

Interim Financial Report 2016

For the six months ended 30 June 2016
(Incorporated in Bermuda with limited liability)

Stock Code: 1051



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

Corporate Philosophy

OUR VALUES

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

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GROWTH

in value for all our stakeholders

RESPECT

for our people, our communities
and for all stakeholders

EXCELLENCE

in everything we do

ACTION

to deliver on our commitments

TRANSPARENCY

openness, honesty and
good governance

GREAT VALUES



CHAIRMAN'S STATEMENT

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

Chiu Tao

Chairman

Hong Kong, 31 August 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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 NetMind Financial Holdings Limited (formerly known as CST Mining Group Limited), whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("NetMind").

Ma Xiao, aged 51

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 NetMind 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 NetMind and an independent non-executive director of Symphony Holdings Limited, whose shares are listed on the main board of the Stock Exchange.

Hui Richard Rui, aged 48

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 NetMind. 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 NetMind.

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 NetMind.

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).

Lau Yue Wah, Brian, aged 42

is a director of Enhanced Financial Services Group Limited (75% indirectly owned subsidiary of the Company) and its various subsidiaries. Mr Lau graduated from the University of New South Wales in Sydney. He is a co-founder of Enhanced Securities Limited ("ESL") and Enhanced Finance Limited ("EFL"). Mr Lau has over twenty years of experience in the financial services industry. He had held different positions in ESL and EFL. He was a responsible officer of ESL from 2011 to 2014, supervising Type 1 regulated activities under the Securities and Futures Ordinance ("SFO"). He is holding a type 1 license under SFO.

David Ki, aged 39

is a director of Enhanced Financial Services Group Limited (75% indirectly owned subsidiary of the Company) and its various subsidiaries. He is a co-founder and director of ESL and EFL. He has over fifteen years of experience in the financial services industry. Before founding ESL and EFL, he worked in South China Securities Limited as a customer manager for ten years. He is an honorary advisor of New Territories Chiu Chow Federation and a director of Hong Kong Chiu Chow Chamber of Commerce, both since 2010. He is also a director of Overseas Teo Chew Entrepreneurs Association Limited.

Kwan Ka Chung, Kenny, aged 48

is an executive director of Enhanced Investment Management Limited ("EIML") which holds a Type 9 regulated activity license under SFO. EIML is a subsidiary of Enhanced Financial Services Group Limited. Mr Kwan is one of the responsible officers of EIML. His role and duties mainly include acting as member of Investment Committee, formulation of asset allocation strategy, implementing operation and internal controls, portfolio risk controls and monitoring and compliance monitoring. Mr Kwan is a Chartered Financial Analyst. From April 2003 to August 2008, Mr Kwan worked as an investment manager at BEA Union Asset Management mainly engaged in discretionary client portfolios, and mandatory provident fund products. He also worked as an assistant portfolio manager in BOCI-Prudential Asset Management from 2008 to 2013.

Nguyen Gia Vinh, Patrick, aged 41

is a co-founder of EIML and currently holds the roles of director and responsible officer of EIML. Mr Nguyen has over twelve years of investment advisory and discretionary portfolio management experience in Hong Kong. Mr Nguyen is in charge of overseeing the strategic development and daily operation of EIML. Before founding EIML, Mr Nguyen was a director and a relevant individual registered under the Hong Kong Monetary Authority at the International Private Banking division of Chinatrust. From 2007 to 2011, he worked as the Head of Investment at Crosby Wealth Management. Prior to that, he was a senior investment advisor of AIG Private Bank, responsible for formulating portfolio allocation strategies and providing investment recommendations and solutions to relationship managers and clients. Mr Nguyen graduated from Boston College, USA and is a CFA charterholder since 2003.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

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

Highlights

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

Review of continuing operations

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

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

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

(i) Principal Investment Business

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

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

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

(ii) Financial Services Business

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

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

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

(iii) Real Property Business

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

Discontinued Operation

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

Review of Group Financial Position

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

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

Net Asset Value

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

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

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

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

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 30 June 2016 and 31 December 2015 as the Group did not have any borrowings as at the end of the reporting periods.

Capital Structure of the Group

The capital structure of the Group has not changed materially from the last annual report.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

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

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

Exposure to Fluctuations in Exchange Rates and Related Hedge

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

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

Pledge of Assets

As at 30 June 2016, no assets of the Group had been pledged.

Business Outlook

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

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

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

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

Human Resources

As at 30 June 2016, the Group had 34 employees in Hong Kong. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

Introduction

We have reviewed the condensed consolidated financial statements of G-Resources Group Limited (the "Company") and its subsidiaries set out on pages 12 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 August 2016

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GROUP RESULTS

The Board of Directors (the "Board") of G-Resources Group Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016, together with the comparative figures for the six months ended 30 June 2015, which comprises the condensed consolidated statement of financial position as at 31 December 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended, and explanatory notes.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

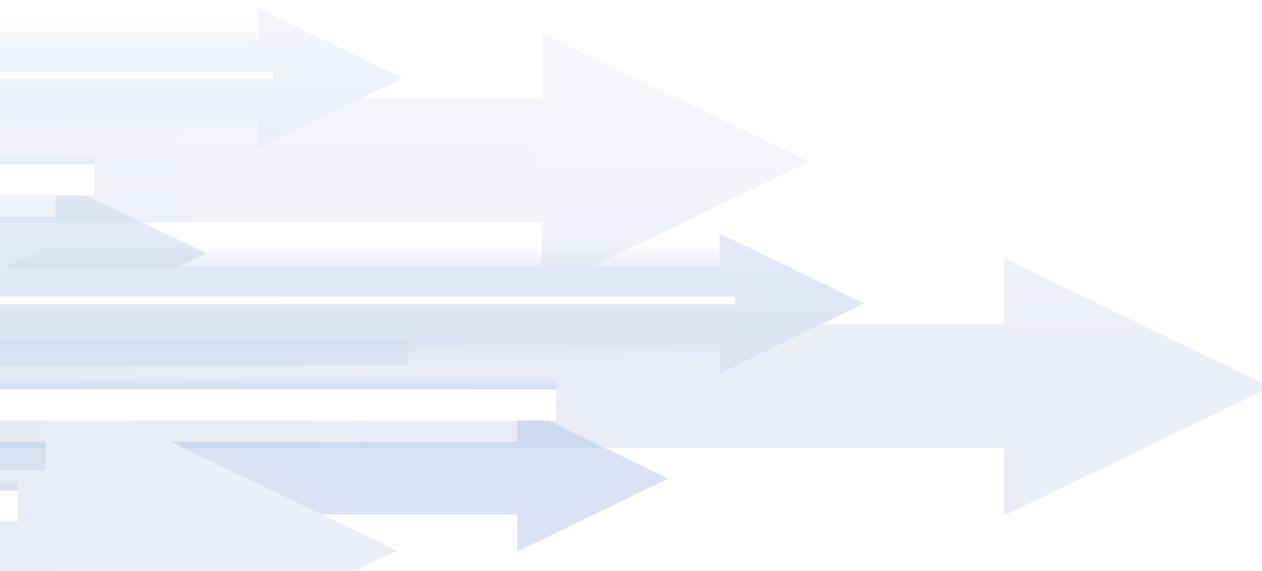
For the six months ended 30 June 2016

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

| | NOTES | 30 June 2016 USD'000 (Unaudited) | 31 December 2015 USD'000 (Audited) |
|--|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 26,444 | 734,957 |
| Exploration and evaluation assets | | – | 27,316 |
| Investment properties | 11 | 95,503 | 95,220 |
| Available-for-sale investments | 12 | 230,977 | 175,726 |
| Other receivables | 13 | 14,122 | 27,008 |
| Inventories | | – | 7,999 |
| Intangible assets/goodwill | | 2,147 | – |
| Loans receivable | 15 | 1,306 | – |
| | | 370,499 | 1,068,226 |
| CURRENT ASSETS | | | |
| Inventories | | – | 44,773 |
| Accounts and other receivables | 13 | 19,289 | 29,335 |
| Held for trading investments | 14 | 29,291 | 30,606 |
| Loans receivable | 15 | 138,812 | 72,483 |
| Convertible bond | | – | 17,044 |
| Derivative component in convertible bond | | – | 744 |
| Bank balances and cash | | 830,457 | 106,963 |
| Bank trust accounts balances | 16 | 322 | – |
| | | 1,018,171 | 301,948 |
| CURRENT LIABILITIES | | | |
| Accounts and other payables | 17 | 27,159 | 28,996 |
| Dividend payable | 8 | 15,064 | – |
| Tax payable | | 121 | 10,015 |
| | | 42,344 | 39,011 |
| NET CURRENT ASSETS | | | |
| | | 975,827 | 262,937 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 1,346,326 | 1,331,163 |
| NON-CURRENT LIABILITIES | | | |
| Other payables | 17 | – | 4,485 |
| Deferred tax liabilities | | 277 | 54,605 |
| Provision for mine rehabilitation cost | | – | 20,732 |
| | | 277 | 79,822 |
| | | 1,346,049 | 1,251,341 |
| CAPITAL AND RESERVES | | | |
| Share capital | 18 | 34,246 | 34,246 |
| Reserves | | 1,306,633 | 1,193,994 |
| Equity attributable to owners of the Company | | 1,340,879 | 1,228,240 |
| Non-controlling interests | | 5,170 | 23,101 |
| TOTAL EQUITY | | 1,346,049 | 1,251,341 |

The condensed consolidated financial statements on pages 12 to 40 were approved and authorised for issue by the Board of Directors on 31 August 2016 and are signed on its behalf by:

Wah Wang Kei, Jackie
Director

Hui Richard Rui
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

| | Attributable to owners of the Company | | | | | | | | | | | |
|---|---------------------------------------|--------------------------|---------------------------------------|--------------------------------|----------------------------------|-------------------------------------|-----------------------------|---|------------------------------|------------------|--------------------------------------|------------------|
| | Share capital USD'000 | Share premium USD'000 | Capital redemption reserve USD'000 | Contributed surplus 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 |
| (Unaudited) | | | | | | | | | | | | |
| At 1 January 2015 | 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 period | - | - | - | - | - | - | - | - | 37,758 | 37,758 | 1,388 | 39,146 |
| Fair value gain on: | | | | | | | | | | | | |
| Available-for-sale investments | - | - | - | - | - | - | - | 2,868 | - | 2,868 | - | 2,868 |
| Hedging instruments designated in cash flow hedges | - | - | - | - | - | 484 | - | - | - | 484 | 26 | 510 |
| Exchange difference arising on translation | - | - | - | - | - | - | 236 | - | - | 236 | - | 236 |
| Total comprehensive income for the period | - | - | - | - | - | 484 | 236 | 2,868 | 37,758 | 41,346 | 1,414 | 42,760 |
| Unvested share options lapsed | - | - | - | - | (41) | - | - | - | - | (41) | - | (41) |
| Vested share options lapsed/forfeited | - | - | - | - | (268) | - | - | - | 268 | - | - | - |
| Dividends recognised as distribution (Note 8) | - | - | - | - | - | - | - | - | (16,402) | (16,402) | - | (16,402) |
| At 30 June 2015 | 34,150 | 1,012,055 | 212 | 11,658 | 14,894 | (544) | 1,355 | 3,376 | 123,113 | 1,200,269 | 22,726 | 1,222,995 |
| (Unaudited) | | | | | | | | | | | | |
| At 1 January 2016 | 34,246 | 1,014,800 | 212 | 11,658 | 3,919 | - | 1,383 | 6,269 | 155,753 | 1,228,240 | 23,101 | 1,251,341 |
| Profit for the period | - | - | - | - | - | - | - | - | 125,482 | 125,482 | 869 | 126,351 |
| Fair value gain on available-for-sale investments | - | - | - | - | - | - | - | 2,702 | - | 2,702 | - | 2,702 |
| Exchange difference arising on translation | - | - | - | - | - | - | (785) | - | - | (785) | (4) | (789) |
| Release of exchange reserve upon disposal of subsidiaries (Note 21) | - | - | - | - | - | - | 304 | - | - | 304 | - | 304 |
| Total comprehensive income for the period | - | - | - | - | - | - | (481) | 2,702 | 125,482 | 127,703 | 865 | 128,568 |
| Disposal of subsidiaries (Note 21) | - | - | - | - | - | - | - | - | - | - | (24,014) | (24,014) |
| Acquisition of subsidiaries (Note 20) | - | - | - | - | - | - | - | - | - | - | 5,218 | 5,218 |
| Vested share options lapsed/forfeited | - | - | - | - | (3,256) | - | - | - | 3,256 | - | - | - |
| Dividends recognised as distribution (Note 8) | - | - | - | - | - | - | - | - | (15,064) | (15,064) | - | (15,064) |
| At 30 June 2016 | 34,246 | 1,014,800 | 212 | 11,658 | 663 | - | 902 | 8,971 | 269,427 | 1,340,879 | 5,170 | 1,346,049 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

| | NOTES | For the six months ended | |
|--|-------|--|--|
| | | 30 June 2016 USD'000 (Unaudited) | 30 June 2015 USD'000 (Unaudited) |
| OPERATING ACTIVITIES | | | |
| Profit before taxation | | 136,518 | 57,581 |
| Adjustments for: | | | |
| Interest income | | (4,764) | (3,369) |
| Amortisation and depreciation | | 25,448 | 71,582 |
| Unvested share options lapsed | | – | (41) |
| Fair value changes of held for trading investments | | 1,304 | (865) |
| (Reversal of provision)/provision for impairment of inventories | | (4,567) | 448 |
| Loss on disposal of property, plant and equipment | | – | 157 |
| Gain on disposal of available-for-sale investments | | – | (8) |
| Finance cost | | 390 | 1,094 |
| Written off of property, plant and equipment | | 3 | – |
| Increase in fair value of investment properties | | (386) | – |
| Fair value loss in conversion of convertible bond | | 205 | – |
| Gain on disposal of mining business | 21 | (110,696) | – |
| Transaction cost for the disposal of mining business | | 12,158 | – |
| Operating cash flows before movements in working capital | | 55,613 | 126,579 |
| (Increase)/decrease in inventories | | (564) | 756 |
| (Increase)/decrease in other receivables (non-current portion) | | (3,101) | 8,205 |
| Increase in accounts and other receivables | | (11,538) | (16,175) |
| Increase in held for trading investments | | – | (442) |
| Decrease in bank trust accounts balances | | 98 | – |
| Loans advanced to money lending customers | | (145,253) | – |
| Repayment from money lending customers | | 92,485 | – |
| Increase/(decrease) in accounts and other payables | | 11,325 | (2,893) |
| Cash (used in)/generated from operations | | (935) | 116,030 |
| Income taxes paid | | (5,304) | (8,056) |
| Net cash (used in)/from Operating Activities | | (6,239) | 107,974 |
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (8,586) | (22,276) |
| Additions of exploration and evaluation assets | | (2,150) | (3,100) |
| Proceeds from disposal of property, plant and equipment | | – | 676 |
| Purchase of available-for-sale investments | | (53,508) | (76,649) |
| Proceed from disposal of available-for-sale investments | | – | 17,308 |
| Interest received | | 5,172 | 2,427 |
| Acquisition of subsidiaries | 20 | 5,518 | – |
| Net proceed from disposal of mining business | 21 | 786,621 | – |
| Transaction cost for the disposal of mining business paid | | (3,289) | – |
| Net cash from/(used in) Investing Activities | | 729,778 | (81,614) |
| Net increase in cash and cash equivalents | | 723,539 | 26,360 |
| Cash and cash equivalents at beginning of the period | | 106,963 | 260,750 |
| Effect of foreign exchange rate changes | | (45) | (211) |
| Cash and cash equivalents at end of the period, represented by Bank Balances and Cash | | 830,457 | 286,899 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. Basis of Preparation

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015.

Significant event and transaction in the current interim period

During the period, the Group disposed of the mining business through disposal of the entire share capital of certain subsidiaries and details are set out in note 21.

2. Principal Accounting Policies

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

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

Revenue recognition

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

Revenue from financial services is recognised on the following basis:

- Commission and brokerage income from dealing in securities are recognised on a trade date basis;
- Underwriting commission income, sub-underwriting commission income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and
- Advisory, proof of funds commission and clearing and handling fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered.

Business combinations

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

2. Principal Accounting Policies (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

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

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

Goodwill

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

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

2. Principal Accounting Policies (continued)

Goodwill (continued)

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

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

Intangible assets

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

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

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

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

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

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

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

2. Principal Accounting Policies (continued)

Intangible assets (continued)

Impairment on intangible assets other than goodwill (the accounting policy in respect of goodwill is mentioned above) (continued)

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

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

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

| | |
|---|--|
| HKFRS 11 (Amendments) | Accounting for Acquisitions of Interests in Joint Operations |
| HKAS 1 (Amendments) | Disclosure Initiative |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants |
| HKAS 27 (Amendments) | Equity Method in Separate Financial Statements |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendments) | Investment entities: Applying the Consolidation Exception |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle |

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

3. Segment Information

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

The Group has four (the six months ended 30 June 2015: three) operating business units which represent four (the six months ended 30 June 2015: three) operating segments, namely, principal investment business, financial services business, mining business and real property business (the six months ended 30 June 2015: principal investment business, money lending business and mining business). During the six months ended 30 June 2016, the Group acquired subsidiaries with the financial services business which includes money lending business. The Group disposed of the mining business during the six months ended 30 June 2016 and the operating segment regarding to the mining business was discontinued in the current period, which are described in more details in note 7.

(a) Segment revenue and results

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

For the six months ended 30 June 2016 (Unaudited)

| | Continuing operations | | | Total USD'000 | Discontinued operation |
|---|--|--|---|------------------|-------------------------------|
| | Principal investment business USD'000 | Financial services business USD'000 | Real property business USD'000 | | Mining business USD'000 |
| Interest income from financial products | 3,377 | – | – | 3,377 | – |
| Dividend and distribution income from financial products | 1,797 | – | – | 1,797 | – |
| Interest income from money lending business | – | 5,731 | – | 5,731 | – |
| Commission income from financial services | – | 363 | – | 363 | – |
| Rental income | – | – | 1,521 | 1,521 | – |
| Sales of gold and silver | – | – | – | – | 78,270 |
| Segment revenue | 5,174 | 6,094 | 1,521 | 12,789 | 78,270 |
| Segment results | 4,651 | 5,590 | 1,499 | 11,740 | 30,182 |
| Unallocated corporate income | | | | 7 | – |
| Unallocated corporate expenses | | | | (4,335) | – |
| Increase in fair value of investment properties | | | | 386 | – |
| Gain on disposal of the mining business | | | | – | 110,696 |
| Transaction cost for the disposal of the mining business | | | | – | (12,158) |
| Profit before taxation | | | | 7,798 | 128,720 |

3. Segment Information (continued)

(a) Segment revenue and results (continued)

For the six months ended 30 June 2015 (Unaudited)

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

(b) Segment assets and liabilities

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

At 30 June 2016 (Unaudited)

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

3. Segment Information (continued)

(b) Segment assets and liabilities (continued)

At 31 December 2015 (Audited)

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

4. Revenue

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

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

5. Taxation

Continuing operations

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

| | For the six months ended | |
|-------------------------|--|--|
| | 30 June 2016 USD'000 (Unaudited) | 30 June 2015 USD'000 (Unaudited) |
| Current tax | | |
| Hong Kong | 13 | 10 |
| Taxation for the period | 13 | 10 |

6. Profit for the Period

| | Continuing operations For the six months ended | | Discontinued operation For the six months ended | |
|---|---|--|--|--|
| | 30 June 2016 USD'000 (Unaudited) | 30 June 2015 USD'000 (Unaudited) | 30 June 2016 USD'000 (Unaudited) | 30 June 2015 USD'000 (Unaudited) |
| Profit for the period has been arrived at after charging/(crediting): | | | | |
| Amortisation and depreciation of property, plant and equipment, included in | | | | |
| – Cost of sales | – | – | 23,282 | 68,006 |
| – Administrative expenses | 842 | 4 | 1,324 | 3,572 |
| Royalties expense | – | – | 607 | 1,206 |
| Other taxes | – | – | 539 | 1,140 |
| (Reversal of provision)/provision for impairment of inventories | – | – | (4,567) | 448 |
| Exchange (gain)/loss, net | (175) | (200) | 72 | 2,629 |
| Interest income | (4,757) | (3,243) | (7) | (126) |

7. Discontinued Operation

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

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

| | For the period ended 17 March 2016 USD'000 (Unaudited) | For the six months ended 30 June 2015 USD'000 (Unaudited) |
|--|---|---|
| Profit of mining business for the period | 20,028 | 37,114 |
| Gain on disposal of mining business (Note 21) | 110,696 | – |
| Transaction cost for the disposal of mining business | (12,158) | – |
| | 118,566 | 37,114 |

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

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

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

The carrying amounts of the assets and liabilities of mining business at the date of disposal are disclosed in note 21.

8. Dividend

During the current interim period, a final dividend of HK0.44 cents per share (the six months ended 30 June 2015: HK0.48 cents per share) in respect of the year ended 31 December 2015 was declared to be payable to the shareholders of the Company. The amount of the final dividend declared to be payable in the current interim period amounted approximately USD15,064,000 (equivalent to approximately HKD117,000,000) (the six months ended 30 June 2015: approximately USD16,402,000 (equivalent to approximately HKD127,000,000)). Shareholders were given an option to receive the final dividend in cash or an allotment of scrip shares in lieu of cash.

9. Earnings Per Share

From continuing and discontinued operations

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

| | For the six months ended 30 June 2016 <i>USD'000</i> (Unaudited) | 30 June 2015 <i>USD'000</i> (Unaudited) |
|--|---|---|
| Profit for the period from continuing and discontinued operations attributable to owners of the Company | 125,482 | 37,758 |
| Less: profit for the period from discontinued operation | (117,653) | (35,726) |
| Profit for the period from continuing operations attributable to owners of the Company, for the purposes of basic and diluted earnings per share | 7,829 | 2,032 |
| | Number of shares 30 June 2016 | 30 June 2015 |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 26,564,478,210 | 26,490,076,130 |

From discontinued operation

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

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for the six months ended 30 June 2016 and 30 June 2015.

10. Movement in Property, Plant and Equipment

During the six months ended 30 June 2016, property, plant and equipment with a net carrying value amounting to USD691,277,000 was disposed of upon the disposal of the mining business, which is set out in note 21. During the period, total additions to the property, plant and equipment were USD8,586,000 (the six months ended 30 June 2015: USD22,242,000), of which USD3,959,000 (the six months ended 30 June 2015: USD4,957,000), USD3,585,000 (the six months ended 30 June 2015: USD17,282,000), USD172,000 (the six months ended 30 June 2015: USD3,000) and USD870,000 (the six months ended 30 June 2015: nil) were attributable to additions of the mining properties, construction in progress for the construction of Martabe Gold Mine, furniture, fixtures and equipment, and leasehold improvement respectively.

11. Investment Properties

| At fair value | USD'000 |
|---|---------|
| At 1 January 2015 | – |
| Acquisition of assets through acquisition of subsidiaries | 95,227 |
| Exchange realignments | (7) |
| At 31 December 2015 and 1 January 2016 | 95,220 |
| Fair value change during the period | 386 |
| Exchange realignments | (103) |
| At 30 June 2016 | 95,503 |

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 30 June 2016 and 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 a member of the Institute of Valuers of Hong Kong, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was 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.

12. Available-For-Sale Investments

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

12. Available-For-Sale Investments (continued)

Notes:

- (a) The balance represents the Group's investment in senior notes with principal amount of USD30,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 22 January 2021 (the "Senior Notes Due 2021"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 8.125% per annum, payable semi-annually in arrears on 22 January and 22 July of each year, commencing on 22 July 2014.
- (b) The balance represents the Group's investment in senior notes with principal amount of USD22,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 17 February 2020 (the "Senior Notes Due 2020"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 12% per annum, payable semi-annually in arrears on 17 February and 17 August of each year, commencing on 17 August 2015.
- (c) During the period, the Group acquired senior notes with principal amount of USD20,000,000 issued by a private limited company incorporated in the British Virgin Islands with maturity date of 1 December 2020 (the "Senior Notes Due 2020 8.5%"). These notes are listed on the Singapore Exchange Securities Trading Limited, carried interest at a fixed rate of 8.5% per annum, payable semi-annually in arrears on 1 June and 1 December of each year, commencing on 1 June 2016.
- (d) During the period, the Group acquired perpetual floating rate notes with principal amount of USD18,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange without fixed maturity date (the "Perpetual Floating Rate Notes Callable 2024"). These notes are listed on the Irish Stock Exchange plc., carried interest at a coupon rate of 6.375% per annum, payable semi-annually in arrears on 17 March and 17 September of each year, commencing on 17 September 2016. The interest rate is subject to change at reset day with reset rate at 3.705% plus mid market swap rate. The first reset day would be on 17 September 2024 and every 5 years thereafter.
- (e) During the period, the Group acquired perpetual floating rate notes with principal amount of USD2,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange without fixed maturity date (the "Perpetual Floating Rate Notes Callable 2025"). These notes are listed on the Irish Stock Exchange plc., carried interest at a coupon rate of 6.375% per annum, payable semi-annually in arrears on 30 March and 30 September of each year, commencing on 30 September 2016. The interest rate is subject to change at reset day with reset rate at 4.368% plus mid market swap rate. The first reset day would be on 30 March 2025 and every 5 years thereafter.
- (f) During the period, the Group acquired perpetual bond with principal amount of USD315,000 issued by a company with its shares listed on Australian Securities Exchange Limited without fixed maturity date (the "Perpetual Bond"). These notes are listed on the Frankfurt Stock Exchange, carried interest at a coupon rate of 6.75% per annum, payable semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 December 2016. The interest rate is subject to change at reset day with reset rate at 5.168% plus mid market swap rate. The first reset day would be on 15 June 2026 and every 5 years thereafter.
- (g) Listed debt securities were measured at fair value. In the absence of quoted market price in an active market, the fair value measurements are derived from valuation techniques using the discounted cash flow model and the Hull-White term structure model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the six months ended 30 June 2016, an increase in fair value of USD1,092,000 (the six months ended 30 June 2015: USD815,000) was recognised in the investment revaluation reserve.
- (h) The Group held four (31 December 2015: three) unlisted investment funds which are managed by financial institutions investing real estate properties, financial products and unlisted equity investments with an aggregate carrying value of USD52,968,000 (31 December 2015: USD45,366,000). The financial products include listed equity shares, straight bonds, convertible bonds, REITs, business trusts and derivatives. The fair value of the real estate properties is determined by the market transaction prices of similar properties of the relevant locations. The underlying financial products and unlisted equity investments are valued at quoted market prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. During the period ended 30 June 2016, an increase in fair value of USD2,602,000 (the six months ended 30 June 2015: USD2,053,000) was recognised in the investment revaluation reserve.
- (i) The other security investments of the Group includes an investment with the carrying value of USD5,867,000 (31 December 2015: USD6,119,000) which was stated at fair value as at 30 June 2016. In the absence of quoted market price in an active market, the fair value measurement is determined by the financial institution using valuation techniques including earnings multiples (based on the budget earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flows. The valuation may be adjusted for factors such as non-maintainable earnings, tax risk, growth stage and cash traps as deemed necessary by the financial institution. During the six months ended 30 June 2016, decrease in fair value of USD252,000 (the six months ended 30 June 2015: nil) was recognised in the investment revaluation reserve.

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

- (j) The balance represents the Group's investment in 9% perpetual securities ("Perpetual Securities") with principal amount of USD30,000,000. The issuer is a public limited company with its shares listed on the Main Board of the Hong Kong Stock Exchange. Subject to the terms of the Perpetual Securities, the Perpetual Securities confer a right to receive distributions at the applicable rate of distribution. Distributions will be payable on the Perpetual Securities in USD semi-annually in arrear on each distribution payment date, meaning 29 June and 29 December in each year, starting on (and including) 29 June 2016. The Securities are perpetual securities in respect of which there is no fixed redemption date and the issuer will only have the right to redeem or purchase them in accordance with the terms of the Perpetual Securities.

The Perpetual Securities was measured at fair value. In the absence of quoted market price in an active market, the fair value measurements are derived from valuation techniques using the discounted cash flow model. During the six months ended 30 June 2016, a decrease in fair value of USD740,000 (the six months ended 30 June 2015: nil) was recognised in the investment revaluation reserve.

13. Accounts and Other Receivables

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

Notes:

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

| | 31 December 2015 <i>USD'000</i> (Audited) |
|-----------|---|
| 0-14 days | 13,822 |

- (b) The normal settlement terms of accounts receivables from cash and custodian client are two business days after trade date. As at 30 June 2016, accounts receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the period end date. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivables.
- (c) Loans to securities margin clients are secured by clients' pledged securities with fair value of USD17,231,000 (31 December 2015: nil). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at 8.5% to 13.5% per annum as at 30 June 2016. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.
- (d) Impairment of margin clients receivables
- The Group held collateral of listed equity securities with a fair value of USD17,231,000 (31 December 2015: nil) at the end of the reporting period in respect of these loans. No impairment allowance has been made for margin loans with an aggregate outstanding balance of USD14,909,000 (31 December 2015: nil) based on the Group's evaluation of their collectability.
- Impairment losses in respect of margin clients receivables are recorded using an allowance account unless the company is satisfied that recovery of the amount is remote, in which the impairment loss is written off against margin clients receivables directly.
- (e) As at 30 June 2016, included in other receivables are deferred cash consideration recoverable amounting to USD14,093,000 in relation to the disposal of the mining business which is set out in note 21. As at 31 December 2015, USD27,008,000 (30 June 2016: nil) of value added tax ("VAT") paid by an Indonesian subsidiary of the Group, were classified as other receivables non-current portion based on their expected refund time span, in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site.
- (f) As at 31 December 2015, an amount of USD3,800,000 (30 June 2016: nil), which is the consideration of capital injection into PT Agincourt Resources ("PTAR"), due from PT Artha Nugraha Agung ("PTANA") was included in other receivables. The balance would be settled by PTANA through reduction of its share of dividend declared by PTAR. The amount was disposed of upon the disposal of mining business which is set out in note 21.

14. Held for Trading Investments

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

15. Loans Receivable

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

Note:

- (a) The range of effective interest rate (which is fixed rates, also equal to contractual interest rates) on the Group's loans receivable is 7.5% to 35.0% per annum (31 December 2015: 5% to 18% per annum). The contractual maturity date of the loans receivable ranges from one month to two years (31 December 2015: two months to one year) and are all denominated in HKD.

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

16. Bank Trust Accounts Balances

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

17. Accounts and Other Payables

| | 30 June 2016 <i>USD'000</i> (Unaudited) | 31 December 2015 <i>USD'000</i> (Audited) |
|--|---|---|
| Trade payables from mining business (Note a) | – | 3,454 |
| Accounts payables from the business of dealing in securities: (Note b) | | |
| Clients | 359 | – |
| Clearing houses | 750 | – |
| Other payables (Note c) | 26,050 | 30,027 |
| Accounts and other payables | 27,159 | 33,481 |
| Less: Other payables classified as non-current liabilities | – | (4,485) |
| Accounts and other payables classified as current liabilities | 27,159 | 28,996 |

17. Accounts and Other Payables (continued)

Notes:

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

| | 31 December 2015 USD'000 (Audited) |
|------------|--|
| 0-60 days | 2,933 |
| 61-90 days | 64 |
| > 90 days | 457 |
| | <u>3,454</u> |

(b) The normal settlement terms of accounts payables to clients and securities clearing houses are two business days after trade date. Amounts due to securities margin clients are repayable on demand. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

(c) As at 30 June 2016, included in other payables are USD20,822,000 relating to the liabilities arising from the disposal of mining business. As at 31 December 2015, included in other payables are USD25,660,000 and USD1,180,000 relating to payables by an Indonesian subsidiary of the Group for the operation of the Martabe Gold Mine and to its consultants and contractors in connection with the construction of the Martabe Gold Mine, respectively.

18. Share Capital

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

Note:

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

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

19. Share-Based Payment Transactions

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

Share-based payment was recognised over the vesting period based on the management's estimation of the timing when the vesting conditions are met. No share option was granted under the 2004 Scheme and 2014 Scheme during the six months ended 30 June 2016 and 30 June 2015.

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

| | Number of share options |
|-------------------------------|----------------------------|
| At 31 December 2015 (Audited) | 169,455,000 |
| Lapsed during the period | (132,174,900) |
| At 30 June 2016 (Unaudited) | 37,280,100 |

During six months ended 30 June 2016, the Group transferred from share option reserve to profit and loss and retained profits amounting to USD nil and USD3,256,000 (the six months ended 30 June 2015: USD41,000 and USD268,000) upon unvested share options lapsed and vested share options lapsed/forfeited respectively.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to be ultimately vested. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

20. Acquisition of Subsidiaries/Business

On 30 March 2016, the Group served a notice to exercise its conversion right to convert a convertible bond with principal amount of USD17,415,000 (which is denominated in HKD of HKD135,000,000) issued by Enhanced Financial Services Group Limited ("EFSG"). Upon the conversion of the convertible bond on 30 March 2016, 135,000,000 ordinary shares of EFSG with par value of HKD1 each were issued to the Group, which represent 75% of the issued share capital of EFSG. The consideration of USD17,460,000 is determined with reference to the fair value of convertible bond at the date of conversion. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was USD405,000. EFSG and its subsidiaries ("Enhanced Group") are engaged in the financial service business. EFSG was acquired so as to expend the Group's financial service business.

| | <i>USD'000</i> (Unaudited) |
|---|--------------------------------------|
| Consideration transferred: | |
| Fair value of convertible bond at the date of acquisition | 17,460 |
| Total | 17,460 |

The acquisition-related costs of the acquisition is insignificant.

| | 30 March 2016 <i>USD'000</i> (Unaudited) |
|--|--|
| Assets acquired and liabilities recognised (determined on a provisional basis) at the date of acquisition are as follows: | |
| Property, plant and equipment | 31 |
| Intangible assets | 1,744 |
| Accounts and other receivables | 610 |
| Loans receivable | 27,793 |
| Bank trust accounts balances | 420 |
| Bank balances and cash | 5,518 |
| Accounts and other payables | (561) |
| Loan from the Group | (12,897) |
| Tax payable | (108) |
| Deferred tax liabilities | (277) |
| Net assets acquired at | 22,273 |

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

20. Acquisition of Subsidiaries/Business (continued)

| | 30 March 2016 USD'000 (Unaudited) |
|---|--|
| Goodwill arising on acquisition: | |
| Consideration transferred | 17,460 |
| Non-controlling interests | 5,218 |
| Less: net assets acquired | (22,273) |
| Goodwill arising on acquisition | 405 |

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

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

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

The provisional goodwill and intangible assets arising from the above acquisitions are determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and the independent valuation to assess the provisional fair value of the identifiable assets acquired. They may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date.

| | 30 March 2016 USD'000 (Unaudited) |
|--|--|
| Net cash inflow arising on acquisition of EFSG: | |
| Cash consideration paid | – |
| Bank balances and cash acquired | 5,518 |
| | 5,518 |

Included in the profit for the period is USD129,000 attributable to the additional business generated by Enhanced Group. Revenue for the year includes USD855,000 generated from Enhanced Group.

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

21. Disposal of Business/Subsidiaries

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

| | USD'000 (Unaudited) |
|---|--------------------------------------|
| Consideration received and receivables: | |
| Cash received | 811,721 |
| Deferred cash consideration (Note a) | 14,093 |
| Contingent payment (Note b) | – |
| Other payables (Note a) | (11,953) |
| Total consideration received and receivables | 813,861 |

Notes:

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

| | 17 March 2016 USD'000 (Unaudited) |
|--|--|
| Analysis of assets and liabilities over which control was lost: | |
| Property, plant and equipment | 691,277 |
| Exploration and evaluation assets | 29,466 |
| Accounts and other receivables | 52,490 |
| Inventories | 58,163 |
| Bank balance and cash | 25,100 |
| Accounts and other payables | (39,094) |
| Tax payables | (10,677) |
| Deferred tax liabilities | (58,728) |
| Provision for mine rehabilitation cost | (21,122) |
| Net assets disposed of | 726,875 |

21. Disposal of Business/Subsidiaries (continued)

| | <i>USD'000</i> (Unaudited) |
|--|--------------------------------------|
| Gain on disposal of mining business: | |
| Consideration received and receivables | 813,861 |
| Net assets disposed of | (726,875) |
| Non-controlling interests | 24,014 |
| Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries | (304) |
| Gain on disposal | 110,696 |
| Net cash inflow arising on disposal: | |
| Cash consideration received | 811,721 |
| Less: bank balances and cash disposed of | (25,100) |
| | 786,621 |

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

22. Fair value measurements of financial instruments

Fair value of the Group's financial assets that 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 fair value of perpetual securities in available-for-sale investments is determined in accordance with the discounted cash flow model;
- the fair value of unlisted managed investment funds and other security investments in available-for-sale investments is determined in accordance with the market value provided by the counterparty financial institutions; and
- the fair value of derivative financial asset in derivative component in convertible bond is determined in accordance with binomial pricing model.

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

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

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

22. Fair value measurements of financial instruments (continued)

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

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

| | Level 1 USD'000 | Level 2 USD'000 | Level 3 USD'000 | Total USD'000 |
|--|--------------------|--------------------|--------------------|------------------|
| At 30 June 2016 (Unaudited) | | | | |
| Financial assets | | | | |
| Listed debt securities (classified as available-for-sale investments) (Note a) | – | – | 98,680 | 98,680 |
| Unlisted investment funds (classified as available-for-sale investments) (Note b) | – | 52,968 | – | 52,968 |
| Unlisted other security investment (classified as available-for-sale investments) (Note b) | – | – | 5,867 | 5,867 |
| Unlisted perpetual securities (classified as available-for-sale investments) (Note c) | – | – | 29,080 | 29,080 |
| Held for trading investments (Note d) | 29,291 | – | – | 29,291 |
| Sub-total | 29,291 | 52,968 | 133,627 | 215,886 |
| At 31 December 2015 (Audited) | | | | |
| 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 investment (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 |
| Sub-total | 30,606 | 45,366 | 94,641 | 170,613 |

22. Fair value measurements of financial instruments (continued)

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

Notes:

- (a) The fair value of listed debt securities classified 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 investment in available-for-sale investments are provided by the counterparty financial institutions 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 binomial 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.

Reconciliation of Level 3 fair value measurements of financial assets

| | <i>USD'000</i> |
|---|----------------|
| At 1 January 2015 (Audited) | 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 (Audited) | 94,641 |
| Purchases | 40,140 |
| Decrease upon conversion of the convertible bond | (539) |
| Interest, dividend and distribution income received | (4,769) |
| Gain recognised in | |
| – profit or loss | 4,054 |
| – other comprehensive income (Note) | 100 |
| At 30 June 2016 (Unaudited) | 133,627 |

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

23. Operating Leases

The Group as lessee

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

| | At 30 June 2016 <i>USD'000</i> (Unaudited) | At 31 December 2015 <i>USD'000</i> (Audited) |
|---------------------------------------|--|--|
| Within one year | 620 | 638 |
| In the second to fifth year inclusive | 147 | 351 |
| | 767 | 989 |

Operating lease payments represented rentals payable 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 period ended 30 June 2016, the Group had property rental income of approximately USD1,521,000 (the six months ended 30 June 2015: nil).

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

| | At 30 June 2016 <i>USD'000</i> (Unaudited) | At 31 December 2015 <i>USD'000</i> (Audited) |
|-----------------|--|--|
| Within one year | 23 | 1,981 |
| | 23 | 1,981 |

24. Capital Commitments

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

| | At 30 June 2016 <i>USD'000</i> (Unaudited) | At 31 December 2015 <i>USD'000</i> (Audited) |
|---|--|--|
| Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment | – | 11,553 |
| Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment | – | 55,264 |

25. Other Commitments

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

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

26. Related Party Disclosures

Key management personnel compensation

| | For the six months ended | |
|--------------------------|---|---|
| | 30 June 2016 <i>USD'000</i> (Unaudited) | 30 June 2015 <i>USD'000</i> (Unaudited) |
| Short-term benefits | 890 | 1,741 |
| Post-employment benefits | 6 | 7 |
| | 896 | 1,748 |

INTERIM DIVIDEND

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

STATUTORY DISCLOSURE

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

As at 30 June 2016, 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 and underlying shares of the Company

| Name of Directors/ Executive Officers | Number of * shares / underlying shares | | | | Approximate % of the issued share capital of the Company |
|--|--|------------------------|------------------|------------|---|
| | Personal interests | Corporate interests | Share options | Total | |
| Or Ching Fai | 13,998,600 | – | – | 13,998,600 | 0.05% |
| 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

Save as disclosed above, none of the directors and executive officers of the Company or their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 30 June 2016.

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

As at 30 June 2016, so far as known to the directors or executive officers of the Company, the following persons/entities are the shareholders (other than the directors or executive officers of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

| Name of shareholders | Capacity | Number of shares/ underlying shares | Approximate % of the issued share capital of the Company | Notes |
|---|--------------------------------------|--|---|-------|
| NetMind Financial Holdings Limited ("NetMind") (formerly known as CST Mining Group Limited) | Interest of a controlled corporation | 4,489,955,974 (L) | 16.90% | 2 |
| Skytop Technology Limited ("Skytop") | Beneficial owner | 4,489,955,974 (L) | 16.90% | 2 |
| BlackRock, Inc. | Interest of a controlled corporation | 2,426,506,873 (L) | 9.13% | 3 |

Notes:

- "L" denotes long position.
- NetMind is the ultimate beneficial owner of Skytop. Under Part XV of the SFO, NetMind is deemed to have interest in the shares of the Company held by Skytop.
- These interests comprised 2,426,506,873 ordinary shares of the Company.

These interests comprised the respective direct interests held by:

| | Number of Shares (in Long Position) |
|---|--|
| BlackRock Advisors (UK) Limited | 212,170,673 |
| BlackRock Fund Advisors | 228,506,400 |
| BlackRock Institutional Trust Company, National Association | 137,345,200 |
| BlackRock Financial Management, Inc. | 369,000 |
| BlackRock Investment Management (Australia) Limited | 13,357,800 |
| BlackRock (Isle of Man) Limited | 11,762,800 |
| BlackRock Investment Management (UK) Limited | 1,742,972,400 |
| BlackRock (Netherlands) B.V. | 3,207,000 |
| BlackRock Asset Management Canada Limited | 1,167,000 |
| BlackRock Japan Co., Ltd. | 75,648,600 |

BlackRock, Inc. is deemed to be interested in 2,426,506,873 shares held by various of its indirectly wholly-owned subsidiaries.

Save as disclosed above, the Company has not been notified by any person (other than the directors or executive officers of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 June 2016.

Share Option

Share Option Scheme

The Company's old share option scheme adopted on 30 July 2004 ("2004 Share Option Scheme") was expired on 29 July 2014. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the shareholders of the Company on 18 June 2014. The following table discloses movements in the Company's share options held by each of the directors and the employees of the Company in aggregate granted under the 2004 Share Option Scheme during the six months ended 30 June 2016:

| Name or Category of participants | Date of grant | Exercisable period | Exercise price HKD | Outstanding as at 01.01.2016 | Granted during the period | Exercised during the period | Cancelled during the period | Lapsed during the period | Outstanding as at 30.6.2016 | Market value per share at date of grant of options HKD | Option value per share HKD |
|----------------------------------|---------------|-------------------------|--------------------|------------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|--|----------------------------|
| (a) DIRECTORS | | | | | | | | | | | |
| Or Ching Fai | 03.03.2011 | 03.03.2011 – 02.03.2016 | 0.6196 | 112,970,000 | - | - | - | (112,970,000) | - | 0.5400 | 0.2170 |
| Total for Directors | | | | 112,970,000 | - | - | - | (112,970,000) | - | | |
| (b) EMPLOYEES | | | | | | | | | | | |
| | 08.07.2011 | 08.07.2011 – 07.07.2016 | 0.6816 | 1,129,700 | - | - | - | - | 1,129,700 | 0.6400 | 0.2474 |
| Total for Employees | | | | 1,129,700 | - | - | - | - | 1,129,700 | | |
| (c) OTHERS | | | | | | | | | | | |
| | 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 | 12,144,275 | - | - | - | - | 12,144,275 | 0.6400 | 0.2474 |
| | 03.01.2012 | 03.01.2012 – 02.01.2017 | 0.5311 | 20,617,025 | - | - | - | - | 20,617,025 | 0.4400 | 0.1426 |
| | 10.01.2012 | 10.01.2012 – 09.01.2017 | 0.5311 | 3,389,100 | - | - | - | - | 3,389,100 | 0.4400 | 0.1287 |
| Total for Others | | | | 55,355,300 | - | - | - | (19,204,900) | 36,150,400 | | |
| Total for Scheme | | | | 169,455,000 | - | - | - | (132,174,900) | 37,280,100 | | |

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

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

Compliance with the Corporate Governance Code

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

- (i) Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices; and
- (ii) Mr Chiu Tao became acting Chief Executive Officer ("CEO") of the Company from 30 June 2015. The Board has not yet identified suitable candidate to fill in the vacancy for CEO in compliance with the requirement of the code provision A.2.1. Under code provision A.2.1, the roles of chairman and CEO should be separated and should not be performed by the same individual. Mr Chiu Tao, who acts as the chairman and the acting CEO of the Company, is also responsible for the overall business strategy and development and management of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive directors and senior management, who are in charge of different functions, complement the role of the chairman and the CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. As such, the structure is beneficial to the Group and the shareholders of the Company as a whole.

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

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made of all directors, and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2016.

Audit Committee

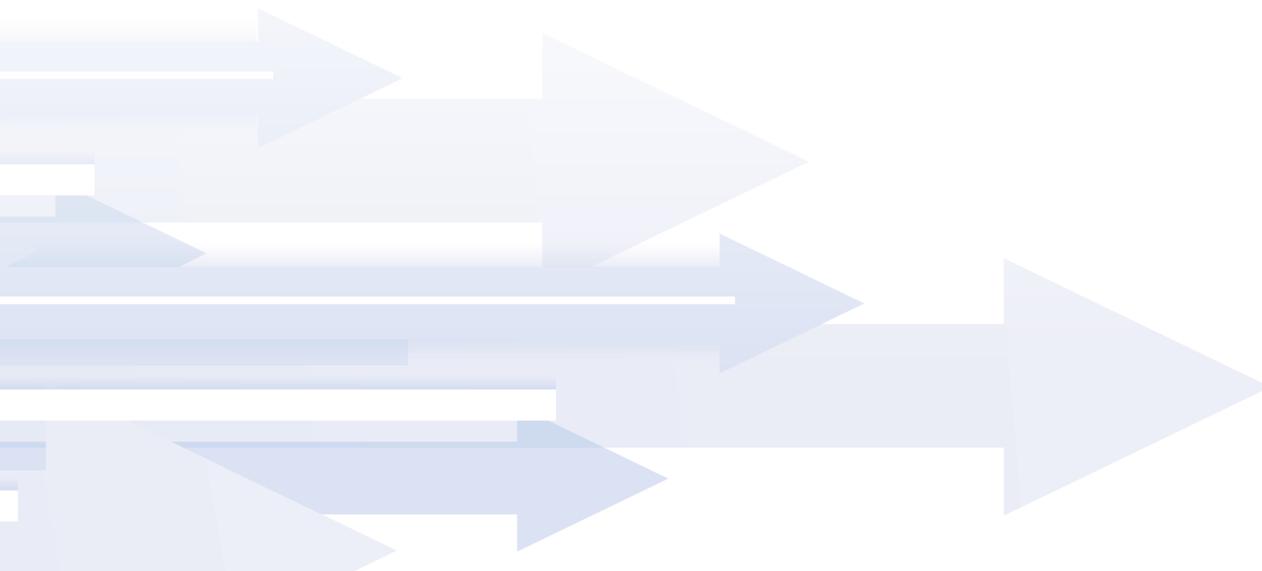
The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who were all independent non-executive directors of the Company for the six months ended 30 June 2016. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2016 has been reviewed by the Company's Audit Committee and the Company's auditors, Deloitte Touche Tohmatsu.

By Order of the Board

Chiu Tao

Chairman and Acting Chief Executive Officer

Hong Kong, 31 August 2016



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 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 Ma Xiao

Mr Wah Wang Kei, Jackie

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,

Tung & Co.

Bermuda: Appleby

Principal Bankers

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

Bank of Communications Co., Ltd.

Share Registrars

Hong Kong

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

Bermuda

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

Registered Office

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Hamilton HM 12

Bermuda

Head Office and Principal Place of Business

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