD0.600	HKD0.700	HKD0.700	HKD0.700
Expected life	3.0 years	3.0 years	3.0 years	3.0 years	3.5 years	3.7 years
Expected volatility	68.35%	68.35%	68.35%	66.51%	67.81%	65.94%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	0.828%	0.828%	0.828%	1.062%	1.250%	1.361%

Grant date	15 July 2009	15 July 2009	20 October 2009	23 November 2009	4 December 2009	13 May 2010
Weighted average share price on date of grant*	HKD0.411	HKD0.411	HKD0.484	HKD0.534	HKD0.510	HKD0.463
Exercise price*	HKD0.385	HKD0.403	HKD0.480	HKD0.550	HKD0.550	HKD0.550
Expected life	3.0 years	3.0 years	3.0 years	3.0 years	3.0 years	3.0 years
Expected volatility	71.69%	71.69%	71.51%	71.22%	71.45%	69.84%
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.037%	1.037%	0.908%	0.720%	0.722%	1.064%

* *Before the adjustments for the right issue*

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

Expected volatility was determined by using the volatility of a set of companies in the mining industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations. At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

29. Acquisition of Assets Through Acquisition of Subsidiaries

On 16 October 2015, the Group acquired 100% equity interest in Supreme Racer Limited ("Supreme Racer") and its subsidiaries and assignment of loans due to the vendor to the Group from an independent third parties at a consideration of USD95,227,000. This acquisition is to expand the Group's real property business. This acquisition has been accounted for an acquisition of assets. Supreme Racer is an investment holding company while its subsidiaries own several investment properties and are engaged in property leasing business.

	USD'000
Assets acquired and liabilities recognised at the date of acquisition are as follows:	
Investment properties	95,227
Other receivables	174
Bank balances and cash	556
Other payables	(708)
Tax payable	(22)
Sales Loan (Note)	(94,154)
	1,073
Cash consideration paid	95,227
Assignment of the Sales Loan (Note)	(94,154)
Amount attributable to the acquisition of equity interest in Supreme Racer	1,073
Analysis of net outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:	
Cash consideration paid	95,227
Less: bank balances and cash acquired	(556)
Net cash outflow in respect of the acquisition of subsidiaries	94,671

Note: As at the date of acquisition, the debt due by the company to the Vendor was assigned to the Group.

On 30 October 2015, the Group acquired 100% equity interest in Prime Century Limited ("Prime Century") and assignment of loan due to the vendor to the company from an independent third parties at a consideration of USD26,952,000. Prime Century is the registered owner of an aircraft.

	USD'000
Assets acquired and liabilities recognised at the date of acquisition are as follows:	
Property, plant and equipment	26,511
Other receivables	441
Sales Loan (Note)	(26,952)
	–
Cash consideration paid	26,952
Assignment of the Sales Loan (Note)	(26,952)
Amount attributable to the acquisition of equity interest in Prime Century	–
Analysis of net outflow of cash and cash equivalents in connection with the acquisition of a subsidiary:	
Cash consideration paid and net cash outflow in respect of the acquisition of a subsidiary	26,952

Note: As at the date of acquisition, the debt due by the company to the Vendor was assigned to the Group.

30. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

31. Financial Instruments

31a. Categories of financial instruments

	2015 ***USD'000***	2014 *USD'000*
FINANCIAL ASSETS		
Financial assets classified as loans and receivables (including cash and cash equivalents)	**248,008**	305,410
Available-for-sale financial assets	**175,726**	78,458
Held for trading investments	**30,606**	29,216
Derivative financial assets	**744**	–
FINANCIAL LIABILITIES		
Amortised cost	**7,536**	5,064
Derivative financial liabilities	**–**	1,082

31. Financial Instruments (continued)

31b. Financial risk management objectives and policies

The Group's major financial instruments include held for trading investments, trade and other receivables, available-for-sale investments, convertible bond, pledged bank deposits, bank balances and cash, trade and other payables, derivative component in convertible bond and derivative financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

MARKET RISK

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balance, fair value interest risk in relation to fixed-rate investment in fixed-rate loans receivable, Senior Notes Due 2020, Senior Notes Due 2021 and Perpetual Securities.

The interest income is derived from the Group's current and fixed deposits that carry interest at the respective banking deposit rate of the banks located in Hong Kong and Indonesia. The Group's bank deposits (set out in note 22) carried at prevailing market rates.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to fair value for the investments in fixed-rate Senior Notes Due 2020, Senior Notes Due 2021 and Perpetual Securities as at 31 December 2015. If the interest rate used to assess the fair value had been 2% (2014: 2%) higher/lower and all other variables were held constant, the Group's investment revaluation reserve as at 31 December 2015 would decrease by USD7,780,000 (2014: USD2,581,000)/increase by USD6,579,000 (2014: USD1,807,000).

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances and loans receivable. The analysis is prepared assuming the financial instruments outstanding at the end of the period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) and 2% (2014: nil) increase or decrease is used for bank balances and loans receivable when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates respectivity.

If interest rates had been 50 basis points (2014: 50 basis points) and 2% (2014: nil) for bank balances and loan receivables higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would increase/decrease by USD1,985,000 (2014: increase/decrease by USD1,304,000). This is mainly attributable to the Group's exposure to interest rates on its bank balances and loans receivable.

31. Financial Instruments (continued)

31b. Financial risk management objectives and policies (continued)

MARKET RISK (continued)

(ii) Other price risk – Investments in equity instruments

The Group is exposed to equity price risk through the Group's held for trading investments, managed investment funds and other security investments which is stated at fair value. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's listed equity price risk is mainly concentrated on equity instruments quoted on the Hong Kong Stock Exchange and quoted market bid price. The fair value of unlisted managed investment funds for the real estate properties is determined by the market transaction prices of similar properties of the relevant locations and for the underlying financial products are valued at quoted market prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. The fair value of unlisted other security investments which is stated at fair value 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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity securities had been 10% (2014: 10%) higher/lower:

- the Group's post-tax profit for the year ended 31 December 2015 would increase/decrease by USD2,556,000 (2014: USD2,440,000) as a result of the changes in fair value of held for trading investments and the Group's investment revaluation reserve as at 31 December 2015 would be increase/decrease by USD5,149,000 (2014: USD3,755,000) as a result of the changes in fair value of managed investment funds and other security investments which is stated at fair value.

CREDIT RISK

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations in relation to each class of recognised financial assets are the amounts stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are financial institutions with good reputation or single counterparties which have its shares listed on the Hong Kong Stock Exchange is in good financial position.

The Group has concentrations of credit risk comprising deposits placed at a financial institution for the Group's bank balances of USD53,605,000 (2014: USD148,837,000), which represents approximately 50% (2014: 57%) of the Group's total bank balances and cash, and Senior Notes Due 2021 of USD33,351,000 (2014: USD31,608,000) was issued by a single counterparty, investments in the Senior Notes Due 2020 of USD24,607,000 (2014: nil) was issued by another single counterparty and investment in Perpertual Securities of USD29,820,000 (2014: nil) was issued by another single counterparty. Management considered the credit risk on such balances held at financial institutions and the counterparties are limited because the financial institutions are with good reputation and the single counterparties which have its shares listed on the Hong Kong Stock Exchange is in good financial position.

31. Financial Instruments (continued)

31b. Financial risk management objectives and policies (continued)

CURRENCY RISK

Most of the Group's financial assets and liabilities are denominated in USD which is the same as the functional currency of the respective Group entities. In addition, the Group has certain financial assets and financial liabilities denominated in IDR, Australian Dollar ("AUD") and Chinese Yuan Renminbi ("CNY").

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follow:

	2015 ***USD'000***	2014 *USD'000*
ASSETS		
AUD	**93**	153
IDR	**29,290**	40,069
CNY	**19,264**	–
LIABILITIES		
AUD	**758**	426
IDR	**3,842**	3,128

As at 31 December 2014, the Group used foreign currency forward contracts to eliminate certain of the currency exposures.

The Group had entered into foreign currency forward contracts with one of the local banks in Jakarta and a global financial institution for monthly purchases of notional amounts of IDR18,030,000,000 (equivalent to USD1,500,000) and IDR18,367,500,000 (equivalent to USD1,500,000), respectively, each month for the period from August 2014 to August 2015. As at 31 December 2014, 16 (2015: nil) foreign currency forward contracts remain outstanding and the terms of all the foreign currency forward contracts have been negotiated to match the expectation of certain of the IDR payments.

Sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation among AUD, IDR and CNY against USD. The following table details the Group's sensitivity to a 7% (2014: 7%) increase and decrease in the USD against the foreign currencies. 7% (2014: 7%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. As at 31 December 2015, a positive/(negative) number indicates and increase/decrease in profit before taxation for the year where the USD strengthens against the relevant foreign currencies. For a 7% (2014: 7%) weakening of the USD against the relevant foreign currencies, there would be an equal and opposite impact on profit before taxation.

	Profit before taxation	
	2015 ***USD'000***	2014 *USD'000*
AUD	**47**	19
IDR	**(1,781)**	(2,586)
CNY	**(1,348)**	–
	(3,082)	(2,567)

31. Financial Instruments (continued)

31b. Financial risk management objectives and policies (continued)

LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the operations of the Group and to maintain a balance between continuity of funding and flexibility through the use of borrowings.

The following tables detail the remaining contractual maturity for the non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	On demand or less than 1 month *USD'000*	1-3 months *USD'000*	3 months to 1 year *USD'000*	More than 1 year *USD'000*	Total undiscounted cash flow *USD'000*	Carrying amount *USD'000*
At 31 December 2015						
Non-derivative financial liabilities						
Trade and other payables	**7,536**	**–**	**–**	**–**	**7,536**	**7,536**
At 31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	5,064	–	–	–	5,064	5,064
Derivative financial liabilities						
Foreign exchange forward contracts						
– inflow	(1,449)	(2,898)	(7,246)	–	(11,593)	(11,107)
– outflow	1,524	3,047	7,618	–	12,189	12,189
	75	149	372	–	596	1,082

31c. Fair value measurements of financial instruments

THE FAIR VALUE OF FINANCIAL ASSETS ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS:

- the fair value of held for trading investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair value of listed debt securities in available-for-sale investments is determined in accordance with the discounted cash flow model and Hull-White term structure model, the valuation technique and key inputs are detailed in note 16;
- the fair value of perpetual securities in available-for-sale investments is determined in accordance with the discounted cash flow model, the valuation technique and key inputs are detailed in note 16;
- the fair value of unlisted managed investment funds and other security investment in available-for-sale investments is determined in accordance with the market value provided by the countparty financial institutions; and
- the fair value of derivative financial asset in derivative component in convertible bond is determined in accordance with binominal pricing model, the valuation technique and key inputs are detailed in note 21.

THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS:

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

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

31. Financial Instruments (continued)

31c. Fair value measurements of financial instruments (continued)

FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

There is no transfer between Level 1, 2 and 3 during the year. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement:

	Level 1 *USD'000*	Level 2 *USD'000*	Level 3 *USD'000*	Total *USD'000*
At 31 December 2015				
FINANCIAL ASSETS				
Listed debt securities (classified as available-for-sale investments) (Note a)	**–**	**–**	**57,958**	**57,958**
Unlisted investment funds (classified as available-for-sale investments) (Note b)	**–**	**45,366**	**–**	**45,366**
Unlisted other security investments (classified as available-for-sale investments) (Note b)	**–**	**–**	**6,119**	**6,119**
Unlisted perpetual securities (classified as available-for-sale investments) (Note c)	**–**	**–**	**29,820**	**29,820**
Held for trading investments (Note d)	**30,606**	**–**	**–**	**30,606**
Derivative financial assets (Note e)	**–**	**–**	**744**	**744**
	30,606	**45,366**	**94,641**	**170,613**
At 31 December 2014				
FINANCIAL ASSETS				
Listed debt securities (classified as available-for-sale investments) (Note a)	–	–	40,908	40,908
Unlisted investment funds (classified as available-for-sale investments) (Note b)	–	37,550	–	37,550
Held for trading investments (Note d)	29,216	–	–	29,216
	29,216	37,550	40,908	107,674
FINANCIAL LIABILITIES				
Derivative financial liabilities (Note f)	–	1,082	–	1,082

Notes:

(a) The fair value of listed debt securities classified as available-for-sale investments is determined in accordance with the Hull-White term structure model and discounted cash flow model. The key inputs include those can be observed in the market in addition to unobservable inputs such as company specific financial information. The fair value of the available-for-sale investments is measured with the assumptions including discount rate, time to maturity, mean reverting rate and volatility. The lower the discount rate or shorter the time to maturity, the higher the fair value.

(b) The fair value of unlisted managed investment funds and unlisted other security investments in available-for-sale investments are provided by the countparty which are determined in accordance with the market value.

(c) The fair value of unlisted perpetual securities classified as available-for-sale investments is determined in accordance with discounted cash flow model. The key inputs include those can be observed in the market in addition to unobservable inputs such as company specific financial information. The fair value of the available-for-sale investments is measured with the assumptions including discount rate and expected life. The lower the discount rate or shorter the expected life, the higher the fair value.

(d) The fair value of held for trading investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.

(e) The fair value of derivative financial assets in derivative component in convertible bond is determined in accordance with binominal pricing model. The key inputs include those can be observed in the market in addition to unobservable inputs such as company specific financial information. The fair value of the derivative component in convertible bond is measured with the assumptions including option life, volatility and risk free rate. The lower the risk free rate or shorter the option life, the higher the fair value.

(f) The fair value of derivative financial liabilities, representing foreign currency forward contracts, are determined in accordance with discounted cash flow. Future cash flows are estimated based on forward exchanges rates (from observable forward exchanges rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

31. Financial Instruments (continued)

31c. Fair value measurements of financial instruments (continued)

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSET

	USD'000
At 1 January 2014	7,081
Purchases	30,000
Gain recognised in	
– profit or loss	1,661
– other comprehensive income (Note)	2,166
At 31 December 2014	40,908
Purchases	65,605
Disposals	(17,300)
Gain recognised in	
– profit or loss	5,036
– other comprehensive income (Note)	392
At 31 December 2015	94,641

Note: The gain included in other comprehensive income for the year related to the debt investments held at the end of the reporting period and are reported as changes of "investment revaluation reserve".

32. Operating Leases

The Group as lessee

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

	2015	2014
	USD'000	*USD'000*
Within one year	**638**	656
In the second to fifth year inclusive	**351**	521
	989	1,177

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

The Group as lessor

During the year ended 31 December 2015, the Group had property rental income of approximately USD655,000 (2014: nil).

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

	2015	2014
	USD'000	*USD'000*
Within one year	**1,981**	–
	1,981	–

33. Capital Commitments

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

	2015 USD'000	2014 USD'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**11,553**	796
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**55,264**	64,423

34. Other Commitments

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

	2015 USD'000	2014 USD'000
Other commitment contracted for but not provided for in the consolidated financial statements in respect of capital contribution in some newly established limited partnership which are recognised as available-for-sales investments	**27,225**	–

35. Related Party Disclosures

Key management personnel compensation

	2015 USD'000	2014 USD'000
Short-term benefits	**3,787**	4,015
Post-employment benefits	**13**	10
	3,800	4,025

36. Retirement Benefits Schemes

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Under the rules of MPF Scheme, the employer and its employees are each required to make contributions to MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

The employees in the Group's subsidiary in Indonesia are members of the state-managed retirement benefit scheme (the "Indonesia State-managed Retirement Benefit Scheme") operated by the Indonesian government. The subsidiary is required to contribute a certain percentage of payroll costs to the retirement benefits.

For the year ended 31 December 2015, the total amount contributed by the Group to the MPF Scheme charged to the consolidated statement of profit or loss was USD51,000 (2014: USD45,000). The Group also contributed to the Indonesia State-managed Retirement Benefit Scheme operated by the Indonesian government. For the year ended 31 December 2015, USD620,000 (2014: USD535,000) charged to the consolidated statement of profit or loss.

37. Statement of Financial Position of the Company

	Note	2015 *USD'000*	2014 *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6**	4
Investments in subsidiaries		**307,000**	–
Amounts due from subsidiaries		**123,507**	583,007
		430,513	583,011
CURRENT ASSETS			
Other receivables		**1,925**	479
Amounts due from subsidiaries		**619,641**	396,924
Pledged bank deposit		**–**	1,500
Bank balances and cash		**50,500**	113,429
		672,066	512,332
CURRENT LIABILITIES			
Other payables		**1,724**	1,469
		1,724	1,469
		1,100,855	1,093,874
CAPITAL AND RESERVES			
Share capital		**34,246**	34,150
Reserves	a	**1,066,609**	1,059,724
Total equity		**1,100,855**	1,093,874

37. Statement of Financial Position of the Company (continued)

Notes:

(a) Reserves

	Share premium USD'000	Capital redemption reserve USD'000	Contribution surplus USD'000	Share options reserve USD'000	Exchange reserve USD'000	(Accumulated losses)/ Retained earnings USD'000	Total USD'000
At 1 January 2014	1,012,055	212	23,618	35,780	938	(41,233)	1,031,370
Profit for the year	–	–	–	–	–	35,459	35,459
Exchange realignment	–	–	–	–	(253)	–	(253)
Total comprehensive income for the year	–	–	–	–	(253)	35,459	35,206
Vested share options lapsed/forfeited	–	–	–	(13,725)	–	13,725	–
Unvested share options lapsed	–	–	–	(6,852)	–	–	(6,852)
At 31 December 2014 and 1 January 2015	1,012,055	212	23,618	15,203	685	7,951	1,059,724
Profit for the year	–	–	–	–	–	19,849	19,849
Exchange realignment	–	–	–	–	734	–	734
Total comprehensive income for the year	–	–	–	–	734	19,849	20,583
Dividends recognised as distribution (Note 27)	2,745	–	–	–	–	(16,402)	(13,657)
Vested share options lapsed/forfeited	–	–	–	(11,243)	–	11,243	–
Unvested share options lapsed	–	–	–	(41)	–	–	(41)
At 31 December 2015	1,014,800	212	23,618	3,919	1,419	22,641	1,066,609

The contributed surplus of the Company includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; (ii) the surplus arising from the group reorganisation in 1998; and (iii) the surplus arising from capital reorganisation in June 2009.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The reserve available for distribution to shareholders at 31 December 2015 is USD46,259,000 (2014: USD31,569,000).

38. Principal Subsidiaries

General information of subsidiaries

Particulars of the principal subsidiaries at 31 December 2015 and 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares/ equity held	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				31.12. 2015 %	31.12. 2014 %	**31.12. 2015 %**	31.12. 2014 %	**31.12. 2015 %**	31.12. 2014 %	**31.12. 2015 %**	31.12. 2014 %	
AGINCOURT RESOURCES (SINGAPORE) PTE. LTD.	Singapore	Ordinary	USD135,472,753	**–**	–	**100**	100	**–**	–	**100**	100	Investment holding
GIANT WIN LIMITED	Hong Kong	Ordinary	HKD1	**–**	–	**100**	100	**–**	–	**100**	100	Operating fund management
G-RESOURCES MARTABE PTY LTD	Australia	Ordinary	AUD1	**–**	–	**100**	100	**–**	–	**100**	100	Investment holding
PRIME CLASSIC HOLDINGS LIMITED	British Virgin Islands	Ordinary	USD1	**–**	100	**100**	–	**–**	100	**100**	–	Securities investment
PT AGINCOURT RESOURCES	Indonesia	Ordinary	USD85,000,000	**–**	–	**95**	95	**–**	–	**95**	95	Exploration and mining of gold and other minerals
WINNER FORCE LIMITED	Hong Kong	Ordinary	HKD1	**–**	–	**100**	100	**–**	–	**100**	100	General administration
WIN GENIUS INVESTMENTS LIMITED	Hong Kong	Ordinary	HKD1	**–**	–	**100**	100	**–**	–	**100**	100	Securities investment
GLOBAL ACCESS DEVELOPMENT LIMITED (NOTE)	Hong Kong	Ordinary	HKD1	**–**	–	**100**	–	**–**	–	**100**	–	Money lending
ACE EMPEROR LIMITED (NOTE)	British Virgin Islands	Ordinary	USD1	**–**	–	**100**	–	**–**	–	**100**	–	Real property
ABUNDANT IDEA LIMITED (NOTE)	British Virgin Islands	Ordinary	USD1	**–**	–	**100**	–	**–**	–	**100**	–	Real property
ABNER HOLDINGS LIMITED (NOTE)	British Virgin Islands	Ordinary	USD1	**–**	–	**100**	–	**–**	–	**100**	–	Real property

Note: These companies were newly acquired during the year ended 31 December 2015.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries of the Group had any debt securities outstanding at the end of the reporting period or at any time during the year.

The directors of the Company are of the option that none of the Group's subsidiaries that have non-controlling interests are material to the consolidated financial statements as a whole, therefore, the financial information in respect of those subsidiaries that have non-controlling interests are not presented.

39. Litigation

On 10 April 2015, a civil suit has been lodged in the Central Jakarta District Court in which the plaintiff has claimed that he is a descendant and inheritor of King Datu Nalnal Pasaribu's land covering 1 million hectares in Sumatra, Indonesia. The Company's subsidiary, PTAR, is a defendant including Indonesia's Ministry of Forestry, Ministry of Energy and Mineral Resources, Ministry of Finance. The plaintiff has claimed damages and compensation from the defendants and to hand over the disputed land to the plaintiff. The Company management has obtained legal advice on this matter. The advice is that PTAR has sufficient legal grounds to challenge the claim and request the court to dismiss the case on the basis that the plaintiff has insufficient legal basis for the claim. The last court hearing was held on 2 February 2016 at the Central Jakarta District Count, where the plaintiff adduced additional evidence to support his argument. The Central Jakarta District Court has decided on 1 March 2016 that it has not have competency to examine and adjudicate the case. The plaintiff was ordered to pay for cost of the case. The Group's obligations in relation to these civil proceedings were discharged upon the disposal of the G-Resources Martabe Pty Ltd, the intermediate holding company of PTAR in March 2016.

40. Events after the Reporting Date

On 3 November 2015, Marlin Enterprises Limited, Marlin Australia Holdings Pty Ltd and Marlin Group Limited (collectively the "Buyer") and the Group entered into a sale and purchase agreement dated 3 November 2015 ("Sale and Purchase Agreement") in respect of the disposal of the entire issue share capital of G-Resources Martabe Pty Ltd and Capital Squad Limited and their respective subsidiaries. The Buyer are ultimately owned as to 61.4% by funds managed by EMR Capital GP1 Limited, which is owned and advised by EMR Capital Advisors Pty Ltd, 20.6% by funds and accounts managed by Farallon. Funds and accounts managed by Farallon own 108,385,200 shares, which equate to approximately 0.4% of the issued share capital of the Company. Also, Mr Owen L Hegarty, an executive director and vice-chairman of the Company, is also the chairman and a less than 30% shareholder of EMR Capital Advisors Pty Ltd. The completion of the transaction was subject to the satisfaction of conditions precedent under the Sale and Purchase Agreement, including shareholders' approval of the Company. The assets and liabilities of the G-Resources Martabe Pty Ltd, Capital Squad Limited and their subsidiaries were not classified as non-current assets held for sale and the transaction was not accounted as a discontinued operation as at 3 November 2015 and for the year ended 31 December 2015 respectively, after considering the probability of shareholders' not approving of the transaction. 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. Nevertheless, the transaction was duly passed by the shareholders of the Company at the special general meeting held on 8 March 2016. All the condition precedents set out in the Sale and Purchase Agreement have been satisfied and the transaction was completed on 17 March 2016 and the Group ceased its ownership of Martabe Gold Mine after the date of completion. G-Resources Martabe Pty Ltd, Capital Squad Limited and their subsidiaries collectively were the business units of the mining business of the Group as at 31 December 2015. The segment revenue, segment profits, segment assets and segment liabilities are set out in note 5 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

(a) Results

	(Twelve months) 01.07.2011 to 30.06.2012 *USD'000*	(Twelve months) 01.07.2012 to 30.06.2013 *USD'000*	(Six months) 01.07.2013 to 31.12.2013 *USD'000*	(Twelve months) 01.01.2014 to 31.12.2014 *USD'000*	**(Twelve months) 01.01.2015 to 31.12.2015** ***USD'000***
Revenue					
– Continuing operations	–	258,378	212,505	387,577	**403,081**
– Discontinued operation	388	–	–	–	**–**
	388	258,378	212,505	387,577	**403,081**
(Loss)/profit before taxation	(19,244)	58,888	52,193	86,103	**100,920**
Taxation	–	(29,608)	(13,088)	(21,636)	**(39,612)**
Loss for the year/period from discontinued operation	(42)	–	–	–	**–**
(Loss)/profit for the year/period	(19,286)	29,280	39,105	64,467	**61,308**
(Loss)/profit for the year/period attributable to:					
Owners of the Company	(19,286)	26,444	38,320	62,737	**59,423**
Non-controlling interests	–	2,836	785	1,730	**1,885**
	(19,286)	29,280	39,105	64,467	**61,308**

(b) Assets and Liabilities

	30.06.2012 *USD'000*	30.06.2013 *USD'000*	31.12.2013 *USD'000*	31.12.2014 *USD'000*	**31.12.2015** ***USD'000***
Total assets	959,115	1,094,500	1,232,780	1,297,859	**1,370,174**
Total liabilities	(166,298)	(150,093)	(95,845)	(101,181)	**(118,833)**
	792,817	944,407	1,136,935	1,196,678	**1,251,341**
Equity attributable to owners of the Company	792,817	925,306	1,117,049	1,175,366	**1,228,240**
Non-controlling interests	–	19,101	19,886	21,312	**23,101**
	792,817	944,407	1,136,935	1,196,678	**1,251,341**

INVESTOR RELATIONS

Investor Communication

We are committed to maintaining a continuing dialogue with institutional investors, fund managers and analysts as a mean of developing their understanding of our strategy, our management and plans. Our Investor Relations Department is headed by our Executive Director, Mr Richard Hui. We conduct regular overseas road shows. In the road shows, there were meetings with investors where issues on different aspects of our operation were discussed within the boundary of information already publicly disclosed. The Investor Relations Department provides regular reports to the Board on investor relations activities conducted and comments and feedbacks from investors and analysts.

The Company also publishes information on its business activities through its website, http://www.g-resources.com.

Questions about the Company's activities may be directed to **information@g-resources.com**.

Investor Relations Contacts

In Hong Kong:

Ms Joanna Ip
T. +852 3610 6700

Mr Richard Hui
T. +852 3610 6700

Email address: investor.relations@g-resources.com

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr Chiu Tao, *Chairman and Acting Chief Executive Officer*
Mr Owen L Hegarty, *Vice-Chairman*
(resigned on 24 March 2016)
Mr Peter Geoffrey Albert, *Chief Executive Officer*
(resigned on 1 July 2015)
Mr Ma Xiao, *Deputy Chief Executive Officer*
Mr Wah Wang Kei, Jackie
Mr Hui Richard Rui

Independent Non-Executive Directors

Dr Or Ching Fai, *Vice-Chairman*
Ms Ma Yin Fan
Mr Leung Hoi Ying

Executive Committee

Mr Chiu Tao, *Chairman*
Mr Owen L Hegarty
(resigned on 24 March 2016)
Mr Peter Geoffrey Albert
(resigned on 1 July 2015)
Mr Ma Xiao
Mr Hui Richard Rui
Mr Arthur Ellis

Audit Committee

Dr Or Ching Fai, *Chairman*
Ms Ma Yin Fan
Mr Leung Hoi Ying

Remuneration Committee

Dr Or Ching Fai, *Chairman*
Ms Ma Yin Fan
Mr Leung Hoi Ying

Nomination Committee

Mr Chiu Tao, *Chairman*
Dr Or Ching Fai
Ms Ma Yin Fan

Company Secretary

Mr Wah Wang Kei, Jackie

Chief Financial Officer

Mr Arthur Ellis

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

Hong Kong: Sullivan & Cromwell,
Mayer Brown JSM,
Tung & Co.
Bermuda: Appleby

Principal Bankers

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

Share Registrars

Hong Kong

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

Bermuda

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business

Rooms 4501-02, 4510, 45th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Website

www.g-resources.com

G-Resources Group Limited
(Incorporated in Bermuda with limited liability)
Stock code: 1051

Registered office
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

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www.g-resources.com

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