IR RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

ANNUAL REPORT
2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM is positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of IR Resources Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to IR Resources Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

YU Xiao Min *(Chairperson)*	
XU Miaoxia	(appointed on 14 May 2015)
ZENG Lingchen	
CHULTEMSUREN Gankhuyag	(resigned on 14 May 2015)
LEUNG Sze Yuan, Alan	(resigned on 28 March 2015)

Independent Non-executive Directors

PANG King Sze, Rufina	
HONG Bingxian	
HUNG Kenneth	(appointed on 28 March 2015)
WEN Huiying	(resigned on 28 March 2015)

AUDIT COMMITTEE

PANG King Sze, Rufina *(Chairperson)*	
HONG Bingxian	
HUNG Kenneth	(appointed on 28 March 2015)
WEN Huiying	(resigned on 28 March 2015)

NOMINATION COMMITTEE

PANG King Sze, Rufina *(Chairperson)*	
HONG Bingxian	
YU Xiao Min	(appointed on 28 March 2015)
LEUNG Sze Yuan, Alan	(resigned on 28 March 2015)

REMUNERATION COMMITTEE

PANG King Sze, Rufina *(Chairperson)*	
HONG Bingxian	
YU Xiao Min	(appointed on 28 March 2015)
LEUNG Sze Yuan, Alan	(resigned on 28 March 2015)

COMPLIANCE OFFICER

YU Xiao Min

COMPANY SECRETARY

FUNG Wing Sang	(appointed on 31 May 2015)
CHUNG Ka King	(resigned on 31 May 2015)

AUDITORS

Ascenda Cachet CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Baker & McKenzie
Norton Rose Fulbright Hong Kong
W. K. To & Co.

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

36th Floor, Times Tower
391-407 Jaffe Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM12, Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Ltd.
Rooms 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

ANZ Royal Bank (Cambodia) Limited
Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

STOCK CODE

8186

WEBSITE ADDRESS

www.irresources.com.hk

Chairperson's Statement

Dear Shareholders and Business Partners,

On behalf of the board (the "Board") of directors (the "Directors") of IR Resources Limited (the "Company"), I would like to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

The year of 2015 is a turnaround year for the Group. In July 2015, the Group entered into a subscription agreement (as supplemented) with investors to revitalize its forestry and agricultural business in the Kingdom of Cambodia ("Cambodia"). In November 2015, the Group entered into a plantation agreement with a business partner to carry out the plantation activities of the Group's forests. During the second half of 2015, the Group has established a management team to re-activate its forestry and agricultural business in Cambodia and The People's Republic of China (the "PRC").

Trading in the shares (the "Shares") of the Company remained suspended during the year. I am pleased to report that an application has been made to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for resumption of trading in the Shares on 26 February 2016 (subject to approval of the Stock Exchange) as at the date of this report.

Going forward, the Group will continue to make effort to leverage on the Group's forestry and agricultural resources to continue to expand its principal businesses and keep abreast of valuable business opportunities.

I, on behalf of the Board, would like to take this opportunity to thank our shareholders for your support and express my gratitude to our partners, management and staff for their effort and contribution.

Yu Xiao Min
Chairperson

Hong Kong, 24 February 2016

Management Discussion and Analysis

OVERVIEW

The Group is principally engaged in (i) forestry and agricultural business in Cambodia and the PRC (the sale of wood and agricultural produce); and (ii) resources and logistics business.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group recorded revenue of HK$38.9 million (2014: HK$Nil) arising from sale of wood and agricultural produce.

Loss for the year

The consolidated loss and loss attributable to its equity holders reduced to HK$35.1 million for the year ended 31 December 2015 from HK$41.7 million for the year ended 31 December 2014. The loss for the year was mainly attributable to the substantial finance cost arising from the interest on the KW Loan (as defined in note 24 to the consolidated financial statements).

Basic and diluted loss per Share for the year was HK1.34 cents (2014: HK1.59 cents).

EVENTS AFTER THE REPORTING PERIOD

On 24 February 2016, the Company entered into an underwriting agreement with an underwriter to raise fund of approximately HK$262 million (before expenses) by way of a rights issue, which, subject to fulfillment of certain conditions precedent pursuant to the underwriting agreement, is expected to be completed in May 2016. The proceeds from the rights issue is expected to be for the purposes of general working capital and debt repayment.

In January 2016, the Group established an office in Guangzhou, the PRC for investment in the agricultural industry, distribution and logistics of agricultural produce in the PRC through its wholly-owned subsidiary incorporated in the PRC.

RECENT DEVELOPMENT

Subscription Agreement

In July 2015, the Company entered into a subscription agreement (as supplemented) (the “Subscription Agreement”) with six subscribers (the “Subscribers”) which have business connection and experience in the forestry business in Asia, pursuant to which the Company will undergo an internal restructuring (the “Restructuring”). As at the date of this annual report, the Subscription Agreement had not been completed. Details of the Subscription Agreement and the Restructuring are disclosed in the announcements of the Company dated 17 July and 30 September 2015.

Plantation Agreement

In November 2015, the Group entered into a cooperation agreement (the “Plantation Agreement”) with a plantation operator (the “Plantation Partner”), which has substantial experience in the plantation business and operations in the Southeast Asia. Pursuant to the Plantation Agreement, the Plantation Partner will be engaged in the plantation business of the Group and, together with the relevant Subscribers, will provide funding for the plantation business of the Group.

Suspension in trading in the Shares

Trading in the Shares of the Company remained suspended during the year and an application has been made to the Stock Exchange for resumption of trading in the Shares on 26 February 2016 (subject to approval of the Stock Exchange) as at the date of this report.

PROSPECTS

Looking forward, the Group will (i) continue to implement strategies to strengthen its forestry and agricultural business in Cambodia and the PRC and (ii) seize appropriate investment/business in its resources and logistics business as well as debt/equity fund raising opportunities so as to enhance the financial condition of the Group for continuous development.

CAPITAL STRUCTURE

As at 31 December 2015, the total number of issued ordinary shares and the issued share capital of the Company were 2,623,950,965 (2014: 2,623,950,965) and HK$131,198,000 (2014: HK$131,198,000), respectively. During the year ended 31 December 2015, the Company did not issue any new Shares.

FINANCIAL RESOURCES, BORROWINGS, BANKING FACILITIES AND LIQUIDITY

During the year ended 31 December 2015, the Group's net cash used in operating activities amounted to HK$18.1 million (2014: HK$33.9 million). Its net cash from investing activities amounted to HK$2.6 million (2014: net cash used in of HK$0.5 million) and net cash from financing activities amounted to HK$17.5 million (2014: HK$33.4 million). As a result of the cumulative effect described above, the Group recorded a net cash inflow of HK$2.0 million (2014: net cash outflow of HK$1.0 million).

As at 31 December 2015, the Group had total assets of HK$344.6 million (2014: HK$340.3 million) and total liabilities of HK$165.7 million (2014: HK$126.4 million). The Group's gearing ratio (calculated as a percentage of the Group's total liabilities to the total assets) was 48.1% (2014: 37.1%). As at 31 December 2015, the Group did not have any outstanding bank borrowings (2014: Nil).

As at 31 December 2015, the Group's current assets amounted to HK$22.8 million (2014: HK$12.8 million), of which HK$4.2 million (2014: HK$2.3 million) was cash and bank deposits, and the current liabilities amounted to HK$165.7 million (2014: HK$126.4 million).

As at 31 December 2015, the net assets of the Group amounted to HK$178.8 million (including non-controlling interest) (2014: HK$213.9 million) and the net asset value per Share amounted to HK$0.07 (2014: HK$0.08).

CAPITAL COMMITMENTS, SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Capital Commitment

During the year ended 31 December 2015, the Group did not have any significant contracted capital commitment.

Significant Investment and Material Acquisition and Disposal

During the year ended 31 December 2015, save for (i) the entering into of the Subscription Agreement and the Plantation Agreement, (ii) the disposal of the Linkbest Group (as defined in note 28 to the consolidated financial statements) and an associates, the Group did not make any significant investment and any material acquisition/disposal.

Charge on assets of the Group

The shares of the subsidiaries engaging in timber business were pledged to secure the KW Loan (as defined in note 24 to the consolidated financial statements) as at 31 December 2015.

RISKS

The Group mainly operates in Hong Kong, Cambodia and the PRC and is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary. The Group's business is also subject to a number of risks including the weather conditions, natural hazards and illegal logging in the three forests and the price movement of the wooden and agricultural produce.

EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR EMPLOYEES

As at 31 December 2015, the Group had 18 (2014: 22) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

DIRECTORS

Executive directors

Ms. Yu Xiao Min, aged 46, the chairperson of the Board, has extensive international network and substantial business experience in Hong Kong, the PRC, Southeast Asia, North and South America. Ms. Yu was awarded the "Outstanding Entrepreneur of Guangdong Province" by the Guangdong Provincial Executive Association of Entrepreneurs and the "Asia Pacific Entrepreneurship Awards — Most Promising Category" by Enterprise Asia. She is also an independent non-executive director of China Green (Holdings) Limited, a company whose shares are listed on the main board of the Stock Exchange. Ms. Yu holds a master's degree in business administration.

Ms. Xu Miaoxia, aged 57, has more than 30 years of experience in sales and distribution, procurement, production and logistics in the PRC. Prior to joining the Group, Ms. Xu was the director of a manufacturing and logistics group in the PRC. She also used to hold progressive positions from procurement, shop management, distribution to logistics in a large retail and logistics group listed in the PRC and was a senior management before leaving the group. Ms. Xu holds an university diploma in economics.

Mr. Zeng Lingchen, aged 35, possesses substantial experience in plantation of rubber trees and sale of rubber products. Prior to joining the Company, Mr. Zeng held management positions in two rubber plantation companies in the PRC. He holds a bachelor's degree in environmental engineering.

Mr. Chultemsuren Gankhuyag, aged 62, has substantial experience in the natural resources business including forestry and mine exploration in Europe and Mongolia. Prior to joining the Company, Mr. Gankhuyag was the chief geologist of a coal mining company in Mongolia. Mr. Gankhuyag holds a bachelor's degree in geology. He resigned with effect on 14 May 2015.

Mr. Leung Sze Yuan, Alan, aged 47, is a member of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants. Before joining the Company, Mr. Leung was with a global investment group responsible for private equity investment in Asia. Mr. Leung holds a master's degree in business administration. He resigned with effect on 28 March 2015.

Independent non-executive directors

Ms. Pang King Sze, Rufina, aged 40, has more than 15 years of experience in the areas of audit, financial management and internal control. She is currently the co-founder and a partner of a certified public accountants firm in Hong Kong. Ms. Pang is a member of the Hong Kong Institute of Certified Public Accountants and a member of the New Zealand Institute of Chartered Accountants. Ms. Pang holds a bachelor's degree in business.

Mr. Hong Bingxian, aged 48, has more than 20 years of experience in production and international trade and substantial knowledge in logistics management and production process. He is the founder and managing director of a manufacturing group in the PRC.

Mr. Kenneth Hung, aged 44, has extensive experience in the entertainment industry in Hong Kong and the PRC. Mr. Hung is presently an executive director of China Mobile Games and Cultural Investment Limited and an independent non-executive director of Oriental Unicorn Agricultural Group Limited and DX.com Holding Limited, respectively, all of whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Hung holds a bachelor's degree in science.

Ms. Wen Huiying, aged 77, is a senior accountant in the PRC and possesses substantial experience in accounting and financial management. She was the financial controller of a state-owned company listed in the PRC for more than 10 years. Ms. Wen has been awarded the "National Pioneering Accounting Practitioner" by the Ministry of Finance of the PRC. Her profile has also been registered in the "World's Famous People", the "Dictionary of Chinese Talents" and the "Dictionary of Modern Outstanding Management Experts". She resigned with effect on 28 March 2015.

Report of the Directors

The Directors submit herewith this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CHANGE OF NAME

With effect from August 2015, the name of the Company has been changed from “China Asean Resources Limited” to “IR Resources Limited” pursuant to a special resolution passed by the shareholders of the Company at an annual general meeting held on 15 July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings and the principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group’s revenue and results by reportable segments and geographical locations of the Company and its subsidiaries during the financial year are set out in note 4 to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 84 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information on the Group’s sales and purchases attributable to major customers and suppliers, respectively, during the financial year is as follows:

	Percentage of the Group’s total	
	Sales	**Purchases**
The largest customer	38%	
Five largest customers in aggregate	100%	
The largest supplier		52%
Five largest suppliers in aggregate		100%

At no time during the year have the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors who owns more than 5% of the Company’s share capital) had any beneficial interest in these major customers and suppliers.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2015 and the state of the Group’s and the Company’s affairs as at that date are set out in the consolidated financial statements on pages 20 to 83 of this annual report.

RESERVES

Movements in the reserves of the Group during the year are set out on page 23 of this annual report and in note 27 to the consolidated financial statements. As at 31 December 2015, the Company had no reserves available for distribution (2014: Nil).

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

CHARITABLE DONATIONS

During the year ended 31 December 2015, the Group made charitable contributions totalling HK$206,000. (2014: HK$4,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2015 are set out in note 14 to the consolidated financial statements.

BANK BORROWINGS

The Group did not have any bank borrowings as at 31 December 2015 (2014: Nil).

DIRECTORS

The Directors during the year and up to date of this report were:

Executive Directors

Ms. Yu Xiao Min *(Chairperson)*
Ms. Xu Miaoxia *(appointed on 14 May 2015)*
Mr. Zeng Lingchen
Mr. Leung Sze Yuan, Alan *(resigned on 28 March 2015)*
Mr. Chultemsuren Gankhuyag *(resigned on 14 May 2015)*

Independent non-executive Directors

Ms. Pang King Sze, Rufina
Mr. Hong Bingxian
Mr. Kenneth Hung *(appointed on 28 March 2015)*
Ms. Wen Huiying *(resigned on 28 March 2015)*

In accordance with Bye-Laws 99 of the Company's Bye-Laws, Mr. Zeng Lingchen and Mr. Hong Bingxian shall retire from the Board by rotation at the forthcoming annual general meeting ("AGM"). In accordance with Bye-Laws 102(B) of the Company's Bye-Law, Ms. Xu Miaoxia, Ms. Pang King Sze, Rufina and Mr. Kenneth Hung shall hold office until the forthcoming AGM. All the retiring Directors being eligible, offer themselves for re-election. The biographical details of the Directors are set out on page 8 of this annual report.

DIRECTORS' SERVICE CONTRACTS

On 14 May 2015, Ms. Xu Maioxia was appointed as an executive Director and entered into a service contract which continues until next annual general meeting. All of the executive Directors and independent non-executive Directors have entered into service contracts renewable every year with the Company. There is no service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation for any Director proposed for re-election at the forthcoming AGM).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") were as follows:

Long positions in shares of the Company

Name	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held	Approximately Percentage of shareholding in the Company
Ms. Yu Xiao Min	Beneficial owner	120,000,000	—	4.57%

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company on 10 June 2011, the Company adopted a new share option scheme (the "Share Option Scheme") which shall remain in force of 10 years commencing from 10 June 2011, pursuant to which any employees and Directors of the Company and its subsidiaries may be granted options to subscribe for the shares of the Company. The principal terms of the Share Option Scheme are set out in the Company's circular dated 27 April 2011.

No options were outstanding as at 31 December 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 December 2015, no Directors or the chief executive of the Company or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meeting of the Company.

Long positions in shares of the Company

Name	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held	Approximately Percentage of shareholding in the Company
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	768,698,967	—	29.30%

DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 31 December 2015 or during the year ended 31 December 2015.

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

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

MANAGEMENT CONTRACTS

Save as disclosed, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during 2015.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules), engaged in any businesses that compete or may compete with the business of the Group or has any other conflicts of interests with the Group for the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PENSION SCHEMES

Details of the Group's pension scheme for the year ended 31 December 2015 are set out in note 2.4 to the consolidated financial statements on page 47 of this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The related party transactions of the Group as set out in note 31 to the consolidated financial statements constituted fully exempted connected transactions under Chapter 20 of the GEM Listing Rules.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 14 to 16 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

INDEPENDENCE

Each existing independent non-executive Director has confirmed his/her independence pursuant to the GEM Listing Rules. The Board considers all the independent non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") has been established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee's primary duties include reviewing Company annual reports and quarterly financial reports and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The Audit Committee currently comprises of three independent non-executive Directors, namely, Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Kenneth Hung, No meeting was held during the year under review.

The Audit Committee has reviewed the Company's audited annual report for the year ended 31 December 2015 and was of the opinion that the preparation had complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

AUDITORS

Ascenda Cachet CPA Limited was first appointed as auditors of the Company on 8 March 2013.

The consolidated financial statements for the years ended 31 December 2012, 2013, 2014 and 2015 were audited by Ascenda Cachet CPA Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board
Yu Xiao Min
Chairperson of the Board

Hong Kong, 24 February 2016

THE BOARD OF DIRECTORS

Board composition

The Board currently comprises six Directors, who have various skills and experience in business, financial, accounting and management, of whom three are executive Directors and three are independent non-executive Directors. Details are set out in the section headed "Report of the Directors" of this annual report. All executive Directors have given sufficient time and attention to the affairs of the Group and each executive Director has sufficient experience to hold his/her position and to carry out his/her duties effectively and efficiently.

The composition of the Board and the Directors' biographical information are set out on page 8 of this annual report.

Board meetings

The Directors attended the Board meetings in person or participated through electronic means of communication. All Directors have access to board papers and related materials, and are provided with adequate information which enables the Board to make informed decisions on the matters to be discussed and considered at board meetings. The company secretary of the Company assists the chairperson in preparing the agenda for the meeting, and ensures that all applicable rules and regulations regarding the meetings are observed.

The Board is responsible for planning and overseeing the overall development and management of the Group with the objective of enhancing shareholders' value. The Board is responsible for formulating the overall strategies of the Group, and execution of daily operational matters is delegated to management.

Details of the Board meetings held during the year ended 31 December 2015 are as follows:

	Number of Board meetings held during the Director's term of office in 2015	**Number of meetings attended**
Executive Directors		
Ms. Yu Xiao Min *(Chairperson)*	5	5
Ms. Xu Miaoxia *(appointed on 14 May 2015)*	1	0
Mr. Zeng Lingchen	5	5
Mr. Leung Sze Yuan, Alan *(resigned on 28 March 2015)*	1	0
Mr. Chultemsuren Gankhuyag *(resigned on 14 May 2015)*	3	0
Independent Non-executive Directors		
Ms. Pang King Sze, Rufina	5	5
Mr. Hong Bingxian	5	5
Mr. Hung Kenneth *(appointed on 28 March 2015)*	3	3
Ms. Wen Huiying *(resigned on 28 March 2015)*	1	0

Chairperson and Chief Executive

To ensure a balance of power and authority, a clear division of the responsibilities of the chairperson of the Board and the chief executive has been set out in writing. The chairperson is mainly responsible for providing leadership to the Board, encouraging all Directors to make full and active contribution to the Board's affairs and ensuring that the Board acts in the best interest of the Group. The chief executive is responsible for the implementation of the Group's strategies and policies adopted by the Board in achieving the overall commercial objectives and assumes full accountability to the Board for the operation of the Group.

During the year, the office of the chief executive is vacated. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Continuing Professional Development

During the year ended 31 December 2015, the Directors have from time to time read relevant information to gain understanding of the economy and the financial and business environment for their continuous contribution to the Group.

Term of appointment and re-election

All independent non-executive Directors were appointed for a term of one year. All Director appointments are renewable with the Board's approval. Pursuant to the Bye-Laws of the Company, one third of the Directors (except the chairperson or managing Director of the Company) shall retire from office by rotation and are subject to re-election at AGMs. The Directors to retire shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. Further, all Directors appointed to fill casual vacancies shall hold office only until the next following AGM and shall then be eligible for re-election at the meeting.

AUDIT COMMITTEE

The Audit Committee, as at the date of this annual report, comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Kenneth Hung. The Audit Committee's primary duties include ensuring the Group's financial statements, annual and interim reports, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial controls, internal controls and risk management systems; and reviewing the Group's financial and accounting policies and practices. The Audit Committee is provided with sufficient resources to enable it to discharge its duties

NOMINATION COMMITTEE

The Nomination Committee, as at the date of this annual report, comprises three members, the majority of which are independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Ms. Yu Xiao Min and Mr. Hong Bingxian. The Nomination Committee is responsible for formulating nomination policies, making recommendations to the Board on nominations and appointments of Directors and Board succession planning. The committee is provided with sufficient resources to enable it to discharge its duties.

REMUNERATION COMMITTEE

The Remuneration Committee, as at the date of this annual report, comprises three members, the majority of which are independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Ms. Yu Xiao Min and Mr. Hong Bingxian. The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policies, determining the remuneration of executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. The Remuneration Committee is also provided with other resources enabling it to discharge its duties. The terms of reference of the Remuneration Committee is written in compliance with the GEM Listing Rules.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, the fees payable to the auditors of the Group in respect of audit services was HK$900,000 (excluded other disbursements).

DELEGATION BY THE BOARD

The Board is responsible for decisions in relation to the overall strategic development of the Group's business. Responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management. The Audit Committee, the Remuneration Committee and the Nomination Committee, have their terms of reference which clearly define the powers and responsibilities. All committees are required to report to the Board in relation to their decisions, findings and/or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. The Board will from time to time reviews the delegations by the Board to different committees such that delegations are appropriate.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company uses a number of channels to communicate to shareholders and investors on the performance of the Company, including (i) the publication of quarterly, interim and annual reports; (ii) the AGM or extraordinary general meeting which provide a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) key information on the Group is available on the website of the Company; and (iv) the Company's share registrars in Hong Kong serve the shareholders on all share registration matters. The Company aims to provide its shareholders and investors with high standard of disclosure and financial transparency.

Shareholders are encouraged to attend the AGM for which at least 21 days' notice is given. The chairperson of the Board as well as chairperson of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, other Directors are available to answer shareholders' questions on the Group's business at the meetings. All shareholders have statutory rights to call for extraordinary general meetings and to put forward an agenda for consideration.

Independent Auditors' Report

Ascenda CACHET
天健德揚

13F Neich Tower
128 Gloucester Road
Wanchai Hong Kong

INDEPENDENT AUDITORS' REPORT

To the members of IR Resources Limited
(formerly known as "China Asean Resources Limited")
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of IR Resources Limited (formerly known as "China Asean Resources Limited") (the "Company") and its subsidiaries set out on pages 20 to 83, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

BASIS OF QUALIFIED OPINION

(a) Scope limitation — loss of access to books and records of certain subsidiaries

As detailed in note 28 to the consolidated financial statements, the Group entered into an agreement to dispose of its 100% equity interest in Linkbest System Development Limited ("Linkbest") and its subsidiaries, including 內蒙古華越礦業有限公司 (literally translated as Inner Mongolia Huayue Mining Limited, "IM Mining") (collectively, the "Linkbest Group") on 5 September 2012 to the original vendor, Mr. Gong Ting ("Mr. Gong") (the "First Linkbest Disposal"). Mr. Gong was also a substantial shareholder and a director of the Company and resigned as a director of the Company on 4 September 2014. However, the First Linkbest Disposal had not been completed on the long stop date in January 2014. The Linkbest Group was subsequently disposed of to an independent third party in August 2015 (the "Second Linkbest Disposal").

As (i) the management of the Company had been devoting its attention in preparing for the disposal of the Linkbest Group to Mr. Gong, who had been designated by the Board to manage the Linkbest Group since 2012; (ii) the departure of certain key management and staff of the Linkbest Group as a result of non-performance of IM Mining and wage disputes; and (iii) the remaining books and records of the Linkbest Group were transferred to the buyer upon completion of the Second Linkbest Disposal on 19 August 2015, the underlying books and records of the Linkbest Group were not accessible and only limited financial information of the Linkbest Group was retained by the Group for accounting and auditing purposes. Therefore, the Directors were unable to give representation as to whether the consolidated financial statements of the Linkbest Group for the period from 1 January 2015 to 19 August 2015 (the date of disposal) are free from material misstatement and fairly stated. During the course of our audit, we had not been provided with the books and records of the Linkbest Group for the period from 1 January 2015 to 19 August 2015 (the date of disposal) or sufficient appropriate audit evidence for our assessment of the control by Linkbest over IM Mining. We were unable to carry out the alternative audit procedures we considered necessary to satisfy ourselves as to (i) whether the consolidated financial statements of the Linkbest Group for the period from 1 January 2015 to 19 August 2015 (the date of disposal), which were consolidated into the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015, are free from material misstatement and fairly stated; (ii) the loss on disposal of HK$NIL of the Linkbest Group during the year ended 31 December 2015 is free from material misstatement and fairly stated; and (iii) whether IM Mining had been properly accounted for as a subsidiary of Linkbest. On the same premises, we have also issued a disclaimer of opinion in our report dated 24 February 2016 on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014. Any adjustments found to be necessary would affect the accumulated losses of the Company and its subsidiaries as at 1 January 2015 and consequently, their loss and cashflows for the year then ended and the related disclosures thereof in the consolidated financial statements.

(2) Scope limitation — opening balances of investments in subsidiaries and amounts due from subsidiaries

As detailed in note 37 to the consolidated financial statements, included in the Company's statement of the financial position were the net carrying amount of the investments in subsidiaries of approximately HK$1,407,000 and amounts due from subsidiaries of approximately HK$278,773,000, net of accumulated impairment of approximately HK$4,136,000 and HK$733,233,000, respectively, as at 31 December 2014. Based on the management's impairment assessment, a provision for impairment losses amounting to approximately HK$16,190,000 (2014: HK$42,981,000) was made on the balances of investments in subsidiaries and the amounts due from subsidiaries during the year ended 31 December 2015. Due to the significant losses incurred by the subsidiaries and the certain scope limitations in previous years, we were unable to carry out alternative audit procedures we considered necessary to satisfy ourselves as to whether the balance of the investments in subsidiaries and amounts due from subsidiaries as at 31 December 2014 and the related impairment for the year ended 31 December 2014 are free from material misstatement and fairly stated and therefore, we have also issued a disclaimer of opinion in our report dated 24 February 2016 on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014. Any adjustments found to be necessary would affect the accumulated losses of the Company as at 1 January 2015 and consequently, its loss for the year then ended, and the related disclosure thereof in the Company's statement of financial position in note 37 to the consolidated financial statements.

(3) Fundamental uncertainty — going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 2.1 to the consolidated financial statements concerning the liquidity position of the Company and its subsidiaries and the adoption of the going concern basis in the preparation of the consolidated financial statements. The Company and its subsidiaries incurred a loss of approximately HK$35,080,000 from its continuing operations during the year ended 31 December 2015 and had consolidated net current liabilities of approximately HK$142,916,000 as at 31 December 2015 which indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite the above, the consolidated financial statements have been prepared on the going concern basis, the validity of which depends on the results of the future funding being available to the Company and its subsidiaries and the success of their future operation. Should the Company and its subsidiaries be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements. We consider that appropriate disclosures have been made. However, we consider this fundamental uncertainty is significant to the consolidated financial statements and therefore we have qualified our opinion in respect of the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under Sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence about the matters described in the Basis for Qualified Opinion paragraphs:

— we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

— we were unable to determine whether proper books of account had been kept.

Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Yuk Tong
Practising Certificate Number: P03723

Hong Kong
24 February 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**38,914**	—
Cost of sales	6	**(28,096)**	—
Gross profit		**10,818**	—
Other income and gains	5	**653**	1,172
Administrative expenses		**(15,696)**	(15,464)
Finance costs	7	**(29,162)**	(25,728)
Impairment loss on prepayments, deposits and other receivables	6	**—**	(1,163)
Impairment loss on biological assets	6, 15	**—**	(481)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(33,387)**	(41,664)
Income tax expense	10	**(1,693)**	—
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(35,080)**	(41,664)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation			
Share of loss of associates	11	**(3)**	(1)
LOSS FOR THE YEAR		**(35,083)**	(41,665)
Loss attributable to:			
Equity holders of the Company		**(35,083)**	(41,665)
Non-controlling interests		**—**	—
		(35,083)	(41,665)
Basic loss per share	13		
For loss for the year		**(1.34) cents**	(1.59) cents
For loss from continuing operations		**(1.34) cents**	(1.59) cents
Diluted loss per share	13		
For loss for the year		**(1.34) cents**	(1.59) cents
For loss from continuing operations		**(1.34) cents**	(1.59) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 **HK$'000**	2014 HK$'000
LOSS FOR THE YEAR	**(35,083)**	(41,665)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(393)**	(380)
Exchange fluctuation reserve realised upon disposal of associates	**390**	—
Less: Income tax effect	**—**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(3)**	(380)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(35,086)**	(42,045)
Attributable to:		
Equity holders of the Company	**(35,086)**	(42,045)
Non-controlling interests	**—**	—
	(35,086)	(42,045)

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**14,600**	17,422
Biological assets	15	**—**	—
Intangible assets	16	**307,164**	307,164
Goodwill	17	**—**	—
Interests in associates	18	**—**	2,889
Total non-current assets		**321,764**	327,475
Current assets			
Inventories	19	**—**	—
Trade receivables	20	**13,983**	—
Prepayments, deposits and other receivables	21	**4,592**	10,545
Cash and bank balances	22	**4,246**	2,288
Total current assets		**22,821**	12,833
Current liabilities			
Trade payables	23	**6,107**	—
Other loans, other payables and accruals	24	**157,746**	126,377
Tax payables		**1,884**	—
Total current liabilities		**165,737**	126,377
NET CURRENT LIABILITIES		**(142,916)**	(113,544)
Net assets		**178,848**	213,931
EQUITY			
Share capital	25	**131,198**	131,198
Reserves	27	**47,650**	82,736
Total equity attributable to:			
Equity holders of the Company		**178,848**	213,934
Non-controlling interests		**—**	(3)
Total equity		**178,848**	213,931

Yu Xiao Min
Director

Xu Miaoxia
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to equity holders of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share options reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2014	131,198	972,987	5,265	1,579	(179)	(854,871)	255,979	(3)	255,976
Loss for the year	—	—	—	—	—	(41,665)	(41,665)	—	(41,665)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(380)	—	(380)	—	(380)
Total comprehensive income for the year	—	—	—	—	(380)	(41,665)	(42,045)	—	(42,045)
Share options lapsed *(note 26)*	—	—	—	(1,579)	—	1,579	—	—	—
At 31 December 2014 and 1 January 2015	131,198	972,987*	5,265*	—*	(559)*	(894,957)*	213,934	(3)	213,931
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(35,083)**	**(35,083)**	**—**	**(35,083)**
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**(393)**	**—**	**(393)**	**—**	**(393)**
Exchange fluctuation reserve realised upon disposal of associates	**—**	**—**	**—**	**—**	**390**	**—**	**390**	**—**	**390**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(3)**	**(35,083)**	**(35,086)**	**—**	**(35,086)**
Disposal of a subsidiary *(Note 1)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3**	**3**
At 31 December 2015	**131,198**	**972,987***	**5,265***	**—***	**(562)***	**(930,040)***	**178,848**	**—**	**178,848**

* These reserve accounts comprise the consolidated reserves of HK$47,650,000 (2014: HK$82,736,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From continuing operations		**(33,387)**	(41,664)
From discontinued operation	11	**(3)**	(1)
Adjustments for:			
Depreciation	14	**2,843**	3,053
Impairment loss on prepayments, deposits and other receivables	21	**—**	1,163
Impairment loss on biological assets	15	**—**	481
Gain on the deregistration of a subsidiary	29	**—**	(32)
Loss on the disposal of associates	18	**386**	—
Finance costs	7	**29,162**	25,728
Share of loss of associates	18	**3**	1
		(996)	(11,271)
Increase in trade receivables		**(13,983)**	—
Decrease in prepayments, deposits and other receivables		**116**	546
Increase in trade payables		**6,107**	—
Decrease in other payables and accruals		**(9,322)**	(23,200)
Cash used in operating activities		**(18,078)**	(33,925)
Interest paid		**—**	(21)
Net cash flows used in operating activities		**(18,078)**	(33,946)
Cash flows from investing activities			
Additions of property, plant and equipment	14	**(21)**	(48)
Additions of biological assets	15	**—**	(481)
Net cash inflow from the acquisition of subsidiaries		**—**	4
Net cash inflow from the disposal of subsidiaries	28	**95**	—
Net cash inflow from the disposal of associates	18	**2,500**	—
Net cash flows from/(used in) investing activities		**2,574**	(525)
Cash flows from financing activities			
Increase in amounts due to related parties		**5,962**	33,478
New other loans obtained		**11,500**	—
Net cash flows from financing activities		**17,462**	33,478
Net increase/(decrease) in cash and cash equivalents		**1,958**	(993)
Cash and cash equivalents at beginning of year		**2,288**	3,280
Effect of foreign exchange rate changes		**—**	1
Cash and cash equivalents at end of the year		**4,246**	2,288
Analysis of cash and cash equivalents:			
Cash and bank balances		**4,246**	2,288

1. CORPORATE AND GROUP INFORMATION

IR Resources Limited (formerly known as "China Asean Resources Limited") (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is situated at 36/F., Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong.

Pursuant to a special resolution passed at an annual general meeting of the Company held on 15 July 2015 and approved by the Registrar of Companies of Bermuda on 11 August 2015, the English name of the Company was changed from "China Asean Resources Limited" to "IR Resources Limited" and the Chinese name of the Company was changed from "神州東盟資源有限公司" to "同仁資源有限公司" with effect from 11 August 2015.

The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are disclosed below.

Information about subsidiaries

Details of the principal subsidiaries held directly and indirectly by the Company as at 31 December 2015 are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid share capital/ paid-up capital	Percentage of equity attributable to the Company®		Principal activities
			Direct	Indirect	
Future Asia Management Limited@	British Virgin Islands ("BVI")	US$20,000	100%	—	Investment holdings
(Cambodia) Tong Min Group Engineering Co., Ltd.@	Kingdom of Cambodia ("Cambodia")	US$1,000,000	—	100%	Forestry business and development of rubber plantation for latex production
Agri-industrial Crop Development (Cambodia) Co., Limited@	Cambodia	US$1,000,000	—	100%	Forestry business and development of rubber plantation for latex production
Crops and Land Development (Cambodia) Co., Limited@	Cambodia	US$1,000,000	—	100%	Forestry business and development of rubber plantation for latex production
Linkbest System Development Limited ("Linkbest")ß@	BVI	US$1,000	—	— (2014: 100%)	Investment holdings

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid share capital/ paid-up capital	Percentage of equity attributable to the Company[®]		Principal activities
			Direct	Indirect	
內蒙古華越礦業有限公司[@ß]	the People's Rupublic of China ("PRC")	RMB12,800,000	—	— (2014: 100%)	Resources and related logistics service
梨樹縣衛通科技有限責任公司[@ß]	PRC	RMB500,000	—	— (2014: 100%)	Trading business
Well Glory Capital Investment Limited	Hong Kong	HK$10,000	100% (2014: —)	— (2014: 100%)	Investment holdings
Loyal Talent Limited	Hong Kong	HK$10,000	—	100%	Investment holdings
Famous Sky Corporation Limited	Hong Kong	HK$10,000	100%	—	Investment holdings
First Resource Equipment Technology Company Limited[ʊ]	Hong Kong	HK$10,000	— (2014: 51%)	—	Investment holdings
In-Bright Investment Limited	Hong Kong	HK$1	100%	—	Investment holdings
Green Resources Navigator International Limited[@]	BVI	US$1	100%	—	Investment holdings
Unicorn Sail Limited[^@]	Samora	US$1,000	100% (2014: —)	—	Investment holdings
Vibrant Decade Limited[^@]	Samora	US$1,000	—	100% (2014: —)	Trading of timber log
Chinese Platinum Corporation[^@]	Anguilla	US$1,000	100% (2014: —)	—	Investment holdings
Wright Global Limited[^@]	Samoa	US$1,000	—	100% (2014: —)	Investment holdings

@ Not audited by Ascenda Cachet CPA Limited.
^ These subsidiaries were newly incorporated in 2015.
ß These subsidiaries were disposed of in 2015.
ʊ The subsidiary was disposed of in 2015 and the amount of non-controlling interest of approximately HK$3,000.
® All the percentage of equity attributable to the Company were remain unchanged with previous year except when otherwise indicated.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the biological assets, which are stated in the consolidated statement of financial position at fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2015, the Group had cash and bank balances of approximately HK$4,246,000 (2014: HK$2,288,000) and recorded consolidated net current liabilities of approximately HK$142,916,000 (2014: HK$113,544,000). The directors of the Company (the "Directors") are of the opinion that the Group would be able to continue as a going concern and to meet its financial obligations in full after taken into consideration of the following factors:

(a) Attainment of profitable operations and improvement of operating cash flows

(i) Forestry and agricultural segment

(1) In July 2015, the Company entered into a subscription agreement (as supplemented by a supplemental agreement dated 30 September 2015) (the "Subscription Agreement") with six subscribers (the "Subscribers"), who are independent third parties and have substantial experience in the timber industry with sales network. The relevant subscribers (the "Timber Logging Subscribers") will collaborate with a team of experienced personnel to establish an operating management team to revitalise the timber logging activities of the Group. Pursuant to the Subscription Agreement, (a) the Company will undergo an internal restructuring (the "Restructuring"); (b) the Timber Logging Subscribers will enter into working capital loan agreements with the Company, pursuant to which, the Timber Logging Subscribers will in aggregate provide working capital loan up to HK$51,750,000 for the carrying out of the timber logging activities; and (c) the Timber Logging Subscribers have guaranteed that for the six-month period immediately after completion of the Subscription Agreement, the six-month period commencing on the seventh month after completion of the Subscription Agreement and the twelve-month period commencing on the thirteen month after completion of the Subscription Agreement, revenue derived from the timber logging activities will not be less than HK$50,000,000, HK$50,000,000 and HK$100,000,000, respectively; and

(2) In November 2015, the Group entered into a cooperation agreement (the "Plantation Agreement") with an experienced plantation operator (the "Plantation Partner"), who is an independent third party with substantial experience in the business of plantation and with operations in Southeast Asia. Pursuant to the Plantation Agreement, the Plantation Partner will engage in the plantation business of the Group and, together with the relevant Subscribers (the "Plantation Subscribers"), will provide funding to carry out the plantation business of the three forests and will undertake that the annual plantation volume of each of the three forests will be no less than those required by the local registration under the investment contracts. In addition, the Plantation Partner and the Plantation Subscribers will compensate the Company any penalty imposed by the Cambodian government for reasons that the annual plantation volume cannot be met.

2.1 BASIS OF PREPARATION *(Continued)*

(a) Attainment of profitable operations and improvement of operating cash flows *(Continued)*

(ii) Disposal of associates

The Group had disposed of its loss-making associates (the "Associates"), which are engaged in the processing and distribution of basic goods for a cash consideration of HK$2,500,000 in August 2015 (note 18).

(b) Loan facilities

In November 2014, the Company entered into a loan facility agreement with a related company ("RC", with a director of the Company also being a sole director and sole shareholder of RC who (i) resigned as a sole director of RC; and (ii) disposed of all equity interests in RC on 14 November 2014. RC ceased to be a related company of the Company since then) for a loan amount up to HK$25,000,000. As at 31 December 2015, the Group had withdrawn approximately HK$15,500,000 (2014: HK$4,000,000) (note 24(b)). As at the date of this report, the Company had withdrawn an accumulated amount of approximately HK$18,000,000. The lender has agreed not to demand for repayment until the completion of the fund raising exercise after the shares of the Company have been resumed for trading and the Company is in a position to do so.

(c) Rights Issue

On 24 February 2016, the Company entered into an underwriting agreement with an underwriter to raise fund of approximately HK$262 million (before expenses) by way of a rights issue (the "Rights Issue"), which, subject to fulfilment of certain conditions precedent pursuant to the underwriting agreement, is expected to be completed in May 2016, for the purposes of general working capital and debt repayment.

(d) Further funding from the Timber Logging Subscribers, the Plantation Partner and Plantation Subscribers

As mentioned above, the working capital loans provided by the Timber Logging Subscribers and further funding provided by the Plantation Partner and the Plantation Subscribers will be applied to carry out the timber logging and plantation business of the three forests.

In light of all the measures having been adopted and arrangements implemented, the Group will have sufficient cash resources to satisfy its future working capital and other financial requirements, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position as at 31 December 2015. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote-holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's consolidated financial statements.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Annual Improvement to HKFRS 2010-2012 cycle	Amendments to a number of HKFRSs[1]
Annual Improvements to HKFRS 2011-2013 cycle	Amendments to a number of HKFRSs[1]

Other than as explained below regarding the impact of HKAS 19 and certain annual improvement, the adoption of the above revised standard has had no significant financial effect on these consolidated financial statements.

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Details of related party transactions have been disclosed in note 31 to the consolidated financial statements.

(c) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance, Cap.622 came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

2.3 NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARD

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or and Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27(2011)	Equity Method in Separate Financial Statements[1]
Annual Improvement to 2010-2014 cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables (add any other debt instruments as applicable). The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables (add any other debt instruments as applicable) upon the adoption of HKFRS 9.

2.3 NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARD *(Continued)*

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018. During the year ended 31 December 2015, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

When an investment in associates is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its biological assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly is unobservable

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, biological assets, intangible assets, goodwill and inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or joint controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	Shorter of 50 years and the unexpired term of the lease
Constructed roads	3%
Motor vehicles	20%
Plant, machinery and equipment	20% — 33%
Leasehold improvement	Over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at lease at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Biological assets

Biological assets, which include mature and immature rubber plantations, are stated at fair value less costs that would be necessary to sell the assets, with any resultant gain or loss recognised in the consolidated statement of profit or loss.

The fair value of the rubber plantations is estimated by reference to estimations and management judgement using the discounted cash flows of the underlying biological assets.

The expected cash flows from the whole life cycle of the rubber plantations are determined using market prices and the estimated yield of the agricultural produce, net of maintenance and harvesting costs and any costs required to bring the rubber plantations to maturity. The estimated yield of the rubber plantations is dependent on the age of the rubber trees, the location of the plantations, soil type and infrastructure. The market prices of the produce are largely dependent on the prevailing market prices of rubber.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Timber logging rights

Timber logging rights acquired separately by the Group are intangible assets and are stated at cost less accumulated amortisation and any impairment losses. These timber logging rights give the Group rights to log trees in the allocated concession forests land in the Kratie District, Kratie Province, Cambodia. Amortisation is charged on a unit-of-production basis, whereby the annual amortisation amount is determined based on the actual logging volume for the year to the projected total standing log volume of the timber in the concession forest land. These timber logging rights may be impaired whenever there is an indication that the timber logging rights are assessed for impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investment and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability ad intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment existsif one or more events that occurred after the initial recognition of the asseton the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characterstics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss — is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other loans, other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial positions, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the provision of services, when the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 26 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Retirement benefits scheme *(Continued)*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The PRC subsidiaries of the Group participate in a mandatory central pension scheme organised by the PRC government for certain of its employees, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employee salaries and are charged to profit or loss as they became payable, in accordance with the rules of the scheme. The employer contributions vest fully once they are made.

Under the above schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5% and 13% has been applied to the expenditure on the individual assets.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their consolidated statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation uncertainty

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

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of goodwill and intangible assets

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was HK$Nil (2014: HK$Nil). Further details are given in note 17 to the consolidated financial statements.

In considering the impairment losses that may be required for the Group's intangible assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for these assets may not be readily available.

Provision for impairment of receivables

The policy for the provision for impairment of receivables of the Group is based on the evaluation of collectibles and ageing analysis of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including these current creditworthiness and the past collection history of each customer.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell. In determining the fair value of the biological assets, management has applied the income approach which requires a number of key assumptions and estimates to be made such as discount rate, log prices, plantation costs, growth and harvesting costs. Any changes in these estimates may affect the fair value of the biological assets significantly. The professional valuer and management review the assumptions and estimates periodically to identify any significant changes in the fair values of biological assets.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the forestry and agricultural segment is the timber logging, plantation and sales of wood and agricultural products;

(b) the resources and logistics segment is the provision of resources and logistics business; and

(c) the basic goods business segment is the processing and distribution of basic goods, which had been discontinued during the year ended 31 December 2014 (note 11).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that interest income and finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Years ended 31 December 2014 and 2015

No operating segment information is presented for the years ended 31 December 2014 and 2015 as over 90% of the Group's revenue and assets related to the business of the timber logging, plantation and sales of wood and agricultural products.

Geographical information

No geographical information is further presented for the years ended 31 December 2014 and 2015 as over 90% of the Group's revenue and non-current assets are located in Cambodia .

Information about a major customer

Sales to the largest customer of the forestry and agricultural segment amounted to approximately HK$14,835,000 (2014: HK$Nil) for the year ended 31 December 2015.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after trade discounts and related resources taxes, received and receivable from the independent third parties during the year.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sales of wood and agricultural products	**38,914**	—
Total revenue	**38,914**	—
Other income and gains		
Bank interest income	**—**	1
Gain on the deregistration of a subsidiary *(note 29)*	**—**	32
Gain on exchange difference	**9**	—
Others	**644**	1,139
Total other income and gains	**653**	1,172
Total revenue, other income and gains	**39,567**	1,172
Revenue		
Attributable to continuing operations reported in the consolidated statement of profit or loss	**38,914**	—
Attributable to discontinued operation *(note 11)*	**—**	—
	38,914	—
Other income and gains		
Attributable to continuing operations reported in the consolidated statement of profit or loss	**653**	1,172
Attributable to discontinued operation *(note 11)*	**—**	—
	653	1,172
	39,567	1,172

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

Loss before tax is arrived at after charging/(crediting):

	2015 HK$'000	2014 HK$'000
Costs of goods sold:		
Continuing operations	**28,096**	—
Discontinued operation *(note 11)*	**—**	—
	28,096	—
Auditors' remuneration:		
Annual audit	**939**	1,000
Underprovision in previous year	**—**	200
Other assurance services	**628**	—
	1,567	1,200
Depreciation of property, plant and equipment *(note 14)*	**2,843**	3,053
Impairment loss on biological assets (note 15)	**—**	481
Impairment loss on prepayments, deposits and other receivables *(note 21)*	**—**	1,163
Loss on disposal of associates *(note 18)*	**386**	—
Minimum lease payments under operating leases:		
Land and buildings	**618**	1,039
Staff costs (excluding Directors' remuneration *(note 8)*):		
Wages and salaries	**2,118**	2,571
Pension scheme contributions	**80**	24
	2,198	2,595
Bank interest income	**—**	(1)
Gain on the deregistration of a subsidiary *(note 29)*	**—**	(32)

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on the KW Loan *(note 24)*	**28,694**	25,707
Interest on the RC Loan *(note 24)*	**468**	21
	29,162	25,728

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the GEM Listing Rules and Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**400**	359
Other emoluments:		
Salaries, allowances and benefits in kind	**1,015**	1,485
Pension scheme contributions	**23**	23
	1,038	1,508
Total	**1,438**	1,867

8. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
2015					
Executive Directors					
Yu Xiao Min	—	600	18	—	618
Xu Miao Xia (appointed in May 2015)	—	60	—	—	60
Zeng Lingchen	—	180	—	—	180
Chultemsuren Gankhuyag (resigned in May 2015)	—	40	—	—	40
Leung Sze Yuan, Alan (resigned in March 2015) *(note (a))*	—	135	5	—	140
	—	1,015	23	—	1,038
Independent non-executive Directors					
Pang King Sze, Rufina	120	—	—	—	120
Hong Binxian	120	—	—	—	120
Hung Kenneth (appointed in March 2015)	90	—	—	—	90
Wen Huiying (resigned in March 2015)	70	—	—	—	70
	400	—	—	—	400
	400	1,015	23	—	1,438
2014					
Executive Directors					
Yu Xiao Min	—	480	6	—	486
Zeng Lingchen	—	180	—	—	180
Chultemsuren Gankhuyag (resigned in May 2015)	—	120	—	—	120
Leung Sze Yuan, Alan (resigned in March 2015)	—	585	17	—	602
Gong Ting ("Mr. Gong") (resigned in September 2014)	—	120	—	—	120
	—	1,485	23	—	1,508
Independent non-executive Directors					
Pang King Sze, Rufina (appointed in September 2014)	39	—	—	—	39
Hong Binxian	120	—	—	—	120
Wen Huiying (resigned in March 2015)	120	—	—	—	120
Zhang Ying (resigned in September 2014)	80	—	—	—	80
	359	—	—	—	359
	359	1,485	23	—	1,867

Note:

(a) Mr. Leung Sze Yuan, Alan resigned in March 2015. Apart from the director's remuneration of HK$140,000 during the period from January 2015 to March 2015, the Group paid staff salary to him after his resignation as a director of the Company which has been included under "Employee benefits expenses" in note 6 to the consolidated financial statements. The aggregate of his director's remuneration and staff salary constituted one of the 5 highest paid employees and fell within the band of Nil to HK$1,000,000.

8. DIRECTORS' REMUNERATION *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: Nil) and no emoluments have been paid to the Directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2014: Nil).

The number of Directors, whose remuneration fell within the following bands is as follows:

	Number of Directors	
	2015	2014
Nil to HK$1,000,000	**9**	9
HK$1,000,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$3,000,000	**—**	—
	9	9

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2014: three) Directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2014: two) non-Directors, highest paid employees for the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,158**	325
Equity-settled share option expenses	**—**	—
Pension scheme contributions	**37**	15
	1,195	340

The number of non-Directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**3**	2

10. INCOME TAX EXPENSES

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2015.

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 December 2014.

10. INCOME TAX EXPENSES *(Continued)*

PRC

Under the Corproate Income Tax Law, the corporate income tax ("CIT") is calculated at a rate of 25%. CIT has not been provided as the Group did not generate any assessable profits arising in the PRC during the years ended 31 December 2014 and 2015.

Cambodia

Under the Cambodian Law on Taxation, the Cambodian corporate income tax ("CCIT") is calculated at a rate of 20%. CCIT has not been provided as the Group did not generate any assessable profits arising in Cambodia during the years ended 31 December 2014 and 2015.

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**1,693**	—
PRC corporate income tax	**—**	—
Cambodia	**—**	—
	1,693	—
Deferred tax	**—**	—
Total tax charge for the year	**1,693**	—

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2015		2014	
	HK$'000	**%**	*HK$'000*	*%*
Loss before tax from continuing operations	**(33,387)**		(41,664)	
Tax at the statutory tax rates	**(5,684)**	**17.0**	(7,213)	17.3
Income not subject to tax:				
Write back of liabilities on the deregistration of a subsidiary	**—**	**—**	(5)	—
Others	**(118)**	**0.4**	(193)	0.5
Expenses not deductible for tax:				
Impairment loss on prepayments, deposit and other receivables	**—**	**—**	269	(0.6)
Impairment loss on biological assets	**—**	**—**	97	(0.2)
Professional and other expenses not deductible for tax	**6,506**	**(19.5)**	6,025	(14.6)
Tax loss not recognised	**989**	**(3.0)**	1,020	(2.4)
Tax charge at effective tax rate	**1,693**	**(5.1)**	—	—

10. INCOME TAX EXPENSES *(Continued)*

The Group had deferred tax assets not recognised in respect of tax losses available for offsetting future assessable profits and accelerated depreciation in Cambodia as follows:

	2015 HK$'000	2014 HK$'000
Tax losses*	**46,612**	50,918
Accelerated depreciation	**—**	—
	46,612	50,918

* The expiry date of the above tax losses were as follows:

	2015 HK$'000	2014 HK$'000
2015	**—**	9,252
2016	**22,495**	22,495
2017	**8,291**	8,291
2018	**5,783**	5,783
2019	**5,097**	5,097
2020	**4,946**	—
	46,612	50,918

11. DISCONTINUED OPERATION

During the year ended 31 December 2014, the Directors discontinued the Group's basic goods business through the disposal of its associates during the year ended 31 December 2015. The results of the basic goods business are as follows:

	2015 HK$'000	2014 HK$'000
Revenue	**—**	—
Cost of goods sold	**—**	—
Selling and distribution expenses	**—**	—
Administrative expenses	**(9)**	(3)
Impairment loss on other receivables	**—**	—
Loss for the year	**(9)**	(3)
Share of losses of associates (30% thereon)	**(3)**	(1)

11. DISCONTINUED OPERATION *(Continued)*

	2015	2014
	HK$	*HK$*
Earnings per share:		
Basic, from the discontinued operation	**0.00 cents**	0.00 cents
Diluted, from the discontinued operation	**0.00 cents**	0.00 cents

The calculation of basic and diluted loss per share from the discontinued operation is based on:

	2015	2014
	HK$'000	*HK$'000*
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**(3)**	(1)

	Number of shares (in '000)	
	2015	2014
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation *(note 13)*	**2,623,951**	2,623,951
Weighted average number of ordinary shares used in the diluted loss per share calculation *(note 13)*	**2,623,951**	2,623,951

12. DIVIDENDS

The Directors did not recommend a final dividend for the year ended 31 December 2015 (2014: Nil).

13. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of basic loss per share is based on:

	2015 HK$'000	2014 HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation:		
From continuing operations	**(35,080)**	(41,664)
From a discontinued operation	**(3)**	(1)
	(35,083)	(41,665)

	Number of shares (in '000)	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss:		
Issued ordinary shares at 1 January and 31 December	**2,623,951**	2,623,951

The calculation of diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company as adjusted to reflect the weighted average number of ordinary shares used in the basic loss per share calculation, as adjusted for the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Constructed roads HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
31 December 2015						
At 1 January 2015:						
Cost	4,854	24,043	1,175	25,053	48	55,173
Accumulated depreciation and impairment	(2,171)	(13,366)	(988)	(21,209)	(17)	(37,751)
Net carrying amount	2,683	10,677	187	3,844	31	17,422
At 1 January 2015, net of accumulated depreciation and impairment	2,683	10,677	187	3,844	31	17,422
Additions	—	—	—	21	—	21
Derecognised through disposal of subsidiaries *(note (i))*	—	—	—	—	—	—
Depreciation provided during the year	(203)	(802)	(168)	(1,656)	(14)	(2,843)
At 31 December 2015, net of accumulated depreciation and impairment	2,480	9,875	19	2,209	17	14,600
At 31 December 2015:						
Cost	4,854	24,043	1,175	10,555	48	40,675
Accumulated depreciation and impairment	(2,374)	(14,168)	(1,156)	(8,346)	(31)	(26,075)
Net carrying amount	2,480	9,875	19	2,209	17	14,600

Notes:

(i) As detailed in note 28 to the consolidated financial statements, the Second Linkbest Disposal (as defined in note 28 to the consolidated financial statements) was completed on 19 August 2015 and accordingly, the net carrying amount of its plant, machinery and equipment of HK$Nil (after deducting the accumulated depreciation and impairment of approximately HK$14,519,000) was derecognised during the year ended 31 December 2015.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Constructed roads HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
31 December 2014						
At 1 January 2014:						
Cost	4,854	24,043	1,175	25,053	—	55,125
Accumulated depreciation and impairment	(1,753)	(12,654)	(829)	(19,462)	—	(34,698)
Net carrying amount	3,101	11,389	346	5,591	—	20,427
At 1 January 2014, net of accumulated depreciation and impairment	3,101	11,389	346	5,591	—	20,427
Additions	—	—	—	—	48	48
Depreciation provided during the year	(418)	(712)	(159)	(1,747)	(17)	(3,053)
At 31 December 2014, net of accumulated depreciation and impairment	2,683	10,677	187	3,844	31	17,422
At 31 December 2014:						
Cost	4,854	24,043	1,175	25,053	48	55,173
Accumulated depreciation and impairment	(2,171)	(13,366)	(988)	(21,209)	(17)	(37,751)
Net carrying amount	2,683	10,677	187	3,844	31	17,422

15. BIOLOGICAL ASSETS

	2015 HK$'000	2014 HK$'000
At 1 January	—	—
Additions	—	481
Impairment *(note 6)*	—	(481)
Change in fair value	—	—
At 31 December	—	—

(a) Analysis of biological assets

	2015 Hectares	2014 Hectares
Planted area — Immature plants with no commercial value	**2,140**	2,140

(b) As at 31 December 2014, the original cost of biological assets amounting to approximately HK$38,311,000 represented the land clearing and plantation incurred during the year ended 31 December 2014. The Group's biological assets represent the land clearing and plantation costs incurred for existing rubber trees and were stated at its fair value as at the end of each reporting period. As all of the biological assets were dead and accordingly, the Group made a full impairment on the biological assets during the year ended 31 December 2014. During the year ended 31 December 2015, there was no addition in the biological assets.

Fair value of the biological assets

31 December 2014

As at 31 December 2014, the fair value of the biological assets were revalued by Peak Vision Appraisals Limited ("Peak Vision"), the independent professional valuers.

Based on the valuation report dated 29 January 2016, the biological assets did not have commercial value as at 31 December 2014 and therefore no further change in fair value of the biological assets were recognised during the year ended 31 December 2014.

16. INTANGIBLE ASSETS

	Timber logging rights
	HK$'000
Cost	
At 1 January 2014	896,932
Additions	—
At 31 December 2014 and 1 January 2015	896,932
Additions	—
At 31 December 2015	**896,932**
Accumulated amortisation and impairment	
At 1 January 2014	589,768
Amortisation charge for the year	—
At 31 December 2014 and 1 January 2015	589,768
Amortisation charge for the year	—
At 31 December 2015	**589,768**
Net carrying amount	
At 31 December 2015	**307,164**
At 31 December 2014	307,164

16. **INTANGIBLE ASSETS** *(Continued)*

The Group acquired an exclusive right (the "1st Timber Logging Right") to log trees in a forest (the "Forest 1") located in Kratie District, Kratie Province, Cambodia for a period of 70 years up to 13 September 2077 during the year ended 31 December 2007. The Group acquired additional two exclusive rights (together with the 1st Timber Logging Right, collectively referred to as the "Timber Logging Rights") to log trees in the other two forests ("Forest 2" and "Forest 3") located in Kbal Damrei Commanes, Cambodia for a period of 70 years up to 8 December 2078 and 8 December 2078 during the years ended 31 December 2008 and 2010, respectively. The Timber Logging Rights give the Group rights to log tree in Forests 1, 2 and 3 (collectively, the "Three Forests") with areas approximately 7,449, 7,000 and 7,200 hectares, respectively. In July 2015, the Regal Government of Cambodia issued a notification that the period of the Timber Logging Rights will be reduced from 70 years to 50 years.

The Group is using the "unit of production method" ("UOP") as the amortisation method.

Impairment testing of intangible assets

31 December 2015

The Directors engaged (i) a professional tree expert (the "Tree Expert") to determine the volume and condition of the timber (the "2015 Timber Volume") in the Three Forests underlying the Timber Logging Rights and (ii) a professional valuer (the "Valuer") to determine the fair value of the Timber Logging Rights. The physical inspections and physical count of the 2015 Timber Volume were attended by the Tree Expert, and the auditors (the "Auditors"), in January 2016. Based on such 2015 Timber Volume, the management also determined the related amortisation and impairment for the year ended 31 December 2015.

As at 31 December 2015, the recoverable amounts of the intangible assets were revalued by Peak Vision, the independent professional valuers. Based on the valuation report dated 23 February 2016 (the "2015 IA Valuation Report"), the recoverable amount of the intangible assets as at 31 December 2015 was HK$306,150,000; and therefore, impairment was not material to the consolidated financial statements for the year ended 31 December 2015.

31 December 2014

The Directors also engaged (i) the Tree Expert to determine the volume and condition of the timber (the "2014 Timber Volume") in the Forests underlying the Timber Logging Rights and the Valuer to determine the fair value of the Timber Logging Rights. The physical inspections and physical count of the 2014 Timber Volume were attended by the Tree Expert, the Valuer and the Auditors, in November 2014. Based on such 2014 Timber Volume, the management also determined the related amortisation and impairment for the year ended 31 December 2014.

As at 31 December 2014, the recoverable amounts of the intangible assets were revalued by Peak Vision, the independent professional valuers. Based on the valuation report dated 29 January 2016 (the "2014 IA Valuation Report"), the recoverable amount of the intangible assets as at 31 December 2014 was HK$307,164,000; and therefore, no further impairment was made for the year ended 31 December 2014.

16. INTANGIBLE ASSETS *(Continued)*

Extracted from the 2014 IA Valuation Report and the 2015 IA Valuation Report, key assumptions were used in the value in use calculation of the Timber Logging Rights as at 31 December 2014 and 2015. The following describers each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets:

	2015	2014
	%	%
Growth rate		
Revenue	**3.49**	3.73
Cost	**2.77**	3.12
Trees volume	**0.73**	0.73
Discount rate	**19.53**	21.35
Concession period	**70 years**	70 years

The weighted average revenue growth rate and cost growth rate used were based on the industry research. The discount rate used was pre-tax that reflected current market assessments of the time value of money and the specific risks related to the relevant segment.

Pursuant to the 2014 IA Valuation Report and the 2015 IA Valuation Report, the fair value was determined based on the excess earnings method under the income approach, which used observable inputs (e.g. (i) market price of wood and rubber; and (ii) interest rate by reference to the Economic and Monetary Statistics published by the National Bank of Cambodia, etc.) and taking into account the timber output amount determined by the business plan based on (i) the land to be cleared, (ii) the standing timber per hectare in the concession area and (iii) the expected processing recovery rate for sawn timber, which used unobservable inputs, to be completed in order to meet the master plan which was agreed by the relevant Cambodian government authority.

At each financial year, the Directors:

- verifies all major inputs to the independent valuation report
- assesses intangible assets movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

17. GOODWILL

	HK$'000
Cost	
At 1 January 2014 and 31 December 2014	18,579
Additions	—
Less: derecognised through disposal of subsidiaries	(18,579)
At 31 December 2015	—
Accumulated impairment losses	
At 1 January 2014	18,579
Impairment	—
At 31 December 2014 and 1 January 2015	18,579
Less: derecognised through disposal of subsidiaries	(18,579)
At 31 December 2015	—
Net carrying amount	
At 31 December 2015	—
At 31 December 2014	—

The goodwill was acquired through a business combination for its resources and logistics business, which had been fully impaired during the year ended 31 December 2012. Upon the Second Linkbest Disposal (as defined in note 28 to the consolidated financial statements), the goodwill has been derecognised.

18. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	—	—
Share of net assets	—	2,889
Goodwill on acquisition	—	90,366
	—	93,255
Less: Impairment loss on goodwill	—	(90,366)
	—	2,889

As at 31 December 2014, the interests in the associates of approximately HK$2,889,000 represented the Group's 30% equity interest in the Associates which was incorporated in the British Virgin Islands with an issued capital of US$100, and its subsidiaries (collectively referred to as the "Associates Group"). In August 2015, the Associates Group was disposed of at a consideration of HK$2,500,000 with a loss on disposal of associates of approximately HK$386,000 (note 6).

The principal activities of the Associates Group are the provision of processing and distribution of basic goods in the People's Republic of China.

The following table illustrates the summarised financial information of the Associates Group as extracted from their unaudited management accounts:

	2015* HK$'000	2014 HK$'000
Assets	N/A	187,202
Liabilities	N/A	(177,572)
Revenue for the year	N/A	—
Loss for the year	N/A	(3)

* No financial information of the Associates Group for the year ended 31 December 2015 was provided as the Associates Group was disposed of in August 2015.

19. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	—	—
Work in progress	—	—
Finished goods	—	—
	—	—

At 31 December 2015, the Group's inventories with carrying amount of approximately HK$4,753,000 (2014: HK$4,753,000) were written-down to net realisable value of HK$Nil (2014: HK$ Nil).

20. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	15,984	2,001
Less: Impairment	(2,001)	(2,001)
	13,983	—

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 HK$'000	2014 HK$'000
Current to 30 days	5,710	—
31 to 60 days	6,668	—
Over 60 days	1,605	—
	13,983	—

The movements in the provision for impairment of trade receivables during the year are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	2,001	2,001
Impairment losses recognised	—	—
At 31 December	2,001	2,001

20. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**12,378**	—
Less than 1 month past due	**1,605**	—
1 to 3 months past due	**—**	—
	13,983	—

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**963**	759
Deposits and other receivables	**10,320**	18,415
Deposits for litigation	**556**	556
Due from an associate*	**—**	100
	11,839	19,830
Less: Impairment	**(7,247)**	(9,285)
	4,592	10,545

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

* The amount due from an associate was unsecured, interest free and had no fixed terms of repayment.

22. CASH AND BANK BALANCES

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**4,246**	2,288

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$Nil (2014: HK$4,628). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE PAYABLES

The aged analysis of the trade payables as at the end of the reporting period, based on the invoide date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month	**4,246**	—
1 to 2 months	**1,861**	—
	6,107	—

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

24. OTHER LOANS, OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Other payables and accruals liabilities	**34,880**	39,486
Due to director*	**30**	4,717
KW Loan *(notes (a) and 7)*:		
— Principal	**46,787**	46,787
— Accrued interest	**60,060**	31,366
RC Loan *(notes (b) and 7)*:		
— Principal	**15,500**	4,000
— Accrued interest	**489**	21
	157,746	126,377

* The amount due to director is unsecured, interest free and has no fixed terms of repayment.

Notes:

(a) Keen Wood Group Limited ("Keen Wood") entered into a loan agreement (the "KW Loan Agreement") with Mr. Zhang Zhenzhong ("Mr. Zhang"), a former chief executive officer. Pursuant to the KW Loan Agreement, Mr. Zhang would provide two loans facilities in an aggregate principal amount of up to HK$76,300,000 to Keen Wood which was interest bearing at 5% per annum, secured by 100% of the shares in Forest Glen Group Limited ("Forest Glen") and China Cambodia Resources Limited ("China Cambodia"), As at 31 December 2015, the outstanding balances of the principal drawn down by Keen Wood under the the KW Loan Agreement amounted to approximately HK$37,323,000 and HK$9,464,000, respectively, (2014: HK$37,323,000 and HK$9,464,000) (collectively, the "KW Loan") in which, as to HK$37,323,000 should be repaid on or before 20 May 2015 and the remaining balances of HK$9,464,000 should be repaid on or before 20 May 2016. If defaults (the "Defaults") in the loan agreement is triggered (including but not limited to (1) default in repayment; and (2) the shares of the Company to be listed on the GEM or trading in the shares of the Company has been suspended for a period of more than 60 trading days after the date of the Loan Agreement), an additional interest of (i) 15% will be charged for the first 20 business days from said due date; (ii) 30% will be charged for the first 3 months immediately following the first 20 business days; and (iii) 50% will be charged thereafter. On 31 October 2014, RC acquired the KW Loan from Mr. Zhang and, therefore, Mr. Zhang was no longer a creditor of the Group as at 31 December 2015 and 2014. During the year ended 31 December 2015, interest accrued on the KW Loan (including the additional interest as stated in note 7) of approximately HK$28,694,000 2014: HK$25,707,000 was further recognised in the consolidated statement of profit or loss.

(b) As detailed in note 2.1(b) to the consolidated financial statements, RC further provided the RC Loan to the Group for an amount up to HK$25,000,000. As at 31 December 2015, the Group had withdrawn approximately HK$15,500,000 (2014: HK$4,000,000). The RC Loan bears interest at 5% per annum and unsecured. In addition, the lender has agreed not to demand for repayment of the RC Loan until the completion of fund raising exercise after the shares of the Company have been resumed for trading and the Company is in a position to do so. During the year ended 31 December 2015, interest accrued on the RC Loan of approximately HK$468,000 (2014: HK$21,000) was further recognised in the consolidated statement of profit or loss.

25. SHARE CAPITAL

	2015 HK$'000	2014 HK$'000
Authorised:		
4,000,000,000 ordinary shares of HK$0.05 each	**200,000**	200,000
Issued and fully paid:		
2,623,951,000 ordinary shares of HK$0.05 each	**131,198**	131,198

26. SHARE OPTION SCHEME

In June 2011, pursuant to an ordinary resolution passed by the shareholders of the Company, the Company adopted a new share option scheme (the "Share Option Scheme") and terminated the prior share option scheme which was adopted on 14 December 2001. The purpose of the Share Option Scheme is to enable the Company to grant share options (the "Share Options") to participants in order to recognize and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group. Under the Share Option Scheme, options may be granted to any employees and Directors and its subsidiaries to subscribe for shares of the Company.

At 31 December 2015, the number of outstanding Share Options under the Share Option Scheme was Nil (2014: Nil). The total number of shares in respect of which Share Options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Share Options granted to independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders. Subject to the terms of the Share Option Scheme, the Share Option may be exercised in whole or in part at any time during the period to be determined and identified by the board of directors (the "Board") to each grantee at the time of making an offer for the grant of the Share Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

No consideration is payable on the grant date of the Share Options. Share Options may be exercised on the first or second anniversary of the respective date of grant. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(a) Details of specific categories and the outstanding Share Options during the years ended 31 December 2014 and 2015 are as follows:

Date of grant	Exercise period	Outstanding as at 1 January 2014	Lapsed during the year 2014	Outstanding as at 31 December 2014 and 2015	Fair value at the grant date HK$	Adjusted fair value *(note (i)&(ii))* HK$	Exercise price HK$	Adjusted exercise price after open offer *(note (i))* HK$	Adjusted exercise price after open offer and share consolidation *(note (ii))* HK$
Directors									
Leung Sze Yuan, Alan									
4 June 2010	4 June 2011 to 3 June 2014	5,000,000	(5,000,000)	–	0.025	0.124	0.073	–	0.365
Employees									
4 June 2010	4 June 2011 to 3 June 2014	7,300,000	(7,300,000)	–	0.025	0.124	0.073	–	0.365
		12,300,000	(12,300,000)	–					

26. SHARE OPTION SCHEME *(Continued)*

(a) Details of specific categories and the outstanding Share Options during the years ended 31 December 2014 and 2015 are as follows: *(Continued)*

In accordance with the terms of the share-based arrangement, options issued during the financial year ended 31 December 2008 vested on the second anniversary of the date of grant, while options issued during the financial year ended 31 December 2010 vested on the first anniversary of the date of grant.

Notes:

(i) As a result of the open offer of 762,000,000 shares by the Company on 20 April 2010, the numbers and the exercise prices of the Share Options outstanding were adjusted accordingly. The adjustments were made pursuant to the Scheme and in compliance with the GEM Listing Rules and supplementary guidance issued by the Stock Exchange on 5 September 2005.

(ii) As a result of the share consolidation on the basis of every five shares consolidated into one share on 6 October 2010, the numbers and the exercise prices of the share options outstanding were adjusted accordingly.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 23 of the consolidated financial statements.

(i) Share premium

The application of the share premium account is governed by Bye-Law 140(A) of the Company's Bye-Laws and the Companies Act 1981 of Bermuda (the "Companies Act").

(ii) Contributed surplus

Pursuant to a reorganisation in 2001, the Company became the holding company of the Group. The excess of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange under the reorganisation was transferred to contributed surplus. Contributed surplus is available for distribution to shareholders subject to the provisions of Section 54 of the Companies Act.

(iii) Share options reserve

Share options reserve comprises the portion of grant date fair value of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

28. LOSS OF ACCESS TO CERTAIN BOOKS AND MAINTAINED BY CERTAIN SUBSIDIARIES

On 15 June 2011, Linkbest obtained control over (the "Acquisition") IM Mining through a contractual agreement, for a cash consideration at HK$25,000,000 from the vendor, Mr. Gong. Mr. Gong was also a substantial shareholder and a director of the Company during the year ended 31 December 2012 and subsequently resigned as a director of the Company on 4 September 2014. At the date of previous auditors' report dated 27 March 2012 on the consolidated financial statements for the year ended 31 December 2011, the Group still had not obtained the approval from the relevant PRC authorities in respect of the transfer of ownership of the equity interest in IM Mining. IM Mining was engaged in resources and logistics business.

During the years ended 31 December 2012, 2013 and 2014 and as far as in the best knowledge and belief of the Directors up to the date of the subsequent disposal of IM Mining in August 2015, the Group still had not obtained the approval from the relevant PRC authorities in respect of the transfer of ownership of the equity interest in IM Mining. The Group entered into a sale and purchase agreement (the "First Sales and Purchase Agreement") in September 2012 to dispose (the "First Linkbest Disposal") of its 100% equity interest in Linkbest and its subsidiaries (including IM Mining) (collectively, the "Linkbest Group") to the original vendor, Mr. Gong. However, the First Linkbest Disposal had not been completed. On 19 August 2015, the Group further entered into a sale and purchase agreement (the "Second Sale and Purchases Agreement") with an independent third party, pursuant to which, the Group disposed (the "Second Linkbest Disposal") of the Linkbest Group to an independent third party at a cash consideration of HK$100,000. Therefore, impairment losses were provided during the year ended 31 December 2012.

As (i) the management of the Company had been devoting its attention in preparing for the disposal of the Linkbest Group to Mr. Gong, who had been designated by the Board to manage the Linkbest Group since 2012; (ii) the departure of certain management and staff as a result of the non-performance of IM Mining and wage dispute; and (iii) all the remaining books and records of the Linkbest Group were transferred to the buyer upon completion of the Second Linkbest Disposal in August 2015, the underlying books and records of the Linkbest Group were not accessible and only limited financial information of the Linkbest Group was retained by the Group for accounting and auditing purposes.

During the year ended 31 December 2014 and for the period from 1 January 2015 to 19 August 2015, the results of the Linkbest Group consolidated into these consolidated financial statements were based on the unaudited management financial statements of the Linkbest Group that were made available to the Directors as follows:

	Period from 1 January 2015 to 19 August 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Revenue	—	—
Cost of sales	—	—
Gross profit	—	—
Other income and gains	—	—
Selling and distribution expenses	—	—
Administrative expenses	—	—
Loss before tax	—	—
Income tax expenses	—	—
Loss for the period/year	—	—

28. LOSS OF ACCESS TO CERTAIN BOOKS AND MAINTAINED BY CERTAIN SUBSIDIARIES *(Continued)*

The major classes of assets and liabilities of the Linkbest Group as at the disposal date and certain impairments are as follows:

	Carrying amount *HK$'000*	Impairment *HK$'000*	Net amount *HK$'000*
Assets			
Property, plant and equipment *(note 14)*	5,972	(5,972)	—
Goodwill *(note 17)*	18,579	(18,579)	—
Prepayments, deposits and other receivables	7,883	(2,046)	5,837
Due from a fellow subsidiary	11	—	11
Cash and bank balances	5	—	5
Total assets	32,450	(26,597)	5,853
Liabilities			
Other payables and accruals	(5,742)	—	(5,742)
Due to the immediate holding company	(25,004)	—	(25,004)
Due to the ultimate holding company	(28)	—	(28)
Total liabilities	(30,774)	—	(30,774)
Net assets/(liabilities) value	1,676	(26,597)	(24,921)
Less: Inter company balance with other members of the Group			
Due from a fellow subsidiary	11	—	11
Due to the immediate holding company	(25,004)	—	(25,004)
Due to the ultimate holding company	(28)	—	(28)
Net assets directly associated with the Linkbest Group	26,697	(26,597)	100
Consideration received			100
Gain on disposal			—

28. LOSS OF ACCESS TO CERTAIN BOOKS AND MAINTAINED BY CERTAIN SUBSIDIARIES *(Continued)*

The net cash flows incurred are as follows:

	Period from 1 January 2015 to 19 August 2015	Year ended 31 December 2014
	HK$'000	*HK$'000*
Operating activities	**—**	—
Investing activities	**—**	—
Financing activities	**—**	—
Net cash outflow	**—**	—

An analysis of the net inflow of cash and cash equivalents in respect of the Second Linkbest Disposal:

	HK$'000
Cash consideration	100
Less: Cash and bank balance disposed of	(5)
Net inflow of cash and cash equivalents in respect of the Second Linkbest Disposal	95

29. DEREGISTRATION OF A SUBSIDIARY

31 December 2014

In August 2014, the Directors have applied for the deregistration of Tat Lung Medical Treatment Limited ("Tat Lung"), a subsidiary of the Company.

29. DEREGISTRATION OF A SUBSIDIARY *(Continued)*

At the date of deregistration, the assets and liabilities of Tat Lung were as follows:

	2014
	HK$'000
Prepayments, deposits and other receivables	26
Due from ultimate holding company	1,377
Other loans, other payables and accruals	(58)
	1,345
Wavier of amount due from ultimate holding company	(1,377)
Gain on deregistration of Tat Lung *(note 5)*	(32)

30. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of two years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**106**	268
In the second to fifth years, inclusive	**—**	29
	106	297
Continuing operations	**106**	297
Discontinued operation	**—**	—
	106	297

31. RELATED PARTIES TRANSACTIONS

(i) Save as those transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2015	2014
	HK$'000	*HK$'000*
Interest on the KW Loan *(note (a))*	—	24,533
Interest on the RC Loan *(note (b))*	—	9
Consideration paid for the acquisition of:		
A subsidiary from a director *(note 1)*	—	37
A subsidiary from a related party *(note 1)*	—	11

Notes:

(a) As detailed in note 24 to the consolidated financial statements, Mr. Zhang would provide two loans facilities in an aggregate principal amount of up to HK$76,300,000 to Keen Wood which was interest bearing at 5% per annum paid to Mr. Zhang, secured by 100% of the shares in Forest Glen and China Cambodia. On 31 October 2014, RC (a related party of the Company until 14 November 2014) acquired the KW Loan from Mr. Zhang and, therefore, Mr. Zhang was no longer a creditor of the Group as at 31 December 2015 and 2014. During the year ended 31 December 2014, interest accrued on the KW Loan of approximately HK$25,707,000 was further recognised in the consolidated statement of profit or loss, in which, (i) as to approximately HK$21,423,000 of interest accrued on the KW Loan payable for the period from 1 January 2014 to 30 October 2014; and (ii) as to approximately HK$3,110,000 of interest accrued on the KW Loan payable to RC for the period from 31 October 2014 to 14 November 2014, were classified as related parties transactions.

(b) As detailed in notes 2.1(b) and 24 to the consolidated financial statements, RC further provided the RC Loan to the Group, for the loan amount up to HK$25,000,000, as to approximately HK$15,500,000 (2014: HK$4,000,000) has been withdrawn by the Group as at 31 December 2015. The RC Loan bears interest at 5% per annum and unsecured. During the year ended 31 December 2014, interest accrued on the RC Loan of approximately HK$21,000 was further recognised in the consolidated statement of profit or loss, in which, as to approximately HK$9,000 of interest accrued on the RC Loan payable to RC for the period from 31 October 2014 to 14 November 2014, were classified as related parties transactions.

The related party transactions were conducted on terms negotiated between the Group and the related parties.

31. RELATED PARTIES TRANSACTIONS *(Continued)*

(ii) Compensation of key management personnel of the Group:

	2015 HK$'000	2014 HK$'000
Short term employee benefits	**1,438**	1,867
Post-employment benefits	**—**	—
Equity-settled share option expenses	**—**	—
Total compensation paid to key management personnel	**1,438**	1,867

Further details of Directors' emoluments are included in note 8 to the consolidated financial statements.

32. EVENTS AFTER THE REPORTING PERIOD

As detailed in note 2.1(c) to the consolidated financial statements, the Company entered into an underwriting agreement with an underwriter subsequent to the end of the reporting period on 24 February 2016 regarding the Rights Issue of approximately HK$262 million (before expenses). At the date of this report, the Rights Issue has not been completed.

33. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2015

Financial assets

	2015 HK$'000	2014 HK$'000
Loan and receivables:		
Trade receivables	**13,983**	—
Deposits and other receivables	**3,629**	9,786
Cash and bank balances	**4,246**	2,288
	21,858	12,074

Financial liabilities

	2015 HK$'000	2014 HK$'000
At amortised cost:		
Trade payables	**6,107**	—
Other loans, other payables and accruals	**157,746**	126,377
	163,853	126,377

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables and financial assets included in deposits and other receivables, and financial liabilities included in other loans, other payables and accruals, trade payables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The Group did not have financial assets and financial liabilities measured at fair value as at 31 December 2015 and 2014.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are trade payables, other loans, other payables and accruals. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, deposits and other receivables which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate as at 31 December 2014 and 2015. The Group's results and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency risk

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated either in HK$, United States Dollar ("US$") or Renminbi ("RMB") and accordingly the Group's foreign currency risk is not material as the exchange rate of HK$ against US$ and RMB is quite stable. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arises.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables. Other than this there are no significant concentrations of credit risk within the Group in relation to other financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds and will arrange financing if necessary. As at 31 December 2015, the Group had cash and bank balances of approximately HK$4,246,000 (2014: HK$2,288,000) and recorded a consolidated net current liabilities of approximately HK$142,916,000 (2014: HK$113,544,000). Also, during the year ended 31 December 2014, the Company entered into a loan facility. As at the date of this report, the Company had withdrawn approximately HK$18,000,000. The lender has agreed not to demand for repayment until the completion of the fund raising exercise after the shares of the Company have been resumed for trading and the Company is in a position to do so.

The maturity of the financial liabilities of the Group at the end of each of the reporting period is as follows:

31 December 2015

	On demand or no fixed terms of repayment *HK$'000*	**Total** *HK$'000*
Trade payables	**6,107**	**6,107**
Financial liabilities included in other loans, other payables and accruals	**157,746**	**157,746**
Tax payables	**1,884**	**1,884**
	165,737	**165,737**

31 December 2014

	On demand or no fixed terms of repayment *HK$'000*	Total *HK$'000*
Financial liabilities included in other loans, other payables and accruals	126,377	126,377

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade payables, other loans, other payables and accruals and tax payables, less cash and bank balances. Capital includes equity attributable to equity holders of the Company. The gearing ratios as at the end of reporting periods were as follows:

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

	2015 **HK$'000**	2014 HK$'000
Trade payables	**6,107**	—
Other loans, other payables and accruals	**157,746**	126,377
Tax payables	**1,884**	—
Less: Cash and bank balances	**(4,246)**	(2,288)
Net debt	**161,491**	124,089
Total capital:		
Equity attributable to equity holders	**178,848**	213,931
Capital and net debt	**340,339**	338,020
Gearing ratio	**48%**	37%

36. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the consolidated financial statements, due to the implementation of the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 622 during the current year, the presentation and disclosures of certain items and balances in the consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	**17**	31
Investments in subsidiaries	**74**	1,407
Investments in associates	**—**	2,889
Total non-current assets	**91**	4,327
Current assets		
Prepayments, deposits and other receivables	**1,202**	881
Due from subsidiaries	**277,393**	278,773
Cash and bank balance	**2,613**	671
Total current assets	**281,208**	280,325
Current liabilities		
Other loans, other payables and accruals	**25,723**	18,323
Due to subsidiaries	**82,480**	79,878
Total current liabilities	**108,203**	98,201
NET CURRENT ASSETS	**173,005**	182,124
Net assets	**173,096**	186,451
EQUITY		
Issued capital	**131,198**	131,198
Reserves	**41,898**	55,253
Total equity	**173,096**	186,451

Yu Xiao Min
Director

Xu Miaoxia
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	972,987	5,265	1,579	(895,035)	84,796
Share options lapsed	—	—	(1,579)	1,579	—
Loss for the year and total comprehensive income for the year	—	—	—	(29,543)	(29,543)
At 31 December 2014	972,987	5,265	—	(922,999)	55,253
At 1 January 2015	972,987	5,265	—	(922,999)	55,253
Loss for the year and total comprehensive income for the year	—	—	—	(13,355)	(13,355)
At 31 December 2015	972,987	5,265	—	(936,354)	41,898

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 24 February 2016.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below. The consolidated financial statements for the years ended 31 December 2012, 2013, 2014 and 2015 had been disclaimed/qualified by the auditors of the Company. Details of the disclaimer/qualified opinions of the auditors were set out in the annual reports for the years ended 31 December 2012, 2013, 2014 and 2015 of the Company, respectively.

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**38,914**	—	6,563	6,313	204
Cost of sales	**(28,096)**	—	(3,917)	(5,062)	(122)
Gross profit	**10,818**	—	2,646	1,251	82
Other income and gains	**653**	1,172	2,019	20,288	8,204
Selling and distribution costs	**—**	—	(758)	(2,078)	(551)
Administrative expenses	**(15,696)**	(15,464)	(24,925)	(116,589)	(50,747)
Finance costs	**(29,162)**	(25,728)	(5,697)	—	(8,743)
Impairment loss on property, plant and equipment	**—**	—	—	(15,512)	—
Impairment loss on goodwill arising from a subsidiary	**—**	—	—	(18,579)	—
Impairment loss on trade receivables	**—**	—	—	—	(916)
Impairment loss on prepayments, deposits and other receivables	**—**	(1,163)	—	(2,038)	(6,084)
Write-off of prepaid expense	**—**	—	(1,924)	—	—
Write-down of inventories to net realisable value	**—**	—	(3,065)	(819)	(869)
Impairment loss on biological assets	**—**	(481)	(6,058)	(31,766)	—
Impairment loss on intangible assets	**—**	—	—	(460,186)	—
LOSS BEFORE TAX	**(33,387)**	(41,664)	(37,762)	(626,028)	(59,624)
Income tax expenses	**(1,693)**	—	—	—	(1,540)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(35,080)**	(41,664)	(37,762)	(626,028)	(61,164)
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	**—**	—	—	—	(151)
Share of (loss)/profit from associates	**(3)**	(1)	(54,718)	25,909	—
Impairment loss on goodwill arising from associates	**—**	—	(90,366)	—	—
LOSS FOR THE YEAR	**(35,083)**	(41,665)	(182,846)	(600,119)	(61,315)
Attributable to:					
Equity holders of the Company	**(35,083)**	(41,665)	(182,846)	(600,119)	(61,312)
Non-controlling interests	**—**	—	—	—	(3)
	(35,083)	(41,665)	(182,846)	(600,119)	(61,315)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**344,585**	340,308	346,512	505,920	1,087,378
TOTAL LIABILITIES	**(165,737)**	(126,377)	(90,536)	(68,140)	(46,140)
NON-CONTROLLING INTERESTS	**—**	3	3	3	3
	178,848	213,934	255,979	437,783	1,041,241