China Demeter Investments Limited
中國神農投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8120

Annual Report 2015

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.

This annual report, for which the directors (the "Directors") of China Demeter Investments 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
Mr. Ng Ting Ho

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kin Fai
Ms. Cheng Lo Yee
Mr. Hung Kenneth

COMPLIANCE OFFICER

Mr. Zhou Jing

AUTHORISED REPRESENTATIVES

Mr. Lam Chun Kei
Ms. Chan Lai Ping

AUDIT COMMITTEE

Mr. Lee Kin Fai *(Chairman)*
Ms. Cheng Lo Yee
Mr. Hung Kenneth

REMUNERATION COMMITTEE

Mr. Lee Kin Fai *(Chairman)*
Ms. Cheng Lo Yee
Mr. Hung Kenneth

NOMINATION COMMITTEE

Ms. Cheng Lo Yee *(Chairlady)*
Mr. Lee Kin Fai
Mr. Hung Kenneth

COMPANY SECRETARY

Ms. Chan Lai Ping, HKICPA

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANKER

Dah Sing Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited

REGISTERED OFFICE

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Hamilton HM 11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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518-520 Nathan Road, Yau Ma Tei,
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

STOCK CODE

8120

WEBSITE

http://www.chinademeter.com

Chairman's Statement

Dear Shareholders,

On behalf of China Demeter Investments 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 2015.

RESULTS PERFORMANCE

For the year ended 31 December 2015, the Group recorded a revenue from continuing operations of approximately HK$57,721,000 (2014: approximately HK$18,063,000). Profit attributable to owners of the Company amounted to approximately HK$6,168,000 (2014: loss of approximately HK$15,289,000).

The net profit attributable to owners of the Company for the year ended 31 December 2015 was mainly attributable to profit recorded from the feedstock products and animal husbandry business segment of approximately HK$6,719,000, the change in fair value of financial asset through profit or loss of approximately HK$3,616,000, the loan interest income from the money lending business of approximately HK$13,367,000, dividend income received from the available-for-sale investments of HK$10,954,000, which were offset by impairment loss of available-for-sales investments of approximately HK$5,934,000.

BUSINESS PERFORMANCE

For the year ended 31 December 2015, the Group recorded a turnover of the feedstock products and the animal husbandry business of approximately HK$39,962,000, representing an increase of approximately HK$32,434,000 as compared to approximately HK$7,528,000 in the corresponding period of 2014. The Group will continue to strengthen the feedstock products and the animal husbandry business, the fine-tuning of the production line of the Group's feed plant for production of feedstock products, which was suspended from operation in the first half of 2014 in order to improve the production process and quality of products, had been completed in the second half of 2014 and return to normal operation in 2015.

During the year, the Group used its surplus liquidity to fund its money lending business through its indirectly wholly-owned subsidiary, Way Union Finance Limited. Loan interest income under this business segment amounted to approximately HK$13,367,000 during the year (2014: HK$10,160,000). During the year, interests of the loan receivables were charged at rates ranging from 5% to 15% per annum.

The Group has investments in securities of listed and non-listed companies in order to diversify its investment portfolios and increase returns to shareholders. During the year, the Group recorded a gain in fair value of financial assets through profit or loss of approximately HK$3,616,000. The Board will continue to closely monitor the performance of securities to mitigate possible financial risks.

Chairman's Statement

In February 2015, the Company completed the subscription agreement with China Green (Holdings) Limited ("China Green") (formerly known as China Culiangwang Beverages Holdings Limited) (Stock Code: 904), pursuant to which China Green had taken up 83,000,000 shares at a subscription price of HK$0.175 per share allotted and issued by the Company under the specific mandate. The net proceeds raised amounted to approximately HK$14,000,000. Given that the Company and China Green were both involved in the agricultural industry, there would be potential cooperation opportunity between them in the future.

Having considered that China Green had successful experience in growing, processing and distributing agricultural products (excluding feedstock related products), the cooperation between the Company and China Green would be beneficial to the improvement of the Company's current production technology and distribution strategy and its future expansion to other fields of the agricultural industry.

In April 2015, the Group completed the acquisition of 51% of the issued shares of a company incorporated in Hong Kong. The acquired company is mainly engaged in the provision of the food and beverage service in Hong Kong. The turnover for the year amounted to approximately HK$4,392,000 (2014: Nil). Since the food and beverage business is still at the stage of development, the Group is optimistic about its development potential and expects to bring higher returns to shareholders by formulating business strategies to expand its business proactively.

In October 2015 the Group has agreed to jointly invest into a joint venture company, which is principally engaged or invested in the business of operating restaurants, cafes and take-away outlets, and food and drinking catering in the Southeast Asia region. The Group is committed to expanding the scope of its business and bring in new dynamics for the Group's revenue growth. The Directors are of the view that the investment in the joint venture company is in line with the Group's existing business investment in the food and beverage industry. It is expected the investment in the joint venture company will allow the Group to expand its investment into the food and beverage business in the Southeast Asia region.

To provide the Company a better identification and to strengthen the Company's corporate image, the Company has changed the English name of the Company from "Oriental Unicorn Agricultural Group Limited" to "China Demeter Investments Limited" and the secondary name in Chinese of the Company from "東麟農業集團有限公司" to "中國神農投資有限公司" ("Change of Company Name"). The Company is of the view that such change in company name will better reflect and emphasise the extension of the Group's business focus from feedstock products and animal husbandry businesses to other investment areas.

The Group is committed to reinforcing its intrinsic strength and further consolidating each of the business segments to boost new income growth. Meanwhile, the Group will continue to identify potential business and investment opportunities with a view to increase the sources of income and bring higher returns to the Shareholders.

BUSINESS PROSPECTS

Looking ahead, the Group will continue to strengthen the existing feedstock products and the animal husbandry business by uplifting its service standards to farmers and increase its competitiveness in the market through optimising product qualities, strengthening business operation and improving marketing management.

In addition, the Group will continue to invest in the prosperous money lending business in Hong Kong, to book higher return and expand income resources through its money lending business. The Group is also optimistic about the food and beverage market and will take a flexible and cautious approach to the operation of food and beverage business by formulating our business strategies based on the market development and actively exploring new business so as to continue to make huge profits for the Group.

For the securities investments and trading business, the Group will continue to seek business and investment opportunities with a view to providing growth potential of the Group and bringing higher returns to the Shareholders.

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 2016

FINANCIAL AND BUSINESS REVIEW

China Demeter Investments Limited (formerly known as Oriental Unicorn Agricultural Group Limited) (the "Company") and its subsidiaries (the "Group") recorded a net profit attributable to owners of the Company of approximately HK$6,168,000 for the year ended 31 December 2015, as compared to a loss attributable to owners of the Company of approximately HK$15,289,000 last year, which was mainly attributable to the fair value gain of approximately HK$3,616,000 (2014: fair value loss of approximately HK$23,382,000) from financial assets at fair value through profit or loss during the year ended 31 December 2015. During the year, the Group's feedstock product and animal husbandry business segments recorded a profit of approximately HK$6,719,000 as compared to a loss of approximately HK$2,442,000 over the same period of 2014, and loan interest income arising from the Group's money lending business commenced in mid-2014 was approximately HK$13,367,000 (2014: HK$10,160,000).

The turnover of the Group from the continuing operations for the year was approximately HK$57,721,000, representing an increase of approximately HK$39,658,000 as compared to HK$18,063,000 for the same period last year; while gross profit was approximately HK$21,766,000 (2014: 12,034,000). As the income sources of the Group became more diversified, the turnover from the continuing operations for the year ended 31 December 2015 composed of the sales of feedstock and animal husbandry products was approximately HK$39,962,000 (2014: HK$7,528,000), loan interest income was approximately HK$13,367,000 (2014: HK$10,160,000) and the new business of provision of food and the beverage business was approximately HK$4,392,000 (2014: Nil).

General and administrative expenses from the continuing operations during the year were approximately HK$19,736,000, a decrease of approximately HK$4,110,000 as compared to approximately HK$23,846,000 for the same period last year. The decrease was mainly due to the payment expenses of approximately HK$4,730,000 for the shares recognised as equity settlement for the same period last year, while such expenses were not incurred during the year.

AGRICULTURE BUSINESS

China is the largest pork consumption market in the world and is expected to grow further. The growth of the feedstock product and animal husbandry industry in China is largely dependent on the pace of its urbanisation and improvement of people's living standard. The pork price is a reflection of the supply and demand of hogs.

The turnover of the feedstock product and animal husbandry business for the year was approximately HK$39,962,000 (2014: HK$7,528,000), representing an increase of approximately HK$32,434,000 over the same period last year. The increase was mainly due to the suspended operation of the feedstock factory for the production of feedstock products since the first half of 2014 for fine tuning the production lines so as to improve the production process and product quality. The production lines were improved in the second half of 2014 and returned to normal operation in 2015. Moreover, it was because the price of pigs began to stabilise and pick up gradually in 2015, while the sales of feedstock and animal husbandry products increased as well.

MONEY LENDING BUSINESS

The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong, in which a person or company carrying on business as a money lender in Hong Kong must obtain a money lender's licence.

The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. Based on the list of existing money lenders licensees as maintained by the Registrar of Companies in Hong Kong, there were more than 1,400 licensed money lenders (including applications for renewal in progress) in Hong Kong as at 31 December 2015.

The scope of money lending services provided by licensed money lenders generally includes personal loans, business loans and mortgage loans. Within a loan category, the interest rates, the length of term of loan and choice of instalments vary with each licensed money lender. In addition to competition with other licensed money lenders, licensed money lenders also compete with authorised institutions such as banks, restricted licensed banks and deposit-taking companies in the provision of money lending services, although licensed money lenders may offer an advantage in providing loans with simpler approval procedures and greater flexibility.

Therefore, in view of the competitive landscape of the money lending business in Hong Kong, to reach potential borrowers who might compare lending services and products across various options, the brand exposure and target market are important to a licensed money lender.

The Group's money lending business do not generally target the general public. To differentiate from other licensed money lenders in the market, the target customers of the money lending business of the Group are mainly as follows:

(i) as regards personal loans, the Group targets well-heeled and reputational customers, the occupations of which ranged from executives, businessmen to professionals; and

(ii) as regards business loans, the Group targets well-established companies with business operations in Hong Kong and/or the People's Republic of China (the "PRC").

For the year ended 31 December 2015, the Group mainly provided fixed loans to individuals and companies where interests are payable by tailor-made schedule at fixed interest rate. The Group's money lending business will not usually grant loans to connected persons of the Company and for the year ended 31 December 2015, the Group has not granted any loan to the connected persons of the Company.

As at 31 December 2015, personal loans represented approximately 75% and business loans represented approximately 25% respectively in value of the Group's total active and outstanding loan portfolio. All of the customers in the Group's money lending business are Hong Kong or PRC residents or companies with business operations in Hong Kong and the PRC and come from referral from the business partners of the Group.

The majority of our loans are short-term loans repayable within a year. As at 31 December 2015, 90% of outstanding loan balances were short-term loans repayable within one year and 10% of outstanding loan balances were long-term loans repayable beyond one year.

As at 31 December 2015, the effective interest rate of the active and outstanding loans in the loan portfolio of the Group's money lending business ranged from 5.0% to 12.0% per annum. Most of the loans granted by the money lending business of the Group are unsecured loans. To justify the higher credit risk, the Group typically charge a higher interest rate. Unsecured loans represented 93% of the Group's total active and outstanding loan portfolio as at 31 December 2015.

Given that the majority of the loans granted by the Group's money lending business are short-term loans provided to our customers who, as mentioned above, were well-heeled and reputational individuals and well-established companies who/which need short-term financing for personal/business needs, the collateral requirement was not viable as it was inconvenient to provide collaterals for short-term loans. Moreover, the creation and release of collaterals for short-term loans will create unnecessary administrative cost to the Group. In view of the higher underlying credit risk and lack of collateral, the Group could typically charge higher interest rates. Also, the Group usually required customers to provide signed and post-dated bank cheques with payments in accordance with tailor made repayment schedules.

For certain corporate customers, the Group has requested personal/corporate guarantees in order to enhance the recoverability of the loans. In determining whether a personal/corporate guarantee is required to add further security for the loan, the Group will consider, on a case by case basis, the reason for the borrowing, the credit history of the borrower with the Group, the borrower's financial background and the Group's credit exposure for the loan. As at 31 December 2015, loans which are backed by personal/corporate guarantees/mortgaged in respect of a property represented approximately 27% in number, and approximately 25% in value of our Group's total active and outstanding loan portfolio.

As at 31 December 2015 and as at the date of the Annual Report, no provision for the bad debts on loan receivables was made and there are no defaults on the customers of the Group's money lending business. All principals and interests are duly received.

Credit policy and loan approval process

The board of Directors ("**Board**") has set up a credit committee ("**Credit Committee**") and adopted a credit policy for the credit approval procedures. The Credit Committee has full authority to deal with all credit matters. The members of the Credit Committee are appointed by the Board and the quorum of the Credit Committee is at least two committee members.

The primary duties of the Credit Committee are, among other things, to approve and oversee the credit policy of the Group's money lending business and to monitor our loan portfolio. The credit policy of the Group's money lending business is subject to the review and amendments by the Credit Committee and the Board from time to time in line with changes in market environment. Given the fast changing environment, the Board and the Credit Committee endeavor to review the credit policy at least once a year.

Loan applications are generally received by the Credit Committee members, who are responsible for verifying the loan application documents and processing the loan applications. Credit Committee members are the main contact point with the customers, and are responsible for collecting the customers' information and handling loan application documents throughout the loan application process.

After receipt of the loan applications, the Credit Committee will perform the credit assessment procedures to assess the repayment ability of customers. The Group has set out strict credit check procedures to verify the credit worthiness of the customers. As each loan is different and unique, the Group does not have any specific quantitative conditions or criteria imposed for approving its loan. Each loan is decided on a case-by-case basis.

The following is a summary of the general guidelines of assessing the loan applications by the Credit Committee:

(1) Identity proof – such as identity card and passport (for individuals). and business registration certificate, certificate of incorporation and the constitutional documents (for corporate entities) must be verified;

(2) Address proof – such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;

(3) Repayment ability assessment – to assess and justify the repayment ability of the customer, criteria such as availability of guarantor, the background of the customer, and where applicable, the past payment record and any other relevant information are to be considered. The Credit Committee may request further information from the customer including but not limited to the followings: tax demand note, tax return, bank book record, bank statement, payroll slip, MPF statement, employer's letter, employment contract, rental income receipt, tenancy agreement, financial statements, and auditor's report etc.; and

(4) Legal search – a legal search will be conducted on the customers (and as the case may be, the guarantors) to ascertain if the potential borrowers have any prior legal cases in the past, which may cast doubt on credit worthiness and repayment ability.

As with the credit assessment of borrowers, guarantors who provide personal/corporate guarantee in favour of a loan are also required to meet the same basic eligibility and approval criteria, and will be required to go through the same verification and approval procedures.

The Credit Committee members will also be responsible for determining the interest rates charged to the customers, having taken into consideration factors such as the credit risks of the customers, their recoverability and the prevalent market interest rates. Typically, higher interest rates will be charged for unsecured loans to justify the higher credit risk.

After credit assessment and review of the loan applications by the Credit Committee, loan documents will be prepared and the loans will be recommended to the directors of the wholly-owned subsidiary of the Company which operates the money lending business for final approval.

If the applicable percentage ratios as defined under the GEM Listing Rules in respect of the making of the loan under the loan application would constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules, the loan application will be forwarded to the Board and a meeting of the Board will be held to consider and approve the loan application. It is the Group's policy not to make any advance to a borrower if such a proposed loan transaction will constitute a major transaction or above under the GEM Listing Rules.

During the year, the Group used its surplus liquidity to fund the money lending business carried out by its indirectly wholly-owned subsidiary, Way Union Finance Limited. Loan interest income from this business segment amounted to approximately HK$13,367,000 during the year (2014: HK$10,160,000). During the year, interests on the loan receivables were charged at a rate ranging from 5% to 15% per annum (2014: from 7% to 15%).

SECURITIES INVESTMENT

The Group has made investment in the securities of listed and non-listed companies in order to diversify its investment portfolios and increase returns for shareholders. During the year, the fair value gain from financial assets at fair value through profit or loss was approximately HK$3,616,000 (2014: a fair value loss of approximately HK$23,382,000).

The financial assets held by the Group at fair value through profit or loss were all the shares of listed companies in Hong Kong. Of these assets, the investment value of the shares of four listed companies as at 31 December 2015 accounted for approximately 91% of the total market value of all the financial assets held by the Group at fair value through profit or loss as at 31 December 2015. These investments included (i) approximately 11,840,000 shares of Town Health International Medical Group Limited ("THIM") (representing approximately 0.16% of the issued share capital of THIM); (ii) 66,000,000 shares of Convoy Financial Holdings Limited ("Convoy Financial") (representing approximately 0.44% of the issued share capital of Convoy Financial); (iii) 35,860,000 shares of AMCO United Holding Limited ("AMCO United Holdings") (representing approximately 0.01% of the issued share capital of AMCO United Holdings); and (iv) 62,200,000 shares of RCG Holdings Limited ("RCG") (representing approximately 4.14% of the issued share capital of RCG). The respective shares of THIM, Convoy Financial, AMCO United Holdings and RCG are listed on the main board of the Stock Exchange. The Group's investments in THIM, Convoy Financial, AMCO United Holdings and RCG were collectively known as "Significant Investment".

THIM is principally engaged in investment in the healthcare business; provision and management of medical, dental and other healthcare-related services; as well as investment and trading in property and securities. Convoy Financial is principally engaged in the independent financial advisory business, lending business, proprietary investment business, asset management business and corporate finance advisory services. AMCO United Holdings is principally engaged in the manufacture and sale of medical products and equipment and plastic film products, provision of public relations services and human resources management services. RCG is principally engaged in the provision of biometric identification products, radio frequency identification products and solution services.

The weak trend in the stock market in the fourth quarter of 2015 resulted in a significant loss from the changes in the fair value of financial assets through profit or loss. However, gains were recorded as a whole in the fair value of the financial assets of the Group through profit or loss for the year ended 31 December 2015. As the market sentiment has improved recently, the Board expects that performance in the Significant Investment will still be able to contribute positive returns for the Group in the near future. The Board will continue to closely monitor the performance of the securities in order to mitigate potential financial risks.

FOOD AND BEVERAGE BUSINESS

In April 2015, the Group completed the acquisition of 51% of the issued shares of a company incorporated in Hong Kong, which is principally engaged in the provision of the food and beverage services in Hong Kong. During the year, turnover amounted to approximately HK$4,392,000 (2014: Nil). As the food and beverage business is still in the development stage, the Group remains optimistic about its potential for development, and hopes to generate higher returns for shareholders by mapping out a business strategy for expanding its business aggressively.

FORMATION OF A JOINT VENTURE

In October 2015, Eternal Speed International Limited ("Eternal Speed"), an indirect wholly-owned subsidiary of the Group, entered into a shareholders' agreement with joint venture partners and a joint venture company in relation to a joint venture arrangement. The joint venture parties are now operating the joint venture company to carry out investment in the business of operating restaurants, cafes and take-away outlets as well as providing food and beverage in the Southeast Asia region.

The joint venture company is owned as to 50% by Eternal Speed and as to 50% by the joint venture partners. Pursuant to the shareholders' agreement, the joint venture partners and Eternal Speed have, according to their respective shareholding in the joint venture company, subscribed for new joint venture shares at an aggregate subscription price of HK$30,000,000 in cash. The subscription price of HK$15,000,000 payable by Eternal Speed has been funded by the internal resources of the Group.

INFORMATION TECHNOLOGY BUSINESS

Disposal of Sky Red Group

In September 2015, the Group completed the disposal of the entire issued share capital of Sky Red International Limited (incorporated in the British Virgin Islands with limited liability) and its subsidiaries Oasis Island Ventures Limited and 易寶電腦系統(北京)有限公司 (in English for identification purpose only, EPRO Computer Systems (Beijing) Co., Ltd.) (collectively known as "Sky Red Group") to Mr. He Huaguang, who was a director of EPRO Computer Systems (Beijing) Limited ("EPRO"), at a consideration of HK$2,000,000. Sky Red Group's main business arm was EPRO which is incorporated in the PRC with limited liability and principally engaged in the provision of professional information technology contracts and maintenance services. Upon disposal of Sky Red Group, the Group has discontinued the operation of the information technology business.

MILK POWDER BUSINESS

Disposal of 55% equity interest in Zhao Hui and derecognition of Zhao Hui Group as a subsidiary of the Company

The Group completed the acquisition of a 55% equity interest in Zhao Hui Holdings Limited ("Zhao Hui", together with its subsidiaries, collectively known as "Zhao Hui Group") in December 2014, and had thereafter expanded into the milk powder business via its holding of an indirect interest in Viplus Dairy Pty Limited ("Viplus"), which is incorporated in Victoria, Australia, with limited liability, Viplus is principally engaged in formula milk powder processing, production and related business and is an operator of a dairy product manufacturing plant in Victoria, Australia. Viplus is owned by Australia Dairy Group Limited ("Australia Dairy") as to 90% and by Globe Year Limited ("Globe Year") as to 10%. Australia Dairy is owned by Globe Year as to 60%, and Globe Year is owned by Zhao Hui as to 60%. When carrying out the acquisition, 45% of the minority shareholders of Zhao Hui and 40% of the minority shareholders of Globe Year entered into certain investment arrangements, pursuant to which upon completion of the corporate restructuring under such investment arrangements on 31 December 2014, Zhao Hui Group became a non wholly-owned subsidiary of the Company after the acquisition.

Since May 2015, there has been a dispute between the Company and Fortunate Times Enterprises Limited ("FTEL"), a shareholder with a 40% equity interest in Australia Dairy, over the resignation and removal of a general manager of Viplus and Australia Dairy nominated by FTEL (the "Dispute"). In this connection, FTEL commenced arbitration proceedings against Globe Year and Australia Dairy at the Hong Kong International Arbitration Centre. In this arbitration case in Hong Kong, Globe Year and FTEL lodged a claim respectively and sought to acquire the shares of another party in Australia Dairy because of the Dispute.

Because of the Dispute, and the Group was unable to reach a consensus with FTEL on the future strategies of Viplus, the main asset of Zhao Hui Group. The Directors considered that since it was impossible or very difficult for Zhao Hui Group to be integrated into the Group in a timely manner due to the Dispute, the previously anticipated benefits of acquiring Zhao Hui Group would be significantly reduced.

The Group entered into a sale and purchase Agreement with FTEL on 30 September 2015, pursuant to which the Group agreed to dispose of a 55% equity interest in Zhao Hui to FTEL at a consideration of AUD3,227,400 (equivalent to approximately HK$18,073,000). Upon completion of the disposal, the Group would no longer have any equity interest in Zhao Hui Group. The disposal presented a good opportunity to end the Dispute, realise the Group's investment in Zhao Hui Group and improve the Group's cash position.

At the same time of entering into the sale and purchase agreement, the minority shareholders with a 45% equity interest in Zhao Hui and the minority shareholders with a 40% equity interest in Globe Year had also entered into an agreement for disposing of their respective equity interests in Zhao Hui and Globe Year to FTEL. After the disposal, the Company no longer had the power to exercise control over Zhao Hui Group, which was originally supported when the Group entered into a voting consensus agreement with the two minority shareholders. Since the Company has lost the control over Zhao Hui Group, the member companies of Zhao Hui Group have ceased to be the subsidiaries of the Company, and the Company has become a minority shareholder of Zhao Hui Group, the performance of Zhao Hui Group will no longer be consolidated into the Group's financial statements.

Moreover, the Company has been unable to obtain the books and records of Viplus (the operating subsidiary of Zhao Hui Group) since July 2015 because of the Dispute. The Board considered using Zhao Hui Group's financial information as at 30 June 2015 to derecognise Zhao Hui Group as a subsidiary of the Company. For the financial impact as a result of the derecognition of Zhao Hui Group as subsidiary of the Company, reference was made to the unaudited consolidated management accounts as at and for the six months ended 30 June 2015 and information accessible as at the date of this report. Taking into account Australia Dairy's declaration and payment of interim dividends amounting to approximately HK$5,387,000 attributable to the Group prior to the Disposal, the derecognition of Zhao Hui Group as a subsidiary of the Company will result in net proceeds of approximately HK$7,540,000 which have been recognised in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2015.

After the Disposal, the Group will concentrate on the sources of income from the remaining businesses, and intends to apply the proceeds from the Disposal as its general working capital. Moreover, the Group will endeavor to explore other diversified businesses to enhance its profitability.

COMPLETION OF ISSUE OF NEW SHARES TO CHINA GREEN

On 11 February 2015, the Company completed a subscription agreement with China Green, pursuant to which China Green had subscribed for 83,000,000 shares allotted and issued by the Company under a specific mandate at an subscription price of HK$0.175 per share. The net proceeds raised amounted to approximately HK$14,000,000.

Given that the Company and China Green were both involved in the agricultural industry, there would be potential opportunity for cooperation between them in the future. Having considered that China Green had successful experience in growing, processing and distributing agricultural products (excluding feedstock related products), the cooperation between the Company and China Green would be beneficial to the improvement of the Company's current production technology and distribution strategy and its future expansion to other fields of the agricultural industry.

COMPLETION OF PLACING NEW SHARES

On 9 December 2015, the Company completed the placing of an aggregate of 328,760,000 placing shares, representing approximately 16.67% of the issued share capital of the Company as at the date immediately after completion of the placing, to not less than six placees at the placing price of HK$0.10 per placing share. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the placees and their respective ultimate beneficial owner(s) is an independent third party; and none of the placees has become a substantial shareholder of the Company upon completion of the placing. The net proceeds from the placing of shares are approximately HK$31,500,000, of which approximately HK$15,000,000 will be used as general working capital for the Group, and the balance will be used to develop the money lending business of the Group.

CHANGE OF COMPANY NAME

During the year, the name of the Company in English was changed from "Oriental Unicorn Agricultural Group Limited" to "China Demeter Investments Limited" and the second name of the Company in Chinese from "東麟農業集團有限公司" to "中國神農投資有限公司". The short name of the shares traded on the Stock Exchange was changed from "ORI UNICORN" to "CH DEMETER INV" in English and from "東麟農業" to "中國神農投資" in Chinese, both with effective from 13 July 2015. The stock code of the Company on the Stock Exchange will remain unchanged as "8120". In addition, the website of the Company was changed from www.irasia.com/listco/hk/orientalunicorn/index.htm to www.chinademeter.com to reflect the Change of Company Name.

It is considered that the Change of Company Name can better reflect and highlight the Company's move to extend its business focus from feedstock products and the animal husbandry business to other investment areas. The new company name will provide the Company a better identification and offer the Company a more distinctive corporate image.

PROSPECTS

Looking ahead, the Group will focus on expanding the securities investment and trading and related business as well as the food and beverage business acquired during the year. The Group also remains optimistic about the food and beverage market, and will operate the food and beverage business with a flexible and prudent approach. The Group expects that the investment made by the joint venture company formed during the year will match the Group's current strategy for investing in the catering industry, and will also enable the Group to step up its investment in the catering operations in the Southeast Asia region. The Group will aim to expand the scope of each business, seize the opportunities for bringing a new impetus for its revenue growth, and continue to contribute fabulous benefits to the Group by formulating business strategies accordingly in line with market trends.

The Group will continue to expand and consolidate its strength by virtue of its own advantages, and to look for business and investment opportunities with a view to enhancing its potential growth and generating higher returns for its shareholders. Moreover, the Group will review the markets for its respective businesses with a forward-looking perspective, commit more resources to the businesses with sustainability potential, and timely formulate development strategies for disposing of the businesses with losses and market uncertainties. The Board believes that the Group's solid foundation and rich experience of the professional management team will be able to boost performance and further enhance its market position for generating more fruitful returns for shareholders.

MATERIAL ACQUISITION AND DISPOSAL

In April 2015, Supreme Falcon International Limited ("Supreme Falcon"), an indirect wholly-owned subsidiary of the Company, entered into (1) an assignment instrument with Origin Fortune Investments Limited ("OF") and a company ("General Partner") incorporated under the laws of Cayman Islands with limited liability and responsible for the overall management and control of Cassia Investments Limited Partnership I ("Fund"), a closed-ended fund established as an exempted limited partnership under the laws of Cayman Islands and registered as an exempted limited partnership in accordance with the Exempted Limited Partnership Law of the Cayman Islands, in relation to the assignment to Supreme Falcon of OF's entire interest in the Fund (representing 12.38% of the limited partners' total commitments in the Fund) at the consideration of US$1,906,311; and (2) an assignment instrument with Hunting Treasure Limited ("OT") and the General Partner in relation to the assignment to Supreme Falcon of OT's entire interest in the Fund (representing 12.38% of the limited partners' total commitments in the Fund) at the consideration of US$1,906,311. The Group acquired the interest in the Fund for investment purpose, taken into account that the Fund has invested in projects in relation to the agriculture and food products sectors, which are in line with the Company's principal business. The completion of the acquisitions took place concurrent with the signing of each of the assignment instruments, immediately after which the Group became the owner of 24.76% of the limited partners' total commitments in the Fund.

In July 2015, the Company and Mr. He Huaguang ("Mr. He"), who was a director of EPRO has entered into a sale and purchase agreement, pursuant to which Mr. He has conditionally agreed to purchase, and the Company has conditionally agreed to dispose the entire issued share capital of its indirect wholly owned subsidiary, Sky Red International Limited with its subsidiaries for the consideration of HK$2,000,000 to be satisfied in cash.

In September 2015, the Rosy Path International Limited ("Rosy Path"), an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement, with pursuant to which the Rosy Path has conditionally agreed to sell, and the FTEL has conditionally agreed to purchase the Sale Shares, representing 55% equity interest in Zhao Hui Holdings Limited, at a consideration of AU$3,227,400 (equivalent to approximately HK$18,073,000).

In October 2015, the Group has entered into a joint venture arrangement with certain independent third parties to engage in or invest in the business of operating restaurants, cafes and take-away outlets and food and drinking catering in the Southeast Asia region through BLVD Cayman Limited ("JV Company"), a company incorporated in the Cayman Islands with liability. The Group owned 50% of the JV Company and has committed to invest HK$15,000,000 to the joint venture arrangement.

Saved as disclosed above, the Company does not have any significant acquisition and disposal during the year ended 31 December 2015.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the Group had cash and bank balances of approximately HK$69,562,000 (2014: HK$119,860,000) and net current assets of approximately HK$277,406,000 (2014: HK$259,478,000). Current ratio (defined as total current assets divided by total current liabilities) was 27.31 times (2014: 5.83 times).

The Group did not have any borrowings as at 31 December 2015. As at 31 December 2014, the Group had bank borrowing of approximately HK$5,905,000 which was denominated in Australian dollars. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

We fund our operations principally from cash generated from our operations, other debt instruments and equity financing from investors. Our cash requirements relate primarily to production and operating activities, business and asset acquisitions, repayment of liabilities as they become due, capital expenditures and any unexpected cash requirements. During the year, our EBITDA amounted to HK$17,467,000.

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 2015 was 3% (2014: 14%).

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 31 December 2015, the Group had equity attributable to owners of the Company of approximately HK$342,054,000 (2014: HK$290,558,000).

Issue of shares under the specific mandate

The Company and China Green, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange, among other matters, entered into a subscription agreement on 28 October 2014 pursuant to which the Company agreed to allot and issue 83,000,000 new Shares ("SM Subscription Shares") at the subscription price of HK$0.175 per SM Subscription Share under specific mandate to be sought by the Directors at the special general meeting of the Company held on 2 February 2015. At such special general meeting, the resolution to grant the specific mandate was passed as an ordinary resolution by the Shareholders and as disclosed in the announcement of the Company dated 11 February 2015, completion of the subscription of the SM Subscription Shares by China Green took place on 11 February 2015. The Company received net proceeds of approximately HK$14.0 million from the subscription and intended to use the proceeds for investment of new business projects including food and beverage business and/or processing and sales of food products and for general working capital.

Issue of shares under the general mandate

On 22 June 2015, the Company and Trinity Finance Investment Limited ("Placing Agent") entered into a placing agreement pursuant to which the Placing Agent has agreed to place ("Placing"), on a best endeavour basis, up to 328,760,000 placing shares, to not less than six placees who and whose ultimate beneficial owners are independent third parties at a placing price of HK$0.20 per placing share. As disclosed in the announcement of the Company dated 6 July 2015, the Company and the Placing Agent have mutually agreed to terminate the placing agreement effective on 6 July 2015.

On 24 November 2015, The Company and Placing Agent entered into placing agreement pursuant to which the Placing Agent has agreed to place, on a best effort basis, in aggregate, up to 328,760,000 placing shares at the placing price of HK$0.10 per Share to not less than six placees under general mandate. Completion of the Placing took place on 9 December 2015 in accordance with the terms of the Placing Agreement. The company received the net proceeds from the Placing Share are approximately HK$31.5 million, which will be used as to approximately HK$15 million for general working capital for the Group and the balance of which will be used to develop the money lending business of the Group.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
28 October 2014, 11 February 2015	Issue of 83,000,000 new shares at the subscription price of HK$0.175 per Share to China Green under specific mandate	HK$14 million	As to (i) approximately HK$12.7 million for investment of certain new business projects including food and beverage business and/or processing and sales of food products and (ii) as to approximately HK$1.3 million for general working capital.	Used as intended, as to (i) approximately HK$12.7 million for capital injection in a joint venture to engage or invest in the business of operating restaurants, cafes and take-away outlets, and food and drinking catering in the Southeast Asia region, the details of which are set out in the announcement of the Company dated 20 October 2015; (ii) approximately HK$1.3 million for general working capital.
22 June 2015, 6 July 2015	Placing of 328,760,000 new shares at the placing price of HK$0.20 per Share under general mandate	As disclosed in the announcement of the Company dated 6 July 2015, the Company and the Placing Agent have mutually agreed to terminate the placing agreement effective on 6 July 2015.	Not applicable	Not applicable
24 November 2015, 9 December 2015	Placing of 328,760,000 new shares at the placing price of HK$0.10 per Share under general mandate	HK$31.5 million	As to approximately HK$15 million for general working capital for the Group and the balance of the net proceeds will be used to develop the money lending business of the Group.	As to approximately HK$3 million used for working capital for the Group; and as to HK$15 million for the money lending business of the Group. The remaining net proceeds of approximately HK$13.5 million are intended to be utilised as intended.

Capital reorganisation

Pursuant to the special general meeting, the special resolution in relation to the capital reorganisation comprising the share consolidation, share reduction and the share sub-division was duly passed by way of poll and took effect on 4 February 2016. After the capital reorganisation,

(1) Every 5 issued and unissued Existing Shares of par value of HK$0.01 each in the share capital of the Company were consolidated into 1 consolidated Share of par value of HK$0.05 each and where applicable, the total number of consolidated Shares in the issued share capital of the Company immediately following the share consolidation were rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

(2) The capital reduction was effected immediately upon the share consolidation becoming effective, pursuant to which the par value of each of the then issued consolidated shares were reduced from HK$0.05 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$0.04 on each of the then issued consolidated shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company which may arise from the share consolidation, which together, amount to approximately HK$15,781,000, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(3) Immediately following the capital reduction, each of the then authorised but unissued consolidated shares of par value of HK$0.05 each were sub-divided into 5 new shares of par value of HK$0.01 each.

KEY RISK AND ITS MANAGEMENT

The Group is principally engaged in (i) feedstock products and animal husbandry business; (ii) money lending business; (iii) securities investment business; and (iv) food and beverage business.

Key Risk

(1) Reliance on key personnel

The effective operations and future success of the Group's business are depending, to a significant extent, on the capability, experience and continued efforts of our key management personnel. If the Group is unable to attract, retain and motivate the necessary key management personnel, the business and operation conditions of the Group may be disrupted and the results and financial positions of the Group may be materially or adversely affected.

(2) Reliance on close relationship with the Group's customers

The success of the Group relies heavily on good relationship with its customers. If the Group fails to maintain the current level of business relationship with its customers and retain them in its sales and distribution network, the sales, financial condition and operating results of the Group may be adversely affected.

(3) Change in requirements for feedstock products

The success of Group's feedstock business depends on, to a large extent, the formulae and the quality products that appeal to the mass market. However, regulations relating to the ingredients of feedstock products may change over time. If the Group is unable to source or unable to successfully develop products according to the changes in regulations or customers' preference, the demand for the feedstock products of the Group may decrease.

(4) Dependence of the Group's revenue on the PRC market

The PRC is currently the Group's key market for its products. There is no assurance that the PRC domestic market gap between supply and demand in the industry and the local demand for the Group's products will sustain. In the event that local or domestic demand for the Group's feedstock products decreases and the Group is not able to expand its business to other markets, the Group's business, financial condition and results operations may be adversely affected.

(5) Potential adverse impact of the unfavourable weather conditions and natural and man-made disasters on the raw materials of the Group's feedstock products agricultural products such as corn, bran meal, soybean meal and wheat bran are the major raw material components of the Group's feedstock products. The harvest of such agricultural products may be adversely affected by natural disasters including, but not limited to, drought, floods, prolonged periods of rainfall, hailstorm, windstorms, typhoons and hurricanes, fire, diseases, landslides, insect infestation, pests, volcanic eruption or earthquakes, as well as man-made disasters such as environmental pollution, arson, accidents, civil unrest or acts of terrorism. The occurrence of any of natural or man-made disasters may diminish the supply of raw materials used for the production of the Group's feedstock and thus may result in a significant increase of the Group's cost and has an adverse affect on the Group's profitability.

(6) Risks relating to the money lending business

The money lending business is a relatively new business segment of the Group and the management of this segment was newly recruited in the previous year. Although the key management comprises those having extensive experience in the financial business, the inherent risk of this relatively new business is considered to be higher. To mitigate this risk, the Board has set up a credit committee ("Credit Committee") with relevant experience of this business segment and report to the board of the Company directly. The Credit Committee has full authority to deal with all credit matters. The members of the Credit Committee are appointed by the Board and the quorum of the Credit Committee is at least two committee members. The credit policy of the Group's money lending business is subject to the review and amendments by the Credit Committee and the Board from time to time in line with changes in market environment.

Risk Management

(1) Commodities Price Management

Commodities comprise a significant part of the Group's inputs (costs) and outputs (sales). The Group uses various raw materials, primarily live hogs in our hog production operations. The Group's turnover is primary driven by sales of hogs to third parties. Significant price fluctuations in these commodities affect our results. In PRC, we try to mitigate the effects of price fluctuations through strategic inventory management.

(2) Credit risk management

For loans granted by the Group, the Credit Committee will hold meetings on a monthly basis to review the repayment record of the loan interests and loan principals. The Credit Committee will assess the credit quality of the outstanding loan portfolio and see if provision needs to be made for non-performing loans.

The Credit Committee will regularly report to the Board over the repayment record of the loan interests and loan principals in the loan portfolio, its components and other matters, which need to be bought to the attention of the Board.

Given that the targeted customers of the Group's money lending business are well-heeled and reputational individuals and well-established companies, in the case of provision of short-term loans for the purpose of short-term financing for personal/business needs, the Group will generally not require collateral as it was not viable for such customers to provide collaterals and would only deter them. Moreover, for short-term loans, the creation and release of collaterals would create unnecessary administrative cost to the Group. Nevertheless, the Group would apply the established credit approval policy and process to assess each and every potential customer such that, the Group would only approve any loans after the Group is of the view that any provision of loan will not constitute a high credit risk and the Group would usually require customers to provide signed and post-dated bank cheques with payments in accordance with tailor made repayment schedules.

(3) *Business and operational risk management*

The Credit Committee is responsible for the assessment of the business and operational risks and implementation of credit policies. Monthly meetings are held among Credit Committee members and regular meetings are held between the Credit Committee and the board of Directors to review the operating activities of the money lending business.

We have established internal reporting procedures to report any suspected case (including but not limited to employee misconduct and fraud). We have formulated credit policies and operational procedures (which are continuously updated), and implemented initiatives which include:

- segregating duties between credit assessment, loan file reviews and loan approval to establish checks and balances in the loan approval processes;
- checking and recalculating loan repayment schedules upon loan settlement to ascertain the accuracy of interests charged in accordance with the stated effective interest rates;
- adopting staff handbook which documented our requirements on employees' code of conduct and contained reporting policy as a procedure guideline for staff to report fraud or suspicious fraud case, if any;
- adopting information security guidelines to prevent unauthorised access to our information system and to reduce the operational risk caused by failures of information technology systems by maintaining backup data for the key data processing systems; and
- strengthening our anti-money laundering monitoring efforts via verification of identity, record keeping, recognition of suspicious transactions, reporting of suspicious transactions and staff education and training.

(4) *Liquidity risk management*

The Group has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. 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. Specifically, in conducting the money lending business, our management will monitor our Group's cash inflow and outflow on a weekly basis to ensure the accuracy of cash collection and deployment and that there is no shortfall in cash which may interrupt our Group's business. The Group will maintain sufficient cash buffer to meet the working capital requirement and liquidity needs for our business operations in the coming months. The Group's major liquidity needs mainly include the settlement of operating expenses such as office rental and employees' remuneration. For the year ended 31 December 2015, the Group had not experienced any shortfall in cash for meeting the above liquidity needs.

(5) Legal and regulatory risk management

The credit approval policy and process as described in the paragraph headed "Credit policy and approval process" above has been designed to ensure that the Group's money lending business operates in accordance with the Money Lenders Ordinance and applicable laws.

The Credit Committee has adopted suitable documentation and procedures in the application and assessment process to calculate the effective interest rate of all loan applications and ensure that the procedures are in compliance with the Money Lenders Ordinance. The Credit Committee and the Board will, from time to time, review such documentation and procedures to ensure the documentation and procedures to be in compliance with the relevant laws and regulations.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the year ended 31 December 2015, most of the Group's business transactions, assets and liabilities were principally denominated in Renminbi ("RMB"), Hong Kong dollars ("HK$"), Australian dollars ("AU$"), United States dollars ("US$") and HK$ is the Group's presentation currency. The Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB, AU$ and US$ against HK$. 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.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any contingent liabilities (2014: Nil).

CHARGES OF GROUP ASSETS

As at 31 December 2015, no group assets have been charged to secure bank loan and other borrowing (2014: Bank loans of HK$5,905,000 secured by the Group's property, plant and equipment with carrying amount of approximately HK$35,848,000 and a guarantee provided by a non-controlling shareholder of a subsidiary and personal guarantee of directors of a subsidiary).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 43 employees excluding directors in Hong Kong and the People's Republic of China ("PRC") (2014: 113). The Group's remuneration policy is to provide competitive level of remuneration to employees and directors based on their performance, qualification, experience and the prevailing industry practice.

Apart from regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

We aim to provide employees with resources and an environment that encourages them to develop careers with us. We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge.

Pursuant to the share option scheme adopted by the Company on 30 September 2013 (the "Share Option Scheme"), the Board may grant options to eligible persons, including employees and Directors, to subscribe for shares of the Company. During the year, the Company did not grant any share option.

ENVIRONMENT

The Group is subject to laws and regulations in the PRC in which it engaged in animal husbandry business. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. The Group monitors the health of its livestock on a regular basis. The Group's subsidiary in the PRC which carries out the agricultural activities in relation to the biological assets possesses a business license where the business scope includes the breeding and sales of live swines and also possesses an Animal epidemic prevention certificate（動物防疫條件合格證）issued by the Wuping County Animal husbandry, veterinary and fisheries Bureau（武平縣畜牧獸醫水產局）. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

BIOLOGICAL ASSETS IN THE PRC

As at 31 December 2015, the Group's biological assets amounted to approximately HK$1,577,000 (2014: HK$1,039,000). The change in the value of biological assets during the year ended 31 December 2015 was mainly attributable to (i) increase due to purchases and raises of biological assets of HK$9,416,000; and (ii) decrease due to sales, retirement or deaths of biological assets of HK$9,326,000.

During the year ended 31 December 2015, the Group recorded gain arising from net changes in fair value less costs to sell of biological assets of approximately HK$530,000 (2014: HK$5,000). The selling price of swines was increase during the year.

The fair value of biological assets of the Group as at 31 December 2015 has been arrived at on the basis of a valuation carried out at that date by an independent professional valuer, LCH (Asia-Pacific) Surveyors Limited ("Valuer"). The professional valuer in charge of this valuation is a mechanical engineer and a senior accredited appraiser (ASA designation) of the American Society of Appraisers in Machinery and Technical Specialties/Machinery and Equipment. He has over 20 years plant and machinery valuation experience of which over 15 years were spent in Hong Kong and mainland China.

He has extensive experience in conducting valuation of biological assets and agricultural assets since 2006 to various companies listed on the Hong Kong Stock Exchange and other exchanges. He has provided quarterly and annual valuations of the breeding and consumption hogs of a company listed in another exchange since 2009.

In conducting this valuation, he was assisted by its team member, who is a Doctor of Veterinary Science and Medicine with experience in animal husbandry and is presently a professor of veterinary science.

Based on the above qualification and various experiences of the Valuer and/or its members in providing biological asset valuation services to various companies listed on the Hong Kong Stock Exchange and other stock exchanges, which engage in the business of husbandry and agriculture industry, the Directors are of the view that the Valuer is competent to determine the fair value of our Group's biological assets.

The Valuer has conducted an inspection on the biological assets of the Group as at 31 December 2015.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhou Jing ("Mr. Zhou"), aged 57, is 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 subsidiaries 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 40, is 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 17 years of experience in accounting, auditing and financial management and previously worked in an international accounting firm and listed groups.

Mr. Ng Tin Ho ("Mr. Ng"), aged 31, was appointed as an executive director with effect from 5 February 2016. He has various experiences in banking and finance. From July 2008 to May 2011, Mr. Ng served as a senior relationship officer in the HK & Multinational Corporates Department of the China CITIC Bank International Limited (formerly known as CITIC Bank International Limited). From May 2011 to November 2011, Mr. Ng worked as a trading analyst at Trinity Finance Investment Limited in business development and proprietary trading and from December 2011 to September 2012, he worked in Wing Hang Bank Limited where his last position was senior officer in its Corporate Banking Division. Mr. Ng has worked as a trading analyst in Trinity Finance Investment Limited since September 2014. Mr. Ng obtained his Bachelor of Commerce in Finance and Financial Economics Degree from the University of New South Wales in 2008. Thereafter, Mr. Ng completed his Pre-Masters Diploma in Mathematics at the University of Leicester in 2013 and further obtained his Master of Science in Financial Mathematics Degree from the Cass Business School of the City University in London in 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kin Fai ("Mr. Lee"), aged 43, is a member of the nomination committee, the chairman of the remuneration committee and 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 member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee is currently an independent non-executive Director of First Credit Finance Group Limited (Stock Code: 8215), a company listed on the GEM of the Stock Exchange. He was also an independent non-executive director of China Smartpay Group Holdings Limited (Stock Code: 8325), a company listed on the GEM of the Stock Exchange from March 2011 to May 2014.

Ms. Cheng Lo Yee ("Ms. Cheng"), aged 60, 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.

Mr. Hung Kenneth ("Mr. Hung"), aged 45, is a member of the audit committee, nomination committee and remuneration committee. He holds a degree of bachelor of science awarded by Woodbury University in June 1995. Mr. Hung has extensive experience in the entertainment industry. From March 2008 to September 2010, Mr. Hung was the China business development director for Golden Sun Films Distribution Ltd. From October 2010 to June 2012, Mr. Hung was the chief operation officer for Top Action Culture Development Co. Ltd. From July 2012 to October 2013, Mr. Hung was the business development director for Star Alliance Movies (Beijing) Co., Ltd. Mr. Hung is an executive director of China Mobile Games and Cultural Investment Limited (Stock Code: 8081) and an independent non-executive director of DX.com Holdings Limited (Stock Code: 8086) and an independent non-executive director of IR Resources Limited (Stock Code: 8186), all of which are companies listed on GEM of the Stock Exchange.

SENIOR MANAGEMENT

Ms. Chan Lai Ping ("Ms. Chan"), age 33, joined the Group as Accounting Manager in August 2014. Ms. Chan holds a degree of Bachelor of Business Administration (Honours) in Accounting from Lingnan University in Hong Kong. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has around eight years of experience in accounting, auditing and financial management and previous worked in international accounting firms before joining the Company.

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 2015 was approximately HK$1,000,000
Mr. Lam Chun Kei	– the total emoluments for the year ended 31 December 2015 was approximately HK$758,000
Mr. Lin Chuen Chow Andy	– the total emoluments for the year ended 31 December 2015 was approximately HK$120,000
Mr. Lee Kin Fai	– the total emoluments for the year ended 31 December 2015 was approximately HK$120,000
Ms. Cheng Lo Yee	– the total emoluments for the year ended 31 December 2015 was approximately HK$120,000
Mr. Hung Kenneth	– the total emoluments for the year ended 31 December 2015 was approximately HK$120,000
	– appointed as an independent non-executive Director of DX.com Holdings Limited (Stock Code: 8086), the shares of which are listed on the GEM of the Stock Exchange, with effect from 15 January 2015.
	– appointed as an independent non-executive Director of IR Resources Limited (Stock Code: 8186), the Shares of which are listed on the GEM of the Stock Exchange, with effect from 28 March 2015.

China Demeter Investments 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 2015, 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.

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.

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 2015.

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 2015 and up to the date of this report were:

Executive Directors:

Mr. Zhou Jing
Mr. Lam Chun Kei
Mr. Ng Ting Ho (appointed on 5 February 2016)

Non-executive Director:

Mr. Lin Chuen Chow Andy (resigned with effect from 5 February 2016)

Independent non-executive Directors:

Mr. Lee Kin Fai
Ms. Cheng Lo Yee
Mr. Hung Kenneth

Details of the members of the Board are provided under the "Profiles of Directors and Senior Management" on pages 26 to 28 of this annual report.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year ended 31 December 2015, all Directors, namely, Mr. Zhou Jing, Mr. Lam Chun Kei, Mr. Lin Chuen Chow Andy, Mr. Lee Kin Fin Fai, Ms. Cheng Lo Yee and Mr. Hung Kenneth, had participated in continuous professional development with respect to directors duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development. The Directors had provided the relevant training records to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

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

49 board meetings were held during the year ended 31 December 2015. 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 (the date of change mentioned below related to the change of the Directors):

	No. of meetings attended/eligible to attend		
Names of Directors	**Board Meeting**	**Annual General Meeting**	**Special General Meeting**
Executive Directors:			
Mr. Zhou Jing	45/45	1/1	3/3
Mr. Lam Chun Kei	45/45	1/1	3/3
Mr. Ng Ting Ho (appointed on 5 February 2016)	0/0	0/0	0/0
Non-executive Director:			
Mr. Lin Chuen Chow, Andy (resigned with effect from 5 February 2016)	39/45	1/1	3/3
Independent non-executive Directors:			
Mr. Lee Kin Fai	38/45	0/1	1/3
Ms. Cheng Lo Yee	39/45	1/1	3/3
Mr. Hung Kenneth	39/45	0/1	3/3

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. Lee Kin Fai (chairman of the Committee), Ms. Cheng Lo Yee and Mr. Hung Kenneth with written terms of reference in compliance with the Rule 5.28 to 5.33 to the GEM Listing Rules.

The Audit Committee held 5 meetings during the year. The Audit Committee has reviewed the final results for the year ended 31 December 2015 and also the quarterly and interim results during the year ended 31 December 2015.

The members and attendance of the Audit Committee for the year ended 31 December 2015 are as follows:

Name of Audit Committee members	Number of meetings attended/eligible to attend
Mr. Lee Kin Fai	4/5
Ms. Cheng Lo Yee	5/5
Mr. Hung Kenneth	5/5

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 policy 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 three independent non-executive Directors, namely Mr. Lee Kin Fai (chairman of the Committee), Ms. Cheng Lo Yee and Mr. Kenneth Hung.

During the year ended 31 December 2015, the Remuneration Committee held 1 meeting. It reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management and recommended specific remuneration packages of the Directors and senior management to the Board 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 2015 are as follows (the date of change mentioned below related to the change of Remuneration Committee members):

Name of Remuneration Committee members	Number of meetings attended/eligible to attend
Mr. Lee Kin Fai	1/1
Ms. Cheng Lo Yee	1/1
Mr. Lin Chuen Chow, Andy (ceased on 5 February 2016)	1/1
Mr. Kenneth Hung (appointed on 5 February 2016)	0/0

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 three independent non-executive Directors, namely Ms. Cheng Lo Yee (chairlady of the Committee), Mr. Hung Kenneth and Mr. Lee Kin Fai.

During the year ended 31 December 2015, the Nomination Committee of the Company held 1 meeting 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 2015 are as follows (the date of change mentioned below related to the change of Nomination Committee members):

Name of Nomination Committee members	**Number of meetings attended/eligible to attend**
Ms. Cheng Lo Yee	1/1
Mr. Lin Chuen Chow, Andy (ceased on 5 February 2016)	1/1
Mr. Hung Kenneth	1/1
Mr. Lee Kin Fai (appointed on 5 February 2016)	0/0

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Code Provision B.1.5, the remuneration of the members of senior management (comprising Executive Directors and Senior Management) of the Company for the year ended 31 December 2015 by band is as follows:

	Number of individuals
Nil to HK$1,000,000	4
HK$1,000,001 to HK$2,000,000	0

Further particulars in relation to Directors' remuneration and the five highest paid individuals are set out in notes 11 and 12 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 for reviewing 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 2015.

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 2015, 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.chinademeter.com).

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.chinademeter.com).

The latest version of the Company's bye-laws 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.

AUDITORS' REMUNERATION

During the year ended 31 December 2015, the amount of fees in respect of audit services and non-audit services paid/payable to the Group's auditors, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, and the resigned auditors, Cheng & Cheng Limited, Certified Public Accountants act as auditor of the Company for the period from 1 January 2013 to 31 December 2013, was set out below:

	2015	2014
	HK$'000	HK$'000
Services rendered		
Cheng & Cheng Limited		
– Non-audit services (in the forms of preparation of reports on working capital sufficiency of the Group for the purpose of the issue of circulars)	**–**	120
HLB Hodgson Impey Cheng Limited		
– Audit services	**680**	550
– Non-audit services	**180**	325

COMPANY SECRETARY

The Company Secretary is an employee of the Group and has day-to-day knowledge of the Group's affairs. Mr. Ho Yui Pang resigned as the Company Secretary with effect from 18 November 2015 and Ms. Chan Lai Ping was appointed as the Company Secretary on the same date. 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 a special general meeting ("SGM")

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 58 of the bye-laws of the Company, shareholders holding not less than one-tenth of the paid-up capital of the Company can convene a SGM 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 SGM. The written requisition shall be deposited to the Company's office at Unit A, 15/F, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, 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.chinademeter.com).

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 A, 15/F, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, 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 Company's bye-laws 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 A, 15/F, Nathan Tower,
518-520 Nathan Road, Yau Ma Tei,
Kowloon, 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.

Procedures for Shareholders to put forward proposals

Pursuant to Article 58 of the bye-laws of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.

Save as the procedures for shareholders of the Company to convene a general meeting as set out above, there are no other provisions allowing shareholders of the Company to put forward proposals at the general meeting under the bye-laws of the Company or under the Companies Act 1981 of Bermuda. Shareholders of the Company may follow the procedures set out above to convene a special general meeting for any business specified in such written requisition. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by all the Shareholders concerned. The written requisition shall be deposited at Unit A, 15/F, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong, the head office of the Company, for the attention of the Board or the Company Secretary.

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 auditors' report on pages 48 to 50 of this annual report.

Directors' Report

The directors (the "Directors") of China Demeter Investments 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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 17 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 2015 is set out in note 6 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 December 2015 and financial position of the Group as at the year end date are set out in the consolidated financial statements on pages 51 to 180 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 2015 (2014: nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" from pages 3 to 5, and pages 6 to 25, respectively. Description of the risks and uncertainties facing the Company can be found throughout this Annual Report.

MAJOR PROJECTS AND EVENTS

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section headed "Management Discussion and Analysis" as set out on pages 6 to 25,

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2015 are set out in note 17 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the last five financial years is set out on pages 181 to 184 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital during the year are set out in note 34 to the consolidated financial statements.

SHARE OPTION SCHEMES

Particulars of the Company's share option scheme are set out in note 36 to the consolidated financial statements. The existing 10% general limit is 164,389,375 shares, being 10% of the shares in issue as at 15 May 2015, the date when the existing 10% general limit was approved by the shareholders. As at 31 December 2015, the Board can only grant further share options entitling the holders thereof to subscribe for 43,489,375 (2014: 7,889,375) shares, representing approximately 2.20% (2014: 0.51%) of the issued share capital of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda 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 2015, 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 2015.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 45 to the consolidated financial statements.

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 55.

DISTRIBUTABLE RESERVES

Details of movements during the year in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 55 of this report and in note 45 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2015, sales amount to the Group's five largest customers accounted for 36% of the total sales amount from continuing operations of the Group, whilst the largest customer of the Group accounted for approximately 20% of the total sales amount from continuing operations of the Group. Purchases from the Group's five largest suppliers accounted for 71% of the total purchases amount from continuing operations of the Group, whilst the largest supplier of the Group accounted for approximately 29% of the total purchases amount from continuing operations 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 BORROWING

Details of bank borrowings of the Group are set out in note 31 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
Mr. Lam Chun Kei
Mr. Ng Ting Ho (appointed on 5 February 2016)

Non-executive Director:

Mr. Lin Chuen Chow Andy (resigned with effect from 5 February 2016)

Independent non-executive Directors:

Mr. Lee Kin Fai
Ms. Cheng Lo Yee
Mr. Hung Kenneth

Subsequent to end of the financial year, on 5 February 2016, Mr. Ng Ting Ho has been appointed as an executive director of the Company. Mr. Lin Chuen Chow Andy ("Mr. Lin") has resigned as a director of the Company effective from 5 February 2016 due to his other career commitments which require more of his time. Mr. Lin confirmed that he had no disagreement with the Company and the Board, and that there were no other matters relating to his resignation that need to be brought to the attention of the Shareholders.

The Profile details of Directors and the senior management of the Group are set out on page 26 to page 28 of the annual report.

In accordance with the bye-laws of the Company and compliance with the requirements of the GEM Listing Rules, Mr. Zhou Jing and Mr. Lee Kin Fai will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Mr. Zhou Jing has entered into a service contract with the Company commencing from 1 May 2015. The contract will be terminable by either party upon giving three month's notice in writing.

Mr. Lam Chun Kei has entered into a letter of appointment with the Company for a fixed term of one year commencing from 16 October 2015. The appointment will be terminable by three month's prior written notice given by either side.

Mr. Ng Tin Ho has entered into a letter of appointment with the Company for a fixed term of one year commencing from 5 February 2016. The appointment will be terminable by three month's prior written notice given by either side.

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 2015. The appointment will be terminable by one month's prior written notice given by either side.

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 2016. The appointment will be terminable by one month's prior written notice given by either side.

Mr. Hung Kenneth has entered into a letter of appointment with the Company for a fixed term of one year commencing from 27 October 2015. The appointment will be terminable by one month's prior written notice given by either side.

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).

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 notes 11 and 12 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Directors, an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all Independent non-executive Directors are 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 2015, the Directors and chief executive of the Company had the following 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.

Long positions in underlying shares of the Company

Name of Directors	Nature of interest	Number of underlying ordinary shares of the Company held (Note 1)	Approximate % of shareholding of the Company
Mr. Zhou Jing	Beneficial owner	13,000,000	0.66%
Mr. Lam Chun Kei	Beneficial owner	13,000,000	0.66%
Mr. Lee Kin Fai	Beneficial owner	1,300,000	0.07%
Ms. Cheng Lo Yee	Beneficial owner	1,300,000	0.07%
Mr. Lin Chuen Chow Andy	Beneficial owner	1,300,000	0.07%

Note:

1. These represented the interests in underlying shares in respect of the share options granted by the Company on 12 August 2014, the details of which are set out in note 36 to the consolidated financial statements.

As at 31 December 2015, 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

As at 31 December 2015, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of Interest	Number of shares and underlying shares	Approximate percentage of interest
China Green (Holdings) Limited (formerly known as China Chuliangwang Beverages Holdings Limited)	Beneficial owner	493,000,000 (L)	24.99%

Note:

1. The letter (L) above denotes long position.

Save as disclosed above, as at 31 December 2015, so far as is known to the Directors, there was no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

CONNECTED TRANSACTIONS

Connected Transactions undertaken by the Group during the year and up to the date of report are set out below:

1. During the year, the Company paid consultancy fee of approximately HK$1,200,000 to Mr. Lin Cheuk Fung for the provision of consultancy service to the Company.

   Mr. Lin Cheuk Fung is a cousin of Mr. Lin Chuen Chow Andy, a non-executive Director, and is therefore a connected person of the Company. The payment of the consultancy fee to Mr. Lin Cheuk Fung constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

   The transaction of the provision of consultancy service was conducted on normal commercial terms and fell within the de minimis provision under Chapter 20 of the GEM Listing Rules because the applicable percentage ratios are less than 5% and the total consideration was less than $3,000,000. Accordingly, it was exempted from the reporting, announcement and independent shareholders' approval under the Chapter 20 of the GEM Listing Rules.

2. In July 2015, the Company and Mr. He Huaguang ("Mr. He"), who was a director of EPRO Computer System Beijing Co. Ltd ("EPRO") has entered into a sale and purchase agreement, pursuant to which Mr. He has conditionally agreed to purchase, and the Company has conditionally agreed to dispose the entire issued share capital of its indirect wholly owned subsidiary, Sky Red International Limited with its subsidiaries for the consideration of HK$2,000,000 to be satisfied in cash.

   In view of the fact that Mr. He, who as at the date of the sale and purchase agreement, is a director of EPRO, Mr. He is a connected person of the Company by virtue of his position as a director of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

   As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

3. In September 2015, the Rosy Path International Limited ("Rosy Path"), an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement, with pursuant to which the Rosy Path has conditionally agreed to sell, and the Fortunate Times Enterprises Limited (FTEL) has conditionally agreed to purchase the Sale Shares, representing 55% equity interest in Zhao Hui Holdings Limited, at a consideration of AU$3,227,400 (equivalent to approximately HK$18,073,000).

In view of the fact that the FTEL, which as at the date of the S&P Agreement, is a 40% shareholder of Australia Dairy Group Limited, FTEL is a connected person of the Company by virtue of its position as a shareholder of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

Save as disclosed above, the Group had no other transactions which were required to be disclosed as connected transactions pursuant to the GEM Listing Rules. The Directors confirm that the Company has, where applicable, complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Mr. Lee Kin Fai, an independent non-executive Director, is an independent non-executive director of First Credit Finance Group Limited (Stock Code: 8215), a company listed on GEM of the Stock Exchange and principally engaged in money lending business in Hong Kong, which may compete with the Group's money lending business.

Save as disclosed above, none of the Directors nor their respective associates had any business which competes or may compete with the business of the Group.

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 29 to 38 of this annual report.

SIGNIFICANT SUBSEQUENT EVENTS

Significant subsequents events are set out in note 46 to the consolidated financial statements.

DONATION

During the year, the Group made charitable donations amounting to HK$200,000.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

Zhou Jing
Chairman and Chief Executive Officer

Hong Kong, 21 March 2016

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHINA DEMETER INVESTMENTS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of China Demeter Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 180, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 about whether the consolidated financial statements are free from material misstatement.

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

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

BASIS FOR QUALIFIED OPINION

During the year ended 31 December 2015, the directors of the Company considered that the Group had lost its control over Zhao Hui Holdings Limited ("Zhao Hui") and its subsidiaries (collectively referred to as the "Zhao Hui Group") on 30 September 2015 and ceased the milk formula processing, production and related business thereafter. In this regard, the results of the Zhao Hui Group are disclosed as a discontinued operation in the Group's consolidated financial statements for the year ended 31 December 2015. The Group subsequently disposed of its 55% interest in Zhao Hui on 10 December 2015.

As disclosed in note 9 to the consolidated financial statements, the Group has not been able to obtain access to the accounting records of Viplus Dairy Pty Limited ("Viplus"), a significant operating subsidiary of the Zhao Hui Group, as a result of the dispute with the existing shareholder of Australia Dairy Group Limited. The Group has accounted for the gain on deemed disposal of the Zhao Hui Group and the results and cash flows of the discontinued operation based on the unaudited financial information of the Zhao Hui Group for the period from 1 January 2015 to 30 June 2015. Consequently, in the absence of any alternative procedures to be carried out in respect of the financial information of the Zhao Hui Group, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the profit for the year from discontinued operation of approximately HK$4,477,000, which included the operating results of the Zhao Hui Group for the year ended 31 December 2015 of approximately HK$2,324,000 and the gain on deemed disposal of the Zhao Hui Group of approximately HK$2,153,000, included in "Discontinued Operations" in the Group's consolidated statement of profit or loss and other comprehensive income and the related note disclosures for the year ended 31 December 2015 were fairly stated and we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments that might have been found to be necessary in respect of the abovementioned financial information would have a consequential effect on the Group's profit and cash flows for the year then ended and related disclosures in these consolidated financial statements.

BASIS FOR QUALIFIED OPINION *(continued)*

In addition, the Group should cease to consolidate the results of Zhao Hui Group from the date control was lost (i.e. 30 September 2015) and derecognise the consolidated assets and liabilities of the Zhao Hui Group from the consolidated financial statements on the date control was lost according to Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" ("HKFRS 10"). The exclusion of the results and cash flows of the Zhao Hui Group for the period from 1 July 2015 to 30 September 2015 from the consolidated financial statements is a departure from the requirements of HKFRS 10.

QUALIFIED OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 21 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Continuing operations			
Revenue	5	**57,721**	18,063
Cost of sales and services		**(35,955)**	(6,029)
Gross profit		**21,766**	12,034
Other income, other gains and losses	5	**11,327**	6,821
Selling and distribution costs		**(171)**	(178)
General and administrative expenses		**(19,736)**	(23,846)
Change in fair value of biological assets less costs to sell	22	**530**	5
Change in fair value of financial asset through profit or loss		**3,616**	(23,382)
Impairment loss of available-for-sale investment		**(5,934)**	–
Impairment loss of property, plant and equipment	16	**–**	(6,214)
Reversal of impairment loss on investing loan	26	**–**	16,795
Share of loss of a joint venture	21	**(718)**	–
Finance costs	7	**(252)**	(101)
Profit (loss) before tax		**10,428**	(18,066)
Income tax expense	8	**(1,273)**	(24)
Profit (loss) for the year from continuing operations	10	**9,155**	(18,090)
Discontinued operations			
Profit for the year from discontinued operations	9	**3,850**	214
Profit (loss) for the year		**13,005**	(17,876)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4,501)**	57
Share of other comprehensive expense of a joint venture	21	**(230)**	–
Reclassification adjustments relating to foreign operations disposed of during the year	9	**919**	–
Change in fair value of available-for-sale investment		**–**	(284)
Reclassification upon impairment of available-for-sale investment		**284**	–
Other comprehensive expense for the year		**(3,528)**	(227)
Total comprehensive income (expense) for the year		**9,477**	(18,103)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Profit (loss) for the year attributable to:			
– Owners of the Company		**6,168**	(15,289)
– Non-controlling interests		**6,837**	(2,587)
		13,005	(17,876)
Total comprehensive income (expense) attributable to:			
– Owners of the Company		**5,544**	(15,531)
– Non-controlling interests		**3,933**	(2,572)
		9,477	(18,103)
Earnings (loss) per share	14		
– for continuing and discontinued operations			
Basic (HK cents)		**1.86**	(6.33)
Dilutive (HK cents)		**1.86**	(6.33)
– for continuing operations			
Basic (HK cents)		**1.69**	(6.42)
Dilutive (HK cents)		**1.69**	(6.42)

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**8,637**	46,181
Prepaid lease payments	18	**968**	1,024
Goodwill	19	**373**	5,615
Investment in a joint venture	21	**14,052**	–
Biological assets	22	**523**	176
Loans and interest receivables	26	**11,587**	26,250
Available-for-sale investments	23	**38,503**	6,723
		74,643	85,969
Current assets			
Biological assets	22	**1,054**	863
Inventories	24	**1,287**	7,621
Trade receivables	25	**2,477**	5,556
Loans and interest receivables	26	**110,605**	156,608
Deposits, prepayments and other receivables	27	**12,538**	22,192
Amount due from a non-controlling interest	32	**–**	3
Financial assets at fair value through profit or loss	28	**90,428**	524
Cash and bank balances	29	**69,562**	119,860
		287,951	313,227
Current liabilities			
Trade and other payables	30	**9,732**	32,464
Amounts due to non-controlling interests	32	**–**	15,367
Bank borrowing	31	**–**	5,905
Current tax liabilities		**813**	13
		10,545	53,749
Net current assets		**277,406**	259,478
Total assets less current liabilities		**352,049**	345,447

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred tax liabilities	33	**403**	349
Net assets		**351,646**	345,098
Capital and reserves			
Share capital	34	**19,727**	15,609
Reserves		**322,327**	274,949
Equity attributable to owners of the Company		**342,054**	290,558
Non-controlling interests		**9,592**	54,540
Total equity		**351,646**	345,098

The consolidated financial statements on pages 51 to 180 were approved and authorised for issue by the board of directors on 21 March 2016 and signed on its behalf by:

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	PRC statutory reserve HK$'000	Share options reserve HK$'000	Foreign currency translation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained, profits (Accumulated losses) HK$'000	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2014	27,752	161,862	–	61,545	873	–	2,892	–	(167,813)	87,111	–	87,111
Loss for the year	–	–	–	–	–	–	–	–	(15,289)	(15,289)	(2,587)	(17,876)
Other comprehensive income (expense) for the year	–	–	–	–	–	–	42	(284)	–	(242)	15	(227)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	42	(284)	(15,289)	(15,531)	(2,572)	(18,103)
Non-controlling interests arising on acquisition of subsidiaries (Note 40(c))	–	–	–	–	–	–	–	–	–	–	47,780	47,780
Additional non-controlling interests arising on partial disposal of subsidiaries (Note 41)	–	–	–	–	–	–	–	–	(3,332)	(3,332)	9,332	6,000
Recognition of equity-settled share-based payments (Note 36)	–	–	–	–	–	4,730	–	–	–	4,730	–	4,730
Lapse of share option (Note 36)	–	–	–	–	–	(58)	–	–	58	–	–	–
Issue of subscription shares (Note 34(v))	2,600	42,900	–	–	–	–	–	–	–	45,500	–	45,500
Right issues of shares (Note 34(iii))	180,391	–	–	–	–	–	–	–	–	180,391	–	180,391
Capital Reorganisation (Note 34(iv))	(195,134)	–	195,134	–	–	–	–	–	–	–	–	–
Transaction costs attributable to issue of shares	–	(8,311)	–	–	–	–	–	–	–	(8,311)	–	(8,311)
Cancellation of share premium	–	(153,551)	153,551	–	–	–	–	–	–	–	–	–
Balance at 31 December 2014	15,609	42,900	348,685	61,545	873	4,672	2,934	(284)	(186,376)	290,558	54,540	345,098
Profit for the year	–	–	–	–	–	–	–	–	6,168	6,168	6,837	13,005
Other comprehensive income (expense) for the year	–	–	–	–	–	–	(908)	284	–	(624)	(2,904)	(3,528)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	(908)	284	6,168	5,544	3,933	9,477
Non-controlling interests arising on acquisition of the a subsidiary (Note 40(a))	–	–	–	–	–	–	–	–	–	–	(101)	(101)
Disposal of the Zhao Hui Group (Note 9)	–	–	–	–	–	–	–	–	–	–	(48,780)	(48,780)
Issue of subscription shares (Note 34(v))	830	13,695	–	–	–	–	–	–	–	14,525	–	14,525
Issue of placing shares (Note 34(vi))	3,288	29,588	–	–	–	–	–	–	–	32,876	–	32,876
Transaction costs related to issue of shares	–	(1,449)	–	–	–	–	–	–	–	(1,449)	–	(1,449)
Amount transferred to write off accumulated losses (Note (i))	–	–	(188,432)	–	–	–	–	–	188,432	–	–	–
Balance at 31 December 2015	**19,727**	**84,734**	**160,253**	**61,545**	**873**	**4,672**	**2,026**	**–**	**8,224**	**342,054**	**9,592**	**351,646**

Note:

(i) Pursuant to the special resolution passed in an extraordinary general meeting ("EGM") held on 24 April 2014 and took effect on 5 June 2014, the Directors was authorised to use HK$195,134,000 credit balance in the contribution surplus account result from the reduction of the paid-up capital of the Company to eliminating or setting off the accumulated losses of the Company. During the year ended 31 December 2015, HK$188,432,000 (2014: nil) credit balance in the contribution surplus account was used to eliminate the accumulated losses of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Cash flows from operating activities			
Profit (loss) before tax:			
– From continuing operations		**10,428**	(18,066)
– From discontinued operations	9	**3,850**	214
Adjustments for:			
Finance costs		**252**	101
Interest income		**(12)**	(23)
Other income		**–**	(720)
Depreciation of property, plant and equipment		**2,914**	2,039
Dividend income from available-for-sale investments		**(10,954)**	–
Amortisation of prepaid lease payments		**23**	23
Loss on disposal of property, plant and equipment		**–**	211
Loss on disposal of the Sky Red Group	9	**794**	–
Gain on deemed disposal of the Zhao Hui Group	9	**(2,153)**	–
Share of loss of a joint venture		**718**	–
Impairment loss of trade receivables		**–**	686
Impairment loss of property, plant and equipment		**–**	6,214
Impairment loss of available-for-sale investment		**5,934**	–
Reversal of impairment of investing loan		**–**	(16,795)
Gain on bargain purchase of a subsidiary		**–**	(819)
Reversal of impairment loss of trade receivables		**–**	(6,075)
Change in fair value of biological assets less costs to sell		**(530)**	(5)
Change in fair value of financial assets through profit or loss		**(3,616)**	23,382
Expense recognised in respect of equity-settled share-based payments		**–**	4,730
		7,648	(4,903)
Movements in working capital			
(Increase) decrease in biological assets		**(8)**	48
Increase in inventories		**(4,322)**	(1,386)
(Increase) decrease in trade receivables		**(10,633)**	10,564
Increase in deposits, prepayments and other receivables		**(8,171)**	(1,226)
(Increase) decrease in financial asset at fair value through profit or loss		**(86,288)**	7,744
Decrease (increase) in loans and interest receivables		**48,486**	(178,200)
Increase (decrease) in trade and other payables		**26,067**	(3,287)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Cash used in operations		**(27,221)**	(170,646)
Interest received		**12**	23
Interest paid		**(252)**	(101)
Income taxes paid		**(70)**	(24)
Net cash used in operating activities		**(27,531)**	(170,748)
Cash flows from investing activities			
Purchase of investment in a joint venture		**(15,000)**	–
Dividends received from available-for-sale investments		**10,954**	–
Payments for property, plant and equipment		**(20,853)**	(1,277)
Purchase of available-for-sale investments		**(42,543)**	(7,007)
Proceeds from investing loan		**–**	17,515
Proceeds from disposal of property, plant and equipment		**–**	49
Proceeds from disposal of available-for-sale investments		**5,113**	–
Net cash outflow on disposal of the Sky Red Group	9	**(358)**	–
Net cash outflow on disposal of the Zhao Hui Group	9	**(2,402)**	–
Net cash outflow on acquisition of a subsidiary	40(a)	**(1,275)**	(943)
Net cash inflow on acquisition of subsidiaries	40(c)	**–**	24,410
Net cash (used in) generated from investing activities		**(66,364)**	32,747
Cash flows from financing activities			
Proceeds from placing of shares		**32,876**	45,500
Proceeds from issue of subscription shares		**14,525**	–
Payment for transaction cost attributable to issue of ordinary shares		**(1,449)**	(8,311)
Proceeds from issue of ordinary shares in relation to right issue		**–**	180,391
Proceeds on disposal of partial interests in subsidiaries		**–**	6,000
Repayment of bank borrowing		**–**	(3,805)
Net cash generated from financing activities		**45,952**	219,775

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Net (decrease) increase in cash and cash equivalents		**(47,943)**	81,774
Cash and cash equivalents at the beginning of year		**119,860**	37,773
Effect of foreign exchange rate changes, net		**(2,355)**	313
Cash and cash equivalents at the end of year		**69,562**	119,860
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	29	**69,562**	119,860

1. GENERAL INFORMATION

China Demeter Investments Limited (formerly known as Oriental Unicorn Agricultural Group Limited) (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 22 September 2000 under the Companies Laws of the Cayman Islands.

In 2014, the Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the change of domicile became effective on 8 May 2015 (Bermuda time).

Pursuant to the special resolution passed by the shareholders at the special general meeting of the Company held on 29 May 2015, the name of the Company in English was changed from "Oriental Unicorn Agricultural Group Limited" to "China Demeter Investments Limited" and the second name of the Company in Chinese from "東麟農業集團有限公司" to "中國神農投資有限公司. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 30 June 2015 certifying that the new English and Chinese names of the Company have been registered in Hong Kong.

The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Unit A, 15/F, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (collectively the "Group") was involved in the following principal activities:

– manufacturing, development and distribution of feedstock products, animal husbandry and related activities in the People's Republic of China (the "PRC");

– provision of loan financing in Hong Kong;

– investment in listed and unlisted securities;

– provision of professional IT contract and maintenance services in the PRC;

– processing and sales of food products; and

– food and beverage business.

1. GENERAL INFORMATION *(continued)*

Following the completion of disposal of Sky Red International Limited and its subsidiaries and Zhao Hui Holdings Limited and its subsidiaries in September 2015 and December 2015 respectively, the Group's operations in provision of professional IT contracts and maintenance services in the PRC and processing and sales of food products have been ceased (Note 9).

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied for the first time in current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 19	*Defined benefits plans: Employee contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010 – 2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011 – 2013 Cycle*

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these consolidated financial statements as the Group does not have any defined benefits plans.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to standards with consequential amendments to other standards. Among them, HKAS 24, *Related Party Disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

The directors consider that other than the additional disclosures, the adoption of the amendments to HKFRSs has no material effect on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new standards and amendments to standards that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[3]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agricultural: Bearer Plants*[1]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale and Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012 – 2014*[1]

1 Effective for accounting periods beginning on or after 1 January 2016.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

3 Effective for accounting periods beginning on or after 1 January 2018.

4 Effective for accounting periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2014 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2015 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 *Financial Instruments* *(continued)*

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 *Financial Instruments* *(continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2015, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 15 *Revenue from Contracts with Customers* *(continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 16 and HKAS 41 Agriculture: *Bearer Plants*

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities in bearer plants.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception* *(continued)*

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of the other new standards and amendments to standards will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

As disclosed in note 9 to the consolidated financial statements, the Group has not been able to obtain access to the accounting records of Viplus, a significant operating subsidiary of the Zhao Hui Group since July 2015, as a result of the dispute with the existing shareholder of Australia Dairy. Accordingly, consolidated management accounts of the Zhao Hui Group as at and for the six months ended 30 June 2015 have been used for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2015. The Group has accounted for the results for discontinued operation of the Zhao Hui Group based on the consolidated management accounts of the Zhao Hui Group for the six months ended 30 June 2015. The exclusion of the results and cash flows of the Zhao Hui Group for the period from 1 July 2015 to 30 September 2015 from the consolidated financial statements is a departure from the requirements of Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements".

Except for the matter referred to above, the consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015.

Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new Companies Ordinance and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or GEM Listing Rules but not under the new Companies Ordinance or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Investments in subsidiaries presented in the statement of financial position included in note 45 are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in joint operations *(continued)*

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from provision of services is recognised when services are rendered.

Dividend income from investments is recognised when the shareholders' rights to receive payments have been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in profit or loss as incurred.

Short-term 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.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method as follows:

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a Straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets other than goodwill *(continued)*

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Biological assets

Biological assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. Costs to sell are incremental costs directly attributable to the disposal of an asset excluding financial cost, income tax and costs necessary to get the assets to market. The fair value of livestock is determined based on the current market price of livestock of similar age, breed and genetic merit.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is 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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, loans and interest receivables, deposits and other receivables, amount due from a non-controlling interest and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial liabilities at FVTPL (continued)

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to non-controlling interests and bank borrowing) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

 (i) has controls or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

 (i) the entity and the Group are members of the same group;

 (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

 (iii) the entity and the Group are joint ventures of the same third party;

 (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

 (vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

Close members of the family of a person are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimates (see below), that directors are made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recognition of deferred taxation

No deferred tax assets have been recognised in respect of the estimated unused tax losses of the Group of approximately HK$14,066,000 (2014: HK$14,078,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than or more than expected, a material reversal or recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in provision of services, or from a change in the market demand for the product or service output of an asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period, based on changes in circumstances.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess impairment. In determining whether a loan or receivable or a group of loans and receivables is impaired and impairment losses are incurred, the Group considers, inter alia, whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from its receivables. This requires the Group to make estimates about expected future cash flows, and hence they are subject to uncertainty.

Fair value of biological assets

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 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 biological assets significantly.

The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value. Details of assumptions used are disclosed in note 22.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

5. REVENUE AND OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of the Group's revenue and other income, other gains and losses from continuing operations for the year is as follows:

	2015 HK$'000	2014 HK$'000 (Restated)
Revenue		
Sale of feedstock products and animal husbandry products	**39,962**	7,528
Dividend income from listed equity investments	**–**	375
Loan interest income	**13,367**	10,160
Provision of food and beverage services	**4,392**	–
	57,721	18,063
Other income, other gains and losses		
Bank interest income	**12**	20
Dividend income from available-for-sale investments	**10,954**	–
Loss on disposal of property, plant and equipment	**–**	(211)
Net foreign exchange gain	**166**	–
Reversal of impairment loss of trade receivables (Note 25)	**–**	6,075
Sundry income	**195**	937
	11,327	6,821

6. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

– Agricultural segment comprises the feedstock business and the animal husbandry business in the PRC;

– Money lending segment comprises provision of loan financing in Hong Kong;

– Securities investment segment comprises investment in listed securities; and

– Food and beverage business in Hong Kong.

Two operations (IT business segment comprises provision of professional IT contract and maintenance services in the PRC and processing and sales of food product segment) were discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 9. Certain comparative figures have been reclassified to conform with current year's presentation.

6. SEGMENT INFORMATION *(continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

Continuing operations	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000 (Restated)
Segment revenue										
Revenue from external customers	**39,962**	7,528	**13,367**	10,160	**–**	375	**4,392**	–	**57,721**	18,063
Segment profit (loss)	**6,719**	(2,442)	**11,512**	9,090	**2,519**	(23,044)	**(609)**	–	**20,141**	(16,396)
Other income, other gains and losses									**11,327**	957
Impairment loss of available-for-sale investment									**(5,934)**	–
Share of loss of a joint venture									**(718)**	–
Reversal of impairment loss of investment loan									**–**	16,795
Finance costs									**(252)**	(101)
Central administration costs									**(14,136)**	(19,321)
Profit (loss) before tax									**10,428**	(18,066)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of other income, other gains and losses, impairment loss of available-for-sale investment, share of loss of a joint venture, reversal of impairment loss of investing loan, finance costs and central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

The following is an analysis of the Group's revenue and results by reportable segment:

	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000 (Restated)
Segment assets	**25,586**	18,552	**126,705**	202,921	**107,632**	632	**1,115**	–	**261,038**	222,105
Assets relating to discontinued IT business and processing and sales of food products operations									**–**	113,238
Investment in a joint venture									**14,052**	–
Available-for-sale investments									**38,503**	6,723
Corporate and unallocated assets									**49,001**	57,130
Consolidated assets									**362,594**	399,196
Segment liabilities	**7,140**	5,650	**80**	–	**1,137**	–	**355**	–	**8,712**	5,650
Liabilities relating to discontinued IT business and processing and sales of food products operations									**–**	46,402
Corporate and unallocated liabilities									**2,236**	2,046
Consolidated liabilities									**10,948**	54,098

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment in a joint venture, available-for-sale investments, corporate and unallocated assets. Goodwill is allocated to operating segments; and

- all liabilities are allocated to operating segments other than corporate and unallocated liabilities.

6. SEGMENT INFORMATION *(continued)*

Other segment information

Continuing operations	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000 (Restated)
Amounts included in the measure of segment profit or loss										
Depreciation	**1,308**	1,891	**40**	12	**–**	–	**67**	–	**1,415**	1,903
Unallocated depreciation									**110**	106
									1,525	2,009
Amortisation	**23**	23	**–**	–	**–**	–	**–**	–	**23**	23
Impairment of property, plant and equipment	**–**	6,214	**–**	–	**–**	–	**–**	–	**–**	6,214
Addition to non-current assets (Note)	**–**	952	**28**	185	**–**	–	**529**	–	**557**	1,137
Unallocated									**–**	37
Total additions to non-current assets									**557**	1,174

Note: Non-current assets excluded those relating to discontinued operation, investment in a joint venture, biological assets and financial instruments.

Geographical information

The Group's continuing operations are located in the PRC and Hong Kong.

6. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		(Restated)
PRC	**39,962**	7,528	**9,309**	10,795
Hong Kong	**17,759**	10,535	**1,192**	606
Singapore	**–**	–	**14,052**	–
	57,721	18,063	**24,553**	11,401

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

Information about major customers

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

	2015	2014
	HK$'000	HK$'000
		(Restated)
Customer A	**11,571** [2]	N/A [1]
Customer B	**N/A** [1]	3,491 [2]
	11,571	3,491

[1] The corresponding customer did not contribute over 10% or more to the Group's revenue in the respective year

[2] Revenue from agricultural segment

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Continuing operations		
Interest on bank and other borrowings	**252**	101

8. INCOME TAX EXPENSE

Continuing operations

	2015 HK$'000	2014 HK$'000
Current tax		
PRC Enterprise Income Tax	**56**	24
Hong Kong Profits Tax	**80**	–
	136	24
Under-provision in prior years		
Hong Kong Profits Tax	**734**	–
Deferred tax (Note 33)	**403**	–
Total income tax expense recognised in profit or loss	**1,273**	24

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

PRC Enterprise 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 both years.

8. INCOME TAX EXPENSE *(continued)*

The income tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	HK$'000
		(Restated)
Profit (loss) before tax from continuing operations	**10,428**	(18,066)
Tax at Hong Kong Profits Tax rate of 16.5%	**1,721**	(2,981)
Tax effect of expenses not deductible for tax purpose	**1,769**	5,116
Tax effect of income not taxable for tax purpose	**(1,993)**	(3,008)
Tax effect of share of loss of a joint venture	**119**	–
Tax effect of tax-exempted income	**(1,818)**	(964)
Tax effect of tax losses not recognised	**359**	1,657
Utilisation of tax loss previously not recognised	**(189)**	–
Under-provision in prior years	**734**	–
Tax effect on different tax rate of group entities operating in other jurisdictions	**571**	204
Income tax expense for the year (relating to continuing operations)	**1,273**	24

9. DISCONTINUED OPERATIONS

Disposal of the Sky Red Group

In July 2015, the Group has entered into a sale and purchase agreement to dispose of the entire issued share capital of Sky Red International Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries of Oasis Island Ventures Limited and 易寶電腦系統（北京）有限公司 (transliterated as EPRO Computer Systems (Beijing) Company Limited") ("EPRO") (collectively the "Sky Red Group") at a consideration of HK$2,000,000 to Mr. He Huaguang, a director of EPRO. Its principal operating company of the Sky Red Group is EPRO, a limited liability company established in the PRC, which is principally engaged in the provision of professional IT contract and maintenance services in the PRC. Upon disposal of the Sky Red Group, the Group's operations in the IT business has been ceased. The disposal constitutes a major and connected transaction for the Company under the GEM Listing Rules and the resolution thereto were passed by the shareholders of the Company at an extraordinary general meeting held on 8 September 2015. The disposal was completed on 23 September 2015.

9. DISCONTINUED OPERATIONS *(continued)*

Disposal of the Sky Red Group *(continued)*

The consolidated assets, liabilities and loss on disposal of the Sky Red Group as at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	124
Inventories	461
Trade receivables	4,990
Deposits, prepayments and other receivables	1,260
Cash and bank balances	2,358
Trade and other payables	(6,483)
Net assets disposed of	2,710
Loss on disposal:	
Consideration	2,000
Net assets disposed of	(2,710)
Release of foreign currency exchange reserve	(84)
Loss on disposal	(794)
Net cash outflow arising on disposal	
Cash consideration	2,000
Less: cash and bank balances disposed of	(2,358)
	(358)

Deemed disposal of the Zhao Hui Group

The Group completed the acquisition of 55% equity interest in Zhao Hui Holdings Limited ("Zhao Hui") in December 2014. Concurrent with such acquisition, 45% minority shareholder of Zhao Hui and 40% minority shareholder of Globe Year Limited ("Globe Year") have entered into certain investment arrangements whereby upon completion of the corporate reorganisation in relation to such investment arrangements which took place on 31 December 2014, Zhao Hui has become the holding company of Viplus Dairy Pty Limited ("Viplus"), Australia Dairy Group Limited ("Australia Dairy") and Globe Year. Zhao Hui and its subsidiaries (collectively the "Zhao Hui Group") is principally engaged in milk formula processing, production and related business and an operator of a dairy manufacturing plant in Victoria, Australia.

9. DISCONTINUED OPERATIONS *(continued)*

Deemed disposal of the Zhao Hui Group *(continued)*

Since May 2015, there was a dispute (the "Dispute") regarding the resignation and removal of the general manager of Australia Dairy and Viplus as nominated by the 40% shareholder of Australia Dairy, Fortunate Times Enterprises Limited ("FTEL"). In this regard, FTEL has commenced an arbitration against Globe Year and Australia Dairy (the "HK Arbitration") in the Hong Kong International Arbitration Centre ("HKIAC").

On 30 September 2015, the Group entered into a sale and purchase agreement ("SP Agreement") with FTEL to dispose of the Group's 55% interest in Zhao Hui at a consideration of AU$3,227,400 (equivalent to approximately HK$18,073,000). Upon completion of such Disposal, the Group will cease to have any interest in the Zhao Hui Group. The disposal constitutes a major and connected transaction for the Company under the GEM Listing Rules and the resolution thereto were passed by the shareholders of the Company at an extraordinary general meeting held on 9 December 2015. The disposal was completed on 10 December 2015.

At the same time of entering the SP Agreement by the Group, the 45% minority shareholder of Zhao Hui and 40% minority shareholder of Globe Year have entered agreements to dispose of their respective equity interests in Zhao Hui and Globe Year to FTEL ("Minority Disposals"). As a result, the Company no longer has the power to exercise its control over the Zhao Hui Group, which control was previously supported by a voting consensus agreement amongst the Group and the two minority shareholders. As the Company lost control of the Zhao Hui Group, each member of the Zhao Hui Group ceased to be subsidiaries of the Company and the Company became as a minority shareholder of the Zhao Hui Group.

Further, as a result of the Dispute, the Group could not obtain the accounting records of Viplus, the subsidiary contributing most of the profits of the Zhao Hui Group since July 2015. The board of directors ("the Board") considered using the financial information of the Zhao Hui Group as at and for the six months ended 30 June 2015 for the purpose of derecognition of the Zhao Hui Group. Moreover, upon the Minority Disposals, the Company lost its controlling power on the Zhao Hui Group, the Board considered that the Company became a minority shareholder of the Zhao Hui Group. Therefore, the Zhao Hui Group has been derecognised as subsidiaries of the Group and has been recognised as available-for-sale investment from the date control was lost (i.e. 30 September 2015).

The financial impact of derecognition of the Zhao Hui Group is reference to the consolidated management accounts as at and for the six months ended 30 June 2015, information available to the Board up to the date of this report. The derecognition of the Zhao Hui Group resulted in a gain on deemed disposal of approximately HK$2,153,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

9. DISCONTINUED OPERATIONS *(continued)*

Deemed disposal of the Zhao Hui Group *(continued)*

The consolidated assets, liabilities and gain on deemed disposal of the Zhao Hui Group as at the date of deemed disposal are as follows:

	HK$'000
Property, plant and equipment	53,067
Inventories	10,195
Trade receivables	8,722
Loans and interest receivables	12,180
Amount due from a non-controlling interest	3
Deposits, prepayments and other receivables	18,162
Cash and bank balances	20,475
Trade and other payables	(43,362)
Amounts due to non-controlling interests	(15,286)
Bank borrowing	(5,557)
Deferred tax liabilities	(349)
Non-controlling interests	(48,780)
Net assets disposal of	9,470
Goodwill	5,615
Net assets disposal of and goodwill derecognised	15,085
Transfer to available-for-sale investment	18,073
Net assets disposed of and goodwill derecognised	(15,085)
Release of foreign currency exchange reserve	(835)
Gain on deemed disposal	2,153

The Group derecognised the Zhao Hui Group as subsidiaries of the Group and recognised as available-for-sale investment as at 30 September 2015. On 30 September 2015, the Group entered into a Sale and purchase Agreement with FTEL to dispose of the Group's 55% interest in Zhao Hui at a consideration of AU$3,227,400 (equivalent to approximately HK$18,073,000), the net cash outflow arising on disposal of the Zhao Hui Group is approximately HK$2,402,000.

9. DISCONTINUED OPERATIONS *(continued)*

The results for the year from the discontinued operations (i.e. IT business and processing and sales of food products business) included in the consolidated statement of profit or loss and other comprehensive income are set out below. Since the Group could not obtained the financial information of Viplus since July 2015, for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2015, the Group has accounted for the results for discontinued operation of the Zhao Hui Group based on the consolidated management accounts of the Zhao Hui Group for the six months ended 30 June 2015. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and other related notes have been re-presented to include the IT business and processing and sales of food products business as discontinued in the current year.

	2015			2014		
	IT business HK$'000	**Processing and sales of food products business HK$'000**	**Total HK$'000**	IT business HK$'000	Processing and sales of food products business HK$'000	Total HK$'000
Revenue	**13,328**	**52,095**	**65,423**	10,676	–	10,676
Cost of sales	**(4,126)**	**(35,907)**	**(40,033)**	(3,711)	–	(3,711)
Other income, other gains and losses	**7**	**530**	**537**	822	–	822
Selling and distribution costs	**(2,474)**	**(2,468)**	**(4,942)**	(2,210)	–	(2,210)
General and administrative expenses	**(6,568)**	**(11,758)**	**(18,326)**	(5,363)	–	(5,363)
Finance costs	**–**	**(168)**	**(168)**	–	–	–
Loss on disposal of the Sky Red Group	**(794)**	**–**	**(794)**	–	–	–
Gain on deemed disposal of the Zhao Hui Group	**–**	**2,153**	**2,153**	–	–	–
Profit (loss) for the year from discontinued operations	**(627)**	**4,477**	**3,850**	214	–	214
Attributable to:						
Owners of the Company	**(627)**	**1,195**	**568**	214	–	214
Non-controlling interests	**–**	**3,282**	**3,282**	–	–	–
	(627)	**4,477**	**3,850**	214	–	214
Profit (loss) for the year from discontinued operations include the following:						
Depreciation	**(51)**	**(1,338)**	**(1,389)**	(30)	–	(30)
Impairment loss of trade receivables	**–**	**–**	**–**	(686)	–	(686)
Cash flow from discontinued operations						
Net cash inflows from operating activities	**671**	**14,388**	**15,059**	611	–	611
Net cash outflows from investing activities	**(45)**	**(32,805)**	**(32,850)**	(102)	–	(102)
Net cash inflow (outflow)	**626**	**(18,417)**	**(17,791)**	509	–	509

10. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 HK$'000	2014 HK$'000 (Restated)
Profit (loss) for the year from continuing operations has been arrived at after charging:		
Employee benefits expense (excluding directors' emoluments)		
– Salaries and other benefits	**2,305**	2,704
– Contributions to retirement benefits schemes	**161**	155
– Equity-settled share-based payments	**–**	2,032
Directors' emoluments	**2,238**	3,618
Total staff costs	**4,704**	8,509
Cost of inventories recognised as an expense (included in cost of sales and services)	**31,653**	3,705
Auditors' remuneration	**680**	550
Amortisation of prepaid lease payments	**23**	23
Depreciation of property, plant and equipment	**1,525**	2,009
Equity-settled share-based payments granted to consultant	**–**	1,308
Net foreign exchange loss	**–**	90
Loss on disposal of property, plant and equipment	**–**	211
Minimum lease payments paid under operating leases in respect of land and buildings	**1,294**	1,092

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 6 (2014: 9) directors and the chief executive were as follows:

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
2015						
Executive directors						
Mr. Zhou Jing	–	1,000	–	–	–	1,000
Mr. Lam Chun Kei (Note (v))	–	740	18	–	–	758
Non-executive director						
Mr. Lin Chuen Chow Andy (Note (iv))	120	–	–	–	–	120
Independent non-executive directors						
Mr. Lee Kin Fai	120	–	–	–	–	120
Ms. Cheng Lo Yee (Note (v))	120	–	–	–	–	120
Mr. Hung Kenneth (Note (vi))	120	–	–	–	–	120
	480	1,740	18	–	–	2,238

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
2014						
Executive directors						
Mr. Zhou Jing	–	1,000	–	579	–	1,579
Mr. Lam Chun Kei (Note (v))	–	660	13	579	–	1,252
Mrs. Tam Wai Chi (Note (i))	–	89	2	–	–	91
Mr. Zhang Xiaobin (Note (ii))	–	–	–	–	–	–
Non-executive director						
Mr. Lin Chuen Chow Andy (Note (iv))	120	–	–	58	–	178
Independent non-executive directors						
Mr. Siu Kam Chau (Note (iii))	99	–	–	58	–	157
Mr. Lee Kin Fai	120	–	–	58	–	178
Ms. Cheng Lo Yee (Note (v))	103	–	–	58	–	161
Mr. Hung Kenneth (Note (vi))	22	–	–	–	–	22
	464	1,749	15	1,390	–	3,618

Notes:

(i) Resigned on 20 February 2014

(ii) Resigned on 5 February 2014

(iii) Resigned on 27 October 2014

(iv) Re-designated as non-executive director on 20 February 2014 and resigned on 5 February 2016

(v) Appointed on 20 February 2014

(vi) Appointed on 27 October 2014

Mr. Zhou Jing is the chairman and chief executive officer of the Company.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

Neither the chief executive officer nor any of the directors waived any emoluments in the years ended 31 December 2015 and 2014. No inducement payments to join or upon joining the Group or as compensation for loss of office were paid or payable to any director or the chief executive office for the years ended 31 December 2015 and 2014.

12. EMPLOYEES' EMOLUMENTS

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015	2014
	HK$'000	HK$'000
Salaries and other benefits	**1,206**	839
Contributions to retirement benefits schemes	**47**	28
Equity-settled share-based payments	**–**	1,595
	1,253	2,462

Their emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$Nil – HK$1,000,000	**3**	3

13. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2014: nil).

14. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

Earnings (loss)

	2015 HK$'000	2014 HK$'000 (Restated)
Earnings (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**6,168**	(15,289)

Number of shares

	2015 '000	2014 '000 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**331,057**	241,531

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share for the years ended 31 December 2015 and 2014 has been adjusted to reflect the effect of consolidation of shares as detailed in note 46(a).

14. EARNINGS (LOSS) PER SHARE *(continued)*

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings (loss) figures are calculated as follows:

	2015	2014
	HK$'000	HK$'000
Profit (loss) for the year attributable to owners of the Company	**6,168**	(15,289)
Less: Profit for the year attributable to owners of the Company from discontinued operations	**(568)**	(214)
Earnings (loss) for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings (loss) per share from continuing operations	**5,600**	(15,503)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

14. EARNINGS (LOSS) PER SHARE *(continued)*

From discontinued operations

	2015	2014
Earnings per share:		
– Basic (HK cents)	**0.17**	0.09
– Diluted (HK cents)	**0.17**	0.09

	2015	2014
	HK$'000	HK$'000
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share from discontinued operations	**568**	214

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

The computation of diluted earnings (loss) per share for the years ended 31 December 2015 and 2014 did not assume the exercise of potential ordinary shares granted under the Company's share options scheme because the exercise price of those options was higher than the average market prices of share for both 2015 and 2014.

15. PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit for the year attributable to owners of the Company of approximately HK$6,168,000 (2014: consolidated loss of approximately HK$15,289,000), a loss of approximately HK$4,489,000 (2014: HK$20,425,000) has been dealt with in the financial statements of the Company.

16. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$'000	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost								
Balance at 1 January 2014	151	–	32,232	6,894	8,431	1,008	682	49,398
Additions	–	–	–	120	952	205	–	1,277
Disposals	–	–	–	(296)	(93)	(131)	(104)	(624)
Acquisition of subsidiaries	–	3,539	10,743	–	20,860	458	308	35,908
Effect of foreign currency exchange differences	–	–	(190)	(39)	(54)	1	(4)	(286)
Balance at 31 December 2014	151	3,539	42,785	6,679	30,096	1,541	882	85,673
Additions	–	–	9,766	65	9,503	982	537	20,853
Acquisition of subsidiaries (Note 40(a))	–	–	–	150	–	100	–	250
Disposal of the Sky Red Group (Note 9)	–	–	–	(111)	–	(812)	–	(923)
Disposal of the Zhao Hui Group (Note 9)	–	(3,357)	(19,842)	–	(29,804)	(562)	(823)	(54,388)
Effect of foreign currency exchange difference	–	(182)	(2,413)	(361)	(1,688)	(70)	(53)	(4,767)
Balance at 31 December 2015	151	–	30,296	6,422	8,107	1,179	543	46,698
Accumulated depreciation and impairment								
Balance at 1 January 2014	(151)	–	(23,915)	(3,288)	(3,736)	(262)	(294)	(31,646)
Depreciation expense	–	–	(452)	(625)	(703)	(178)	(81)	(2,039)
Eliminated on disposals	–	–	–	143	70	75	76	364
Impairment loss recognised in profit or loss	–	–	(3,892)	(85)	(2,118)	(66)	(53)	(6,214)
Effect of foreign currency exchange differences	–	–	28	(43)	57	(1)	2	43
Balance at 31 December 2014	(151)	–	(28,231)	(3,898)	(6,430)	(432)	(350)	(39,492)
Depreciation expense	–	–	(349)	(440)	(1,039)	(965)	(121)	(2,914)
Elminated on disposal of the Sky Red Group (Note 9)	–	–	–	111	–	688	–	799
Elminated on disposal of the Zhao Hui Group (Note 9)	–	–	68	–	1,131	80	42	1,321
Effect of foreign currency exchange difference	–	–	1,543	232	386	41	23	2,225
Balance at 31 December 2015	(151)	–	(26,969)	(3,995)	(5,952)	(588)	(406)	(38,061)
Carrying amounts								
Balance at 31 December 2015	**–**	**–**	**3,327**	**2,427**	**2,155**	**591**	**137**	**8,637**
Balance at 31 December 2014	–	3,539	14,554	2,781	23,666	1,109	532	46,181

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

Impairment losses recognised in year 2014

For the year ended 31 December 2014, as the result of the drop in market price of the biological assets, the Group carried out a review of the recoverable amount of that manufacturing plant and the related equipment, including the property, plant and equipment. These assets were used in the Group's agricultural segment. The review led to the recognition of an impairment loss of HK$6,214,000, which has been recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2014.

PRC feedstock products business

The recoverable amount of this CGU was determined based on value in use calculations with reference to an independent professional valuation. The key assumptions for the value in use calculations were those regarding the discount rate and growth in revenue and direct costs during the year. Management estimates the discount rate of 16.0% using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs were based on past experience and expectations of changes in the market.

The value in use calculations were derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond the 5-year period had been extrapolated using a steady growth rate of 3.0% per annum.

Based on the value-in-use calculation, the directors considered that the recoverable amount of this CGU was found to be less than its carrying amount. According, impairment loss on property, plant and equipment allocated to this CGU of approximately HK$4,416,000 had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

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

Impairment losses recognised in year 2014 *(continued)*

PRC animal husbandry business

The recoverable amount of this CGU was determined based on value in use calculations with reference to an independent professional valuation. The key assumptions for the value in use calculations were those regarding the discount rate and growth in revenue and direct costs during the year. Management estimates the discount rate of 15.0% using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past experience and expectations of changes in the market.

The value in use calculations were derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond the 5-year period had been extrapolated using a steady growth rate of 3.0% per annum.

Based on the value-in-use calculation, the directors considered that the recoverable amount of this CGU found to be less than its carrying amount. According, impairment loss on property, plant and equipment allocated to this CGU of approximately HK$1,798,000 had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

17. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued share capital/ registered capital	Proportion of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
East Shine Group Limited	British Virgin Islands ("BVI")	United States dollar ("US$") 1	100%	–	Investment holding
City Ally Holdings Limited	BVI	US$1	100%	–	Investment holding
Keen Profit Development Limited	BVI	US$1	–	100%	Investment holding
Way Union Development Limited	BVI	US$1	–	100%	Investment holding
Broad Sound Enterprise Limited	BVI	US$1	–	100%	Investment holding
Time Smart Development Limited	BVI	US$1	–	100%	Investment holding
Tony China Limited	Hong Kong	HK$20,000	51%	–	Investment holding
Town Ally Investment Company Limited	Hong Kong	HK$10,000	–	100%	Provision of administrative services
Way Union Finance Limited	Hong Kong	HK$100	–	100%	Money lending
Town Ally Enterprise Limited	Hong Kong	HK$1	–	100%	Investments in securities
廈門市東岳貿易有限公司 ("Xiamen Dongyu Trading Company Limited")*	PRC	US$6,000,000	–	51%	Investment holding
龍岩市東岳生物飼料有限公司 ("Longyan Dongyu Bio-feedstock Company Limited")*	PRC	RMB18,000,000	–	52.96%	Trading, development and manufacturing of feedstock products
武平建軍生態養殖有限公司 ("Wu Ping Jian Jun Ecology Breeding Company Limited")*	PRC	RMB600,000	–	51%	Breeding and sales of live swines
福建龍岩市東華農業綜合開發有限公司("Fujian Oriental Unicorn Agricultural Company Limited")*	PRC	RMB1,000,000	–	51%	Eco-breeding, animal pharmaceuticals and terminal marketing of agricultural products

17. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiary	Place of incorporation/ registration/ operations	Paid up issued share capital/ registered capital	Proportion of ownership interest held by the Company Directly	Indirectly	Principal activities
Bright Peak Investment Limited	BVI	US$1	–	100%	Investment holding
Fast Creation Group Limited	BVI	US$1	–	100%	Investment holding
Rich Sheen International Ltd	BVI	US$1	–	100%	Investment holding
Eternal Speed International Limited	BVI	US$1	–	100%	Investment holding
Treasure Easy Limited	Hong Kong	HK$25,000	–	51%	Food and beverage business
Supreme Falcon International Limited	BVI	US$1	–	100%	Investment holding

* English names are translated for identification purpose only

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during both years.

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Zhao Hui Group	BVI and Australia	**–**	45%	**–**	–	**–**	47,780
Individually immaterial subsidiaries with non-controlling interests	N/A					**9,592**	6,760
						9,592	54,540

17. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Since the Zhao Hui Group did not contributed any revenue to the Group for the year ended 31 December 2014, no relevant financial information regard the profit or loss nor cash flow had been disclosed for the year ended 31 December 2014.

The Group disposed of the Zhao Hui Group on 10 December 2015 and the summarised consolidated financial information in respect of the Zhao Hui Group is set out in note 9.

18. PREPAID LEASE PAYMENTS

	2015	2014
	HK$'000	HK$'000
Balance at beginning of year	**1,047**	1,077
Amortisation	**(23)**	(23)
Effect of foreign currency exchange differences	**(33)**	(7)
Balance at end of year	**991**	1,047
Analysed for reporting purposes as:		
Current assets (included in deposits, prepayments and other receivables)	**23**	23
Non-current assets	**968**	1,024
	991	1,047

The prepaid lease payments are in connection with the land use right situated in the PRC under a lease term of 50 years.

19. GOODWILL

	2015	2014
	HK$'000	HK$'000
Cost		
Balance at the beginning of year	**6,506**	891
Additional amounts recognised from business combinations occurring during the year (Note 40)	**373**	5,615
Eliminated on disposal of subsidiaries (Note 9)	**(5,615)**	–
Balance at the end of year	**1,264**	6,506
Accumulated impairment losses		
Balance at the beginning and end of year	**(891)**	(891)
Carrying amounts		
Balance at 31 December	**373**	5,615

20. IMPAIRMENT TESTING FOR CGUS CONTAINING GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

Goodwill has been allocated to the following CGUs for impairment testing:

	2015	2014
	HK$'000	HK$'000
Australia milk powder business	**–**	5,615
Food and beverage business	**373**	–
	373	5,615

The basis of the recoverable amount of the above CGUs and their major underlying assumptions are summarised below:

Australia milk powder business

During the year ended 31 December 2015, goodwill allocated to this CGU has been derecognised upon disposal of the Zhao Hui Group as detailed in note 9.

During the year ended 31 December 2014, the recoverable amount of this CGU was determined based on value in use calculations with reference to an independent professional valuation. The key assumptions for the value in use calculations were those regarding the discount rate and growth in revenue and direct costs during the year. Management estimates the discount rate of 16.63% using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past experience and expectations of changes in the market.

The value in use calculations were derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond the 5-year period had been extrapolated using a steady growth rate of 2.79% per annum which was based on long-term inflation rate in Australia (average at the customer prices index).

20. IMPAIRMENT TESTING FOR CGUS CONTAINING GOODWILL AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

Australia milk powder business *(continued)*

Based on the value-in-use calculation, the directors considered that the recoverable amount of this CGU was found to be more than its carrying amount. Accordingly, no impairment loss on goodwill to this CGU had been recognised for the year ended 31 December 2014.

Food and beverage business

During the year ended 31 December 2015, the recoverable amount of this CGU is determined based on value in use calculations. The key assumption for the value in use calculations are those regarding the discount rate and growth in revenue and direct costs during the year. Management estimates the discount rate of 14.37% using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGU. Changes in selling price and direct costs are based on past experience and expectations of changes in the market.

The value in use calculations are derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond the 5-year period have been extrapolated using a steady growth rate of 3% per annum.

Based on the value-in-use calculation, the directors considered that the recoverable amount of this CGU was found to be more than its carrying amount. Accordingly, no impairment loss on goodwill to this CGU has been recognised for the year ended 31 December 2015.

21. INVESTMENT IN A JOINT VENTURE

Details of the Group's investments in a joint venture are as follows:

	2015 HK$'000	2014 HK$'000
Cost of investment in a joint venture	15,000	–
Share of post-acquisition loss	(718)	–
Share of other comprehensive expense of a joint venture	(230)	–
	14,052	–

Details of the Group's joint venture at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group		Principal activities
			2015	2014	
BLVD Cayman Limited	Cayman Islands	Singapore	50%	–	Operating restaurants, cafes, and take-away outlets, food and drinking catering

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The joint venture is accounted for using equity method in these consolidated financial statements.

21. INVESTMENT IN A JOINT VENTURE *(continued)*

BLVD Cayman Limited and its subsidiaries

	2015 HK$'000	2014 HK$'000
Current assets	**21,701**	–
Non-current assets	**26,349**	–
Current liabilities	**(16,099)**	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**19,085**	–
Current financial liabilities (excluding trade and other payables and provisions)	**(30)**	–

	Period ended 31 December 2015 HK$'000	Year ended 31 December 2014 HK$'000
Revenue	**5,000**	–
Loss for the period	**(1,436)**	–
Other comprehensive expense for the period	**(460)**	–
Total comprehensive expense for the period	**(1,896)**	–

21. INVESTMENT IN A JOINT VENTURE *(continued)*

BLVD Cayman Limited and its subsidiaries *(continued)*

The above loss for the period include the following:

	Period ended 31 December 2015 HK$'000	Year ended 31 December 2014 HK$'000
Depreciation	**473**	–

Reconciliation of the above summarised financial information to the carrying amount of the investment in BLVD Cayman Limited recognised in the consolidated financial statements:

	2015 HK$'000
Net assets of BLVD Cayman Limited and its subsidiaries	**31,951**
Attributable to non-controlling interests of BLVD Cayman Limited	**(3,847)**
Net assets of BLVD Cayman Limited and its subsidiaries attributable to the Group	**28,104**
Proportion of the Group's ownership interest	**50%**
Carrying amount of the Group's interest in BLVD Cayman Limited and its subsidiaries	**14,052**

22. BIOLOGICAL ASSETS

Movements of the biological assets are summarised as follows:

	Breeder HK$'000	Slaughter pigs HK$'000	Total HK$'000
Cost			
Balance at 1 January 2014	210	878	1,088
Increase due to purchases	–	476	476
Increase due to raising (feeding cost and others)	399	2,675	3,074
Decrease due to sales	(432)	(3,165)	(3,597)
Decrease due to death	–	(1)	(1)
Gain arising from changes in fair value less costs to sell	1	4	5
Effect of foreign currency exchange differences	(2)	(4)	(6)
Balance at 31 December 2014	176	863	1,039
Increase due to purchases	353	448	801
Increase due to raising (feeding cost and others)	199	8,416	8,615
Decrease due to sales	(505)	(8,815)	(9,320)
Decrease due to death	–	(6)	(6)
Gain arising from changes in fair value less costs to sell	324	206	530
Effect of foreign currency exchange differences	(24)	(58)	(82)
Balance at 31 December 2015	523	1,054	1,577

22. BIOLOGICAL ASSETS *(continued)*

The number of biological assets at the end of the reporting period are summarised as follows:

	2015	2014
	Heads	Heads
Breeder	**135**	76
Slaughter pigs	**786**	798
	921	874

Analysed for reporting purposes as:

	2015	2014
	HK$'000	HK$'000
Non-current assets	**523**	176
Current assets	**1,054**	863
	1,577	1,039

The Group's subsidiary in the PRC which carries out the agricultural activities in relation to the biological assets possesses a business licence where the business scope includes the breeding and sales of live swines and also possesses an Animal epidemic prevention certificate（動物防疫條件合格證）issued by the Wuping County Animal husbandry, veterinary and fisheries Bureau（武平縣畜牧獸醫水產局）.

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 2015 and 2014 has been arrived at on the basis of a valuation carried out at that date by an independent professional valuer, LCH (Asia-Pacific) Surveyors Limited ("Valuer").

22. BIOLOGICAL ASSETS *(continued)*

The fair value less cost to sell of breeders and slaughter pigs is determined using the market approach.

As at 31 December 2015, no biological assets were pledged as security (2014: nil).

Fair value hierarchy

The Group's biological assets were revalued at the end of each reporting period on a fair value basis. The fair value measurements for biological assets of the Group have been categorised as Level 3 fair value based on the inputs to the valuation techniques used. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2015 **HK$'000**	2014 HK$'000
Balance at 1 January	**1,039**	1,088
Increase due to purchases and raising	**9,416**	3,550
Decrease due to sale, retirement or deaths	**(9,326)**	(3,598)
Gain include in change in fair value less costs to sell	**530**	5
Exchange difference	**(82)**	(6)
	1,577	1,039

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

	Valuation technique	**Significant unobservable input**	**Range**
Biological assets	Market approach	Estimated selling price (per kg).	RMB17.00 to RMB30.00 (2014: RMB13.80 to RMB20.19)

22. BIOLOGICAL ASSETS *(continued)*

Price on various breeds and prices offer for similar species breeds and generations similar with the biological assets were gathered and taken as the base price and adjusted to reflect the age breed, birth and weights of the biological assets of the Group. The quantitative information on the prevailing market prices adopted for the valuation of the Company's biological assets are set out as follows:

	2015	2014
Biological assets		
Commodity hogs (RMB/kg)[1]	**17.00**	13.80
Piglets/weaners (RMB/kg)[2]	**26.00 to 30.00**	20.19
Boars (RMB/head)[3]	**6,800**	4,000
Gilts (RMB/head)[4]	**4,800**	1,800

Notes:

1. Market prices of commodity hogs represent the prices of finishers in Fujian Province of hogs around 100 kgs. The market prices of commodity hogs in the province were obtained from independent price research by the Valuer.

2. Market prices of piglet/weaners represent the prices of hogs that are less than 60 days old weighing about 10 kgs to 20 kgs (2014: 20 kgs) in Fujian Province. The market prices of piglet/weaners in the province were obtained from independent price research by the Valuer.

3. Market prices of boars represent the market selling prices of male hogs around 1 year (2014: 6 months) old in Fujian Province. The market prices of male hogs in the province were obtained from independent price research by the Valuer.

4. Market prices of gilts represent the market selling prices of gilts around 1 year (2014: 6 months) old in Fujian Province. The market prices of gilts in the province were obtained from independent price research by the Valuer.

The valuation procedures involve pricing the hogs individually. The material input in the valuation procedure adopted is the price of hogs and that holding all other factors constant, a 10% reduction or increase in the price will also affect the value of biological assets by about 10%.

22. 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 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 timely replacement of male and female purebred parents to maintain sufficient supply of crossbreed gilts for production of slaughter pigs will be implemented;

– 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 with 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.

23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2015 HK$'000	2014 HK$'000
Unlisted investments:		
Equity securities at fair value	**1,073**	6,723
Fund investment at fair value	**7,300**	–
Fund investments at cost	**30,130**	–
	38,503	6,723

Available-for-sale investments represented the Group's investments in unlisted funds and equity investments. The above unlisted equity securities and unlisted fund investment with carrying amounts of HK$1,073,000 and HK$7,300,000 (2014: HK$6,723,000 and nil) respectively represent equity securities issued by a private entity and investment in a private equity fund which incorporated in the Cayman Islands, and are measured at fair value.

The unlisted fund investments at cost are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably.

24. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**600**	6,966
Finished goods	**687**	655
	1,287	7,621

25. TRADE RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	**2,477**	6,242
Allowance for doubtful debts	**–**	(686)
	2,477	5,556

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts:

	2015	2014
	HK$'000	HK$'000
0 – 90 days	**2,477**	1,239
91 – 180 days	**–**	386
Over 180 days	**–**	3,931
	2,477	5,556

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. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables which are past due at the end of the reporting period for which the Group had not recognised an allowance for doubtful debts because they 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 did not hold any collateral or other credit enhancements over these balances nor did it have a legal right of offset against any amounts owed by the Group to the counterparty.

25. TRADE RECEIVABLES *(continued)*

Age of receivables that are past due but not impaired

	2015 HK$'000	2014 HK$'000
Overdue by:		
1 – 90 days	–	162
Over 90 days	–	948
	–	1,110

Movement in the allowance for doubtful debts

	2015 HK$'000	2014 HK$'000
Balance at the beginning of year	**686**	6,028
Impairment losses recognised on receivables	–	686
Amounts recovered during the year	–	(6,075)
Foreign exchange translation gains and losses	–	47
Eliminated on disposal of the Sky Red Group	**(686)**	–
Balance at the end of year	–	686

At 31 December 2015, no trade receivables of the Group were individually determined to be impaired (2014: HK$686,000). The individually impaired receivables as at 31 December 2014 related to customers that were in financial difficulties and management assessed that the receivables were not recoverable. Specific allowance for doubtful debts were recognised during the year ended 31 December 2014. During the year ended 31 December 2014, impairment loss on trade receivables of HK$6,028,000 recognised in previous year was fully recovered and reversed.

25. TRADE RECEIVABLES *(continued)*

Age of impaired trade receivables

	2015	2014
	HK$'000	HK$'000
Overdue by:		
1 – 90 days	**–**	–
Over 90 days	**–**	686
	–	686

26. LOANS AND INTEREST RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Loans and interest receivables	**122,192**	182,858
Analysed as:		
Current	**110,605**	156,608
Non-current	**11,587**	26,250
	122,192	182,858

26. LOANS AND INTEREST RECEIVABLES *(continued)*

The Group seeks to maintain strict control over its outstanding loans and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. At 31 December 2015, loans and interest receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 5% to 12% (2014: 7.0% to 15.0%) per annum.

At 31 December 2015, loans and interest receivables of approximately HK$8,862,000 (2014: nil) were secured by a property in Hong Kong.

A maturity profile of the loans and interest receivables as at the end of the reporting period, based on the maturity date is as follows:

	2015 **HK$'000**	2014 HK$'000
0-90 days	**59,127**	73,518
91-180 days	**10,058**	31,050
Over 180 days	**53,007**	78,290
	122,192	182,858

The aging analysis of loans and interest receivables that are not considered to be impaired is as follows:

	2015 **HK$'000**	2014 HK$'000
Neither past due nor impaired	**122,192**	182,858

Loans and interest receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these loans and interest receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

26. LOANS AND INTEREST RECEIVABLES *(continued)*

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.

During the year ended 31 December 2013, the directors assessed the recoverability of the investing loan and considered that the balance is not expected to be recoverable, and accordingly, impairment loss of investing loan of HK$16,795,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013.

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.

The full amount of the investing loan and the interest accrued was repaid during the year ended 31 December 2014, and accordingly, reversal of impairment loss of investing loan of HK$16,795,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

27. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**5,740**	2,981
Deposits and other receivables	**6,775**	19,188
	12,515	22,169
Current portion of prepaid lease payments	**23**	23
	12,538	22,192

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Held-for-trading investments		
Equity securities listed in Hong Kong	**90,428**	524

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

29. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group, bank balances that earn interest at floating rate based on daily bank deposit rates and short term time deposits that earn interest at the respective short term deposit rates. The bank balances and short term time deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the bank balances and cash of the Group denominated in RMB amounted to approximately HK$271,000 (2014: HK$4,358,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

30. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	**1,682**	4,624
Other payables and accruals	**8,050**	27,840
	9,732	32,464

The following is an analysis of trade payables by age based on invoice date at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
0 – 90 days	**1,682**	2,674
91 – 180 days	**–**	316
181 – 365 days	**–**	548
Over 365 days	**–**	1,086
	1,682	4,624

Included in the balance of other payables and accruals of the Group at 31 December 2015 and 2014 of approximately HK$5,490,000 represent an amount due to a former director of the Company who was resigned on 5 February 2014. The amount due is unsecured, interest-free and repayable on demand.

31. BANK BORROWING

	2015	2014
	HK$'000	HK$'000
Secured bank loan	**–**	5,905

At 31 December 2014, the bank loan bore interest at floating rate in accordance to ANZ's Business Mortgage Index rate, of 7.66%, minus a margin of 0.66% per annum and were secured by the Group's property, plant and equipment with carrying amount of approximately HK$35,848,000 and a guarantee provided by a non-controlling shareholder of a subsidiary and personal guarantee of directors of a subsidiary.

32. AMOUNTS DUE FROM (TO) NON-CONTROLLING INTERESTS

The amounts due from (to) non-controlling interests were unsecured, interest-free and repayable on demand.

33. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities balances recognised and movements thereon during the current and prior years:

	Fair value adjustment arising from acquisition of subsidiaries HK$'000	Unrealised fair value gains on financial assets at fair value through profit or loss HK$'000	Total HK$'000
At 1 January 2014	–	–	–
Acquisition of a subsidiary	349	–	349
At 31 December 2014 and 1 January 2015	349	–	349
Charge to profit or loss	–	403	403
Disposal of the Zhao Hui Group	(349)	–	(349)
At 31 December 2015	**–**	**403**	**403**

Under the PRC Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 December 2015 and 2014, no deferred tax liabilities for withholding tax have been recognised as the Group's PRC subsidiaries incurred accumulated losses for the period since 1 January 2008.

At the end of the reporting period, no deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately HK$3,912,000 (2014: HK$3,386,000) arising from subsidiaries operating outside Hong Kong which is available for setting off against future taxable profit of that subsidiary is due to expire within one to five years and estimated unused tax losses of approximately HK$10,154,000 (2014: HK$10,692,000) available for offset against future profits that may be carried forward indefinitely due to unpredictability of future profit streams.

34. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
At 1 January 2014, ordinary shares of HK$0.04 each	5,000,000	200,000
Share consolidation (Note (i))	(3,750,000)	–
Increase in authorised share capital (Note (ii))	5,000,000	800,000
Capital reorganisation (Note (iv))	93,750,000	–
At 31 December 2014 and 31 December 2015, ordinary shares of HK$0.01 each	**100,000,000**	**1,000,000**
Issued and fully paid:		
At 1 January 2014, ordinary shares of HK$0.04 each	693,810	27,752
Share consolidation (Note (i))	(520,357)	–
Right issue of shares (Note (iii))	1,127,441	180,391
Capital reorganisation (Note (iv))	–	(195,134)
Issue of subscription shares (Note (v))	260,000	2,600
At 31 December 2014, ordinary shares of HK$0.01 each	1,560,894	15,609
Issue of subscription shares (Note (v))	83,000	830
Issue of placing shares (Note (vi))	328,760	3,288
At 31 December 2015, ordinary shares of HK$0.01 each	**1,972,654**	**19,727**

34. SHARE CAPITAL *(continued)*

Notes:

(i) Share consolidation

Pursuant to an extraordinary general meeting on 13 January 2014, every 4 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 consolidated shares of a par value of HK$0.16 each, of which 173,452,500 consolidated shares at par value of HK$0.16 each was in issue. 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.

(ii) Increase in authorised share capital

Pursuant to an extraordinary general meeting on 24 April 2014, the ordinary resolution in relation to the increase in authorised share was duly passed by way of poll. Following the passing of the resolution, the authorised share capital of the Company increased from HK$200,000,000 divided into 1,250,000,000 ordinary shares of a par value of HK$0.16 each to HK$1,000,000,000 divided into 6,250,000,000 ordinary shares of HK$0.16 each by the creation of an additional 5,000,000,000 ordinary shares of HK$0.16 each, ranking pari passu with the existing ordinary shares of the Company in all respects. The increase in authorised share capital took effect on the same date.

(iii) Right issue of shares

Pursuant to an extraordinary general meeting on 24 April 2014, the special resolution in relation to the underwriting agreement and rights issue on the basis of 13 rights shares for every 2 existing shares held on the record date at a price of HK$0.16 each was duly passed by way of poll. The right issue of shares was completed on 28 May 2014. Following the rights issue, 1,127,441,250 new ordinary shares of the Company of HK$0.16 each were issued. The net proceeds arising from the right issue amounted to approximately HK$172 million.

(iv) Capital reorganisation

Pursuant to an extraordinary general meeting on 24 April 2014, the special resolution in relation to the capital reorganisation comprising the capital reduction and the share subdivision was duly passed by way of poll and took effect on 5 June 2014.

After the capital reorganisation,

(1) the issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK$0.15 on each of the issued ordinary shares of the Company such that the nominal value of each issued ordinary share of the Company was reduced from HK$0.16 to HK$0.01;

(2) immediately following the capital reduction, each of the authorised but unissued ordinary shares of the Company of HK$0.16 each was sub-divided into 16 new ordinary shares of the Company of HK$0.01 each; and

(3) the credits arising in the books of the Company from the reduction of the paid-up capital of the Company of approximately HK$195,134,000 was credited to the contributed surplus account of the Company.

34. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(v) Issue of subscription shares

On 28 October 2014, the Company and the a subscriber, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (the "subscriber") and are principally engaged in growing, processing and sales of agricultural products, and consumer food and beverage products, entered into a general mandate subscription agreement ("GM Subscription Agreement") and a special mandate subscription agreement ("SM Subscription Agreement").

Pursuant to the GM Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 260,000,000 subscription shares ("GM Subscription Shares") at the subscription price of HK$0.175 per GM Subscription Share. The GM Subscription Shares will be allotted and issued under the general mandate. The completion took place on 10 November 2014 whereby 260,000,000 ordinary shares of the Company of HK$0.01 each were allotted and issued at HK$0.175 per GM Subscription Share under the GM Subscription Agreement. The net proceed from the subscription amounted to approximately HK$45.3 million.

Pursuant to the SM Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 83,000,000 subscription shares ("SM Subscription Shares") at the subscription price of HK$0.175 per SM Subscription Share. The SM Subscription Shares will be allotted and issued under the special mandate. The completion took place on 11 February 2015 whereby 83,000,000 ordinary shares of the Company of HK$0.01 each were allotted and issued at HK$0.175 per SM Subscription Share under the SM Subscription Agreement. The net proceed from the subscription amounted to approximately HK$14,000,000.

(vi) Issue of placing shares

On 9 December 2015, the Company completed the placing of an aggregate of 328,760,000 ordinary shares of the Company of HK$0.01 each to not less than six placees through placing agent at HK$0.10 per ordinary share. The net proceeds from the placing of shares amounted to approximately HK$31,500,000.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 55 of the consolidated financial statements.

Capital reserve

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.

Share options reserve

The share options reserve comprises the portion of the grant date fair value of unexercised share options granted to executive directors, employees and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

PRC statutory reserve

According to the relevant laws and regulations in the PRC, each of the PRC subsidiaries is required to appropriate at least 10% of its after-tax profit (after offsetting prior years' losses), based on the PRC statutory financial statements prepared in accordance with the generally accepted accounting principles ("GAAP") and financial regulations applicable to PRC enterprises, to the general reserve until the balance of the fund reaches 50% of the PRC subsidiary's registered capital. Thereafter, any further appropriation can be made at the directors' discretion. The general reserve fund can be utilised to offset the prior years' losses, or be utilised to increase the capital on the condition that the general reserve shall be maintained at a minimum of 25% of the registered capital after such increase.

36. SHARE-BASED PAYMENT TRANSACTIONS

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. On 15 May 2015, the Company obtain 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.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The subscription price in respect of any particular option shall be such price as determined by the board of directors 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 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. The options must be taken up within 21 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the 2013 Share Option Scheme.

The purpose of the 2013 share option scheme is to encourage the participants, including employees, business associates and trustees, to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees.

No participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in 12-month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. A circular must be sent to the shareholders of the Company disclosing the identity of the proposed grantee, the number and terms of the options granted and to be granted.

Where any grant of option is to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or any of their respective associates (as defined in the GEM Listing Rules) and the proposed grant of option, when aggregated will result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant, (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, then such proposed grant of option(s) must be subject to approval by shareholders on a poll in a general meeting where all connected persons (as defined in the GEM Listing Rules) of the Company must abstain from voting in favour at such general meeting (except where such connected person(s) (as defined in the GEM Listing Rules) intend(s) to vote against the proposed grant of option(s) and his intention to do so has been stated in the circular).

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Details of specific categories of share options are as follows:

Option type	Date of grant	Exercise period	Exercise price	Weight average fair value at grant date
			HK$	HK$
2014	12 August 2014	12 August 2014 to 11 August 2016	0.1104	0.04

The fair value of the share options granted to employees and directors was determined using the Binomial Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information.

122,200,000 share options were granted under the Scheme during the year ended 31 December 2014. As at 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the 2013 Share Option Scheme was 120,900,000 (2014: 120,900,000).

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Inputs into the model

	Option type 2014
Grant date share price	HK$0.107
Exercise price	HK$0.1104
Expected volatility	85.374%
Expected	1.60
Risk-free interest rate	0.357%
Expected dividend yield	0%

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The following table discloses movements of the Company's share options during the year:

Name of Grantee	Outstanding at 1/1/2014	Granted during the year (Note i)	Exercised or lapsed during the year	Outstanding at 31/12/2014	Exercised or lapsed during the year	Outstanding at 31/12/2015
Directors:						
Mr. Zhou Jing	–	13,000,000	–	13,000,000	–	13,000,000
Mr. Lam Chun Kei	–	13,000,000	–	13,000,000	–	13,000,000
Mr. Lin Chuen Chow Andy	–	1,300,000	–	1,300,000	–	1,300,000
Mr. Siu Kam Chau (Note ii)	–	1,300,000	(1,300,000)	–	–	–
Mr. Lee Kin Fai	–	1,300,000	–	1,300,000	–	1,300,000
Ms. Cheung Lo Yee	–	1,300,000	–	1,300,000	–	1,300,000
	–	31,200,000	(1,300,000)	29,900,000	–	29,900,000
Employees	–	26,000,000	–	26,000,000	–	26,000,000
Other eligible persons:						
Consultants	–	39,000,000	–	39,000,000	–	39,000,000
Directors of a subsidiary	–	26,000,000	–	26,000,000	–	26,000,000
	–	65,000,000	–	65,000,000	–	65,000,000
Total	–	122,200,000	(1,300,000)	120,900,000	–	120,900,000
Exercisable at the end of the year	–			120,900,000		120,900,000
Weighted average exercise price	–	HK$0.1104	HK$0.1104	HK$0.1104	–	HK$0.1104

Notes:

i. A total number of 122,200,000 share options were granted to directors, employees and other eligible persons during the year ended 31 December 2014. No share options were granted during the year ended 31 December 2015.

ii. Mr. Siu Kam Chau resigned as independent non-executive Director of the Company with effect from 27 October 2014 and accordingly the share options granted to Mr. Siu Kam Chau had been lapsed.

No option has been exercised under the Scheme during the years ended 31 December 2015 and 2014.

36. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Options granted are fully vested at the date of grant. During the year ended 31 December 2015, equity-settled share-based payments to employees of the Group of nil (2014: approximately HK$3,422,000) has been included in the consolidated statement of profit or loss and other comprehensive income, the corresponding amount of which has been credited to share options reserve (Note 35). No liabilities were recognised on the equity-settled share-based payment transactions.

The fair value of the share options granted to suppliers of service amounted to nil (2014: approximately HK$1,308,000) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015, the corresponding amount of which has been credited to share options reserve (Note 35).

The Company measures the fair value of share options granted to consultant by reference to the fair values of services rendered.

No consideration received during the year from grant of share options (2014: HK$13).

All share options have been accounted for under HKFRS 2. The share options outstanding at the end of the year had a weighted average remaining contractual life of 0.6 years (2014: 1.6 years).

37. PENSION SCHEMES

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 ended 31 December 2015, defined contribution retirement benefits expenses of approximately HK$1,307,000 (2014: HK$563,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

38. 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. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital on the basis of the gearing ratio. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	2015	2014
	HK$'000	HK$'000
Debts (Note (i))	**–**	5,905
Equity	**342,054**	290,558
Gearing ratio	**N/A**	2.03%

Notes:

(i) Debts include bank borrowing as detailed in note 31.

(ii) Equity include all capital and reserve attributable to owners of the Company.

39. FINANCIAL INSTRUMENTS

39.1 Categories of financial instruments

Financial assets

	2015	2014
	HK$'000	HK$'000
Fair value through profit or loss:		
Held for trading	**90,428**	524
Loans and receivables:		
Trade receivables	**2,477**	5,556
Loans and interest receivables	**122,192**	182,858
Amount due from a non-controlling interest	**–**	3
Deposits and other receivables (included in financial assets)	**6,775**	19,188
Cash and bank balances	**69,562**	119,860
AFS financial assets:		
Available-for-sale investments	**38,503**	6,723

Financial liabilities

Financial liabilities at amortised cost:		
Financial liabilities included in trade and other payables	**6,423**	12,074
Amounts due to non-controlling interests	**–**	15,367
Bank borrowing	**–**	5,905

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, loans and interest receivables, amount due from a non-controlling interest, deposits and other receivables, cash and bank balances, available-for-sale investments, trade and other payables, amounts due to non-controlling interests and bank borrowing. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk, business risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

39.2.1 Market risk

Foreign currency risk management

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all the Group's revenue and cost of sales are denominated in the functional currency of the operating units making the revenue, and substantially all the cost of sales are denominated in the operating unit's functional currency. Accordingly, the directors consider that the Group is not exposed to significant foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.1 Market risk (continued)

Foreign currency risk management (continued)

At the end of the reporting period, the carrying amounts of the Group's major monetary assets and liabilities denominated in currencies other than the functional currencies of the relevant group entities are as follows:

	2015 **HK$'000**	2014 HK$'000
Assets:		
Australian dollars	**16,712**	18,027
US dollars	**–**	13,805
Liabilities:		
RMB	**–**	191
Australian dollars	**–**	957

The following table details the Group's sensitivity to a 5% weakening in the HK$ against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit (2014: decrease in loss) where HK$ weakens against relevant foreign currencies. For a 5% weakening of relevant foreign currencies against HK$, there would be an equal and opposite impact on the profit (2014: loss).

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.1 Market risk (continued)

	2015 **HK$'000**	2014 HK$'000
RMB	**–**	(10)
Australian dollars	**836**	854
US dollars	**–**	690

In management's opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets. The Group are exposed to cash flow interest rate risk in relation to variable-rate bank deposits and fair value interest rate risk in relation to fixed rate loans receivables.

All of the Group's loans receivables are based on fixed interest rates with original maturities in range of 3 to 300 months (2014: 1 to 48 months). The Group prices these loans receivables strategically to reflect market fluctuations and achieve a reasonable interest-rate spread. The fixed rate instruments of the Group are insensitive to any change in market interest rates.

As the Group have no significant variable-rate interest-bearing financial assets, except for short-term bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing financial assets resulted from the changes in interest rates because the interest rates of bank deposits are relatively low and not expected to change significantly.

The Group consider the cash flow interest rate risk relating to its variable rate bank borrowing is insignificant and therefore sensitivity analysis has not been presented.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.1 ***Market risk*** *(continued)*

Business risk

The Group is exposed to financial risks arising from changes in prices of livestock and livestock's agricultural produce and the change in cost and supply of feed ingredients, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

The Group is subject to risks relating to its ability to maintain animal health status. Livestock health problems could adversely impact production and consumer confidence. The Group monitors the health of its livestock on a regular basis and has procedures in place to reduce potential exposure to infectious diseases. Although policies and procedures have been put into place, there is no guarantee that the Group will not be affected by epidemic diseases.

The Group manages its exposure to fluctuation in the price of the key raw materials used in the operations by maintaining a number of suppliers so as to limit high concentration in a particular supplier.

Other price risks

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. In addition, the Group has appointed a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.1 Market risk (continued)

Other price risks

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 15% higher/lower (2014: 15% higher/lower):

- post-tax profit for the year ended 31 December 2015 would increase/decrease by HK$11,326,000 (2014: post-tax loss would decrease/increase by HK$78,000). This is mainly due to the changes in fair value of held-for-trading investments.

39.2.2 Credit risk management

At 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties are arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

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 36% (2014: 55%) of the Group's revenue from continuing operation 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.

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.2 Credit risk management *(continued)*

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.

For loans and interest 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 and interest receivables based on an assessment of recoverability.

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.

39.2.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements.

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.

39. FINANCIAL INSTRUMENTS *(continued)*

39.2 Financial risk management objectives and policies *(continued)*

39.2.3 Liquidity risk management (continued)

The following table details, the maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments. Bank borrowings with a repayment of demand clause are included in the "On demand or less than 1 year" time band in the maturity analysis.

	On demand or less than 1 year	1-5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables	6,423	–	–	6,423	6,423
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	12,074	–	–	12,074	12,074
Amounts due to non-controlling interests	15,367	–	–	15,367	15,367
Bank borrowing	5,905	–	–	5,905	5,905
	33,346	–	–	33,346	33,346

39. FINANCIAL INSTRUMENTS *(continued)*

39.3 Fair value measurements

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Financial assets measured at fair value

	2015	2014
	HK$'000	HK$'000
Financial assets included in Level 1		
Financial assets at fair value through profit or loss (Note 28)	**90,428**	524
Financial assets included in level 2		
Available-for-sale investment	**7,300**	–
Financial assets included in level 3		
Available-for-sale investment (Note 23)	**1,073**	6,723

During the years ended 31 December 2015 and 2014, there were no transfers between Level 1, 2 and 3.

39. FINANCIAL INSTRUMENTS *(continued)*

39.3 Fair value measurements *(continued)*

Fair value of financial assets carried at other than fair value

The directors consider that the carrying amounts of the Group's and the Company's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted market bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use-of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of the unlisted equity investment included in level 3 is based on cash flows discounted using a rate of 12% based on the market interest rate and the risk premium specific to the unlisted investment.

39. FINANCIAL INSTRUMENTS *(continued)*

39.3 Fair value measurements *(continued)*

Fair value of financial assets carried at other than fair value *(continued)*

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value:

	2015 **HK$'000**	2014 HK$'000
At 1 January	**6,723**	–
Purchase	**–**	7,007
Total gains (losses):		
– in profit or loss	**(5,934)**	–
– in other comprehensive income	**284**	(284)
At 31 December	**1,073**	6,723

For the fair value of the unlisted equity investment, the directors estimated that with all other variables held constant, an increase in discount rate by 1% would have decrease the fair value of the unlisted equity investment by approximately HK$458,000 (2014: HK$1,140,000) and a decrease in discount rate by 1% would have increase the fair value of the unlisted equity investment by approximately HK$574,000 (2014: HK$1,520,000).

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

Year ended 31 December 2015

(a) Acquisition of Treasure Easy Limited

During the year, the Group entered into an acquisition agreement for the acquisition of 51% of the issued shares of Treasure Easy Limited, a limited liability company incorporated in Hong Kong, and the shareholder's loan at a consideration of HK$1,275,000. Treasure Easy Limited is principally engaged in the provision of the food and beverage service in Hong Kong. The acquisition was completed on 8 April 2015.

In the opinion of the directors, the acquisition provided the opportunity for the Group expanding its business into the food and beverage business in Hong Kong.

Consideration transferred:

	HK$'000
Consideration satisfied by:	
Cash paid	1,275
Less assignment of shareholder's loan	(1,007)
	268

Acquisition-related costs amounting to nil had been excluded from the cost of acquisition and had been recognised as part of the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Non-current assets	
Property, plant and equipment (Note 16)	250
Current assets	
Deposits, prepayments and other receivables	1,597
Current liabilities	
Other payables and accruals	(2,053)
	(206)

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2015 *(continued)*

(a) Acquisition of Treasure Easy Limited *(continued)*

The fair value of receivables acquired, which principally comprised deposits and other receivables approximated the gross contractual amounts. There were no contractual cash flows not expected to be collected.

The non-controlling interest at the acquisition date were measured at the non-controlling interests' proportionate share of the acquiree's identifiable net liabilities.

	HK$'000
Goodwill arising on acquisition	
Fair value of consideration transferred	1,275
Add: fair value of identifiable net liabilities acquired	206
Less: non-controlling interest	(101)
Less: shareholder's loan assigned	(1,007)
Goodwill arising on acquisition (Note 19)	373

None of the goodwill on this acquisition was expected to be deductible for tax purposes.

Goodwill arising from the acquisition was attributable to the anticipated profitability and future development of food and beverage service.

	HK$'000
Net cash outflow arising on acquisition of subsidiary	
Consideration paid in cash	1,275

Impact of acquisition on the results of the Group

Treasure Easy Limited contributed revenue of approximately HK$4,392,000 and net losses of approximately HK$413,000 to the Group for the period from the date of acquisition to 31 December 2015. If the acquisition had occurred on 1 January 2015, the Group revenue would have been approximately HK$57,800,000 and profit for the year would have been approximately HK$12,773,000. This pro forma information was for illustrative purpose only and was not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2015, nor was it intended to be a projection of future results.

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2014

(b) Acquisition of EPRO

On 15 May 2014, the Group completed the acquisition of 100% of the issued shares of EPRO, a limited company incorporated in the PRC and a wholly foreign-owned enterprise, at the total consideration of HK$3,000,000. It is principally engaged in the provision of professional IT contract and maintenance services.

Consideration transferred:

	HK$'000
Cash paid	3,000

Acquisition-related costs amounting to approximately HK$36,600 had been excluded from the cost of acquisition and had been recognised as part of the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment (Note 16)	61
Current assets	
Inventories	2
Trade receivables	3,481
Deposits, prepayments and other receivables	3,433
Cash and bank balances	2,057
Current liabilities	
Trade and other payables	(5,215)
	3,819

The fair value of receivables acquired, which principally comprised trade and other receivables approximated the gross contractual amounts. There were no contractual cash flows not expected to be collected.

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2014 *(continued)*

(b) Acquisition of EPRO *(continued)*

Gain on bargain purchase

	HK$'000
Fair value of consideration transferred	3,000
Less: fair value of identifiable net assets acquired	(3,819)
Gain on bargain purchase	(819)

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 and was recognised in the line item "other income, other gains and losses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

Net cash outflow arising on acquisition of subsidiaries

	HK$'000
Consideration paid in cash	3,000
Less: cash and bank balances acquired	(2,057)
	943

Impact of acquisition on the results of the Group

EPRO contributed revenues of approximately HK$10,676,000 and net losses of approximately HK$657,000 to the Group for the period from the date of acquisition to 31 December 2014. If the acquisition had occurred on 1 January 2014, Group revenue for the year ended 31 December 2014 would have been approximately HK$44,142,000 and loss for the year ended 31 December 2014 would have been approximately HK$17,332,000. This pro forma information was for illustrative purposes only and was not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2014, nor was it intended to be a projection of future results.

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2014 *(continued)*

(c) Acqusition of Zhao Hui

On 3 December 2014, Rosy Path International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company (the "Subscriber"), Zhao Hui, a company incorporated in the BVI with limited liability and Zhu Weimen, the sole owner of Zhao Hui immediately prior to completion and an independent third party (the "Guarantor") entered into an subscription agreement (the "Subscription Agreement"), pursuant to which the Subscriber agreed to subscribe, and Zhao Hui agreed to allot and issue, the subscription shares (the "Subscription Shares") at a subscription price of AUD2,227,500 in cash. The Subscription Shares represent 55% of the enlarged issued share capital of Zhao Hui as enlarged by the allotment and issue of the Subscription Shares

In addition, Zhao Hui, the Guarantor and other Independent Third Parties have entered into an investment arrangement (the "Investment Arrangements") in relation to the investment in the group of companies consisting of Mission Go International Limited (Renamed as Australia Dairy Group Limited in 2015), a company incorporated in the BVI with limited liability, Viplus, a company incorporated in Victoria, Australia with limited liability and other subsidiaries of Mission Go International Limited (the "Viplus Group") whereby upon completion of the Investment Arrangements, Zhao Hui shall indirectly hold equity interests in the Viplus Group. The Viplus Group is principally engaged in milk formula processing, production and related business and an operator of a dairy manufacturing plant in Victoria, Australia.

Completion of the Investment Arrangements had taken place on 31 December 2014 whereby Mission Go International Limited (the "Mission Go") is now owned as to 60% by Zhao Hui (through its 60% owned subsidiary, namely Globe Year); and Viplus is owned as to 90% by Mission Go and as to 10% by Globe Year. Accordingly, Zhao Hui has become the holding company of each member of the group companies and the Viplus Group and each such member has become a non-wholly-owned subsidiary of the Company.

In the opinion of the directors, the acquisition provided the opportunity for the Group to gain access to the Australia milk powder business and to broaden the income base of the Group.

Consideration transferred:

	HK$'000
Cash paid	14,514

Acquisition-related costs amounting to nil had been excluded from the cost of acquisition and had been recognised as part of the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2014 *(continued)*

(c) Acqusition of Zhao Hui *(continued)*

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment (Note 16)	35,847
Current assets	
Inventories	6,190
Trade and other receivables	1,110
Amount due from a non-controlling interest	3
Deposit, prepayment and other receivables	15,406
Cash and bank balances	38,924
Current liabilities	
Trade and other payables	(19,180)
Amounts due to non-controlling interests	(15,367)
Bank borrowing	(5,905)
Non-current liabilities	
Deferred tax liabilities	(349)
	56,679

The fair value of receivables acquired, which principally comprised prepayments, deposits and other receivables approximated the gross contractual amounts. There were no contractual cash flows not expected to be collected.

40. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION *(continued)*

Year ended 31 December 2014 *(continued)*

(c) Acqusition of Zhao Hui *(continued)*

Goodwill arising on acquisition

	HK$'000
Fair value of consideration transferred	14,514
Less: fair value of identifiable net liabilities acquired	(56,679)
Add: non-controlling interest	47,780
Goodwill arising on acquisition (Note 19)	5,615

None of the goodwill on this acquisition was expected to be deductible for tax purposes.

Goodwill arising from acquisition of an Australia milk powder factory was attributable to the anticipated profitability and future development of Australia milk powder business and the anticipated future operating synergy from the combinations.

Net cash inflow arising on acquisition of subsidiaries

	HK$'000
Cash and bank balances acquired	38,924
Less: Consideration paid in cash	(14,514)
	24,410

Impact of acquisition on the results of the Group

The Viplus Group did not contribute any revenues and net profit to the Group for the period from the date of acquisition to 31 December 2014. If the acquisition had occurred on 1 January 2014, Group revenue and loss for the year ended 31 December 2014 would have been approximately HK$67,910,000 and HK$23,492,000 respectively. This pro forma information was for illustrative purposes only and was not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2014, nor was it intended to be a projection of future results.

41. DISPOSAL OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

Year ended 31 December 2014

On 20 June 2014, the Company and 博大東方農業發展有限公司 (transliterated as Bo Da Dong Fong Agricultural Development Co., Ltd.), a company incorporated in the Republic of Seychelles with limited liability and principally engaged in investment holding, entered into the SP Agreement, pursuant to which 博大東方農業發展有限公司 conditionally agreed to buy, and the Company conditionally agreed to sell, 49% of the issued share capital of Tony China Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, at a consideration of HK$6,000,000. Tony China Limited and its subsidiaries (collectively the "Tony Group") are principally engaged in the manufacturing and distribution of feedstock products, animal husbandry and related activities. The disposal was completed on 27 August 2014.

The carrying amount of the non-controlling interests in Tony Group on the date of disposal was approximately HK$9,332,000. The Group recognised an increase in non-controlling interests of approximately HK$9,332,000 and an decrease in equity attributable to owners of the Company of approximately HK$3,332,000. The effect of changes in the ownership interests of the Tony Group on the equity attributable to owners of the Company during the year ended 31 December 2014 is summarised as follows:

	HK$'000
Carrying amount of non-controlling interests disposed of	9,332
Cash consideration received from non-controlling interests	(6,000)
Loss on disposal within equity	3,332

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2014:

	HK$'000
Disposal of interests in subsidiaries without loss of control	3,332

42. OPERATING LEASE COMMITMENTS

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

	2015	2014
	HK$'000	HK$'000
Land and buildings		
– Within one year	**1,308**	895
– In the second to fifth years inclusive	**1,218**	179
	2,526	1,074
Property, plant and equipment		
– Within one year	**–**	219
	2,526	1,293

Operating leases relate to land and building with lease terms of between 1 to 3 years (2014: 1 to 3 years), with no option to renew the lease terms at the expiry date. The lease does not include contingent rental.

43. COMMITMENTS

At 31 December 2015, the Group had the following significant commitments which were not provided for in the consolidated financial statements:

	2015	2014
	HK$'000	HK$'000
Authorised and contracted for:		
Property, plant and equipment	**–**	10,830
Acquisition of available-for-sale investments	**11,265**	–
	11,265	10,830

44. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	2015	2014
	HK$'000	HK$'000
Transactions with a close member of a director/former substantial shareholder;		
– consultancy fee paid	**1,200**	1,200
– commission for underwriting of shares paid	**–**	1,121

Note: The consultancy fee and commission paid were based on the terms mutually agreed between parties involved.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015	2014
	HK$'000	HK$'000
Short-term benefits	**2,220**	2,213
Post-employment benefits	**18**	15
Share-based payments	**–**	1,390
	2,238	3,618

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVE MOVEMENT

Statement of financial position of the Company

	2015	2014
	HK$'000	HK$'000
Non-current assets		
Investments in subsidiaries	**21,899**	21,899
Current assets		
Deposits, prepayments and other receivables	**856**	608
Amounts due from subsidiaries	**306,862**	302,035
Cash and bank balances	**45,419**	1,205
	353,137	303,848
Current liabilities		
Amounts due to subsidiaries	**26,367**	18,515
Other payables and accruals	**1,966**	1,992
	28,333	20,507
Net current assets	**324,804**	283,341
Net assets	**346,703**	305,240
Capital and reserves		
Share capital	**19,727**	15,609
Reserves	**326,976**	289,631
Total equity	**346,703**	305,240

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 21 March 2016 and are signed on its behalf by:

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

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVE MOVEMENT *(continued)*

Movement in the Company's reserve

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2014	161,862	–	77,317	–	(163,576)	75,603
Loss for the year	–	–	–	–	(20,425)	(20,425)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive expense for the year	–	–	–	–	(20,425)	(20,425)
Recognition of equity-settled share-based payments	–	–	–	4,730	–	4,730
Lapse of share option	–	–	–	(58)	58	–
Issue of subscription shares	42,900	–	–	–	–	42,900
Capital Reorganisation	–	195,134	–	–	–	195,134
Transaction costs attributable to issue of shares	(8,311)	–	–	–	–	(8,311)
Cancellation of share premium (Note (i))	(153,551)	153,551	–	–	–	–
Balance at 31 December 2014 and 1 January 2015	42,900	348,685	77,317	4,672	(183,943)	289,631
Loss for the year	**–**	**–**	**–**	**–**	**(4,489)**	**(4,489)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(4,489)**	**(4,489)**
Issue of subscription shares	**13,695**	**–**	**–**	**–**	**–**	**13,695**
Issue of placing shares	**29,588**	**–**	**–**	**–**	**–**	**29,588**
Transaction costs attributable to issue of shares	**(1,449)**	**–**	**–**	**–**	**–**	**(1,449)**
Amount transferred to write off accumulated losses (Note (ii))	**–**	**(188,432)**	**–**	**–**	**188,432**	**–**
Balance at 31 December 2015	**84,734**	**160,253**	**77,317**	**4,672**	**–**	**326,976**

Notes:

(i) Pursuant to the special resolution passed in an EGM on 24 April 2014 and took effect on 5 June 2014, an entire amount standing to the credit of the share premium account of the Company was cancelled and transferred to the contributed surplus account of the Company.

(ii) Pursuant to the special resolution passed in an EGM held on 24 April 2014 and took effect on 5 June 2014, the Directors was authorised to use HK$195,134,000 credit balance in the contribution surplus account result from the reduction of the paid-up capital of the Company to eliminating or setting off the accumulated losses of the Company. During the year ended 31 December 2015, HK$188,432,000 (2014: nil) credit balance in the contribution surplus account was used to eliminate the accumulated loss of the Company.

46. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to a special general meeting held on 3 February 2016, the special resolution in relation to capital reorganisation comprising the share consolidation, the capital reduction and the share subdivision was duly passed by way of poll and took effect on 4 February 2016.

After the capital reorganisation,

(1) Every 5 issued and unissued existing shares of par value of HK$0.01 each in the share capital of the Company were consolidated into 1 consolidated share of par value of HK$0.05 each.

(2) the par value of each of the then issued consolidated shares were reduced from HK$0.05 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$0.04 on each of the then issued consolidated shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company which may arise from the share consolidation, which together, amount to approximately HK$15,781,000, were credited to the contributed surplus account of the Company.

(3) each of the then authorised but unissued consolidated shares of par value of HK$0.05 each was sub-divided into 5 new shares of par value of HK$0.01 each.

(b) On 23 February 2016, the Company announced its proposal to raise not less than approximately HK$19,700,000 and not more than approximately HK$20,900,000 before expenses by issuing not less than 197,265,375 offer shares and not more than 209,355,375 offer shares at HK$0.10 per offer share on the basis of one offer share for every two existing shares in issue held on record date. Up to the date of approval of these consolidated financial statement, the open offer has not yet completed.

Five-Years Financial Summary

For the year ended 31 December 2015

	1.1.2015 to 31.12.2015 HK$'000	1.1.2014 to 31.12.2014 HK$'000	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
RESULTS					
Revenue					
Continuing operations	**57,721**	18,063	24,765	160,715	86,304
Discontinued operations	**65,423**	10,676	–	–	–
	123,144	28,739	24,765	160,715	86,304
Profit (loss) from operations					
Continuing operations	**16,614**	(11,751)	(11,815)	6,179	3,064
Discontinued operations	**2,659**	214	–	–	–
	19,273	(11,537)	(11,815)	6,179	3,064
Finance costs					
Continuing operations	**(252)**	(101)	(310)	(2,661)	(341)
Discontinued operations	**(168)**	–	–	–	–
	(420)	(101)	(310)	(2,661)	(341)
Gain on scheme					
Continuing operations	**–**	–	–	67,494	–
Discontinued operations	**–**	–	–	–	–
	–	–	–	67,494	–

Five-Years Financial Summary

For the year ended 31 December 2015

	1.1.2015 to 31.12.2015 HK$'000	1.1.2014 to 31.12.2014 HK$'000	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
Gain on deconsolidation of subsidiaries					
Continuing operations	**–**	–	–	401	36,191
Discontinued operations	**1,359**	–	–	–	–
	1,359	–	–	401	36,191
Assets impairments					
Continuing operations	**(5,934)**	(6,214)	(27,758)	–	–
Discontinued operations	**–**	–	–	–	–
	(5,934)	(6,214)	(27,758)	–	–
Restructuring cost					
Continuing operations	**–**	–	–	(9,867)	–
Discontinued operations	**–**	–	–	–	–
	–	–	–	(9,867)	–
Profit (loss) before tax					
Continuing operations	**10,428**	(18,066)	(39,883)	61,546	38,914
Discontinued operations	**3,850**	214	–	–	–
	14,278	(17,852)	(39,883)	61,546	38,914

Five-Years Financial Summary

For the year ended 31 December 2015

	1.1.2015 to 31.12.2015 HK$'000	1.1.2014 to 31.12.2014 HK$'000	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
Income tax expenses					
Continuing operations	**(1,273)**	(24)	(170)	(2,005)	(2,557)
Discontinued operations	**–**	–	–	–	–
	(1,273)	(24)	(170)	(2,005)	(2,557)
Profit (loss) to the year/period					
Continuing operations	**9,155**	(18,090)	(40,053)	59,541	36,357
Discontinued operations	**3,850**	214	–	–	–
	13,005	(17,876)	(40,053)	59,541	36,357
Profit (loss) attributable to:					
Owners of the Company					
Continuing operations	**5,600**	(15,503)	(40,053)	59,541	36,339
Discontinued operations	**568**	214	–	–	18
	6,168	(15,289)	(40,053)	59,541	36,357
Non-controlling interests					
Continuing operations	**3,555**	(2,587)	–	–	–
Discontinued operations	**3,282**	–	–	–	–
	6,837	(2,587)	–	–	–
	13,005	(17,876)	(40,053)	59,541	36,357

Five-Years Financial Summary

For the year ended 31 December 2015

	31.12.2015	31.12.2014	31.12.2013	31.7.2012	31.7.2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**362,594**	399,196	102,285	66,891	39,735
Total liabilities	**(10,948)**	(54,098)	(15,174)	(19,993)	(155,430)
	351,646	345,098	87,111	46,898	(115,695)
Equity attributable to					
Owners of the Company	**342,054**	290,558	87,111	46,898	(121,573)
Non-controlling interests	**9,592**	54,540	–	–	5,878
	351,646	345,098	87,111	46,898	(115,695)