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JUNEFIELD DEPARTMENT STORE GROUP LIMITED
莊勝百貨集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 758)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Revenue amounted to approximately HK$316,791,000, representing a slight decrease of 11%
- Net loss attributable to owners of the Company amounted to approximately HK$69,434,000, representing a significant decrease of 34%
- Basic loss per share was HK6.78 cents, representing a significant decrease of 34%
- No final dividend was proposed

The board of directors (the "Board") of Junefield Department Store Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with the comparative figures for the year 2014 as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	*4*	**316,791**	354,757
Cost of sales and services		**(283,557)**	(289,982)
Gross profit		**33,234**	64,775
Other income and gains	*4*	**3,765**	5,160
Selling and distribution expenses		**(1,716)**	(1,321)
Administrative expenses		**(77,109)**	(64,952)
Other operating expenses		**(15,350)**	(12,931)
Fair value gains on investment properties		**2,895**	6,610
Fair value loss on convertible note – conversion option component		**(4)**	(5,771)
Loss arising from redemption of convertible note and conversion into available-for-sale investment		**(6,893)**	–
Impairment loss of available-for-sale investment		**(1,956)**	–
Gain on reclassification of investment in an associate to available-for-sale investment		**559**	–
Impairment loss on other intangible assets		**(10,978)**	–
Impairment loss on investment in an associate		**–**	(11,151)
Loss on disposal of investment properties in Ecuador		**–**	(62,822)
Operating loss	*6*	**(73,553)**	(82,403)
Finance costs	*7*	**(584)**	(3,250)
Share of loss of an associate		**(967)**	(6,513)
Loss before tax		**(75,104)**	(92,166)
Income tax expense	*8*	**(758)**	(9,825)
Loss for the year		**(75,862)**	(101,991)
Attributable to:			
Owners of the Company		**(69,434)**	(104,923)
Non-controlling interests		**(6,428)**	2,932
		(75,862)	(101,991)
Loss per share attributable to owners of the Company	*9*		
Basic and diluted *(HK cents per share)*		**(6.78)**	(10.26)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(75,862)**	(101,991)
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investment	**(1,956)**	–
Reclassification upon impairment of available-for-sale investment	**1,956**	–
Release of other comprehensive income of an associate upon reclassification to available-for-sale investment	**(4,252)**	–
Exchange differences on translation of foreign operations	**(15,709)**	(15,367)
Share of other comprehensive income of an associate	**76**	1,802
Other comprehensive expense for the year, net of tax	**(19,885)**	(13,565)
Total comprehensive expense for the year	**(95,747)**	(115,556)
Attributable to:		
Owners of the Company	**(83,905)**	(113,302)
Non-controlling interests	**(11,842)**	(2,254)
	(95,747)	(115,556)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**172,746**	202,999
Investment properties		**63,856**	62,593
Prepaid land lease payments		**21,667**	23,432
Other intangible assets		**107,677**	138,997
Investments in associates		**225,832**	232,699
Available-for-sale investments		**4,039**	–
Deferred tax assets		**1,882**	5,035
Loan receivable		**2,829**	–
Total non-current assets		**600,528**	665,755
Current assets			
Properties under development for sale		**22,772**	26,305
Inventories		**22,528**	50,358
Accounts receivable	*11*	**14,507**	16,565
Prepayments, deposits and other receivables		**78,307**	69,689
Amounts due from related companies		**12,983**	16,731
Financial instruments at fair value through profit or loss		**1,220**	7,705
Convertible note – conversion option component		**–**	4
Convertible note – loan receivable component		**–**	14,974
Tax recoverable		**346**	–
Time deposits		**8,150**	14,643
Cash and bank balances		**37,408**	40,078
Total current assets		**198,221**	257,052
Current liabilities			
Accounts payable	*12*	**13,307**	10,538
Other payables and accruals		**109,450**	124,982
Interest-bearing other borrowing		**6,241**	6,234
Amount due to the ultimate holding company		**38**	54
Amounts due to related companies		**4,379**	5,004
Amount due to a joint venturer		**83**	88
Amount due to an associate		**117**	119
Dividend payable to a non-controlling interest		**–**	10,000
Tax payable		**6,107**	5,626
Total current liabilities		**139,722**	162,645
Net current assets		**58,499**	94,407
Total assets less current liabilities		**659,027**	760,162

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**66,948**	72,610
Total non-current liabilities	**66,948**	72,610
Net assets	**592,079**	687,552
Equity		
Equity attributable to owners of the Company		
Issued capital	**102,440**	102,320
Reserves	**406,918**	490,669
	509,358	592,989
Non-controlling interests	**82,721**	94,563
Total equity	**592,079**	687,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These 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 ("HKICPA"), accounting principles generally accepted in Hong Kong, except that the Group is unable to fulfill the requirements of HKFRS 12 "Disclosure of Interests in Other Entities" for its investment in Wuhan Plaza Management Co., Ltd. These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

These financial statements have been prepared under the historical cost convention, except for investment properties, certain financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as 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 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.

1. BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

Comparative amounts

Certain comparative amounts have been reclassified to conform with current year's presentation as the Group changed the operating and reporting structure as a result of the commencement of coal mining operations in Peru in a manner that causes the composition of its reportable segments to change by introducing an additional reportable segment regarding coal mining business. Accordingly, segment information of coal mining business for the year ended 31 December 2014 for comparative purposes has been reclassified to reflect the newly reportable segment.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements to HKFRSs 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of the above amendments has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or 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 Improvements 2012-2014 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. The Group is currently assessing the impact of the standard.

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.

3. **ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS** *(Continued)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 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 and is currently assessing the impact of HKFRS 15 upon adoption.

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 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.

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of the Group's revenue and other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sale of mineral concentrates	**233,563**	246,161
Sale of construction materials	**58,294**	86,452
Property management and agency fees	**18,103**	18,983
Sale of coal	**7,557**	–
Gross rental income	**3,383**	2,738
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss		
– held for trading	**(4,109)**	423
	316,791	354,757
Other income and gains		
Bank interest income	**386**	691
Interest income on other loans	**247**	36
Effective interest income on convertible note		
– loan receivable component	**1,797**	3,444
Reversal of impairment of accounts receivable and		
other receivables	**–**	101
Others	**1,335**	888
	3,765	5,160

5. SEGMENT INFORMATION

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

(a) the property investment and development segment engages in leasing and sale of properties;

(b) the property management and agency services segment provides property management and agency services;

(c) the manufacture and sale of construction materials segment engages in the manufacture and sale of slag powder;

(d) the securities investments segment engages in investing in listed securities;

(e) the trading of mineral concentrates segment engages in the trading of mineral concentrates; and

(f) the coal mining segment engages in the exploration and development of coal mine concessions and sale of coal.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and other unallocated income and gains, finance costs, fair value loss on convertible note – conversion option component, loss arising from redemption of convertible note and conversion into available-for-sale investment, impairment loss of available-for-sale investment, gain on reclassification of investment in an associate to available-for-sale investment, and share of loss of an associate as well as other unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, time deposits, amounts due from related companies and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing other borrowing, amount due to the ultimate holding company, amounts due to related companies and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market price.

5. SEGMENT INFORMATION *(Continued)*

Segment results

An analysis of the Group's segment results by reportable segment is as follows:

Year ended 31 December 2015

	Property investment and development *HK$'000*	Property management and agency services *HK$'000*	Securities investments *HK$'000*	Manufacture and sale of construction materials *HK$'000*	Trading of mineral concentrates *HK$'000*	Coal mining *HK$'000*	Total *HK$'000*
Segment revenue:							
Sales to/revenue from external customers*	3,383	18,103	–	58,294	233,563	7,557	320,900
Investment income	–	–	(4,109)	–	–	–	(4,109)
	3,383	18,103	(4,109)	58,294	233,563	7,557	316,791
Segment results	(7,479)	1,719	(7,984)	(24,990)	8,467	(11,446)	(41,713)
Bank interest income and other unallocated income and gains							2,822
Corporate and other unallocated expenses							(26,368)
Unallocated finance costs							(584)
Fair value loss on convertible note – conversion option component							(4)
Loss arising from redemption of convertible note and conversion into available-for-sale investment							(6,893)
Impairment loss of available-for-sale investment							(1,956)
Gain on reclassification of investment in an associate to available-for-sale investment							559
Share of loss of an associate							(967)
Loss before tax							(75,104)
Income tax expense							(758)
Loss for the year							(75,862)

* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

5. SEGMENT INFORMATION *(Continued)*

Segment results *(Continued)*

Year ended 31 December 2014

	Property investment and development *HK$'000*	Property management and agency services *HK$'000*	Securities investments *HK$'000*	Manufacture and sale of construction materials *HK$'000*	Trading of mineral concentrates *HK$'000*	Coal mining *HK$'000* (Restated)	Total *HK$'000* (Restated)
Segment revenue:							
Sales to/revenue from external customers*	2,738	18,983	–	86,452	246,161	–	354,334
Investment income	–	–	423	–	–	–	423
	2,738	18,983	423	86,452	246,161	–	354,757
Segment results	(62,576)	2,128	(1,032)	5,752	16,897	(4,641)	(43,472)
Bank interest income and other unallocated income and gains							4,202
Corporate and other unallocated expenses							(26,211)
Unallocated finance costs							(3,250)
Fair value loss on convertible note – conversion option component							(5,771)
Impairment loss on investment in an associate							(11,151)
Share of loss of an associate							(6,513)
Loss before tax							(92,166)
Income tax expense							(9,825)
Loss for the year							(101,991)

* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities and other segment information

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

Year ended 31 December 2015

	Property investment and development *HK$'000*	Property management and agency services *HK$'000*	Securities investments *HK$'000*	Manufacture and sale of construction materials *HK$'000*	Trading of mineral concentrates *HK$'000*	Coal mining *HK$'000*	Total *HK$'000*
Assets and liabilities:							
Segment assets	91,797	2,376	8,205	235,100	75,274	42,671	455,423
Corporate and other unallocated assets							117,494
Investments in associates							225,832
Total assets							798,749
Segment liabilities	57,918	20,520	–	40,338	37,773	2,325	158,874
Corporate and other unallocated liabilities							47,796
Total liabilities							206,670
Other segment information:							
Depreciation and amortisation charge in profit or loss	1,248	217	–	33,042	134	2,659	37,300
Depreciation capitalised in assets	–	–	–	–	–	2,114	2,114
Corporate and other unallocated amounts							1,226
							40,640
Fair value gains on investment properties	(2,895)	–	–	–	–	–	(2,895)
Impairment loss on other intangible assets	–	–	–	10,978	–	–	10,978
Written off of other intangible assets	–	–	–	–	–	2,653	2,653
Capital expenditure*	8,490	22	–	180	–	7,772	16,464
Corporate and other unallocated amounts							169
							16,633

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and other intangible assets.*

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities and other segment information *(Continued)*

Year ended 31 December 2014

	Property investment and development *HK$'000*	Property management and agency services *HK$'000*	Securities investments *HK$'000*	Manufacture and sale of construction materials *HK$'000*	Trading of mineral concentrates *HK$'000*	Coal mining *HK$'000* (Restated)	Total *HK$'000* (Restated)
Assets and liabilities:							
Segment assets	94,557	2,844	23,568	299,647	98,698	46,281	565,595
Corporate and other unallocated assets							124,513
Investments in associates							232,699
Total assets							922,807
Segment liabilities	56,347	18,979	13,241	63,255	52,559	1,292	205,673
Corporate and other unallocated liabilities							29,582
Total liabilities							235,255
Other segment information:							
Depreciation and amortisation charge in profit or loss	2,069	242	–	33,860	67	136	36,374
Depreciation capitalised in assets	–	–	–	–	–	2,264	2,264
Corporate and other unallocated amounts							1,009
							39,647
Loss on disposal of investment properties in Ecuador	62,822	–	–	–	–	–	62,822
Fair value gains on investment properties	(6,610)	–	–	–	–	–	(6,610)
Impairment losses reversed in the statement of profit or loss	–	(101)	–	–	–	–	(101)
Capital expenditure	5	29	–	–	805	16,298	17,137
Corporate and other unallocated amounts							9,088
							26,225

5. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**313,343**	354,334
Peru	**7,557**	–
Australia	**156**	–
Hong Kong	**(109)**	424
Canada	**(4,156)**	(1)
	316,791	354,757

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
PRC	**515,965**	573,791
Peru	**74,079**	80,400
Australia	**6,868**	6,867
Hong Kong	**2,818**	3,697
Ecuador	**755**	888
Colombia	**43**	112
	600,528	665,755

The non-current assets information above is based on the location of assets.

Information about major customers

Revenue from customers of corresponding periods contributing over 10% of total revenue of the Group is as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A (attributable to trading of mineral concentrates segment)	**233,563**	244,927

6. OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting):

	Note	2015 *HK$'000*	2014 *HK$'000*
Employee benefits expense			
(excluding directors' remuneration)	*(i)*		
Salaries, wages and other benefits in kind		**30,938**	31,717
Contributions to retirement benefits schemes		**4,473**	4,750
		35,411	36,467
Auditors' remuneration		**800**	790
Amortisation of other intangible assets			
– supplier contract	*(ii)*	**12,616**	12,931
Amortisation of prepaid land lease payments		**548**	561
Amortisation of mining assets			
(included in cost of sales)		**2,421**	–
Cost of inventories recognised as an expense		**279,100**	285,151
Written off of other intangible assets			
– exploration and evaluation assets	*(ii)*	**2,653**	–
Depreciation of property, plant and equipment	*(iii)*	**22,941**	23,891
Loss on disposal of items of property,			
plant and equipment	*(ii)*	**81**	–
Foreign exchange differences, net		**18,037**	2,445
Minimum lease payments under operating leases in			
respect of land and buildings		**1,454**	1,151
Gross rental income from investment properties		**(3,383)**	(2,738)
Less:			
Direct operating expenses incurred for investment properties that generated rental income during the year		**–**	16
Direct operating expenses incurred for investment properties that did not generate rental income during the year		**–**	–
		(3,383)	(2,722)

Notes:

(i) Amounts excluded expenses capitalised in exploration and evaluation assets of approximately HK$963,000 (2014: HK$1,517,000). Employee benefits expense of approximately HK$6,362,000 (2014: HK$6,523,000), HK$27,560,000 (2014: HK$28,822,000) and HK$1,489,000 (2014: HK$1,122,000) were charged to cost of inventories, administrative expenses and selling and distribution expenses respectively.

(ii) Amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

(iii) Amounts excluded expenses capitalised in exploration and evaluation assets of approximately HK$2,114,000 (2014: HK$2,264,000). Depreciation of approximately HK$19,551,000 (2014: HK$19,898,000) and HK$3,390,000 (2014: HK$3,993,000) were charged to cost of inventories and administrative expenses respectively.

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on other loans wholly repayable within five years	**584**	3,250

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,707**	2,850
Under-provision in prior year	**1**	–
Current – elsewhere		
Charge for the year	**538**	3,458
Over-provision in prior year	**(1,068)**	–
Deferred tax credit	**(1,271)**	(3,655)
Withholding tax charge:		
– PRC	**730**	3,824
– Australia	**115**	204
– Ecuador	**6**	3,144
Total tax charge for the year	**758**	9,825

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,023,384,077 (2014: 1,022,721,430) in issue during the year.

The calculations of basic and diluted loss per share are based on:

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(69,434)**	(104,923)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**1,023,384,077**	1,022,721,430

The computation of diluted loss per share for the years ended 31 December 2015 and 2014 did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

10. DIVIDENDS

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

11. ACCOUNTS RECEIVABLE

	2015	2014
	HK$'000	*HK$'000*
Accounts receivable	**14,563**	16,624
Impairment	**(56)**	(59)
	14,507	16,565

Accounts receivable are usually due immediately from the date of billing. Payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and overdue balances which are reviewed regularly by senior management to minimise credit risk. Accounts receivable are non-interest-bearing and mainly denominated in Renminbi ("RMB"), United State dollars ("USD") and Peruvian Soles ("Soles").

The credit period is generally 1 month, extending up to 2 months for certain customers from property management and agency services and coal mining business of the Group.

11. ACCOUNTS RECEIVABLE *(Continued)*

An aged analysis of the Group's accounts receivable as at the end of the reporting period, based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**3,668**	5,959
1 to 3 months	**4,924**	6,333
Over 3 months	**5,971**	4,332
	14,563	16,624
Impairment	**(56)**	(59)
	14,507	16,565

12. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**4,022**	6,222
1 to 3 months	**5,193**	3,770
Over 3 months	**4,092**	546
	13,307	10,538

Accounts payable are non-interest-bearing and are mainly denominated in RMB, USD and Soles.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditors of the Company:

Basis for qualified opinion

Included in the consolidated statement of financial position is an investment in an associate, Wuhan Plaza Management Co., Ltd. ("WPM"). WPM is an equity joint venture company established in the People's Republic of China. The Group is in dispute with the joint venturer about the term of the joint arrangement.

WPM is carried at an amount of approximately HK$225,832,000 on the consolidated statement of financial position as at 31 December 2015, and the Group's share of WPM's profit or loss of nil is included in the Group's consolidated statement of profit or loss for the year then ended.

We were unable to obtain sufficient appropriate audit evidence about the management financial statements and financial information of WPM for the years ended 31 December 2014 and 2015 because we did not have sufficient access to the financial information, books and records and the management of WPM. In view of the above and in the absence of any alternative procedures to be carried out in respect of the financial information of WPM, we were unable to satisfy ourselves as to whether (i) the carrying amounts of the Group's investment in WPM in the consolidated statements of financial position as at 31 December 2014 and 2015; and (ii) the Group's share of the results and other comprehensive income or expense of WPM, as included in the Group's consolidated financial statements of profit or loss and consolidated statements of comprehensive income for the years ended 31 December 2014 and 2015, were fairly stated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments that might have been found to be necessary in respect of the abovementioned financial information could have a consequential effect on the Group's net assets as at 31 December 2014 and 2015, and the Group's results for the years then ended and related disclosures in these consolidated financial statements. In addition, the required summarised financial information of WPM is not disclosed in accordance with Hong Kong Financial Reporting Standard 12 "Disclosure of Interests in Other Entities" issued by the Hong Kong Institute of Certified Public Accountants.

Qualified opinion

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year under review, the Group recorded a revenue of approximately HK$316,791,000 which slightly dropped by 11% over HK$354,757,000 as compared to the last year under review. It was mainly contributed from the Group's trading of mineral concentrates segment and sale of construction materials segment.

The consolidated loss attributable to owners of the Company was approximately HK$69,434,000 for the year under review which significantly decreased by 34% over HK$104,923,000 as compared to the last year under review mainly attributable to the one-off write down of the investment properties in Ecuador of approximately HK$62,822,000 in respect of the land expropriation in 2014. The loss attributable to owners of the Company for the year under review mainly attributable to (i) impairment loss on other intangible assets; (ii) loss arising from redemption of convertible note and conversion into available-for-sale investment; (iii) the impairment loss of available-for-sale investment and (iv) foreign currency exchange losses.

OPERATIONS REVIEW AND PROSPECTS

Construction material business

The Group's indirect 60%-owned subsidiary engaged in manufacture and sale of slag powder business in the People's Republic of China (the "PRC"), Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji"), recorded a turnover of approximately HK$58,294,000 (2014: HK$86,452,000) and loss of approximately HK$17,863,000 (2014: profit of approximately HK$4,972,000) respectively during the year under review, representing significant decreases of 33% and 459% respectively compared to last year under review mainly due to the continuing shortage in supply of the granulated steel slag for production ("Steel Slag Supply") by its sole supplier and impairment loss on the supplier's contract of approximately HK$10,978,000 (2014: Nil) has been recognised in the consolidated statement of profit or loss for the year under review.

In January 2015, the China International Economics and Trade Arbitration Commission ("Arbitration Commission") ruled that the minority shareholder of Hunan Taiji shall continue to honour its obligations by procuring the stipulated quantity of the Steel Slag Supply in accordance with the joint venture agreement and shall liable to pay the Group a compensation of approximately RMB13,850,000 (equivalent to approximately HK$16,342,000) for the shortfall in the Steel Slag Supply for the period from 1 January 2011 to 31 August 2013 (the "First Application"). Notwithstanding to the above, the minority shareholder failed to procure the Steel Slag Supply from its sole supplier and pay the compensation. The minority shareholder of Hunan Taiji also latterly applied to the court for a set aside for the said ruling but was subsequently withdrawn for retrial by the court. To safeguard the interests of the Group, the Group further applied to the Arbitration Commission for requesting the compensation arisen from the shortfall in the Steel Slag Supply of the period from 1 September 2013 to 30 September 2015 (the "Second Application").

Subsequently, the sole supplier served a notice to Hunan Taiji on 26 February 2016 to suspend the Steel Slag Supply from 1 March 2016. On 17 March 2016, the Arbitration Commission served a notice to the Group to suspend the Second Application. Details of the aforesaid arbitrations and the suspension of Second Application are set out in the section headed "Outstanding Litigations".

Currently, the Group is negotiating with the minority shareholder, the sole supplier and local authorities to resume the Steel Slag Supply and seeking legal advices from its PRC legal advisors.

Property management and agency services business and retail business in Wuhan

The business operations of the Group in Wuhan, the PRC was held by Huaxia Group Limited. Such operations were principally engaged in the provision of property management through Wuhan Huaxin Management Ltd ("WHM", a former indirect 51%-owned subsidiary of the Company) and agency services and a retail business operated through a former 49%-owned associate, Wuhan Plaza Management Co., Ltd. ("WPM").

During the year under review, the performance of the Group's property management and agency services business was stable. It recorded a turnover and net profit of approximately HK$18,103,000 (2014: HK$18,983,000) and HK$1,463,000 (2014: HK$1,926,000) respectively.

Since the joint venture agreement expired on 29 December 2013 and mandatory dissolution is currently undergoing according to a civil ruling issued by the Intermediate People's Court of Wuhan City, Hubei Province the PRC（中國湖北省武漢市中級人民法院）(the "PRC Intermediate Court") in January 2015, WPM terminated its operation.

Meanwhile, the claims made by the Group for damages at the Higher People's Court of Hubei Province, the PRC（中國湖北省高級人民法院）(the "Higher Court") against the joint venturer, Wuhan Department Store Group Co., Ltd (the "PRC Partner") on the legitimate interests of the Group and WPM being jeopardised since the PRC Partner (also as landlord) unilaterally terminated the 20-year lease agreement and arranged its related company to continue operation in the leased property since 1 January 2014 is still undergoing.

On 10 December 2015, the Company entered into an agreement to dispose the entire issued share capital of its wholly-owned subsidiary, Huaxia Group Limited and hence the Group is currently no longer to have operations in Wuhan, the PRC. Both the carrying value and financial results of Huaxia Group Limited included WHM and WPM will be removed from the consolidated financial statements of the Group for the financial year ending 31 December 2016 upon completion of the disposal on 18 February 2016 (the "Disposal") except for the purchaser has undertaken to the Company that in the event that the judgement in respect of the above pending litigation is awarded by the Higher Count in favour of International Management Company Limited ("IMC", the Company's former indirect wholly-owned subsidiary) within 18 months since 18 February 2016, the purchaser shall reimburse the amount awarded by the Higher Court after deducting related expenses. Details of the Disposal and pending litigations of Huaxia Group Limited are set out in the sections headed "Major Disposal" and "Outstanding Litigations".

Property investment and development

Investment properties in Beijing

During the year under review, the rental income from property leasing in Beijing, the PRC was approximately HK$3,383,000 (2014: HK$2,738,000), representing an increase of 24% over last year under review. It also recorded fair value gains of approximately HK$2,895,000 (2014: HK$6,610,000) in respect of the revaluation of investment properties and resulted in a profit of approximately HK$3,435,000 (2014: HK$5,805,000), representing a significant decrease of 41% over 2014. The Group expects the investment properties in Beijing currently held on hand will keep generating a stable rental income stream and capture potential appreciation.

Property development in Peru

Lima Junefield Plaza S.A.C., an indirect wholly-owned subsidiary of the Company in Peru, has completed its residential project in Lima City of Peru in 2015 and the local authority in Peru has already granted the title documents of the residential project in January 2016. As a result, the sales proceeds would be recognised as sales in year 2016. Currently, there were 15 units sold with sales proceeds of approximately HK$23,967,000.

Securities investments

The Group has invested in listed securities in Hong Kong and overseas for trading and long term purposes. Under current volatile worldwide stock market, the Group's securities investments held for trading recorded fair value losses of approximately HK$4,109,000 (2014: gains of approximately HK$423,000) during the year under review.

The Group's investment in Latin Resources Limited ("LRS", a company listed on Australian Securities Exchange Limited) is intended for a long term purposes and it held 142,784,997 fully paid ordinary shares of LRS, representing approximately 16% of its issued share capital at 31 December 2015. During the year under review, the Group reclassified the investment in LRS from an associate to available-for-sale investment following the resignation of Mr. Liu Zhongsheng (former executive director and chief executive officer of the Company) as non-executive director of LRS in May 2015. This resulted in only four months' share of loss of LRS of approximately HK$967,000 was recognised in the consolidated statement of profit and loss for the year under review. In July 2015, the convertible note issued by LRS (the "LRS Convertible Note") to the Group originally with a principal of Australian dollars ("AUD") 2.5 million at a coupon rate of 12% per annum matured. The Group reached a final agreement with LRS to settle the convertible note by: (i) cash repayment of AUD400,000, (ii) entering into a new loan agreement of AUD500,000 for 18 months at an interest rate of 12% per annum; and (iii) conversion of the remaining balance of AUD1.6 million plus accrued interests up to 27 August 2015 to ordinary shares of LRS at AUD0.02 per share.

In respect of the investment in LRS, the Group recognised (i) loss arising from redemption of convertible note and conversion into available-for-sale investment of approximately HK$6,893,000; (ii) a fair value loss of approximately HK$4,000 over the conversion option component of the LRS Convertible Note; (iii) impairment loss of approximately HK$1,956,000 of LRS as available-for-sale investment due to decline in market value as at 31 December 2015; (iv) fair value gain of approximately HK$156,000 on 27,500,000 share options granted by LRS; and (v) gain on reclassification of investment in an associate to available-for-sale investment of approximately HK$559,000, in the consolidated statement of profit or loss for the year under review.

Trading of mineral concentrates business

The trading of mineral concentrates business segment principally operates by sourcing mineral concentrates mainly from Ecuador and exporting them to the PRC customers. During the year under review, this segment recorded a turnover of approximately HK$233,563,000 (2014: HK$246,161,000) and a net profit of approximately HK$6,546,000 (2014: HK$14,283,000), representing decreases of 5% and 54% respectively. Apart from the demand for mineral concentrates is slowing down as the economy in the PRC market has been decelerating, the global quoted prices for mineral concentrates have also been dropping since 2015. The Group expects the revenue and profit from this business segment will be inevitably affected in 2016.

Coal mining business

During the year under review, the Group commenced the production in one of its coal mines in Peru. This segment recorded a turnover of approximately HK$7,557,000 and a net loss of approximately HK$11,446,000. Having carried out feasible study on all exploration projects in Peru, the Group determined to surrender certain exploration permits of its exploration projects in view of their infavourable future prospect and an aggregate carrying amount of exploration and evaluation assets of approximately HK$2,653,000 were written off to the consolidated statement of profit or loss for the year under review.

Future outlook

Following with the completion of the Disposal in February 2016, the Group is no longer engaged in the property management and agency business in Wuhan and owned the share of interest in WPM which constituted a significant part of the Group's consolidated statement of financial position in the past. The Board considers that the Disposal presents a good opportunity for the Group to deliver to shareholders of the Company immediate and return, in the form of the distribution of the special dividend of HK$0.1855 per share of the Company and at the same time, the Group has discharged from its legal proceedings of Huaxia Group Limited and its subsidiaries and the need for incurring additional administrative costs and disclosure obligation regarding such litigations. Hence, the Group will be able to reallocate its resources to focus and develop other business segments with better potential and prospects.

Currently, the Group is following up closely with the development of the suspension of Steel Slag Supply for operation and pending arbitrations in respect of Hunan Taiji and pursuing further negotiations with the counterparties involved and expects to achieve a feasible solution that will be in the interest of the Group and its shareholders as a whole within a short period of time.

In addition, the Group will also consider raising funds by suitable means when investment opportunities arise.

MATERIAL DISPOSAL

On 10 December 2015, the Company entered into an agreement with its immediate holding company, Prime Century Investments Limited, to dispose the entire issued share capital of its wholly-owned subsidiary, Huaxia Group Limited, together with the shareholder's loan at an aggregate consideration of HK$218,000,000, subject to adjustment. The Disposal constituted a major transaction and connected transaction under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It was approved by independent shareholders of the Company at a special general meeting held on 29 January 2016. Details of this major transaction and connected transaction are set out in the Company's circular dated 7 January 2016. The Disposal was duly completed on 18 February 2016 and the final consideration was approximately HK$219,399,000.

Saved as disclosed above, the Group had no other material acquisition and disposal of subsidiaries, associated companies and joint venture during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had net assets of approximately HK$592,079,000 (2014: HK$687,552,000) with total assets of approximately HK$798,749,000 (2014: HK$922,807,000) and total liabilities of approximately HK$206,670,000 (2014: HK$235,255,000). The Group's current ratio, which equals to current assets divided by current liabilities, was 1.42 (2014: 1.49).

As at 31 December 2015, the Group had an unsecured other loan of approximately HK$6,241,000 (2014: HK$6,234,000) is denominated in Renminbi ("RMB") and interest-bearing at 9.5% per annum with no fixed term of repayment. The Group's bank balances and short term deposits which were mainly denominated in Hong Kong dollars, United States dollars ("USD"), RMB and Peruvian Soles ("Soles"), amounted to approximately HK$45,558,000 as at 31 December 2015 (2014: HK$54,721,000). The Group's gearing ratio, as a ratio of total interest-bearing borrowing to total assets as at 31 December 2015, was 0.01 (2014: 0.01).

The directors believe that the Group currently has sufficient financial resources for its operations. However, the Group will remain cautious in its liquidity management.

BANKING FACILITIES

As at 31 December 2015, the Group had aggregate banking facilities of approximately HK$13,348,000, of which approximately HK$11,397,000 had not been utilised.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital commitments contracted but not provided for in relation to the construction of land and buildings amounting to approximately HK$1,443,000 (31 December 2014: Nil).

CHARGE OF ASSETS

As at 31 December 2015, the Group had its properties under development pledged as security for banking facilities of approximately HK$45,177,000.

OUTSTANDING LITIGATIONS

(1) Following the exchange of further evidence in September 2012, the PRC Intermediate Court issued in May 2015 a civil ruling in favour of IMC by dismissing the claim against IMC and a former subsidiary of the Group for an investment fund of RMB20 million together with the then outstanding interests of RMB24.74 million from the plaintiff. After the aforesaid ruling being granted, the plaintiff lodged an appeal in June 2015. The hearing of the appeal took place on 25 November 2015 at the Higher Court. Up to the date of this announcement, the final judgement has not been issued yet. Based on the legal opinion from the Group's PRC legal advisors, the outcome of the final judgement is uncertain.

(2) In 2011, WHM received a civil case judgement issued by the People's Court of Jianhan District, Wuhan City, Hubei Province, the PRC（中國湖北省武漢市江漢區人民法院）(the "PRC Court"), pursuant to which the PRC Court mandatorily enforced WHM to repay certain claimants against Wuhan Huaxin Real Estate Co., Ltd. ("WHRED", the Group's available-for-sale investment) amounted to RMB11,660,173 and executed to debit the sums directly from WHM's bank account. WHM has already filed a written objection with the PRC Court to challenge against both the judgement and the mandatory execution for the reason that WHM was not a directly related company to WHRED.

    Based on the legal opinion from the Group's PRC legal advisors, the directors of the Company are of the opinion that WHM should not be liable for any repayment liabilities incurred by WHRED since both WHM and WHRED are separate entities under the PRC law and should not have any joint and several liabilities. Therefore, WHM should have the right to claim against the PRC Court for refund of the full amount. Up to the date of this announcement, there is no further update from the PRC Court.

(3) On 31 December 2013, the PRC Partner, being the joint venturer of WPM (in mandatory dissolution), unilaterally terminated the 20-year lease agreement which was signed in 1995 and would expire on 28 September 2016, and took possession of the property and arranged its related company to takeover WPM's employees and consignment operators and continued operation in the property since 1 January 2014. IMC considered that such acts have jeopardised the legitimate interests of WPM and IMC and, therefore, claimed damages at the Higher Court against the PRC Partner in the total sum of approximately RMB975,325,000. Up to the date of this announcement, there is no further update from the Higher Court. Based on the legal opinion from the Group's PRC legal advisors, the ruling of the litigation is uncertain.

(4) Junefield (Building Material) Limited ("Junefield Building Material") filed the First Application and the Second Application for arbitration proceedings at the Arbitration Commission against 漣源鋼鐵集團有限公司 (Lianyuan Steel Group Limited) ("Lianyuan Steel") for compensation on, inter alia, failing to procure the requested amount of Steel Slag Supply ("Supply Shortfall") under Hunan Taiji's joint venture agreement in October 2013 and December 2015 respectively.

In January 2015, Junefield Building Material received the First Application's arbitral award made by the Arbitration Commission in its favour ruling that Lianyuan Steel is liable to pay the compensation of approximately RMB13,850,000 (equivalent to approximately HK$17,286,000) (the "First Arbitral Ruling").

In September 2015, Junefield Building Material received a set aside ruling on the First Arbitral Ruling issued by the Intermediate People's Court of Loudi City, Hunan Province, the PRC (中國湖南省婁底市中級人民法院) ("Loudi Intermediate Court") upon Lianyuan Steel's application ("Set Aside Application"). Following a request for retrial, the Loudi Intermediate Court quashed its initial set aside ruling in December 2015 and will arrange for retrial of the Set Aside Application. Up to the date of this announcement, the outcome of the retrial has not been given yet.

The Second Application claiming for, inter alia, damages of the Supply Shortfall amounting to approximately RMB58,000,000 (approximately HK$68,437,000) was accepted to proceed in January 2016 and, up to the date of this announcement, its rulings has not been given yet.

On 18 March 2016, Junefield Building Material received a notice from the Arbitration Commission dated 17 March 2016 that the arbitration proceedings of the Second Application were suspended due to the fact that the Loudi Intermediate Court has accepted to proceed with an application submitted by Lianyuan Steel to consider the validity of the arbitration agreement under the joint venture agreement in respect of the Second Application .

As detailed in the section headed "Major Disposal" above, IMC, WPM (in mandatory dissolution), WHM and WHRED have no longer been subsidiaries and associate of the Company since 18 February 2016. As a result, outcomes of litigations (1) to (3) aforementioned will have no financial impacts on the Group's consolidated financial statements since 18 February 2016 except for the purchaser pursuant to the sale and purchase agreement of the Disposal has undertaken to the Company that in the event that the judgement in respect of the litigation (3) above is awarded by the Higher Court in favour of IMC within 18 months after 18 February 2016, the purchaser shall reimburse the amount awarded by the Higher Court after deducting related expenses.

EXCHANGE RATE EXPOSURE

During the year under review, the business activities of the Group were mainly denominated in Hong Kong dollars, RMB, USD and Soles. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. For the year ended 31 December 2015, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group had about 285 employees (2014: 276 employees) with the majority based in the PRC. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice. The remuneration policy and package of the Group's employees are periodically reviewed by the Company's Remuneration Committee and approved by the executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to individual performance.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters. The Audit Committee has also reviewed and discussed with the management and auditors about the consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules during the year under review, save as:

– Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Board of the Company did not attend the annual general meeting of the Company held on 8 June 2015 ("AGM") due to other business engagement. The executive directors, the chairman of the Audit Committee and the chairman of the Remuneration Committee were present at the AGM to answer the shareholders' questions.

– Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. After the resignation of Mr. Liu Zhongsheng as Chief Executive Officer of the Company with effect from 15 March 2015, the roles of chairman and chief executive officer are currently performed by Mr. Zhou Chu Jian He, the Chairman of the Board. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss operation issues of the Group.

– Under code provision D.1.4 of the CG Code, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. Following the expiry of the services contract of Mr. Liu Zhongsheng (a former executive director of the Company) on 10 March 2015, the Company did not have a new services contract for him due to the fact that he was considering his resignation as director effective on 15 March 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the"Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all directors whether they have complied with the Model Code and all directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

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

During the year under review, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil). Information regarding the date and venue of annual general meeting will be announced in due course.

DISCLOSURE OF INFORMATION ON WEBSITES

This announcement will be published on the websites of the Stock Exchange and the Company (http://junefield.etnet.com.hk). The annual report for the year ended 31 December 2015 will be dispatched to shareholders of the Company and published on the same websites in due course.

By Order of the Board
Zhou Chu Jian He
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the executive directors are Mr. Zhou Chu Jian He (Chairman), Mr. Zhou Jianren, Mr. Xiang Xianhong and Mr. Lei Shuguang; the non-executive director is Mr. Jorge Edgar Jose Muñiz Ziches; and the independent non-executive directors are Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

* *For identification purpose only*