



從玉農業控股有限公司
Cypress Jade Agricultural Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 875)



INTERIM REPORT
2013





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. SHI Lanjiang (*Chief Executive Officer*)
Mr. CHU Yuet Chung
Mr. YANG Jianzun
Ms. YAU Fai San

Independent non-executive directors

Mr. WU Wai Chung, Michael (*Chairman*)
Mr. CHAN Loong Sang, Tommy
Mr. YUEN Wai Chung

AUDIT COMMITTEE

Mr. CHAN Loong Sang, Tommy
Mr. WU Wai Chung, Michael
Mr. YUEN Wai Chung

REMUNERATION COMMITTEE

Mr. YUEN Wai Chung
Mr. WU Wai Chung, Michael
Mr. CHAN Loong Sang, Tommy
Ms. YAU Fai San

NOMINATION COMMITTEE

Mr. YUEN Wai Chung
Mr. WU Wai Chung, Michael
Mr. CHAN Loong Sang, Tommy
Mr. SHI Lanjiang

CORPORATE GOVERNANCE COMMITTEE

Mr. CHAN Loong Sang, Tommy
Mr. WU Wai Chung, Michael
Mr. YUEN Wai Chung

AUTHORISED REPRESENTATIVES

Ms. YAU Fai San
Ms. LEE Wai Yee

COMPANY SECRETARY

Ms. LEE Wai Yee

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 801–803, 8/F., Tins Enterprises Centre
777 Lai Chi Kok Road
Cheung Sha Wan
Kowloon, Hong Kong

AUDITOR

Mabel Chan & Co.

LEGAL ADVISOR

P. C. Woo & Co.
(as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

CORPORATE WEBSITE

<http://www.cyj.hk>

INVESTOR RELATIONS

Email: ir@cyj.hk

The board of directors (the “Board”) of Cypress Jade Agricultural Holdings Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013 (the “Reporting Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS & FINANCIAL REVIEW

During the Reporting Period, the Group recorded a turnover of HK\$103.3 million, a decrease of 3% from HK\$106.5 million for the six months ended 30 June 2012 (the “Corresponding Period”). The net loss of the Group for the Reporting Period was HK\$23.6 million as compared to a net profit of HK\$30.5 million for the Corresponding Period. One of the main reasons for the significant decrease is that the gain arising from debt restructuring for the year 2012 (as disclosed in the Annual Report 2012 of the Company) is one-off and will not happen again in the year 2013. Excluding the effect of debt restructuring for the year 2012, the Group recorded a net loss of HK\$10 million for the Corresponding Period.

The decrease in net profit for the Reporting Period was also attributable to (i) the inclement weather in the first quarter of the year 2013, which was usually the slack seasons for vegetable production; (ii) the price fluctuation of vegetable markets in Hong Kong and China; and (iii) the increase in the agricultural raw materials, labour and administration costs.

Against the backdrop of a highly complicated economic and geographical landscape within the PRC, together with variances in legal, institutional and cultural factors, the Group operated under its fundamental business principles of “Resources Integration; Internal Rationalization, Quality Control, Brand Building and Effective Sales Channels”. Under these conditions, our business operations can be divided into: (i) high-quality vegetable producing and planting; and (ii) processing, trading and distributing of vegetable produce.

In line with our business and operation strategy, the Group expanded its production and processing base in Zengcheng for approximately 2,500 Mu of farmlands during the Reporting Period. The Group’s investment for setting up the infrastructure in Zengcheng started in the third quarter of 2013. According to the preliminary schedule of the development plan of Zengcheng, trial production will take place in the fourth quarter of 2013 and full production will take place in 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business operations with internally generated cash flows and general banking facilities. As at 30 June 2013, the Group had bank balances and cash of HK\$11.3 million (31 December 2012: HK\$18.8 million). The Group’s current ratio (measured as total current assets to total current liabilities) was approximately 0.9 times (31 December 2012: 0.5 times).

As at 30 June 2013, the total borrowings of the Group amounted to HK\$51.5 million (31 December 2012: HK\$25.3 million), of which, HK\$30.9 million (31 December 2012: HK\$20.9 million) and HK\$0.6 million (31 December 2012: HKD\$0.8 million) were secured by several properties and guaranteed by a director of the Company and his spouse, respectively. The borrowings in the amount of HK\$51.2 million (31 December 2012: HK\$24.7 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK\$3.7 million (31 December 2012: HK\$6.5 million) in respect of acquisition of property, plant and equipment.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

CAPITAL STRUCTURE & GEARING RATIO

The Group and the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

During the Reporting Period, the Company issued and allotted a total of 715,000,000 Class B preference shares of HK\$0.01 each as the balance of the consideration in respect of the Acquisition Agreement 3 (as defined in the circular of the Company dated 30 November 2011). For further details, please refer to the announcements of the Company dated 7 February 2013, 6 March 2013 and 10 June 2013.

On 30 April 2013, the Company issued and allotted 96,584,730 ordinary shares of HK\$0.01 each upon conversion of Class B preference shares by Comtax Nominees Limited at the conversion price of HK\$0.15 per share. On 9 May 2013, the Company issued and allotted 450,000,000 ordinary shares of HK\$0.01 each upon conversion of Class A preference shares by Right Day Holdings Limited at the conversion price of HK\$0.0482 per share.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK\$51.5 million (31 December 2012: HK\$25.3 million). Included in the above amounts, an amount of HK\$50.0 million (31 December 2012: HK\$21.7 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

As at 30 June 2013, the net debt to equity ratio was 0.2 (31 December 2012: 0.05). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2013 was 0.25 (31 December 2012: 0.21), which was measured as total debt to total shareholders' equity.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group expanded its production and processing base in Zengcheng by entering into assets transfer agreement, cooperation agreement and lease agreement with independent third parties for a total of approximately 2,500 Mu of farmland in Zengcheng. For further details, please refer to the announcement of the Company dated 23 January 2013.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2013.

CHARGES ON GROUP'S ASSETS

As at 30 June 2013, leasehold land and buildings with carrying amount of HK\$10.1 million (31 December 2012: HK\$10.3 million) were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing appreciation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of 1,591 (30 June 2012: 1,135) full time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration) for the six months ended 30 June 2013 amounted to HK\$31.9 million (six months ended 30 June 2012: HK\$26.6 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in the PRC. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive directors (including independent non-executive director) of the Group.

PROSPECT

According to the No. 1 Central Document issued by the Central Government in 2013, China has pledged to accelerate agricultural modernisation and rural development. Priority will be given to diversifying production patterns, and to establishing large-scale, specialised, organised and new agricultural business entities. The document also introduces preferential policies to encourage the adoption of new management models, agricultural diversification, large-scale production, innovation in rural management systems and to take action to spur the vitality and vigour of the rural areas.

By taking advantage of the latest policies in relation to agricultural businesses in China, the Group is expected to grow at a steady pace and this growth will be complemented by future expansion plans. We believe that acquiring and maintaining good quality farmlands, supported by a major processing centre and cold storage capabilities for our supply inventory are essential for the healthy development of our vegetable cultivation business.

In accordance with the Board's vision and direction, the Group will focus on building two large-scale, high-quality vegetable bases in Ningxia and Guangdong in northern and southern China respectively, and construct a large-scale, modernized centre featuring warehousing, processing, safety testing and logistics distribution functions in Southern China, in order to ensure that our operations are well resourced and scalable.

EVENTS AFTER THE REPORTING PERIOD

On 8 July 2013, the Company issued and allotted 7,748,720 ordinary shares upon conversion of 7,748,720 Class B preference shares in the aggregate principal amount of HK\$1,162,308 at the conversion price of HK\$0.15 per share.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

MABEL CHAN & CO. CERTIFIED PUBLIC ACCOUNTANTS

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF CYPRESS JADE AGRICULTURAL HOLDINGS LIMITED (Incorporated in Bermuda with limited liability)

We have reviewed the interim financial information set out on pages 8 to 24 which comprises the condensed consolidated statement of financial position of Cypress Jade Agricultural Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as of 30 June 2013 and the related condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mabel Chan & Co.

Certified Public Accountants
Hong Kong, 28 August 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	2	103,262	106,517
Cost of sales		(80,435)	(72,813)
Gross profit		22,827	33,704
Other income	3	2,892	45,075
Net gain on change in fair value of biological assets		2,606	3,425
Selling and distribution expenses		(17,483)	(15,681)
Staff costs		(20,464)	(19,043)
Administrative and other operating expenses		(12,048)	(15,910)
Finance costs		(1,815)	(849)
Profit/(loss) before tax	3	(23,485)	30,721
Income tax expense	4	(147)	(204)
Profit/(loss) for the period		(23,632)	30,517
Other comprehensive income for the period:			
Exchange gain on translation of foreign operations		539	738
Total comprehensive income for the period		(23,093)	31,255
Attributable to:			
Equity shareholders of the Company		(23,093)	31,255
Earnings/(loss) per share	7		
Basic		(HK1.48 cents)	HK3.17 cents
Diluted		(HK0.93 cents)	HK1.64 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2013

	Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		183,286	187,749
Construction in progress		17,550	8,284
Goodwill		31,678	31,678
		232,514	227,711
Current assets			
Inventories		8,474	5,379
Biological assets		11,513	4,396
Trade and other receivables	8	66,362	58,571
Bank balances and cash		11,333	18,810
		97,682	87,156
Current liabilities			
Trade and other payables	9	52,184	148,554
Interest-bearing bank and other borrowings	10	51,379	25,120
Current tax payable		–	152
Obligations under a finance lease		138	143
		103,701	173,969
Net current liabilities		(6,019)	(86,813)
Total assets less current liabilities		226,495	140,898
Capital and reserves			
Share capital	11	37,606	30,456
Reserves		164,784	87,776
Total equity		202,390	118,232
Non-current liabilities			
Government subsidy		24,105	22,598
Obligation under a finance lease		–	68
		24,105	22,666
		226,495	140,898

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2013

	Attributable to equity shareholders					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	
Balance at 1 January 2012	25,325	163,532	126,883	-	(399,431)	(83,691)
Profit for the period	-	-	-	-	30,517	30,517
Exchange differences on translation of foreign operations	-	-	-	738	-	738
Total comprehensive income for the period	-	-	-	738	30,517	31,255
Issue of ordinary shares	10,040	90,360	-	-	-	100,400
Issue of preference shares	14,843	14,607	-	-	-	29,450
Capital reorganisation	(22,160)	(163,532)	185,692	-	-	-
Setting off accumulated losses	-	-	(185,692)	-	185,692	-
Balance at 30 June 2012	28,048	104,967	126,883	738	(183,222)	77,414
Balance at 1 January 2013	30,456	141,868	127,503	1,365	(182,960)	118,232
Loss for the period	-	-	-	-	(23,632)	(23,632)
Exchange differences on translation of foreign operations	-	-	-	539	-	539
Total comprehensive income for the period	-	-	-	539	(23,632)	(23,093)
Issue of preference shares	7,150	100,101	-	-	-	107,251
Setting off accumulated losses	-	(141,869)	(68,373)	-	210,242	-
Balance at 30 June 2013	37,606	100,100	59,130	1,904	3,650	202,390

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash inflow/(outflow) from operating activities	3,772	(17,101)
Net cash outflow from investing activities	(36,955)	(54,390)
Net cash inflow from financing activities	25,983	39,500
Net decrease in cash and cash equivalents	(7,200)	(31,991)
Cash and cash equivalents at the beginning of the period	18,810	42,319
Effect of foreign exchange rate changes	(277)	219
Cash and cash equivalents at the end of the period	11,333	10,547
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	11,333	10,547

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2013

1. BASIS OF PREPARATION OF FINANCIAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

These unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of biological assets which are measured at fair value less costs to sell.

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2012.

In the current interim period, the Group has applied a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2013. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

At the request of the Audit Committee, the Group's independent auditor has carried out a review of the unaudited consolidated financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. TURNOVER

Turnover represented revenue arising from the growing, processing and trading of agricultural produce. The amount of the revenue recognised in turnover is as follows:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover from sales of agricultural produce	103,262	106,517

3. PROFIT/(LOSS) BEFORE TAX AND OTHER INCOME

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	8,944	7,409

Other income:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Bank interest received	17	3
Government grant	2,376	2,427
Gain arising from debt restructuring	–	40,524
Sundry income	499	2,121
	2,892	45,075

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Hong Kong profits tax	147	101
PRC corporate income tax	–	103
	147	204

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the period.

According to the PRC tax law and its interpretation rules (the “PRC tax law”), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full corporate income tax exemption or half reduction of corporate income tax on profits derived from such business. The Group’s PRC subsidiaries engaged in qualifying agricultural business, which include growing, processing and selling of vegetables, are entitled to full exemption of corporate income tax.

5. SEGMENT REPORTING

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(a) Business segments

The Group comprises the following main business segments:

- (a) Assets holding: Holding of assets
- (b) Agricultural produce: Growing, processing and trading of agricultural produce

There were no inter-segment sales and transfer during the current and prior periods.

5. SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

Segment information

An analysis of the Group's turnover, contribution to profit/(loss) from operations for the period ended 30 June 2013 and 2012 and certain assets, liabilities and expenditure information regarding business segments are as follows:

	Assets holding		Agricultural produce		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:						
External sales	-	-	103,262	106,517	103,262	106,517
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	-	103,262	106,517	103,262	106,517
Results:						
Segment result and profit/(loss) before taxation	(9,904)	29,018	(13,581)	1,703	(23,485)	30,721
Income tax expense	-	-	(147)	(204)	(147)	(204)
Profit/(loss) for the period	(9,904)	29,018	(13,728)	1,499	(23,632)	30,517
Other information:						
Capital expenditure	23	1,433	13,020	28,487	13,043	29,920
Depreciation	249	23	8,695	7,386	8,944	7,409

5. SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

Segment information (continued)

	Assets holding		Agricultural produce		Total	
	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Assets:						
Segment assets	2,607	5,088	295,911	278,101	298,518	283,189
Unallocated corporate assets	31,678	31,678	–	–	31,678	31,678
Consolidated total assets	34,285	36,766	295,911	278,101	330,196	314,867
Liabilities:						
Segment liabilities	4,461	111,035	123,345	85,600	127,806	196,635
Consolidated total liabilities	4,461	111,035	123,345	85,600	127,806	196,635

5. SEGMENT REPORTING (CONTINUED)

(b) Geographical information

Turnover from external customers, based on locations of customers, attributable to the Group by geographical areas is as follows:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (restated)
Turnover		
– Hong Kong	66,933	34,812
– Mainland China	36,329	71,705
	103,262	106,517

An analysis of the Group's non-current assets by their geographical location is as follows:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Property, plant and equipment		
– Hong Kong	2,009	2,507
– Mainland China	181,277	185,242
Construction in progress		
– Mainland China	17,550	8,284
	200,836	196,033

6. DIVIDEND

No dividend was paid, declared or proposed during the current reporting period. The directors do not recommend the payment of an interim dividend.

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to equity shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	(23,093)	31,255

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	1,561,122,805	985,901,219
Effect of Class A preference shares issued by the Company	930,000,000	920,000,000
Effect of Class B preference shares issued by the Company	3,874,360	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	2,494,997,165	1,905,901,219

8. TRADE AND OTHER RECEIVABLES

The average credit period on sales of goods is 60 days. The aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Current	14,202	18,274
61–120 days	4,192	3,262
Over 120 days	16,453	14,070
	34,847	35,606

9. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases and have an average credit period of 60 days. The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
0–60 days	15,894	10,007
61–120 days	6,978	3,691
Over 120 days	924	1,586
	23,796	15,284

10. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
5-year bank loan of HK\$2,000,000 – fully repayable in November 2014 (note (a))	642	814
1-year bank loan of RMB15,000,000 – fully repayable in April 2014 and June 2014 (note (b))	18,528	–
Revolving bank loan of RMB25,000,000 (31 December 2012: RMB17,000,000) (note (c))	30,878	20,892
Other loans, unsecured (note (d))	1,331	1,325
Other loans, unsecured (note (e))	–	2,089
	51,379	25,120
Less: current portion	(51,379)	(25,120)
Non-current portion	–	–

The borrowings are repayable as follows:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
On demand or within one year	51,185	24,723
More than one year, but not exceeding two years	194	397
	51,379	25,120

10. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) The bank loan was guaranteed by a director of the Company and his spouse and is repayable by equal installments. The loan interest was charged at prime rate plus 0.5% per annum.
- (b) The bank loan was unsecured and the loan interest was charged at The People's Bank of China Lending rate plus 20%–25% per annum.
- (c) The bank loan was secured by several Group's properties. The loan interest was charged at prime rate plus 15%–40% per annum.
- (d) Other loans are unsecured, interest free and have no fixed terms of repayment.
- (e) Other loans were unsecured, interest charged at 6% per annum and repayable within 180 days. This loan was settled during current reporting period.

11. SHARE CAPITAL

Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Authorised:		
150,000,000,000 (31 December 2012: 150,000,000,000) ordinary shares of HK\$0.01 each	1,500,000	1,500,000
10,000,000,000 (31 December 2012: 10,000,000,000) preference shares at HK\$0.01 each	100,000	100,000
Issued and fully paid:		
1,925,512,615 (31 December 2012: 1,378,927,885) ordinary shares of HK\$0.01 each	19,255	13,789
930,000,000 Class A preference shares of HK\$0.01 each (31 December 2012: 1,380,000,000) (b)	9,300	13,800
905,047,998 Class B preference shares of HK\$0.01 each (31 December 2012: 286,632,728) (c)	9,051	2,867

11. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Note	No. of shares	Amount HK\$'000
At 31 December 2012 and 1 January 2013 (audited)		1,378,927,885	13,789
Conversion of preference shares	(a)	546,584,730	5,466
At 30 June 2013 (unaudited)		1,925,512,615	19,255

Notes:

- (a) On 30 April 2013, 96,584,730 ordinary shares of HK\$0.01 each were issued pursuant to the conversion of the convertible preference shares class B at an issue price of HK\$0.15 per share.
- On 9 May 2013, 450,000,000 ordinary shares of HK\$0.01 each were issued pursuant to the conversion of the convertible preference shares class A at an issue price of HK\$0.0482 per share.
- (b) The Class A preference shares are non-redeemable, with par value of HK\$0.01 each credited as fully paid up, are issued and allotted to certain creditors in consideration of each creditor discharging and waiving all of its claims in full against the Company. The Class A preference shares are currently held by Right Day Holdings Limited. According to the terms of the preference share, one preference share is convertible into one new ordinary share any date after the resumption of the trading of the Company's shares on the Stock Exchange in last financial year.
- (c) The Class B preference shares are non-redeemable with par value of HK\$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in last financial year. According to the terms of the preference share, one preference share is eligible to convert into one new ordinary share any date no earlier than one year from the date of issue.
- (d) On 7 June 2013, the share premium account and contributed surplus account of the Company with amount of HK\$141,869,000 and HK\$68,373,000, respectively, have been applied in setting off the accumulated losses of the Company.

12. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments for acquisitions of property, plant and equipment:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for	3,657	6,509

13. MATERIAL RELATED PARTY TRANSACTIONS

(a) In the last financial period, the Group had the following significant related party transactions with a related party:

		Six months ended 30 June	
	Notes	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Purchase of agricultural products from a related party	(i)	–	185
Handling charge paid to a related party	(ii)	–	861

- (i) In last financial period, the purchase of agricultural products from a related company was made at prices and conditions with reference to those offered by major suppliers of the Group.
- (ii) In last financial period, handling charge paid to a related company as the trading arrangement service provider in Hong Kong.

13. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) The amount due from a director of HK\$720,000 (31 December 2012: due to a director of HK\$380,000) is unsecured, interest free and have no fixed terms for repayment.
- (c) **Compensation of key management personnel**
Remuneration of key management personnel, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	3,934	3,376
Retirement scheme contributions	30	16
	3,964	3,392

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of shares held	Percentage of shareholding
YANG Jianzun	Beneficial owner and interest of spouse	Preference share	477,296,667	26.01%
CHU Yuet Chung	Beneficial owner, interest of spouse and beneficiary of trust	Preference share	75,000,000	0.20%

Note: All the preference shares of the Company are non-listed and non-redeemable. According to the terms of the Class B preference shares held by Mr. YANG Jianzun and Mr. CHU Yuet Chung, one Class B preference share is convertible into one ordinary share of HK\$0.01 each in the share capital of the Company at any time no earlier than one year from the date of issue.

Save as disclosed above, as at 30 June 2013, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the change in information of directors of the Company during the Reporting Period and up to the date of this report are as follows:

Name of directors	Particulars	Effective date
Mr. Ji Xiang	Resignation as independent non-executive director	13 January 2013
Dr. HUI Ho Ming, Herbert, J.P.	Resignation as executive director	6 June 2013
Ms. NG Yi Kum, Estella	Resignation as independent non-executive director	7 June 2013
Professor Japhet Sebastian LAW	Resignation as independent non-executive director	18 July 2013
The Hon. CHEUNG Yu Yan, Tommy, S.B.S., J.P.	Re-designation from independent non-executive director to non-executive director	1 April 2013
	Resignation as non-executive director	18 July 2013
Mr. CHAN Loong Sang, Tommy	Appointment as independent non-executive director	18 July 2013
Mr. YUEN Wai Chung	Appointment as independent non-executive director	18 July 2013

In line with the business performance of the Group, the remuneration committee recommended and the Board approved that with effect from 1 August 2013, the remuneration package of (i) Mr. SHI Lanjiang revised to HK\$90,000 and RMB10,000 per month; (ii) Mr. CHU Yuet Chung revised to HK\$70,000 per month plus housing allowance of HK\$30,000 per month; (iii) Mr. YANG Jianzun revised to HK\$90,000 and RMB10,000 per month; and (iv) Ms. YAU Fai San revised to HK\$77,000 per month.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the shares and underlying shares of the Company:

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding
Right Day Holdings Limited (Note 1 & 4)	Beneficial owner	Ordinary share	1,440,400,000	74.81%
	Beneficial owner	Preference share	930,000,000	50.68%
Comtax Nominees Limited (Note 4)	Beneficial owner	Ordinary share	96,584,730	5.02%
	Beneficial owner	Preference share	115,047,998	6.27%
LUO Junhui (Note 2 & 4)	Beneficial owner and interest of spouse	Preference share	477,296,667	26.01%
YANG Yuanwen (Note 3 & 4)	Beneficial owner	Preference share	133,333,333	7.27%

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

1. Right Day Holdings Limited is wholly owned by Wanthorpe Opportunity Fund SPC – Wanthorpe Private Equity Segregated Portfolio (“Wanthorpe SPC”). Wanthorpe SPC is a segregated portfolio company and is registered as a regulated open ended mutual fund in the Cayman Islands. Wanthorpe AAA Management Limited (“Wanthorpe AAA”) is the investment manager of Wanthorpe SPC which owns 100% of the voting management share in Wanthorpe SPC. Mr. YIN Richard Yingneng is the ultimate beneficial owner of Wanthorpe AAA.
2. Ms. LUO Junhui is the spouse of Mr. YANG Jianzun, an executive director of the Company.
3. Mr. YANG Yuanwen is the son of Mr. YANG Jianzun, an executive director of the Company.
4. All the preference shares of the Company are non-listed and non-redeemable. Pursuant to the terms of the Class A preference shares held by Right Day Holdings Limited, one Class A preference share is convertible into one ordinary share. Pursuant to the terms of the Class B preference shares held by Comtax Nominees Limited, Ms. LUO Junhui and Mr. YANG Yuanwen, one Class B preference share is convertible into one ordinary share at any time no earlier than one year from the date of issue.

Save as disclosed above, the Company had not been notified 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 as at 30 June 2013.

SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a new share option scheme (the “Scheme”) under which the Board may, at its discretion, grant options to eligible participants under the Scheme. During the Reporting Period, listing approval was granted by the Stock Exchange in respect of the Scheme. The Board is able to grant options under the Scheme carrying the right to subscribe for a maximum of 192,551,261 shares, representing 10% of the total number of ordinary shares in issue as at the date of the annual general meeting of the Company held on 6 June 2013.

No share option was granted, cancelled or lapsed during the Reporting Period and, as at 30 June 2013, there was no outstanding option.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining good corporate governance standard and practices with an emphasis on integrity, transparency and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

During the Reporting Period, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, save for the followings:

Pursuant to CG Code A.6.7, the non-executive Directors should attend general meetings. Professor Japhet Sebastian LAW was unable to attend the annual general meeting of the Company held on 6 June 2013. However, all other non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013. At the request of the Board, the Company's external auditor, Mabel Chan & Co, has carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

As at the date of this report, the Audit Committee comprises all independent non-executive Directors, namely, Mr. CHAN Loong Sang, Tommy (Chairman), Mr. WU Wai Chung, Michael and Mr. YUEN Wai Chung.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our shareholders, customers and business partners for their continuous support.

On behalf of the Board
Cypress Jade Agricultural Holdings Limited
WU Wai Chung, Michael
Chairman

Hong Kong, 28 August 2013