Oriental Unicorn Agricultural Group Limited

東 麟 農 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8120

ANNUAL REPORT

2013

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

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

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

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This annual report, for which the directors (the "Directors") of Oriental Unicorn Agricultural Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Zhou Jing *(Chairman & Chief Executive Officer)*
Mr. Lam Chun Kei

NON-EXECUTIVE DIRECTOR

Mr. Lin Chuen Chow Andy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Kam Chau
Mr. Lee Kin Fai
Ms. Cheng Lo Yee

AUDIT COMMITTEE

Mr. Siu Kam Chau *(Chairman)*
Mr. Lee Kin Fai
Ms. Cheng Lo Yee

REMUNERATION COMMITTEE

Mr. Lee Kin Fai *(Chairman)*
Mr. Lin Chuen Chow Andy
Ms. Cheng Lo Yee

NOMINATION COMMITTEE

Ms. Cheng Lo Yee *(Chairlady)*
Mr. Lin Chuen Chow Andy
Mr. Siu Kam Chau

COMPANY SECRETARY

Mr. Leung Kin Lung

AUDITOR

Cheng & Cheng Limited
Certified Public Accountants
10/F., Allied Kajima Building
138 Gloucester Road, Wanchai
Hong Kong

PRINCIPAL BANKER

Dah Sing Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited

REGISTERED OFFICE

Cricket Square
Huchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4508, 45/F
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

(which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014)

STOCK CODE

8120

WEBSITE

http://www.irasia.com/listco/hk/orientalunicorn/index.htm

Chairman's Statement

Dear Shareholders,

On behalf of Oriental Unicorn Agricultural Group Limited (the "Company", together with its subsidiaries, the "Group"), it gives me great pleasure to present to you the annual report for the year ended 31 December 2013.

RESULTS PERFORMANCE

For the year ended 31 December 2013, the Group recorded a loss attributable to the equity shareholders of the Company of approximately HK$40,053,000 (for the seventeen months period ended 31 December 2012: profit of approximately HK$59,541,000). The reason was due to (i) a significant decrease in revenue derived from the Group's feedstock and animal husbandry business in the People's Republic of China; (ii) the absence of other revenue (comprising non-refundable fee contributions from former investor, sundry income and reversal of accrued expenses) recorded in for the seventeen months period ended 31 December 2012; (iii) the absence of the gain on the scheme of arrangement (which became effective in October 2011) of approximately HK$67,494,000 recorded in for the seventeen months period ended 31 December 2012; (iv) impairment losses on property, plant and equipment; and (v) impairment losses of investing loan and trade receivables.

BUSINESS PERFORMANCE

The total revenue of the Group for the for the year ended 31 December 2013 was approximately HK$24,607,000, representing a decrease of 85% or approximately HK$136,108,000 as compared to the previous seventeen months period ended 31 December 2012, while gross loss was approximately HK$1,761,000. The reasons were that as the swine price remained at a low level, together with the declined breeding area operated by farmers around the plants, farmers generally recorded loss with tight liquidity, which posed a great challenge to the operation of feed plants, reflected by decreases in sales volume, sales price and operating loss. Jian Jun breeding farm has ceased outsourcing breeding business, resulting in a decrease in breeding stock inventory and a significant drop in risk, which in turn avoided substantial loss.

To further expand the sources of income and respond to the focus by the government towards livestock and poultry industry as demonstrated in "the 12th Five-Year Plan", the Group actively enhanced the expansion of feed business and breeding business from the second half of 2013. For the breeding business, the Group invested in a fish farm located in Sabah, Malaysia. The fish farm covers an area of about 1 million sq. ft. and specialises in the breeding of giant groupers and tiger groupers. For the feed business, the Group signed a feed supply memorandum with the Thailand duck meat producer Bangkok Ranch Group as a non-exclusive supplier of duck feed for Bangkok Ranch Group as well as to provide relevant consultancy services.

In January 2014, the Company entered into a memorandum of understanding with various independent third parties with a view to restructuring and forming a joint venture company in the PRC, for the nurture and sale of organic Wannan Black Hair Pigs, which are rare species and it is expected the business will comprise breeding, meat processing, and processing and sales of foods related to Wannan Black Hair Pigs. The Group has also agreed to acquire a wholly foreign-owned enterprise established in the PRC which is principally engaged in the provision of professional IT contract and maintenance services.

BUSINESS PROSPECTS

Looking forward, the Group will continue to strengthen the feed business and breeding business. The nationwide price of live pigs and pig-grain ratio continued to become stable. The Group holds a positive view on the future market conditions with a prudent attitude.

The Group will continue to expand the scope of our businesses and bring in new dynamics for the Group's revenue growth. The first attempts of the Group will be in the business of financial areas. The Group will also strive to focus on money lending business, information technology business, and investments in securities of listed and non-listed companies.

I would like to take this opportunity to express my sincere gratitude to the Directors, management and our staff for their contributions made to the development of the Group. At the same time, I would like to express my appreciation to our shareholders for their continued support. In return for your support, we are fully committed to do our best to bring better returns to our shareholders in the future.

Zhou Jing
Chairman and Chief Executive Officer

21 March 2014

FINANCIAL REVIEW

For the year ended 31 December 2013, Oriental Unicorn Agricultural Group Limited (the "Company") and its subsidiaries (the "Group") recorded revenue of approximately HK$24,607,000 (for the seventeen months period ended 31 December 2012: HK$160,715,000). In addition, the Group recorded a loss attributable to the equity shareholders of the Company of approximately HK$40,053,000, for the year ended 31 December 2013 (for the seventeen months period ended 31 December 2012: profit of approximately HK$59,541,000). The reasons was due to (i) a significant decrease in revenue derived from the Group's feedstock and animal husbandry business in the People's Republic of China (the "PRC"); (ii) the absence of other revenue (comprising non-refundable fee contributions from former investor, sundry income and reversal of accrued expenses) recorded in for the seventeen months period ended 31 December 2012; (iii) the absence of the gain on the scheme of arrangement (which became effective in October 2011) of approximately HK$67,494,000 recorded in for the seventeen months period ended 31 December 2012; (iv) impairment losses on property, plant and equipment; and (v) impairment losses of investing loan and trade receivables.

BUSINESS REVIEW

The total revenue of the Group for the year ended 31 December 2013 was approximately HK$24,607,000, representing a decrease of 85% or approximately HK$136,108,000 as compared to the previous seventeen months period ended 31 December 2012, while gross loss was approximately HK$1,761,000. The reasons were that as the swine price remained at a low level, together with the declined breeding area operated by farmers around the plants, farmers generally recorded loss with tight liquidity, which posed a great challenge to the operation of feed plants, reflected by decreases in sales volume, sales price and operating loss. Jian Jun breeding farm has ceased outsourcing breeding business, resulting in a decrease in breeding stock inventory and a significant drop in risk, which in turn avoided substantial loss.

During the year, through constant improvements of feeding techniques, we achieved lower and better swine mortality rate and decease rate. The feed conversion rate and meat quality were kept at relatively higher standards.

As the rate of breeding area reduction has become stable, and the PRC has increased its pork reserve with strengthened price controls, it is expected that swine price will pick up and the feeding business will recover. Through strengthening of marketing management and enhancement of customer service for the farmers, the Group made it known to the farmers that adjustment strategies were made by the Group in times of difficulties so as everyone can survive in times of difficulties. By consigning the breeding work to farmers, the advantages of the Group's quality feeds and breeding techniques are further magnified to enhance sales volume and increase profitability and income. Meanwhile, the farmers also enjoyed the benefit of increased income through the provision of funds and feed products by the Group.

As for the operation of the feed business, the Group proactively optimized its feed production and operation, while we continued to strengthen the marketing network during the period. We have established feed partnership with nearly one hundred farmers, and extended our sales coverage all over the provinces of Fujian, Guangdong and Jiangxi. With consistent qualities, environmental friendly and safe formula, the products of the Group have been well praised by the farmers. Our mission with the business concept of "helping the farmers to make money" has been well accomplished.

As announced on 28 August 2013, in order to further broaden the income sources of the Group, the Group signed a feed supply memorandum with the Thailand duck meat producer Bangkok Ranch Group as a non-exclusive supplier of duck feed for Bangkok Ranch Group as well as to provide relevant consultancy services. Bangkok Ranch Group will purchase duck feed from the Group amounted to at least HK$30,000,000 per year.

For the breeding business, the Group invested HK$16,740,000 in a fish farm located in Sabah, Malaysia as announced on 18 July 2013. The fish farm covers an area of about 1 million sq. ft. and specialises in the breeding of giant groupers and tiger groupers. In January 2014, the Group announced the investment period for this project was postponed to 26 calendar months from the start date of the investment, while the original minimum guaranteed amount was revised and raised to HK$2,015,000.

After this reporting period, the Group announced on 21 January 2014 that a memorandum of understanding was signed with the proposed joint venture companies Wujia Dayuan Livestock Husbandry Company Limited, You Chunping and Wu Mingliang, with a view to restructure and transform the joint venture business. The plan is to transform from the current business model of breeding and selling of organic Wannan Black Hair Pigs to a fully integrated chain with breeding, meat processing, and processing and sales of foods related to Wannan Black Pigs. The Group has also agreed to acquire a wholly foreign-owned enterprise, "易寶電腦系統（北京）有限公司", established in the PRC which is principally engaged in the provision of professional IT contract and maintenance services (the "PRC IT Company"). The acquisition has not been completed, subject to the completion of relevant regulatory processes regarding to the transfer of entire registered capital of the target company to the Group.

As at 31 December 2013, the Group had listed investment of HK$31,650,000 and recorded a gain on change in fair value during the year of approximately HK$27,862,000.

OUTLOOK

Looking forward, the Group will continue to strengthen the two major businesses, namely feed business and breeding business. The regulation and control effect of the program of cold pork storage launched by National Development and Reform Commission begins to show. The nationwide price of live pigs and pig-grain ratio continued to become stable. The Group holds a positive view on the future market conditions with a prudent attitude. The Group will continue to uplift our service standards to farmers and increase our competitiveness in the market through optimizing product qualities, strengthening business operation and improving marketing management. With the extension of investment period and the increase of the original minimum guarantee amount for the investment of fish farm in Malaysia, the Group is going to strengthen the development of the business with more resources. Meanwhile, the Group will also actively consider the implementation of the cooperation in feed supply with the Thai duck meat producer Bangkok Ranch Group.

The Group will continue to expand the scope of our businesses and bring in new dynamics for the Group's revenue growth. The first attempts of the Group will be in the business of financial areas. For more effective management of financial resources, we are actively considering various projects of higher returns, including the money lending business and the investments in securities of listed and non-listed companies. Meanwhile, the Group will continue to identify potential business and investment opportunities, and is actively considering the development of business in information technology, with a view to increase the sources of income and bring higher returns to the shareholders.

MATERIAL ACQUISITIONS

On 18 July 2013, Keen Profit Development Limited ("New Investor"), an indirect wholly-owned subsidiary of the Company, entered into a deed of novation ("Novation Deed") with Successful Treasure Investments Limited ("Investor") and ENRICH MARINE SDN. BHD. ("EMSB"). Pursuant to the Novation Deed, in consideration of the payment of HK$16,740,000 paid by the New Investor to the Investor, the Investor shall be released and discharged from its liabilities and obligations under the Investment Agreement and the New Investor shall assume all liabilities and obligations of the Investor under the investment agreement dated 25 April 2012 ("Investment Agreement") entered into between the Investor and EMSB in relation to the operation of a fish farm owned and operated by EMSB in Sabah, Malaysia and shall be entitled to all rights, title and interest under and pursuant to the Investment Agreement in lieu of the Investor.

On 3 January 2014, the New Investor and EMSB entered into an extension agreement ("Extension Agreement") to the Investment Agreement, pursuant to which the parties have agreed to extend the investment period under the Investment Agreement to 26 calendar months from the date of the commencement of the investment under the Investment Agreement, and the original minimum guaranteed amount of HK$1,550,000 under the Investment Agreement has been revised upward to HK$2,015,000 to reflect the New Investor's shared profit pursuant to the extension of the Investment Period.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group had cash and bank balances of approximately HK$37,773,000 (2012: HK$1,598,000) and net current assets of approximately HK$68,095,000 (2012: HK$707,000). Current ratio (defined as total current assets divided by total current liabilities) was 5.49 times (2012: 1.04 times).

As at 31 December 2013, the Group had bank borrowings of approximately HK$3,805,000 (2012: HK$3,682,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

The Group had no convertible notes as at 31 December 2013 (2012: HK$8,753,000). The Group's gearing ratio, which is calculated on the basis of the Group's total liabilities to the total assets, as at 31 December 2013 was 15% (2012: 30%).

CAPITAL STRUCTURE

As at 31 December 2013, the Group had shareholders' equity of approximately HK$87,111,000 (2012: HK$46,898,000)

Placing of new shares under general mandate

On 27 May 2013, the Company entered into the placing agreement with CNI Securities Group Limited and Win Fung Securities Limited (the "Placing Agents"), pursuant to which the Company had conditionally agreed to place, through the Placing Agents on a best endeavour basis, in aggregate, up to 83,160,000 new shares at HK$0.5 per placing share. The completion of the placing took place on 17 June 2013 whereby 78,000,000 new shares were placed. The net proceeds of approximately HK$37,200,000 from the placing were intended to be used as to approximately of HK$30,000,000 for the investment and development of certain agricultural related projects, including but not limited to, plantation and green development, processing, production and marketing projects, animal husbandry and aquaculture projects and organic ecological agriculture and food processing projects, and as to approximately to HK$7,200,000 for the general working capital of the Group.

Placing of new shares under specific mandate

On 30 August 2013, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company had conditionally agreed to place, through the Placing Agent on a best effort basis, up to 200,000,000 new shares at HK$0.165 per placing share. The completion of the placing took place on 28 October 2013. The net proceeds of approximately HK$31,900,000 from the placing were intended to be used as to approximately of HK$26,000,000 for the investment and development of the new duck feed business, and as to approximately to HK$5,900,000 for the general working capital of the Group.

Share consolidation

On 16 December 2013, the Company announced the proposed share consolidation on the basis that every four issued and unissued existing shares of HK$0.04 each would be consolidated into one consolidated share of HK$0.16 each.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the year ended 31 December 2013, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies used by the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including swaps and forwards will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations.

CHARGES OF GROUP ASSETS

As at 31 December 2013, the Group's bank borrowings were secured by charge on its land use right in the PRC with the carrying amount of approximately HK$1,077,000 (31 December 2012: approximately HK$1,064,000).

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had approximately 47 employees excluding directors (31 December 2012: 72) in Hong Kong and the PRC. Remuneration to employees and directors are based on performance, qualification, experience and the prevailing industry practice. Other benefits to its employees in Hong Kong include contributions to statutory mandatory provident fund scheme and the employees in the PRC are included in the statutory central pension schemes and additional requirements in the PRC.

EXECUTIVE DIRECTORS

Mr. Zhou Jing ("Mr. Zhou"), aged 55, was appointed as an executive Director with effect from 19 June 2013. He is also the chairman of the Board and the chief executive officer of the Company. Mr. Zhou Jing joined the Group in May 2013 as the general manager of the Company and is also a director of a subsidiary of the Company. Mr. Zhou obtained a Bachelor of Engineering from Wuhan Institute of Building Materials (武漢建築材料工業學院, now known as Wuhan University of Technology) in December 1982 and subsequently obtained a Master of Technology degree from Wuhan University of Technology in July 1987. Thereafter Mr. Zhou had worked in various departments in the Central People's Government, the People's Republic of China ("PRC") between 1987 to 1994. Mr. Zhou had served as a factory manager, vice general manager and general manager in various state-owned enterprises in the PRC from May 1994 to August 2004. Between August 2004 to April 2013 Mr. Zhou held various positions in 北京中恒泰投資有限公司 (China Zhong Heng Tai Investment Company Limited), a company established with the approval of the National Development and Reform Commission of the PRC (中華人民共和國國家發展改革委員會) and from February 2006 to April 2013, Mr. Zhou held a concurrent post of general manager of China Zhong Heng Tai Investment (Suriname) N.V. (中國中恒泰投資(蘇里南)有限公司), a company established by China Zhong Heng Tai Investment Company Limited, in Suriname. Mr. Zhou has more than 10 years' experience in cultivation, processing technology research and investment management in the field of agriculture and forestry.

Mr. Lam Chun Kei ("Mr. Lam"), aged 38, was appointed as an executive Director with effect from 20 February 2014. He is also the authorised representative and process agent of the Company. He is also a director of the subsidiaries of the Company. Mr. Lam holds a bachelor degree in Accountancy from the City University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Lam has over 16 years of experience in accounting, auditing and financial management and previously worked in an international accounting firm and a listed group. Prior to joining the Group, Mr. Lam was the company secretary and the financial controller of Jun Yang Solar Power Investments Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 0397).

NON-EXECUTIVE DIRECTOR

Mr. Lin Chuen Chow Andy ("Mr. Lin"), aged 39, was appointed as an independent non-executive Director on 4 December 2013 and re-designated as non-executive director with effect from 20 February 2014. He is also a member of the nomination committee and the remuneration committee of the Company. Mr. Lin is an affiliate member of Hong Kong Securities and Investment Institute ("HKSI") and has obtained the HKSI Specialist Certificates in Securities and Asset Management. Mr. Lin is now studying for a degree course in Bachelor of Arts (Hons) Business Management in the University of Wales. Mr. Lin is an executive director and general manager of Neptune Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 70). Mr. Lin had worked in the Administration Department of the Stock Exchange for a period more than thirteen years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Kam Chau ("Mr. Siu"), aged 49, was appointed as an independent non-executive Director with effect from 24 May 2013. He is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Siu graduated from the City University of Hong Kong with a bachelor degree in accountancy. Mr. Siu is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practising) in Hong Kong. Mr. Siu has over 24 years of working experience in auditing, accounting, company secretarial and corporate finance functions. Mr. Siu is currently an executive director and the company secretary of Jun Yang Solar Power Investments Limited (Stock Code: 397), a company listed on the Main Board of the Stock Exchange and an independent non-executive director of three companies whose shares are listed on the Main Board of the Stock Exchange, namely China New Economy Fund Limited (Stock Code: 0080), Wang On Group Limited (Stock Code: 1222) and Deson Development International Holdings Limited (Stock Code: 262).

Mr. Lee Kin Fai ("Mr. Lee"), aged 41, was appointed as an independent non-executive Director with effect from 24 May 2013. He is also the chairman of the remuneration committee and a member of the audit committee. Mr Lee obtained a master degree in business administration from the Manchester Business School of University of Manchester in United Kingdom. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee is currently an independent non-executive director of Oriental City Group Holdings Limited (Stock Code: 8325) and First Credit Finance Group Limited (Stock Code: 8215), both companies are listed on the GEM Board of the Stock Exchange. He was also an independent non-executive director of DX.com Holdings Limited (formerly known as EPRO Limited) (Stock Code: 8086), a company listed on the GEM Board of the Stock Exchange, from November 2010 to December 2011.

Ms. Cheng Lo Yee ("Ms. Cheng"), aged 58, was appointed as an independent non-executive Director with effect from 20 February 2014. She is also the chairlady of the nomination committee of the Company and a member of the audit committee and the remuneration committee. Ms. Cheng was employed by the Hong Kong Government as an Executive Officer from 1978 to 1992 and worked in various government departments including the Home Affairs Department, Social Welfare Department, Government Secretariat, and Office of Members of the Executive and Legislative Council (now called Legislative Council of the HKSAR). Her last rank was Senior Executive Officer. Ms Cheng obtained a Bachelor of Arts in Business and Finance with Honours from the University of Portsmouth of England in 2003.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in information of Directors are set out below:

Name of Director		Details of changes
Mr. Zhou Jing	–	the total emoluments for the year ended 31 December 2013 was approximately HK$544,000
Mr. Lin Chuen Chow Andy	–	the total emoluments for the year ended 31 December 2013 was approximately HK$9,000
Mr. Siu Kam Chau	–	appointed as an independent non-executive director of Deson Development International Holdings Limited (Stock Code: 262), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 14 March 2014
	–	the total emoluments for the year ended 31 December 2013 was approximately HK$73,000
Mr. Lee Kin Fai	–	appointed as an independent non-executive director of First Credit Finance Group Limited (Stock Code: 8215), the shares of which are listed on the GEM Board of the Stock Exchange, with effect from 5 June 2013
	–	the total emoluments for the year ended 31 December 2013 was approximately HK$73,000

Oriental Unicorn Agricultural Group Limited (the "Company") is committed to maintaining good corporate governance and to instituting procedures to ensure integrity, transparency and quality of information disclosed thereby enhancing the value of the Company for its shareholders.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2013, the Company has adopted and complied with the code provision (the "Code Provision") as set out in the "Corporate Governance Code" contained in Appendix 15 (the "Code") of the GEM Listing Rules except for Code Provision A.2.1 in respect of the role separation of chairman and chief executive officer and A.4.1 in respect of specific term of non-executive directors.

The deviation from the Code Provisions will be explained below. The Company aims to comply with all the Code Provision and will review and update the current practices of the corporate governance regularly in order to achieve the aims.

The Code Provisions A.2.1 requires the position of the chairman and the chief executive officer be held separately by two individuals to ensure their independence, separate accountability and responsibilities. The chairman of the Company is responsible for the overall leadership of the Company and for strategies and planning of the Group. The chief executive officer is responsible for the day-to-day management of the Group's business and operations.

Mr. Zhou Jing assumes the role of both the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions.

The Code Provision A.4.1 requires that non-executive directors be appointed for a specific term, subject to re-election. As at 31 December 2013 and up to date of this report, all the appointment of non-executive directors (including independent non-executive directors) complied with Code Provision A.4.1. During the year, resigned or retired independent non-executive directors, Ms. Liao Aimin, Ms. Wong Yan Ki, Angel, Mr. Li Jingxing and resigned non-executive director, Ms. Wong Moon Ha were not appointed for specific term, they are subject to retirement by rotation at least once every three years at the annual general meeting and offer themselves for re-election in accordance with the Company's Articles of Association. This means that the term of appointment of the directors, including non-executive directors, cannot exceed three years. As such, the Company considers that sufficient measure have been taken to ensure that the Company's corporate governance are no less exacting than those in the Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the year ended 31 December 2013.

BOARD OF DIRECTORS (THE "BOARD")

The Board is responsible for the leadership and control of the Company and for overseeing the business of the Group. The Board has delegated authority and responsibility to the senior management for the day-to-day operations of the Group. Key matters will remain as the responsibility of the Board whose approval will be required. In addition, the Board has also delegated responsibilities to various management committees. Details of those committees are set out in this corporate governance report.

The Directors during the year ended 31 December 2013 and up to the date of this report were:

Executive Directors:

Mr. Zhou Jing (appointed on 19 June 2013)
Mr. Lam Chun Kei (appointed on 20 February 2014)
Ms. Tam Wai Chi (appointed on 27 August 2013 and resigned with effect from 20 February 2014)
Mr. Zhang Xiaobin (resigned with effect from 5 February 2014)
Mr. Li Wing Chiu (resigned with effect from 18 November 2013)
Mr. Wang Zhiming (resigned with effect from 21 October 2013)
Mr. Wong Sai Wa (resigned with effect from 31 March 2013)

Non-executive Directors:

Mr. Lin Chuen Chow Andy (appointed as independent non-executive director on 4 December 2013 and re-designated as non-executive director on 20 February 2014)
Ms. Wong Moon Ha (resigned with effect from 31 March 2013)

Independent non-executive Directors:

Mr. Siu Kam Chau (appointed on 24 May 2013)
Mr. Lee Kin Fai (appointed on 24 May 2013)
Ms. Cheng Lo Yee (appointed on 20 February 2014)
Ms. Liao Aimin (resigned with effect from 4 December 2013)
Ms. Wong Yan Ki, Angel (retired on 24 May 2013)
Mr. Li Jingxing (retired on 24 May 2013)

Details of the members of the Board are provided under the "Profiles of Directors and Senior Management" on pages 10 to 12 of this annual report.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company has arranged a training course conducted by the professional firm in December 2013 relating to the Listing Rules. Mr. Zhou Jing, Mr. Zhang Xiaobin, Mr. Siu Kam Chau, Mr. Lee Kin Fai and Mr. Lin Chuen Chow Andy attended this seminar. In addition, Ms. Tam Wai Chi, Mr. Siu Kam Chau and Mr. Lee Kin Fai also attended relevant seminars arranged by a number of professional firms.

During the year ended 31 December 2013, all Directors participated in the continuous professional development in relation to update, the duties and responsibility of the Directors and the business of the Group by reading journals and relevant updates.

INDEPENDENCE

Independent non-executive Directors are required to give an annual confirmation of their independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. This practice is being observed and the Company considers the independent non-executive directors to be independent.

BOARD MEETINGS AND BOARD COMMITTEES MEETINGS

29 board meetings were held during the year ended 31 December 2013. The Directors use their best endeavour to ensure that for all board meetings to be held, board minutes are kept by the secretary of the Company (the "Secretary"), and be open for inspection by the Directors. Every Director is entitled to have access to the board papers and related materials and have unrestricted access to the advice and services of the Secretary, and have the liberty to seek external professional advice if so required.

The Board has established three Board Committees, namely Audit Committee, Remuneration Committee and Nomination Committee.

The attendance of the Directors at the board meetings and the meetings of full Board Committees are as follows:

Names of Directors	No. of meetings attended/eligible to attend Board Meeting	Annual General Meeting	Extra-ordinary General Meeting
Executive Directors:			
Mr. Zhou Jing (appointed on 19 June 2013)	20/20	0/0	0/2
Mr. Lam Chun Kei (appointed on 20 February 2014)	0/0	0/0	0/0
Ms. Tam Wai Chi (appointed on 27 August 2013 and resigned with effect from 20 February 2014)	13/13	0/0	2/2
Mr. Zhang Xiaobin (resigned with effect from 5 February 2014)	29/29	0/1	0/2
Mr. Li Wing Chiu (resigned with effect from 18 November 2013)	25/25	1/1	0/2
Mr. Wang Zhiming (resigned with effect from 21 October 2013)	19/20	0/1	0/2
Mr. Wong Sai Wa (resigned with effect from 31 March 2013)	4/4	0/0	0/0
Non-executive Directors:			
Mr. Lin Chuen Chow, Andy (appointed as independent non-executive director on 4 December 2013 and re-designated as non-executive director on 20 February 2014)	3/3	0/0	0/0
Ms. Wong Moon Ha (resigned with effect from 31 March 2013)	4/4	0/0	0/0
Independent non-executive Directors:			
Mr. Siu Kam Chau (appointed on 24 May 2013)	21/22	0/0	2/2
Mr. Lee Kin Fai (appointed on 24 May 2013)	22/22	0/0	1/2
Ms. Cheng Lo Yee (appointed on 20 February 2014)	0/0	0/0	0/0
Ms. Liao Aimin (resigned with effect from 4 December 2013)	26/26	1/1	0/2
Ms. Wong Yan Ki, Angel (retired on 24 May 2013)	7/7	0/1	0/0
Mr. Li Jingxing (retired on 24 May 2013)	7/7	0/1	0/0

AUDIT COMMITTEE

Audit Committee of the board of Directors was established on 26 October 2011, written terms of reference were adopted in compliance with the GEM Listing Rules. The main functions of the Audit Committee of the Company is to recommend to the Board on the appointment, reappointment and removal of the external auditors; to approve the remuneration and terms of engagement of the external auditors as well as any questions of resignation or dismissal of such auditors; to review the quarterly, interim and annual reports and accounts of the Group; and to oversee the Company's financial reporting and internal control procedures.

The Audit Committee of the Company consists of three independent non–executive Directors, namely, Mr. Siu Kam Chau (chairman of the Committee), Mr. Lee Kin Fai and Ms. Cheng Lo Yee with written terms of reference in compliance with the Rule 5.28 to 5.33 to the GEM Listing Rules. The Audit Committee held five meetings during the year. The Audit Committee has reviewed the final results for the year ended 31 December 2013 and also the quarterly and interim results during the year ended 31 December 2013.

The members and attendance of the Audit Committee for the year ended 31 December 2013 are as follows (the date of change mentioned below related to the change of Audit Committee members):

Name of Audit Committee member	**Number of meetings attended/eligible to attend**
Mr. Siu Kam Chau (appointed on 24 May 2013)	2/2
Mr. Lee Kin Fai (appointed on 24 May 2013)	2/2
Ms. Cheng Lo Yee (appointed on 20 February 2014)	0/0
Mr. Lin Chuen Chow, Andy (appointed on 4 December 2013 and ceased on 20 February 2014)	0/0
Ms. Liao Aimin (resigned with effect from 4 December 2013)	5/5
Ms. Wong Yan Ki, Angel (retired on 24 May 2013)	3/3
Mr. Li Jingxing (retired on 24 May 2013)	3/3

REMUNERATION COMMITTEE

Remuneration Committee of the board of Directors was established on 26 October 2011. Written terms of reference were adopted in compliance with the GEM Listing Rules. The Remuneration Committee of the Company, with the majority of its members being independent non-executive Directors, is mainly responsible for making recommendations to the Board on the remuneration system of the Company. The Remuneration Committee has to consult the chairman and/or the chief executive officer of the Company on their proposals relating to the remuneration of other executive Directors. The Remuneration Committee may seek independent professional advice as it considers necessary in respect of its function.

The Remuneration Committee of the Company consists of two independent non-executive Directors, namely Mr. Lee Kin Fai (chairman of the Committee), Ms. Cheng Lo Yee and a non-executive Director, Mr. Lin Chuen Chow Andy. During the year ended 31 December 2013, the Remuneration Committee held three meetings and reviewed the remuneration package of the Directors and the senior management of the Group with reference to the level of responsibilities of the individual director, the scope of operation of the Group as well as the prevailing market conditions.

The members and attendance of the Remuneration Committee for the year ended 31 December 2013 are as follows (the date of change mentioned below related to the change of Remuneration Committee members):

Name of Remuneration Committee member	Number of meetings attended/eligible to attend
Mr. Zhou Jing (appointed on 21 October 2013 and ceased on 20 February 2014)	1/1
Mr. Lee Kin Fai (appointed on 24 May 2013)	2/2
Ms. Cheng Lo Yee (appointed on 20 February 2014)	0/0
Mr. Lin Chuen Chow, Andy (appointed on 4 December 2013)	0/0
Ms. Liao Aimin (resigned with effect from 4 December 2013)	3/3
Mr. Wang Zhiming (resigned with effect from 21 October 2013)	2/2
Ms. Wong Yan Ki, Angel (retired on 24 May 2013)	1/1

NOMINATION COMMITTEE

Nomination Committee of the board of Directors was established on 26 October 2011. Written terms of reference were adopted in compliance with the GEM Listing Rules. The Nomination Committee of the Company is responsible for reviewing the structure, size and composition of the Board, identifying suitable candidates for directorship, assessing the independence of independent non-executive Directors, and making recommendations to the Board regarding any proposed appointment and re-appointment.

The Nomination Committee recognises the importance and the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. It will identify the suitability of candidates on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

The nomination committee consists of two independent non-executive Directors, namely Ms. Cheng Lo Yee (chairlady of the Committee), Mr. Siu Kam Chau and a non-executive Director, Mr. Lin Chuen Chow Andy.

During the year ended 31 December 2013, the Nomination Committee of the Company held four meetings and has reviewed the structure, size and composition of the Board.

The members and attendance of the Nomination Committee for the year ended 31 December 2013 are as follows (the date of change mentioned below related to the change of Nomination Committee members):

Name of Nomination Committee member	**Number of meetings attended/eligible to attend**
Mr. Zhou Jing (appointed on 18 November 2013 and ceased on 20 February 2014)	1/1
Mr. Siu Kam Chau (appointed on 24 May 2013)	3/3
Ms. Cheng Lo Yee (appointed on 20 February 2014)	0/0
Mr. Lin Chuen Chow, Andy (appointed on 4 December 2013)	0/0
Ms. Liao Aimin (resigned with effect from 4 December 2013)	4/4
Mr. Li Wing Chiu (resigned with effect from 18 November 2013)	3/3
Mr. Li Jingxing (retired on 24 May 2013)	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code Provision B.1.5, the remuneration of the members of senior management (comprising Executive Directors) of the Company for the year ended 31 December 2013 by band is as follows:

	Number of individuals
Nil to HK$1,000,000	5
HK$1,000,000 to HK$2,000,000	1

Further particulars in relation to Directors' remuneration and the five highest paid individuals are set out in notes 11 (a) and (b) to the consolidated financial statements respectively.

CORPORATE GOVERNANCE FUNCTIONS

The Directors are responsible for performing the corporate governance duties as to develop and review the Company's policies and practices on corporate governance, make recommendations to the Board, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. Also, the Directors are responsible to review the Company's compliance with the Code and its disclosure requirements in the Corporate Governance Report and develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and to review and monitor the training and continuous professional development of directors.

The Board has reviewed the Group's policies and practices on corporate governance practices and compliance with legal and regulatory requirements including compliance with the Code for the year ended 31 December 2013.

INTERNAL CONTROL

The Directors have the overall responsibility for devising the Company's system for internal control and for conducting an annual review of the effectiveness of its operations. This will ensure that the Directors will oversee and monitor the Group's overall financial position so that the interests of the shareholders are well protected and covered. The internal control system covers the financial, operational, compliance and risk management areas of the Group's business. During the year ended 31 December 2013, the Board has carried out evaluation and assessment of the effectiveness of the Group's internal control system.

COMMUNICATIONS WITH SHAREHOLDERS

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including quarterly, interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (http://www.irasia.com/listco/hk/orientalunicorn/index.htm).

The shareholders' meeting provides a useful channel for shareholders to communicate directly with the Board which the directors are available to answer questions related to the Company's affairs.

The procedures to elect directors were uploaded to the Company's website (http://www.irasia.com/listco/hk/orientalunicorn/index.htm).

The latest version of the Company's Memorandum and Articles of Association can be downloaded from the website of the Company or the Stock Exchange website.

The Company will continue to improve the communication with investors and to provide them more opportunities to understand the business of the Company.

AUDITOR'S REMUNERATION

During the year ended 31 December 2013, the remuneration in respect of audit services and non-audit services provided by the Company's auditor, Cheng & Cheng Limited, Certified Public Accountants, is set out below:

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Services rendered		
– Audit services		
Cheng & Cheng Limited	**320**	300
PKF Hong Kong	**–**	10
– Non audit services		
PKF Hong Kong	**–**	81

COMPANY SECRETARY

The Company Secretary is an employee of the Group and has day-to-day knowledge of the Group's affairs. During the year, the Company Secretary complied with the qualification and training requirements under the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting ("EGM")

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the Articles of Association of the Company, shareholders holding not less than 10% of the paid-up capital of the Company can convene an EGM by depositing a requisition in writing to the Directors or the Company Secretary of the Company for the purpose of requiring the convening of the EGM. The written requisition shall be deposited to the Company's office at Unit 4508, 45/F, The Center, 99 Queen's Road Central, Hong Kong.

Procedures for Shareholders to send enquiries to the Board

The Company is committed to regular and proactive communication with its shareholders. It has adopted a policy of disclosing clear, adequate and relevant information to Shareholders in a timely manner through various channels. The Company has complied with the GEM Listing Rules by posting announcements, notices, quarterly, interim and annual reports as well as shareholders' circulars on the respective websites of the Stock Exchange and the Company (http://www.irasia.com/listco/hk/orientalunicorn/index.htm).

Shareholders are encouraged to communicate with the Company for any enquiries in relation to the Group, or for putting forward any proposals at a shareholders' meeting:

Address:	Unit 4508, 45/F, The Center, 99 Queen's Road Central, Hong Kong
Telephone no.:	(852) 2116 1218
Fax no.:	(852) 2151 1872
Attention:	The Board of Directors/The Company Secretary

Procedures for Shareholders to propose a person for election as a Director

The following procedures are subject to the Articles of Association and applicable legislation and regulations.

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of Director(s), wishes to propose a person (other than the member himself/herself) for election as a Director at that meeting, he/she/it can deposit a written notice to the following address:

Head office and principal place of business of the Company in Hong Kong

Unit 4508, 45/F,
The Center,
99 Queen's Road Central, Hong Kong

In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by Rule 17.50(2) of the GEM Listing Rules, and be signed by the Shareholder concerned together with a written notice of the person proposed for election as a Director indicating his/her willingness to be elected.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in the preparation of the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and in presenting the quarterly, interim and annual financial statements, and announcements to shareholders, the Directors aim at presenting a balanced, cleared and comprehensive assessment of the Company's performance, its current position and future prospects. The respective responsibilities of the Directors and auditors of the Company in respect of the preparation of the consolidated financial statements are set out in the independent auditor's report on pages 32 and 33 of this annual report.

The directors (the "Directors") of Oriental Unicorn Agricultural Group Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 34 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the year ended 31 December 2013 is set out in note 7 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2013 and the state of affairs of the Company and of the Group as at the year end date are set out in the consolidated financial statements on pages 34 to 96 of this annual report.

DIVIDEND

The Directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2013 (for the seventeen months period ended 31 December 2012: Nil).

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2013 are set out in note 34 to the consolidated financial statements.

CONVERTIBLE NOTES

3-year zero coupon convertible notes in aggregate principal amount of HK$22,000,000 at a conversion price of HK$0.2 were issued on 26 October 2011. During the year ended 31 December 2013, a principal sum of HK$11,840,000 of the convertible notes issued by the Company was converted into 59,200,000 shares of the Company. There were no convertible notes as at 31 December 2013.

Save as aforesaid, the Company has no outstanding convertible securities, options, warrants or similar rights as at 31 December 2013. Save as disclosed above, there has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the last five financial years is set out below:

RESULTS

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000	1.8.2010 to 31.7.2011 HK$'000	1.8.2009 to 31.7.2010 HK$'000	1.8.2008 to 31.7.2009 HK$'000
Turnover	**24,607**	160,715	86,304	35,285	1,965
(Loss)/profit from operating activities	**(11,815)**	6,179	3,064	(179)	(49,341)
Finance costs	**(310)**	(2,661)	(341)	(1,347)	(32,985)
Gain on the scheme	**–**	67,494	–	–	–
Gain on deconsolidation of subsidiaries	**–**	401	36,191	3,187	9,497
Assets impairment	**(27,758)**	–	–	–	(24,814)
Restructuring cost	**–**	(9,867)	–	–	–
(Loss)/profit before tax	**(39,883)**	61,546	38,914	1,661	(97,643)
Income tax	**(170)**	(2,005)	(2,557)	(1,461)	–
(Loss)/profit for the year/period	**(40,053)**	59,541	36,357	200	(97,643)
(Loss)/profit attributable to					
Equity shareholders of the Company	**(40,053)**	59,541	36,339	200	(97,643)
Non-controlling interests	**–**	–	18	–	–
	(40,053)	59,541	36,357	200	(97,643)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000	As at 31.7.2011 HK$'000	As at 31.7.2010 HK$'000	As at 31.7.2009 HK$'000
Total assets	**102,285**	66,891	39,735	11,626	13,052
Total liabilities	**(15,174)**	(19,993)	(155,430)	(172,871)	(173,644)
Non-controlling interests	**–**	–	(5,878)	–	–
	87,111	46,898	(121,573)	(161,245)	(160,592)

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital during the year are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES

The Company's new share option scheme (the "2013 Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the extraordinary general meeting of the Company held on 30 September 2013. Under the 2013 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for the shares.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2013 Share Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed 10 % of the total number of shares in issue on 30 September 2013 unless the Company obtains a refresh approval from its shareholders. Option lapsed in accordance with the terms of the 2013 Share Option Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the limit has been exceeded.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company (or the subsidiary) shall not exceed 30% of the total number of shares in issue from time to time. No options may be granted under any share option schemes of the Company (or the Subsidiary) if this will result in the limit being exceeded.

The 2013 Share Option Scheme will remain in force for a period of ten years commencing from 30 September 2013.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

No share option was granted under any option scheme of the Company to any person during the year.

As at 31 December 2013, no person had any interest in option under any share option scheme to subscribe for shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's by law or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities or the securities of the Company's subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2013.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 39.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2013, sales amount to the Group's five largest customers accounted for 33% of the total sales amount of the Group, whilst the largest customer of the Group accounted for approximately 11% of the total sales amount of the Group. Purchases from the Group's five largest suppliers accounted for all of the total purchases amount of the Group, whilst the largest supplier of the Group accounted for approximately 65% of the total purchases amount of the Group.

As far as the Directors are aware, none of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the five largest customers and suppliers of the Group.

BANK BORROWINGS

Details of bank borrowings of the Group are set out in note 24 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Zhou Jing (appointed on 19 June 2013)
Mr. Lam Chun Kei (appointed on 20 February 2014)
Ms. Tam Wai Chi (appointed on 27 August 2013 and resigned with effect from 20 February 2014)
Mr. Zhang Xiaobin (resigned with effect from 5 February 2014)
Mr. Li Wing Chiu (resigned with effect from 18 November 2013)
Mr. Wang Zhiming (resigned with effect from 21 October 2013)
Mr. Wong Sai Wa (resigned with effect from 31 March 2013)

Non-executive Directors:

Mr. Lin Chuen Chow Andy (appointed as independent non-executive director on 4 December 2013 and re-designated as non-executive director on 20 February 2014)
Ms. Wong Moon Ha (resigned with effect from 31 March 2013)

Independent non-executive Directors:

Mr. Siu Kam Chau (appointed on 24 May 2013)
Mr. Lee Kin Fai (appointed on 24 May 2013)
Ms. Cheng Lo Yee (appointed on 20 February 2014)
Ms. Liao Aimin (resigned with effect from 4 December 2013)
Ms. Wong Yan Ki, Angel (retired on 24 May 2013)
Mr. Li Jingxing (retired on 24 May 2013)

In accordance with Article of Association 116 of the Company and comply with the requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, Mr. Zhou Jing and Mr. Lin Chuen Chow Andy will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Zhou Jing has entered into a service contract with the Company for a fixed term of two years until 30 April 2015.

Mr. Lin Chuen Chow Andy has entered into a letter of appointment with the Company for a fixed term of one year commencing from 20 February 2014.

Mr. Siu Kam Chau has entered into a letter of appointment with the Company for a fixed term of one year commencing from 24 May 2013.

Mr. Lee Kin Fai has entered into a letter of appointment with the Company for a fixed term of one year commencing from 24 May 2013.

Ms. Cheng Lo Yee has entered into a letter of appointment with the Company for a fixed term of one year commencing from 20 February 2014.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Profiles details of the Directors and the senior management as at the date of this annual report are set out on pages 10 to 12 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from independent non-executive Directors, an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers them to be independent.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES OF THE COMPANY

As at 31 December 2013, none of the Directors and chief executive of the Company had any interests or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

As at 31 December 2013, none of the Directors had short positions in the shares or underlying shares of equity derivatives of the Company and no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' Interests in Securities of the Company" above, at no time during the year was the Company or any of its holding companies or subsidiaries a party to any arrangements which enabled the Company's Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 December 2013, in so far as known to the directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no persons (not being directors and chief executives of the Company) had 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 31 December 2013, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Board is not aware of any material connected transactions during the year ended 31 December 2013.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective associates had any interest in any business, which competes with or may compete with the business of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a public float as prescribed under the GEM Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the corporate governance report on pages 13 to 23 of this annual report.

SIGNIFICANT SUBSEQUENT EVENTS

Significant subsequents events are set out in note 37 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2013 were audited by Cheng & Cheng Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Zhou Jing
Chairman and Chief Executive Officer

Hong Kong, 21 March 2014

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭 鄭 會 計 師 事 務 所 有 限 公 司
10/F., Allied Kajima Building,
138 Gloucester Road, Wanchai, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENTAL UNICORN AGRICULTURAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Oriental Unicorn Agricultural Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 96, which comprise the consolidated and Company's statements of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2013, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

AUDITOR'S RESPONSIBILITY *(continued)*

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year ended 31 December 2013 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Cheng & Cheng Limited
Certified Public Accountants (Practising)
Y.Y. Li, Alice
Practising Certificate Number P03373

21 March 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000
Turnover	8	**24,607**	160,715
Cost of sales		**(26,368)**	(142,177)
Gross (loss)/profit		**(1,761)**	18,538
Other income	8	**245**	6,142
Gain on bargain purchase	31	**–**	1,853
Selling and distribution costs		**(660)**	(3,079)
General and administrative expenses		**(36,527)**	(17,254)
Change in fair value of biological assets less cost to sell	18	**(974)**	(21)
Change in fair value of financial assets through profit or loss	23	**27,862**	–
(Loss)/profit from operating activities	9	**(11,815)**	6,179
Finance costs	10	**(310)**	(2,661)
Gain on the scheme	32	**–**	67,494
Gain on deconsolidation of subsidiaries	30	**–**	401
Impairment losses of goodwill	17	**(891)**	–
Impairment losses of property, plant and equipment	15	**(26,867)**	–
Restructuring costs		**–**	(9,867)
(Loss)/profit before tax		**(39,883)**	61,546
Income tax	13(a)	**(170)**	(2,005)
(Loss)/profit for the year/period		**(40,053)**	59,541
Other comprehensive income for the year/period			
– Release of exchange fluctuation reserve upon deconsolidation of subsidiaries		**–**	(20)
– Exchange differences arising on translation of financial statements of overseas subsidiaries		**1,769**	89
Total comprehensive (loss)/income for the year/period		**(38,284)**	59,610
(Loss)/profit for the year/period attributable to:			
– Equity shareholders of the Company		**(40,053)**	59,541
Total comprehensive (loss)/income for the year/period attributable to:			
– Equity shareholders of the Company		**(38,284)**	59,610
(Loss)/earnings per share	14	**HK Cents**	HK Cents (Restated)
Basic		**(33.03)**	84.76
Diluted		**(33.03)**	74.88

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**17,752**	44,018
Prepaid lease payments	16	**1,054**	1,033
Goodwill	17	**–**	891
Biological assets	18	**210**	249
		19,016	46,191
CURRENT ASSETS			
Biological assets	18	**878**	312
Inventories	19	**43**	763
Trade receivables	20	**6,140**	16,395
Deposits, prepayments and other receivables	21	**2,127**	1,632
Loan and interest receivables	22	**4,658**	–
Financial assets at fair value through profit or loss	23	**31,650**	–
Cash and bank balances		**37,773**	1,598
		83,269	20,700
CURRENT LIABILITIES			
Bank borrowings	24	**3,805**	3,682
Trade payables	25	**3,804**	2,574
Convertible notes	26	**–**	8,753
Other payables and accruals	27	**7,428**	1,598
Amount due to an investor		**124**	124
Amount due to a director	28	**–**	2,500
Income tax payable		**13**	253
Deferred tax liabilities	13(b)	**–**	509
		15,174	19,993
NET CURRENT ASSETS		**68,095**	707
NET ASSETS		**87,111**	46,898

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2013

	Note	**2013**	2012
		HK$'000	HK$'000
CAPITAL AND RESERVES			
Equity attributable to equity shareholders of the Company			
Share capital	29(a)	**27,752**	14,264
Reserves		**59,359**	32,634
EQUITY		**87,111**	46,898

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 21 MARCH 2014

DIRECTOR	*DIRECTOR*
Mr. Zhou Jing	**Mr. Lam Chun Kei**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(39,883)**	61,546
Adjustments for:			
Interest expenses		**310**	353
Imputed interest		**–**	2,308
Interest income		**(165)**	(13)
Depreciation		**2,812**	1,762
Fixed assets written off		**50**	–
Gain on bargain purchase		**–**	(1,853)
Amortisation of prepaid lease payments		**23**	31
Impairment losses of goodwill	17	**891**	–
Impairment losses of trade receivables	20(a)	**6,028**	–
Impairment losses of property, plant and equipment	15	**26,867**	–
Impairment losses of investing loan	22	**16,795**	–
Change in fair value of biological assets less costs to sell	18	**974**	21
Change in fair value of financial assets through profit or loss	23	**(27,862)**	–
Gain on deconsolidation of subsidiaries		**–**	(401)
Gain on the scheme		**–**	(67,494)
Reversal of accrued expenses		**–**	(2,040)
Operating loss before working capital changes		**(13,160)**	(5,780)
(Increase)/decrease in biological assets		**(1,501)**	1,578
Decrease in inventories		**720**	1,266
Decrease/(increase) in trade receivables		**4,227**	(5,550)
(Increase)/decrease in deposits, prepayments and other receivables		**(21,957)**	1,331
Increase in trade payables		**1,230**	2,299
Increase in other payables and accruals		**3,330**	13,766
Cash from operations		**(27,111)**	8,910
Interest received		**165**	13
Interest paid		**(310)**	(182)
Tax paid		**(410)**	(2,690)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(27,666)**	6,051
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,019)**	(25,333)
Purchase of financial assets	23	**(3,788)**	–
Acquisition of a subsidiary	31(b)	**–**	(7,875)
Acquisition of 37% equity interest in a subsidiary	31(a)	**–**	(9,229)
NET CASH USED IN INVESTING ACTIVITIES		**(5,807)**	(42,437)

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2013

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution by non-controlling shareholders of a subsidiary	**–**	1,522
Proceeds from placing shares	**69,235**	–
Proceeds from issue of convertible notes	**–**	22,000
Net proceeds from bank loan	**–**	3,682
NET CASH FROM FINANCING ACTIVITIES	**69,235**	27,204
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**35,762**	(9,182)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**413**	(63)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	**1,598**	10,843
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	**37,773**	1,598
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**37,773**	1,598

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to equity shareholders of the Company									
	Share Capital	Share premium	Capital reserve	Convertible notes equity reserve	PRC statutory reserve	Exchange fluctuation reserve	Accumulated Loss	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 August 2011	67,620	101,086	61,545	–	873	1,054	(353,751)	(121,573)	5,878	(115,695)
Capital restructuring	(66,268)	(101,086)	–	–	–	–	167,354	–	–	–
Issuance of subscription shares	9,600	38,400	–	–	–	–	–	48,000	–	48,000
Issuance of creditors shares	1,280	45,440	–	–	–	–	–	46,720	–	46,720
Issuance of convertible notes	–	–	–	8,647	–	–	–	8,647	–	8,647
Conversion of convertible notes	2,032	8,128	–	(2,335)	–	–	–	7,825	–	7,825
Deferred tax arising from conversion of convertible notes	–	–	–	(1,427)	–	–	–	(1,427)	–	(1,427)
Total comprehensive income for the period	–	–	–	–	–	69	58,637	58,706	904	59,610
Capital contribution by non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	1,522	1,522
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	(8,304)	(8,304)
At 31 December 2012 and 1 January 2013	14,264	91,968	61,545	4,885	873	1,123	(127,760)	46,898	–	46,898
Conversion of convertible notes	2,368	9,472	–	(3,087)	–	–	–	8,753	–	8,753
Deferred tax arising from conversion of convertible notes	–	–	–	509	–	–	–	509	–	509
Transfer upon exercise of all embedded options	–	2,307	–	(2,307)	–	–	–	–	–	–
Issue of placing shares	11,120	58,115	–	–	–	–	–	69,235	–	69,235
Total comprehensive loss for the year	–	–	–	–	–	1,769	(40,053)	(38,284)	–	(38,284)
At 31 December 2013	27,752	161,862	61,545	–	873	2,892	(167,813)	87,111	–	87,111

The capital reserve arises from (i) capitalisation of a loan and represents the difference between the amount due to a former beneficial shareholder capitalised and the nominal value of shares; and (ii) the expiry of conversion option of convertible bonds and warranty.

1. CORPORATE AND GENERAL INFORMATION

Oriental Unicorn Agricultural Group Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the manufacturing, development and distribution of feedstock products, animal husbandry and related activities.

The registered office of the Company is located at Cricket Square, Huchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal place of business of the Company is Unit 4508, 45/F., The Center, 99 Queen's Road Central, Hong Kong.

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

The Company was previously known as "China Medical and Bio Science Limited" and changed its name to "Oriental Unicorn Agricultural Group Limited" on 13 December 2011.

2. BASIS OF PREPARATION

(a) These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention except where stated otherwise in the accounting policies set out below. These consolidated financial statements also comply with the applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. BASIS OF PREPARATION *(continued)*

(b) Deconsolidation of subsidiaries

Global Kingdom Development Limited and Asia Force Development Limited, both are incorporated in the British Virgin Islands and dormant, were struck off during the year.

The Directors considered the Group's control over the aforementioned subsidiaries (the "Excluded Subsidiaries") has been lost. Accordingly. The results, assets and liabilities and cash flows of the Excluded Subsidiaries were deconsolidated from the consolidated financial statements of the Group since the respective dates of loss of control of these subsidiaries.

In the opinion of the Directors, the consolidated financial statements for the year ended 31 December 2013 and the comparative figures for the period ended 31 December 2012 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid deconsolidation of the subsidiaries.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Initial application of HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 January 2013:

HKAS 1 (Amendments)	Presentation of financial statements – Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 27 (Revised 2011)	Separate financial statements
HKFRS 7 (Amendments)	Financial instruments: Disclosures' on asset and liability offsetting
Annual Improvements	Improvements to HKFRSs 2009-2011 Cycle

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented, except the disclosure on the fair value as in notes 5(b), 18 and 23.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(b) HKFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new or amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27, *Investment entities*	1 January 2014
Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*	1 January 2014
Amendments to HKAS 39, *Financial instruments: Recognition and Measurement – Novation of derivatives*	1 January 2014
HK(IFRIC) – Int 21, *Levies*	1 January 2014
HKAS 19, (2011) *Employee Benefits*	1 July 2014
Annual Improvements to HKFRSs 2010 to 2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011 to 2013 Cycle	1 July 2014
HKFRS 14, *Regulatory Deferral Accounts*	1 January 2016
HKFRS 9, *Financial Instruments*	Mandatory effective date will be determined

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated financial statements from the date that control commenced or up to the date that control ceased. When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at that date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of an investment in an associate or jointly controlled entity or other investments.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Non-controlling interests represent the equity or deficiency in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

All significant intra-company transactions and balances within the Group are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Property, plant and equipment

Property, plant and equipment, other than construction-in-progress, are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year/period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of that asset.

Other than construction-in-progress, depreciation is calculated to write off the cost of other items of property, plant and equipment over their estimated useful lives on a straight-line basis at the following annual rates:–

Buildings	Over the term of lease or 5%
Plant and machinery	10%
Furniture, fixtures and office equipment	20-33.33%
Motor vehicles	10-20%
Leasehold improvements	20%

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year/period.

Construction in progress is carried at cost less any impairment loss. Cost comprises direct costs of construction and exchange differences capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to appropriate category of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The gain or loss on disposal of property, plant and equipment, representing the difference between the net sales proceeds and the carrying amounts of the relevant assets, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Prepaid lease payments

Up-front payments for land use right are amortised over the term of the leases on a straight-line basis.

(d) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Biological assets

Biological assets are stated at fair value less cost to sell, with any resultant gain or loss recognized in the statements of comprehensive income. Costs to sell are the incremental cost directly attributable to the disposal of excluding financial costs and income taxes.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and, in the case of work in progress and finished goods, cost comprises direct materials, direct labour and an attributable proportion of projection overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

(h) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Payables

Payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

(m) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions during the year/period are translated into the functional currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the market exchange rates ruling at the end of the reporting period. Differences on foreign currency translation are dealt with in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Foreign currency translation *(continued)*

The consolidated financial statements are prepared by using the net investment method such that the statement of financial position of the Company's overseas subsidiaries are translated into Hong Kong dollars at the market exchange rate ruling at the end of the reporting period, while their profit or loss are translated at the average exchange rate for the year/period. Any exchange differences arising on such translation are dealt with in the exchange fluctuation reserve. Such translation differences are recognised in profit or loss for the year/period in which the foreign operation is disposed of.

(n) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Other income not stated above is recognised whenever received or receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to prepare for their intended use, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. The capitalisation rate is based on the actual cost of the related borrowings.

All other borrowing costs are charged to profit or loss in the year/period in which they are incurred.

(p) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the accounting period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the People's Republic of China ("PRC") central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Income tax

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income respectively.

(s) Related parties

A related party is a person or entity that is related to the Group in these financial statements, as follows:

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in note 4(s)(a).

(vii) A person identified in note 4(s)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A person identified in note 4(s)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that would be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised, in which case the balance stated in convertible notes reserve will be transferred to share premium. Where the options remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to the retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The key assumptions concerning the future and the accounting estimates that have a significant effect on the carrying value of assets and liabilities in the statement of financial position and profit or loss items are discussed below:

(a) Estimated impairment of goodwill and property, plant and equipment

Management judgement is required in the area of asset impairment, particularly in assessing whether: (i) an event has occurred that may affect asset values; (ii) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (iii) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operation of the Group. The results of the impairment test undertaken as at 31 December 2013 indicated that impairment charges were necessary on goodwill and property, plant and equipment as detailed in notes 17 and 15 respectively.

(b) Fair value of biological asset

The biological assets are valued at fair value less costs to sell. The fair value is determined based on either the market-determined prices as at the end of reporting period adjusted with reference to the species, age, growing condition, costs incurred to reflect differences in characteristic and/or stages of growth of biological asset; or the present value of expected net cash flows from the dairy cows discounted at a current market determined rate, when market-determined prices are unavailable. Any change in the estimates may affect the fair value of the swine significantly.

The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of swine. Details of assumptions used are disclosed in note 18.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(continued)*

(c) Estimated impairment of trade receivables

The Group makes provision for impairment of trade receivables based on an assessment of their recoverability. Provisions are applied to the trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of the trade receivables requires the use of judgements and estimates. Where the final outcome is different from the original estimates, such differences will impact the carrying values of the trade receivables and loss for the impairment in the years in which such estimates have been changed.

(d) Convertible notes

The fair value of the convertible notes issued by the Company is determined by using valuation techniques. The liability component of the convertible notes is carried at amortised cost using an equivalent market interest rate for a similar note without a conversion option.

The valuation model requires the input of highly subjective assumptions, including the volatility of share price. The determination of the amortised cost of the liability component of the convertible notes requires management's estimation. The changes in input assumptions and management's estimation can materially affect the amortised cost.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below:–

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, deposits, other receivables, loan receivables and bank balances. For the credit sales of goods to customers, the Group has concentration of credit risk as the top 5 credit sales customers accounted for approximately 31% (2012: 8%) of the Group's credit sales for the year. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Regular review and follow up actions are carried out on overdue amounts to minimise the Group's exposure to credit risk. An aging analysis of the debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these debtors. The Group makes specific provision for receivables based on an assessment of the recoverability of the receivables.

In respect of deposits and other receivables, the directors consider the credit risk is low because there was no default history; hence no impairment provision is required.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

For loans receivables, the Group has policies in place to evaluate credit risk when accepting new loans and to limit its credit exposure to individual borrowers. The Group makes specific provision for loans receivables based on an assessment of recoverability. For unimpaired loans receivables, the directors consider there is no credit risk because full settlement has been made by the borrower subsequent to the year end.

For bank balances, the credit risk is limited because the counterparties are reputable banks.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial assets in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantee which would expose the Group to credit risk. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, deposits, other receivables and loan receivables are set out in notes 20, 21 and 22 to the financial statements respectively.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following table details the contractual maturities as at 31 December 2013 of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:–

	As at 31.12.2013			As at 31.12.2012		
	Carrying amount HK\$'000	**Total contractual undiscounted cash flows HK\$'000**	**Due within 1 year or on demand HK\$'000**	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Due within 1 year or on demand HK\$'000
Bank borrowings	**3,805**	**3,805**	**3,805**	3,682	3,682	3,682
Trade payables	**3,804**	**3,804**	**3,804**	2,574	2,574	2,574
Convertible notes	**–**	**–**	**–**	8,753	11,840	11,840
Other payables and accruals	**7,428**	**7,428**	**7,428**	1,598	1,598	1,598
Amount due to an investor	**124**	**124**	**124**	124	124	124
Amount due to a director	**–**	**–**	**–**	2,500	2,500	2,500
	15,161	**15,161**	**15,161**	19,231	22,318	22,318

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

The Group's interest rate risk arises primarily from loan receivables, cash at banks and bank borrowings.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing financial instruments as at 31 December 2013:–

	As at 31.12.2013		As at 31.12.2012	
	Effective interest rate p.a. %	**HK$'000**	Effective interest rate p.a. %	HK$'000
Fixed rate asset:–				
Loan receivables	**10**	**4,500**	–	–
Variable rate asset:–				
Cash at banks	**0.001**	**32,842**	–	–
Fixed rate liability:–				
Bank borrowings	**7.14**	**3,805**	8.856	3,682

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

As at 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, the Group's loss for the year and accumulated losses would decrease/increase by approximately HK$335,000 (2012: increase/decrease by HK$Nil).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. The analysis is performed on the same basis for 2012.

(d) Currency risk

Currency risk arises where future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Company's functional currency, which is Hong Kong dollars. The Group operates in Hong Kong and PRC and is exposed to foreign exchange risk primarily with respect to the Renminbi.

As at 31 December 2013, if Hong Kong dollars had weakened/strengthened by 5% against Renminbi with all other variables held constant, loss for the year would have been HK$4,500 lower/higher (2012: profit for the period would have been HK$626,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated cash and bank balances, trade receivables, deposits, prepayments and other receivables, trade payables, and other payables and accruals.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Fair value

All significant financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2013 and 31 December 2012.

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

The following table presents the Group's assets and liabilities that are measured at fair value:

	As at 31.12.2013 HK\$'000	As at 31.12.2012 HK\$'000
Assets included in Level 1		
Financial assets at fair value through profit or loss (Note 23)	**31,650**	–
Assets included in Level 3		
Biological assets (Note 18)	**1,088**	561

In respect to financial assets at fair value through profit or loss and biological assets, the Group evaluates and adopts the price at an active market and the price provided by a valuer respectively.

During the year, there are no transfers of fair value measurements between Level 1 and Level 2.

7. SEGMENTS AND ENTITY-WIDE INFORMATION

Reportable segments

For management purposes, the Group is organised into three divisions which are the basis on which the Group reports its segment information.

Segment information is presented by the following segments:

– the feedstock products segment comprises the feedstock business;

– the animal husbandry segment comprises animal husbandry business; and

– the other segment comprises corporate activities.

For the purposes of assessing segment performance and allocating resources between segments, the Group's management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

(1) Segment assets consist primarily of property, plant and equipment, trade receivables, financial assets at fair value through profit or loss and cash and bank balances. Segment liabilities comprise operating liabilities, excluding bank borrowings, convertible notes, amounts due to an investor and a director, income tax payable and deferred tax liabilities.

(2) Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment transactions and balances and after transactions and balances between group entities within a single segment.

(3) Segment capital expenditure is the total cost incurred during the year/period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(4) Unallocated items comprise of bank borrowings, convertible notes, amounts due to an investor and a director, income tax payable and deferred tax liabilities.

7. SEGMENTS AND ENTITY-WIDE INFORMATION *(continued)*

Reportable segments *(continued)*

Segment information about the aforementioned businesses is set out as follows:

	Feedstock products		Animal husbandry		Other		Elimination of internal sales		Consolidated	
	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000
Segment revenue and income:										
Sales	**24,223**	175,390	**1,192**	47,013	**–**	–	**(808)**	(61,688)	**24,607**	160,715
Other income	**130**	–	**–**	1,087	**(50)**	5,042	**–**	–	**80**	6,129
Total revenue	**24,353**	175,390	**1,192**	48,100	**(50)**	5,042	**(808)**	(61,688)	**24,687**	166,844
Segment results	**(14,006)**	7,491	**(26,260)**	3,758	**528**	(4,682)	**–**	–	**(39,738)**	6,567
Interest income									**165**	13
Restructuring costs									**–**	(9,867)
Finance costs									**(310)**	(2,661)
Gain on the Scheme									**–**	67,494
(Loss)/profit before tax									**(39,883)**	61,546
Income tax									**(170)**	(2,005)
(Loss)/profit for the year/period									**(40,053)**	59,541

7. SEGMENTS AND ENTITY-WIDE INFORMATION *(continued)*

Reportable segments *(continued)*

Segment information about the aforementioned businesses is set out as follows: *(continued)*

	Feedstock products		Animal husbandry		Other		Consolidated	
	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000	**As at 31.12.2013 HK$'000**	As at 31.12.2012 HK$'000	**As at 31.12.2013 HK$'000**	As at 31.12.2012 HK$'000	**As at 31.12.2013 HK$'000**	As at 31.12.2012 HK$'000
ASSETS								
Segment assets	**24,219**	61,240	**4,808**	28,042	**78,100**	47,981	**107,127**	137,263
Elimination of inter-segment receivable							**(4,842)**	(70,372)
Consolidated total assets							**102,285**	66,891
LIABILITIES								
Segment liabilities	**4,057**	17,803	**4,842**	10,493	**7,175**	46,248	**16,074**	74,544
Elimination of inter-segment payable							**(4,842)**	(70,372)
							11,232	4,172
Unallocated liabilities								
– Bank borrowings							**3,805**	3,682
– Convertible notes							**–**	8,753
– Amount due to an investor							**124**	124
– Amount due to a director							**–**	2,500
– Income tax payable							**13**	253
– Deferred tax liabilities							**–**	509
Consolidated total liabilities							**15,174**	19,993

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000
OTHER INFORMATION								
Capital expenditure	**–**	860	**1,502**	27,659	**517**	4,099	**2,019**	32,618
Depreciation	**1,066**	1,433	**915**	281	**831**	48	**2,812**	1,762
Amortisation	**23**	31	**–**	–	**–**	–	**23**	31
Impairment losses of goodwill	**891**	–	**–**	–	**–**	–	**891**	–
Impairment losses of trade receivables	**6,028**	–	**–**	–	**–**	–	**6,028**	–
Impairment losses of property, plant and equipment	**1,622**	–	**25,245**	–	**–**	–	**26,867**	–
Impairment losses of investing loan	**–**	–	**–**	–	**16,795**	–	**16,795**	–

Since the Group's revenue from external customers and non-current assets are derived from and located in the PRC, no geographical segment information is presented.

7. SEGMENTS AND ENTITY-WIDE INFORMATION *(continued)*

Entity-wide information

For the year ended 31 December 2013, a customer from feedstock products business had contributed to more than 10% of the Group's revenue amounting to HK$2,755,000 (2012: one customer from animal husbandry business: HK$47,013,000) which is attributable to 11% (2012: 29%) of the Group's revenue.

8. TURNOVER AND OTHER INCOME

Turnover represents the net invoiced value of goods sold after allowances for returns and discounts, and net of value-added tax.

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

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Turnover		
Sale of feedstock products	**23,415**	113,702
Sale of animal husbandry products	**1,192**	47,013
	24,607	160,715
Other income		
Non-refundable fee contributions from former investor	**–**	3,000
Bank interest income	**7**	13
Loan interest income	**158**	–
Loss on disposal of property, plant and equipment	**(50)**	–
Sundry income	**130**	1,089
Reversal of accrued expenses	**–**	2,040
	245	6,142
	24,852	166,857

9. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

(Loss)/profit from operating activities is arrived at after charging:

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Amortisation of prepaid lease payments	**23**	31
Auditors' remuneration	**320**	310
Cost of inventories sold	**24,865**	120,410
Depreciation	**2,812**	1,762
Impairment losses of investing loan	**16,795**	–
Impairment losses of trade receivables	**6,028**	–
Minimum operating lease payments for land and buildings	**944**	1,004
Staff costs		
Salaries, wages and other allowances	**7,766**	10,347
Pension scheme contributions	**169**	317
	7,935	10,664

10. FINANCE COSTS

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Interest on bank loans wholly repayable within five years	**310**	182
Interest on advances from a former investor	**–**	66
Interest on advances from an investor	**–**	105
Imputed interest on convertible notes	**–**	2,308
	310	2,661

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	Fees		Salaries, allowances and benefit-in-kinds		Total	
	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000	**1.1.2013 to 31.12.2013 HK$'000**	1.8.2011 to 31.12.2012 HK$'000
Executive directors						
Mr. Zhou Jing (appointed on 19 June 2013)	**–**	–	**544**	–	**544**	–
Ms. Tam Wai Chi (appointed on 27 August 2013 and resigned on 20 February 2014)	**–**	–	**237**	–	**237**	–
Mr. Zhang Xiaobin (resigned on 5 February 2014)	**120**	283	**–**	34	**120**	317
Mr. Li Wing Chiu (resigned on 18 November 2013)	**1,083**	544	**38**	501	**1,121**	1,045
Mr. Wang Zhiming (resigned on 21 October 2013)	**180**	478	**–**	44	**180**	522
Mr. Wong Sai Wa (resigned on 31 March 2013)	**150**	826	**–**	–	**150**	826
	1,533	2,131	**819**	579	**2,352**	2,710
Non-Executive directors						
Ms. Wong Moon Ha (resigned on 31 March 2013)	**30**	448	**–**	–	**30**	448
Mr. Qiao Long (resigned on 30 November 2012)	**–**	141	**–**	–	**–**	141
	30	589	**–**	–	**30**	589
Independent non-executive directors						
Mr. Siu Kam Chau (appointed on 24 May 2013)	**73**	–	**–**	–	**73**	–
Mr. Lee Kin Fai (appointed on 24 May 2013)	**73**	–	**–**	–	**73**	–
Ms. Liao Aimin (resigned on 4 December 2013)	**120**	152	**–**	–	**120**	152
Ms. Wong Yan Ki Angel (retired on 24 May 2013)	**52**	152	**–**	–	**52**	152
Mr. Li Jingxing (retired on 24 May 2013)	**52**	152	**–**	–	**52**	152
Mr. Lin Chuen Chow Andy (appointed on 4 December 2013)	**9**	–	**–**	–	**9**	–
	379	456	**–**	–	**379**	456
	1,942	3,176	**819**	579	**2,761**	3,755

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

Notes:–

At 31 December 2013, the remuneration payable to the directors was approximately HK$97,000 (2012: HK$642,000) which was included in other payables and accruals.

No emoluments were paid by the Group to the directors, either as an inducement upon joining or to join the Group, or as compensation for loss of office.

During the year, there were no share options granted to the directors in respect of their services to the Group.

(b) Five highest paid individuals

During the year, the five (2012: five) highest paid individuals included two directors (2012: four), details of which are set out in note 11(a) to the consolidated financial statements. The emoluments of the remaining three (2012: one) highest paid individual are as follows:–

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Salaries and allowances	**1,893**	647
Pension scheme contributions	**40**	14
	1,933	661

The emoluments of each of the remaining three (2012: one) highest paid individual were below HK$1,000,000.

12. PENSION SCHEME

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

The employees of the Company's PRC subsidiaries are required to participate in a central pension scheme operated by the local municipal government. The PRC subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The central pension scheme is responsible for the entire pension obligations payable to all retired employees and the Group has no further obligations for the pension payments on post-retirement benefits beyond the monthly contributions.

During the year, the Group made pension contributions of approximately HK$169,000 (2012: HK$317,000).

13. INCOME TAX

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
(a) Income tax expense represents:–		
PRC income tax		
Provision for the year/period	**121**	2,005
Under-provision in respect of prior period	**49**	–
	170	2,005

No provision for Hong Kong profits tax has been made as the Group did not have any estimated assessable profits arising in Hong Kong for the year/period.

The provision for PRC income tax is calculated for subsidiaries operating in the PRC at the prevailing rates of tax in accordance with the relevant income tax rules and regulations of the PRC for the year/period.

13. INCOME TAX *(continued)*

(a) Income tax expense represents:– *(continued)*

The taxation for the year/period can be reconciled to the (loss)/profit before tax per consolidated statement of comprehensive income as follows:–

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
(Loss)/profit before tax	**(39,883)**	61,546
Tax at respective applicable tax rate	**(10,025)**	11,073
Tax effect of non-deductible expenses	**21,036**	28,798
Tax effect of tax-exempt revenue	**(5,934)**	(24,117)
Tax effect on non-assessable income	**(4,956)**	(13,749)
Under-provision in prior year	**49**	–
Tax expense	**170**	2,005

(b) The deferred tax liabilities recognised by the Group and movement thereon during the year/period are as follows:

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
Balance brought forward	**(509)**	–
Recognised upon issuance of convertible notes	**–**	(1,427)
Credited to reserve	**509**	918
Balance carried forward	**–**	(509)

As at 31 December 2013, no deferred tax liabilities was recognised (2012: HK$509,000 has been recognised for temporary difference between accounting base and tax base of convertible notes which arise from initial recognition of convertible notes and future reversal of imputed interest).

14. (LOSS)/EARNINGS PER SHARE

(Loss)/profit

	1.1.2013 to 31.12.2013 HK$'000	1.8.2011 to 31.12.2012 HK$'000
(Loss)/profit for the year/period attributable to the equity holders of the Company for the purpose of basic earning per share	**(40,053)**	59,541
Effect of dilutive potential ordinary shares: Imputed interest on convertible notes	**–**	2,308
(Loss)/profit for the year/period attributable to the equity holders of the Company for the purpose of diluted earning per share	**(40,053)**	61,849

Number of shares

	1.1.2013 to 31.12.2013	1.8.2011 to 31.12.2012 (Restated)	1.8.2011 to 31.12.2012 (Previously stated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**121,277,021**	70,245,853	484,234,278
Effect of dilutive potential ordinary shares: Convertible notes not yet converted	**–**	12,347,591	49,390,366
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**121,277,021**	82,593,444	533,624,644

	HK Cents	HK Cents (Restated)	HK Cents (Previously stated)
(Loss)/earnings per share			
Basic	**(33.03)**	84.76	12.30
Diluted	**(33.03)**	74.88	11.59

The weighted average number of ordinary shares for the year ended 31 December 2013 and period ended 31 December 2012 for the purpose of basic and diluted (loss)/earnings per share has been adjusted and restated respectively resulting mainly from the share consolidation completed on 14 January 2014.

In particular for the year ended 31 December 2012, the restatement of earnings per share had taken into account of the impacts of two share consolidations completed on 21 October 2011 and 14 January 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$'000	Building HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:–							
At 31 December 2012	26,962	9,270	310	8,217	479	660	45,898
Additions	1,502	–	–	–	517	–	2,019
Transfer	(28,849)	22,352	6,497	–	–	–	–
Write off	–	–	–	(60)	–	–	(60)
Exchange adjustments	536	610	87	274	12	22	1,541
At 31 December 2013	**151**	**32,232**	**6,894**	**8,431**	**1,008**	**682**	**49,398**
Aggregate depreciation and impairment losses:–							
At 31 December 2012	–	503	26	1,066	128	157	1,880
Eliminated on written-off	–	–	–	(10)	–	–	(10)
Charge for the period	–	768	1,041	782	109	112	2,812
Impairment loss	151	22,617	2,209	1,852	21	17	26,867
Exchange adjustments	–	27	12	46	4	8	97
At 31 December 2013	**151**	**23,915**	**3,288**	**3,736**	**262**	**294**	**31,646**
Net book values:–							
At 31 December 2013	**–**	**8,317**	**3,606**	**4,695**	**746**	**388**	**17,752**
At 31 December 2012	26,962	8,767	284	7,151	351	503	44,018

The Group conducted an impairment testing of the carrying amount of the property, plant and equipment based on recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Due to the unavailability of fair value information of the property, plant and equipment, the recoverable amount is determined on the basis of value in use on the premise of continued use and as part of a going concern business of the business entities of Wu Ping Jian Jun Ecology Breeding Company Limited and Longyan Dongyu Bio-feedstock Company Limited (the "Appraised Asset"), the Company's subsidiaries in the PRC which dominate the animal husbandry and feedstock products businesses respectively.

The value in use is arrived on the basis of discounted cashflow analysis on financial budgets and forecasts approved by management covering a five-year period from 2014 to 2018 carried out at the date by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), an independent firm of professional valuers.

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The following key assumptions have been adopted by the Valuer:

1. the legally interested parties in the Appraised Asset have free and uninterrupted rights to assign the business of Appraised Asset for the whole of the unexpired terms as granted under the relevant government licences and any premiums/administrative costs payable have already been fully paid;

2. all the required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed from time to time on which the valuation contained in our report is based;

3. the current businesses of the Appraised Asset successfully yielded the economic benefits as projected by the Company;

4. the prospective earnings of the current businesses would provide a reasonable return to the Appraised Asset and to Wu Ping Jian Jun Ecology Breeding Company Limited and Longyan Dongyu Bio-feedstock Company Limited subsequently, and that the Appraised Asset has adequate working capital to operate its business from time to time;

5. the legally interested parties of the Appraised Asset have adopted reasonable and necessary security measures and have considered several contingency plans against any disruption (such as change of government policy, natural disasters and labour dispute) to the Appraised Asset; and

6. the Appraised Asset, as part of a going concern business of Wu Ping Jian Jun Ecology Breeding Company Limited and Longyan Dongyu Bio-feedstock Company Limited, can be freely disposed and transferred free of all encumbrances for its existing uses in the market to both local and overseas purchasers without payment of any premium to the government.

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The following key assumptions have been adopted for the value-in-use calculation:

	Wu Ping Jian Jun Ecology Breeding Company Limited (Animal husbandry business) HK$'000	**Longyan Dongyu Bio-feedstock Company Limited (Feedstock products business)** HK$'000
Pre-tax discount rate	15.4%	17.5%
Terminal growth rate	3%	3%

The directors determined the terminal growth rate based on the expectation for market development.

Based on an valuation report prepared by the Valuer, the Group has recognised an impairment loss of approximately HK$26,867,000 (2012: HK$Nil) for property, plant and equipment, which is attributable to HK$25,245,000 and HK$1,622,000 impairment losses for property, plant and equipment of Wu Ping Jian Jun Ecology Breeding Company Limited and Longyan Dongyu Bio-feedstock Company Limited respectively.

16. PREPAID LEASE PAYMENTS

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
As at beginning of the year/period	**1,064**	1,086
Exchange adjustments	**36**	9
Amortisation for the year/period	**(23)**	(31)
Net book value at end of the year/period	**1,077**	1,064
Current portion (included in deposits, prepayment and other receivables (Note 21))	**(23)**	(31)
	1,054	1,033

The prepaid lease payments are in connection with the land use right situated in the PRC under a lease term of fifty years.

17. GOODWILL

	HK$'000
Cost:–	
At 1 August 2011	23,108
Additions	891
Deconsolidation of subsidiaries	(23,108)
At 31 December 2012, 1 January 2013 and 31 December 2013	891
Impairment:–	
At 1 August 2011	23,108
Deconsolidation of subsidiaries	(23,108)
At 31 December 2012 and 1 January 2013	–
Impairment losses for the year	891
At 31 December 2013	**891**
Net carrying amounts	
At 31 December 2013	**–**
At 31 December 2012	891

Goodwill arises from the acquisition of the 37% of interest of a wholly owned subsidiary on 20 December 2011. The goodwill was allocated to the cash generating unit of the PRC feedstock business, the business of which commenced during the year ended 31 July 2011.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculation as detailed in note 15. The full provision for impairment recognised during the year is attributable to the shortfall between the recoverable amount of the PRC feedstock business and its carrying amount.

18. BIOLOGICAL ASSETS

Biological assets represent swines breeding in Wuping County, Longyan Shi, Fujian Province, PRC. The movement of biological assets are summarised as follows:

	Breeder	**Slaughter pigs**	**Total**
	HK$'000	HK$'000	HK$'000
Increase due to acquisition of a subsidiary	488	1,673	2,161
Increase due to purchases	300	229	529
Increase due to raising (Feeding cost and others)	186	5,141	5,327
Decrease due to sales	(349)	(6,952)	(7,301)
Decrease due to death	–	(124)	(124)
Exchange adjustments	(2)	(8)	(10)
Gain/(loss) arising from changes in fair value less cost to sell	(374)	353	(21)
As at 31 December 2012 and 1 January 2013	**249**	**312**	**561**
Increase due to purchases	**138**	**320**	**458**
Increase due to raising (Feeding cost and others)	**189**	**1,596**	**1,785**
Decrease due to sales	**(8)**	**(773)**	**(781)**
Decrease due to death	**–**	**(1)**	**(1)**
Exchange adjustments	**13**	**27**	**40**
Loss arising from changes in fair value less cost to sell	**(371)**	**(603)**	**(974)**
As at 31 December 2013	**210**	**878**	**1,088**

18. BIOLOGICAL ASSETS *(continued)*

The number of biological assets are summarised as follows:

	As at 31.12.2013 Heads	As at 31.12.2012 Heads
Breeder	**88**	44
Slaughter pigs	**741**	330
Total swines	**829**	374

Analysed for reporting purposes as:

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Non-current assets	**210**	249
Current assets	**878**	312
	1,088	561

The slaughter pigs are primarily held for further growth for trading and are classified as current asset. The breeders are prime swines of excellent quality that are selected as breeding stock, including boars and gilts, and are classified as non-current asset.

The fair value of biological assets of the Group as at 31 December 2013 has been arrived at on the basis of a valuation carried out at the date by the Valuer who has appropriate qualification and experiences in providing biological asset valuation services to various companies listed on the Stock Exchange and stock exchange in Singapore, and engages in the business of husbandry and agriculture industry.

The fair value less cost to sell of breeders and slaughter pigs is determined using the direct assumption approach. The direct assumption approach assumes sales of breeders and slaughter pigs in their existing state and making reference to similar sales or offerings or listings of comparable assets on the market.

18. BIOLOGICAL ASSETS *(continued)*

In addition, the following principal assumptions have been adopted by the Valuer:

– There will be no material change in existing political, legal, technological, fiscal or economic condition which may adversely affect the existing business of the Group;

– Quantities, ages and weights of breeders and slaughter pigs as of each of the relevant valuation dates provided to us for the purpose of this valuation are accurate;

– Production facilities and systems and the technology utilised by the Group in carrying out its operation do not infringe any relevant laws and regulations;

– Facilities and systems of the Group will be operated efficiently and implement timely replacement of male and female purebred parents to maintain sufficient supply of crossbreed gilts for production of slaughter pigs;

– Management will implement efficient selection of breeding pigs to maintain or improve their quality and productivity including the quality of slaughter pigs;

– Management will continue to implement efficient feeding, veterinary and farm management programs to maintain or improve the quality of breeding and slaughter pigs;

– Group will secure and retain competent management, key personnel, marketing and technical staff to carry out and support its breeding and growing operations;

– Prices of breeding and slaughter pigs were based directly on quoted prices as of each of the relevant valuation dates by suppliers in Fujian Province without any adjustments for age of the different pigs included in the valuation; and

– There will be no major business disruptions through international crisis, diseases, industrial disputes, industrial accidents or severe weather conditions that will affect the existing businesses.

18. BIOLOGICAL ASSETS *(continued)*

As at 31 December 2013, no biological assets were pledged as security (2012: Nil).

The Group is exposed to a number of risks related to its swines plantations:

1. Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

2. Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of swines. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

19. INVENTORIES

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Raw materials	**40**	607
Finished goods	**3**	156
	43	763

20. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 90 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

a)

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Trade receivables	**12,168**	16,395
Less: impairment losses of trade receivables	**(6,028)**	–
	6,140	16,395

b) Aging analysis of trade receivables of the Group is as follows:

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
0-90 days	**952**	13,706
91-180 days	**2,467**	2,689
Over 180 days	**2,721**	–
	6,140	16,395

Aging analysis of trade receivables past due but not impaired is as follows:

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Past due by:		
1-90 days	**2,165**	2,689
Over 90 days	**1,484**	–
	3,649	2,689

20. TRADE RECEIVABLES *(continued)*

b) Aging analysis of trade receivables past due but not impaired is as follows: *(continued)*

Trade receivables included HK$3,649,000 (2012: HK$2,689,000) which were past due at 31 December 2013. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

c) The amount of the provision was HK$6,028,000 as of 31 December 2013 (2012: Nil). Movement on the provision for impairment of trade receivables is as follows:

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Balance brought forward	**–**	–
Impairment of trade receivables (Note 9)	**6,028**	–
Balance carried forward	**6,028**	–

The creation and release of provision for impaired receivables have been included in general and administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

d) Trade receivables denominated in other currency

The carrying amounts of the trade receivables are denominated in Renminbi:

As at 31.12.2013		As at 31.12.2012	
RMB'000	**HK$'000**	RMB'000	HK$'000
4,841	**6,140**	13,360	16,395

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Prepayments	**1,835**	837
Deposits and other receivables	**269**	764
	2,104	1,601
Current portion of prepaid lease payments (Note 16)	**23**	31
	2,127	1,632

22. LOANS AND INTEREST RECEIVABLES

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Loan receivables (note a)	**4,500**	–
Interest receivables	**158**	–
Investing loan (note b)	**16,795**	–
	21,453	–
Impairment losses of investing loan	**(16,795)**	–
	4,658	–

(a) The loan is lent to an unrelated party and is unsecured, interest-bearing at 10% per annum and repayable on 26 February 2014.

22. LOAN AND INTEREST RECEIVABLES *(continued)*

(b) Investing loan includes HK$16,740,000 consideration as detailed below and HK$55,000 professional fees capitalised.

On 18 July 2013, the Group entered into a deed of novation ("Novation Deed") with Successful Treasure Investments Limited ("Investor") and ENRICH MARINE SDN. BHD. ("EMSB"). Pursuant to the Novation Deed, in consideration of the payment of HK$16,740,000 paid by the Group to the Investor, the Investor shall be released and discharged from its liabilities and obligations under the Investment Agreement and the Group shall assume all liabilities and obligations of the Investor under the investment agreement dated 25 April 2012 ("Investment Agreement") entered into between the Investor and EMSB in relation to the operation of a fish farm owned and operated by EMSB in Sabah, Malaysia and shall be entitled to all rights, title and interest under and pursuant to the Investment Agreement in lieu of the Investor.

On 3 January 2014, the Group and EMSB entered into an extension agreement ("Extension Agreement") to the Investment Agreement, pursuant to which the parties have agreed to extend the investment period under the Investment Agreement from 20 to 26 calendar months from the date of the commencement of the investment under the Investment Agreement, and the original minimum guaranteed amount of HK$1,550,000 under the Investment Agreement has been revised upward to HK$2,015,000 to reflect the Group's shared profit pursuant to the extension of the Investment Period. Save for the above changes to the Investment Agreement under the Extension Agreement, all other terms and conditions of the Investment Agreement remain the same.

Taking into account the unavailability of reliable evidence with regard to recoverability of the investing loan, the directors consider the recoverability of the balance doubtful and full provision has been made accordingly.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Equity securities listed in Hong Kong, at cost	**3,788**	–
Fair value gain	**27,862**	–
	31,650	–

The fair value of the equity securities is based on closing price in an active market.

24. BANK BORROWINGS

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Secured bank loans	**3,805**	3,682

The Group's borrowing as at 31 December 2013 was denominated in the functional currency of the group entity to which it related. It carried fixed interest rate of 7.14% per annum.

25. TRADE PAYABLES

An aged analysis of the trade payables as at 31 December 2013 and 31 December 2012, based on payment due date, is as follows:–

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
0-90 days	**3,804**	2,574

26. CONVERTIBLE NOTES

By the ordinary resolution, the creation and issue by the Company of the convertible notes due on the date falling three years from the date of issue of the convertible notes, convertible into 110,000,000 new shares (the "Conversion Shares") at the conversion price of HK$0.20 per conversion share and the issue and allotment of the conversion shares on and subject to the terms and conditions contained in the restructuring agreement were approved.

The convertible notes shall not bear any interest and shall mature on the date falling three years from the date of issue of the convertible notes (the "Maturity Date"). All outstanding convertible notes will be redeemed on the Maturity Date at their outstanding principal amount. Subject to mutual agreement by the Company and the holders of the convertible notes, the convertible notes may be early redeemed at 100% of the outstanding principal amount of the convertible notes (in whole or in part) at any time and from time to time at the option of either party prior to the Maturity Date of the convertible notes with written notice.

The convertible notes were issued on 26 October 2011.

26. CONVERTIBLE NOTES *(continued)*

The convertible notes contain a liability component and an equity component. The equity component is credited to the Company's capital reserve. The annual effective interest rate of the liability component is 18.103% per annum. The movement for the year/period is as follows:

	Liability component HK$'000	**Equity component** HK$'000	**Total** HK$'000
At the date of issue, net of issue expense	13,353	8,647	22,000
Imputed interest charged	2,308	–	2,308
Issue of new shares upon conversion of convertible notes	(6,908)	(2,335)	(9,243)
Deferred tax arising from convertible notes	–	(1,427)	(1,427)
At 31 December 2012	**8,753**	**4,885**	**13,638**
Issue of new shares upon conversion of convertible notes	**(8,753)**	**(3,087)**	**(11,840)**
Transfer to share premium	**–**	**(2,307)**	**(2,307)**
Deferred tax arising from convertible notes	**–**	**509**	**509**
At 31 December 2013	**–**	**–**	**–**

In February 2013, a principal sum of HK$11,840,000 (2012: HK$10,160,000) of the convertible notes issued by the Company was converted into 59,200,000 (2012: 50,800,000) shares of the Company. The entire convertible notes were converted into shares during the year. Upon full conversion, the remaining amount of HK$2,307,000 in equity component was transferred to share premium.

No imputed interest was computed as the conversion was completed at the beginning of the year.

27. OTHER PAYABLES AND ACCRUALS

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Other payables and accruals	**1,938**	1,598
Other payables transferred from amount due to a director (Note 28)	**5,490**	–
	7,428	1,598

28. AMOUNT DUE TO A DIRECTOR

The amount due to a director as at 31 December 2012 was related to a director who has resigned during the year. The amount is transferred to "other payables".

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Balance brought forward	**2,500**	–
Fund from a director during the year	**2,990**	2,500
Transfer to other payables (Note 27)	**(5,490)**	–
Balance carried forward	**–**	2,500

As at 31 December 2012, the amount was interest-free, unsecured and repayable on demand.

29. SHARE CAPITAL

(a) Shares

	Par Value	Number of ordinary shares	Amount
	HK$		HK$
Authorised			
At 1 January 2013 and 31 December 2013	**0.040**	**5,000,000,000**	**200,000,000**
Issued and fully paid			
At 1 January 2013	0.040	356,610,000	14,264,400
Conversion shares issued	0.040	59,200,000	2,368,000
Placing shares issued	0.040	278,000,000	11,120,000
At 31 December 2013	**0.040**	**693,810,000**	**27,752,400**

On 21 and 25 February 2013, a total principal sum of HK$11,840,000 of convertible notes issued by the Company was converted into 59,200,000 shares of the Company.

On 27 May 2013, the Company entered into a placing agreement and the placing was completed on 17 June 2013 with the condition precedent of the placing agreement fulfilled. 78,000,000 new shares were placed to not less than six placees through placing agent at HK$0.50 per share.

On 30 August 2013, the Company entered into another placing agreement and the placing was completed on 28 October 2013 with the condition precedent of the placing agreement fulfilled. 200,000,000 new shares were placed to not less than six placees through placing agent at HK$0.165 per share.

The Company has a share option scheme, under which the Company may grant options to any directors and directors of subsidiaries of the Company to subscribe for shares in the Company, up to a maximum of 10% of total number of shares in issue on 30 September 2013. During the year, the Company has not granted any option.

29. SHARE CAPITAL *(continued)*

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

30. DECONSOLIDATION OF SUBSIDIARIES

For the period ended 31 December 2012, the Directors considered that the control over the excluded subsidiaries had been lost with effect from the dates the respective liquidators were appointed or the liquidation was approved.

On 26 September 2011, the Scheme including the following terms was approved by a resolution of the creditors of the Company:

(i) the Company shall pay a sum of up to HK$13,160,000 out of the proceeds from the issuance of the Subscription Shares as a cash settlement (including the settlement of the petition costs, the preferential claims, the issuance costs and the cost of the Scheme); and

(ii) the Company shall issue a total of 32,000,000 New Shares as Creditors Shares to settle all claims against and liabilities of the Company in accordance with the terms of the Scheme.

During the year, there is no gain or loss from the deconsolidation of subsidiaries.

30. DECONSOLIDATION OF SUBSIDIARIES *(continued)*

The details of gain on deconsolidation of subsidiaries are as follows:

	1.8.2011 to 31.12.2012 HK$'000
Deposit, prepayments and other receivables	(47)
Cash and bank balances	(7)
Trade payables	189
Other payables and accruals	246
Net liabilities	381
Release of exchange fluctuation reserve	20
Gain on deconsolidation of subsidiaries	401

31. ACQUISITION OF SUBSIDIARIES

a) On 20 December 2011, an indirectly wholly-owned subsidiary of the Company and its joint venture ("JV") partners entered into the Equity Interest Transfer Agreements, pursuant to which the subsidiary agreed to acquire Equity Interest, representing an aggregate of 37% of the equity interest of the JV Company, Longyan Dongyu Bio-feedstock Company Limited, for a total consideration of RMB7,560,000 (approximately HK$9,229,000). Upon completion, the JV Company became an indirectly wholly-owned subsidiary of the Company. As at 31 July 2011, the subsidiary had 63% interest on the JV Company.

31. ACQUISITION OF SUBSIDIARIES *(continued)*

a) *(continued)*

The fair value of the net assets acquired in the transaction, and goodwill, are as follow:

	1.8.2011 to 31.12.2012 HK$'000
Total consideration	9,229
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,535
Trade and other receivables	1,521
Inventories	1,575
Property, plant and equipment	4,782
Prepaid lease payments	400
Trade and other payables	(1,198)
Tax payable	(277)
Total identifiable net assets	8,338
Goodwill	891

Goodwill arose in the business combination because the cost of combination included amount in relation to the benefits of revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill recognised is expected to be deductible for income tax purposes.

The goodwill is fully impaired during the year as detailed in note 17.

31. ACQUISITION OF SUBSIDIARIES *(continued)*

b) On 18 January 2012, an indirectly wholly-owned subsidiary of the Company entered into the Equity Interest Transfer Agreement, pursuant to which the subsidiary agreed to acquire the Equity Interest, representing 100% of the equity interest of Wu Ping Jian Jun Ecology Breeding Company Limited ("Jian Jun"), for a total consideration of RMB6,580,000 (approximately HK$8,059,000). Upon completion, Jian Jun became an indirectly wholly-owned subsidiary of the Company.

The fair value of the net assets acquired in the transaction, and gain on bargain purchase, are as follow:

	1.8.2011 to 31.12.2012 HK$'000
Cash paid	7,875
Outstanding balance payable	184
Total consideration	8,059
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	7,285
Biological assets	2,161
Inventories	1,038
Accrued charges and other payables	(572)
Total identifiable net assets	9,912
Gain on bargain purchase	(1,853)

The gain on a bargain purchase represented the excess of the fair value of net assets as at the acquisition date over the fair value of the consideration. It is mainly attributable to the increase in fair value of the net assets acquired caused by the increase in fair value of biological assets.

The gain on bargain purchase was not shown in the quarterly reports and the interim reports during the seventeen month ended 31 December 2012 since the valuation of assets of the subsidiary was not completed at the time of preparation of those reports. Upon the completion of the valuation, the amount of gain on bargain purchase is reflected in this consolidated financial statements.

32. SCHEME OF ARRANGEMENT

By orders of the High Court of the Hong Kong Special Administrative Region (the "Hong Kong Court") and the Cayman Court made on 9 August 2011 and 26 August 2011 respectively, the Hong Kong Court and Cayman Court have respectively directed that a meeting (the "Scheme Meeting") to be convened for the creditors of the Company for the purpose of considering and approving the Scheme.

On 26 September 2011, the Scheme including the following terms was approved by a resolution of the creditors of the Company:

(i) the Company shall pay a sum of up to HK$13,160,000 out of the proceeds from the issuance of the Subscription Shares as a cash settlement (including the settlement of the petition costs, the preferential claims, the issuance costs and the cost of the Scheme); and

(ii) the Company shall issue a total of 32,000,000 New Shares as Creditors Shares to settle all claims against and liabilities of the Company in accordance with the terms of the Scheme.

The Scheme has become effective since 26 October 2011.

Computation of gain on the Scheme is set out below:

	1.8.2011 to 31.12.2012 HK$'000
Consideration	
Cash	13,160
Share capital	1,280
Share premium	45,440
	59,880
Accruals and other payables	14,182
Convertible bonds	106,600
Amount due to an investor	5,199
Amount due to deconsolidation	1,022
Others	371
	127,374
Gain on the Scheme	67,494

33. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Property, plant and equipment	**2,283**	–

(b) Operating lease commitments

At the end of the reporting period, the Group as a lessee had total future minimum lease payments payable under non-cancellable operating leases as set out below:–

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000
Land and buildings		
– within 1 year	**941**	907
– in the 2nd to 5th year inclusive	**46**	818
	987	1,725
Property, plant and equipment		
– within 1 year	**300**	–
– in the 2nd to 5th year inclusive	**175**	–
	475	–
	1,462	1,725

34. DETAILS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2013 are as follows:–

Name	Place of incorporation/ establishment and operations	Nominal value of issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Global Kingdom Development Limited*	British Virgin Islands	US$1	100.00	–	Dormant
Asia Force Development Limited*	British Virgin Islands	US$1	100.00	–	Dormant
Tony China Limited	Hong Kong	HK$10,000	100.00	–	Investment holding
East Shine Group Limited	British Virgin Islands	US$1	100.00	–	Investment holding
Xiamen Dongyu Trading Company Limited	PRC	US$6,000,000	–	100.00	Investment holding
China Medical And Biotechnology (Hong Kong) Limited	Hong Kong	HK$1	100.00	–	Dormant
Longyan Dongyu Bio-feedstock Company Limited	PRC (Sino-foreign owned enterprise)	RMB18,000,000	–	100.00	Trading, development and manufacturing of feedstock products
Wu Ping Jian Jun Ecology Breeding Company Limited	PRC	RMB600,000	–	100.00	Breeding and sales of live swines
福建龍岩市東華農業綜合開發有限公司	PRC	RMB1,000,000	–	100.00	Dormant
City Ally Holdings Limited**	British Virgin Islands	US$1	100.00	–	Investment holding
Town Ally Investment Company Limited**	Hong Kong	HK$10,000	–	100.00	Provision of administrative service
Keen Profit Development Limited**	British Virgin Islands	US$1	–	100.00	Investment holding
Way Union Development Limited**	British Virgin Islands	US$1	–	100.00	Investment holding
Broad Sound Enterprise Limited**	British Virgin Islands	US$1	–	100.00	Investment holding
Way Union Finance Limited**	Hong Kong	HK$100	–	100.00	Money lending
Town Ally Enterprise Limited**	Hong Kong	HK$1	–	100.00	Investments in securities
Time Smart Development Limited**	British Virgin Islands	US$1	–	100.00	Investment holding

* struck off during the year

** newly set up during the year

35. CONTINGENCIES

As at 31 December 2013 and 31 December 2012, the Group had no material contingencies.

36. BANKING FACILITIES

At 31 December 2013, the Group has aggregate banking facilities of HK$3,805,000 (2012: HK$3,682,000). The facilities are secured by a land use right in the PRC with net book value of HK$1,077,000 (2012: HK$1,064,000) and a guarantee provided by the legal representative of a PRC subsidiary amounting to HK$5,358,000.

At the balance sheet date, banking facilities approximately HK$3,805,000 (2012: HK$3,682,000) were utilised by the Group.

37. SUBSEQUENT EVENTS

(a) Extension of investment period of an investment agreement

In respect to the investing loan as detailed in note 22, the Group entered into an extension agreement on 3 January 2014 to extend the loan period from 20 calendar months to 26 calendar months from the date of the commencement of the loan period. The minimum guaranteed amount is revised from HK$1,550,000 to HK$2,015,000 to reflect the Group's shared profit pursuant to the extension of the loan period.

(b) Share consolidation

Pursuant to an extraordinary general meeting on 13 January 2014, every four ordinary shares of the Company of a nominal or par value of HK$0.04 each in the issued and unissued share capital of the Company be consolidated into one consolidated share of a nominal or par value of HK$0.16 such that the authorised share capital of the Company is HK$200,000,000 divided into 1,250,000,000 ordinary shares of a par value of HK$0.16 each, such consolidated shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the Article of Association of the Company. The share consolidation is in effect on 14 January 2014.

37. SUBSEQUENT EVENTS *(continued)*

(c) Acquisition of a subsidiary

On 17 January 2014, the Group acquired 100% of the share capital of EPRO Computer Systems (Beijing) Company Limited, a company incorporated in the PRC with limited liability and principally engaged in the provision of professional information technology contract and maintenance services, for a cash consideration of HK$3,000,000. This cash consideration has not been settled up to the date of this annual report.

(d) Proposed investment in a joint venture

On 21 January 2014, the Company entered into a memorandum of understanding with Anhui Province Ningguo City Wu Jia Da Yuan Livestock Husbandry Company Limited ("Proposed JV Company"), Ms. You Chunping and Mr. Wu Mingliang in relation to the restructuring and the transformation of the Proposed JV Company. The Proposed JV Company is incorporated in the PRC with a limited liability, and is engaged in the nurtured and sale of organic Wannan Black Hair Pigs. If the Company injects capital into the Proposed JV Company, the Company shall hold 51% of the equity interests of the Proposed JV Company.

Agreement in respect of this proposed investment in a joint venture has not been signed up to the date of this annual report.

(e) Proposed change of domicile

On 3 March 2014, the board of directors proposes to change the domicile of the Company from Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under laws of Bermuda. The implementation of the change of domicile will not affect the continuity of the Company and the listing status.

(f) Proposed rights issue, capital reorganisation and increase in authorised share capital

On 3 March 2014, the Company proposes to issue rights shares on the basis of thirteen rights shares for every two existing shares for raising a net proceeds of approximately HK$172 million. The Company intends to use approximately HK$100 million of the net proceeds from the rights issue for investment in agricultural and related business, approximately HK$10 million for operating the subsidiary aforementioned in note 37(c), approximately HK$40 million for operating money lender business and approximately HK$22 million as general working capital.

37. SUBSEQUENT EVENTS *(continued)*

(f) Proposed rights issue, capital reorganisation and increase in authorised share capital *(continued)*

Besides, paid up capital of the Company will be cancelled to the extent of HK$0.15 on each of the issued existing share that the nominal value of each issued existing share will be reduced from HK$0.16 to HK$0.01.

The authorised share capital of the Company will be increased from HK$200,000,000 (divided into 1,250,000,000 existing shares) to HK$1,000,000,000 (divided into 6,250,000,000 existing shares) by the creation of an additional 5,000,000,000 existing shares, which will rank pari passu with all existing shares.

(g) Proposed cancellation of share premium account

On 3 March 2014 the Board proposes to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an existing account of the Company designated as the contributed surplus account of the Company before the change of domicile as aforementioned in note 37(e).

38. COMPARATIVE FIGURES

Comparative figures for the consolidated financial statements covering the period of 17 months from 1 August 2011 to 31 December 2012 may not be comparable with that of the current year due to change of accounting date in prior period.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31.12.2013 HK$'000	As at 31.12.2012 HK$'000 (Restated)
NON-CURRENT ASSETS		
Interests in subsidiaries	**10**	10
CURRENT ASSETS		
Deposits, prepayments and other receivables	**187**	–
Amounts due from subsidiaries	**69,010**	40,419
Cash and cash equivalents	**35,013**	–
	104,210	40,419
CURRENT LIABILITIES		
Other payables and accruals	**741**	1,058
Amount due to an investor	**124**	124
Convertible notes	**–**	8,753
Deferred tax liabilities	**–**	509
	865	10,444
NET CURRENT ASSETS	**103,345**	29,975
NET ASSETS	**103,355**	29,985
REPRESENTING:		
CAPITAL AND RESERVES		
Share capital	**27,752**	14,264
Reserves	**75,603**	15,721
EQUITY	**103,355**	29,985