從玉農業控股有限公司

Cypress Jade Agricultural Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

ANNUAL REPORT 2013

CONTENT

CORPORATE INFORMATION

Board of Directors

Executive directors

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

Independent non-executive directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Authorised Representatives

Ms. YAU Fai San
Ms. LEE Wai Yee

Company Secretary

Ms. LEE Wai Yee

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business in Hong Kong

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

Auditor

Mabel Chan & Co.

Legal Advisor

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

Principal Share Registrar

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

Hong Kong Branch Share Registrar and Transfer Office

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

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 875

Corporate Website

http://www.cyj.hk

Investor Relations

Email: ir@cyj.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Cypress Jade Agricultural Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2013.

2013 was a challenging year for the Company. In addition to the need to strengthen our management operations following the resumption of our listing status in 2012, we had to cope with the difficulties caused by inclement weather and the competitive market conditions in Hong Kong and China.

In order to develop the Group, we expanded our cultivation bases in Ningxia and Zengcheng, adding a total of approximately 4,300 mu to our production capacity. These two areas will serve as important production bases in northern and southern China to improve our resilience to the adverse impact of climatic changes, ensuring that the Group can maintain a steady supply of high quality, safe and reliable fresh vegetables for our customers throughout the year.

During the year, the Group also devoted resources to developing additional sales venues and experimented with different sales methods to expand our customer base. This resulted in the addition of a mega corporate client and a number of distributors in China. Our sales channels have now been extended, covering a wide range of customers, including wholesalers, retailers, supermarkets, restaurants, government units, associations, enterprises and individuals. We also implemented an ERP system to improve our management and operational efficiency.

As can be expected, our additional production bases and the expansion of our sales venues involved substantial investments but take time to produce results. This inevitably affected our 2013 performance. The Board, however, remains positive about the future prospects of the Group and believes that our investments will improve the quality and quantity of our produce, reduce reliance on third-party suppliers and enhance shareholder value in the long run. In addition, our vertically integrated approach should enable the Group to have better control over our costs and help to improve returns.

Finally, on behalf of the Board, I would like to extend our sincere gratitude to the Group's shareholders, customers and business partners for their continuous support and to our management and staff for their diligence, dedication and contributions throughout the past year.

WU Wai Chung, Michael
Chairman

24 March 2014


豆苗
白菜仔
白菜

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2013, the Company encountered difficulties in its operation as the global economic uncertainty remained and the economic growth of China further slowed down. On the other hand, 2013 also marked the first year of structural integration of the Group. At the initial stage of integration, the daily operation efficiency of the Group was affected during the transitional period as it took time for the staff of the Group to adapt to the new management system. Furthermore, the Group adopted an expansion strategy for its advantageous businesses during the year, resulted in higher investment. Coupled with rising market prices of production materials and production loss due to inclement weather, the Group recorded loss in its operations for the year as its overall turnover was lower than expected.

Highlights in 2013 are as follows:

I. Operation Management

- ***Successfully completed internal restructuring of the Group in Mainland China***

  With the support of the Board, the internal restructuring of the Group commenced at the end of 2012 and completed on 28 February 2013. Guangdong Cypress Jade Agricultural Group Co. Ltd. (廣東從玉農業集團有限公司) was formally established in Mainland China on the basis of the predecessor, Guangzhou Cypress Jade Vegetation Development Company Limited, and remained as one of the leading enterprises under the government policy of agricultural industrialisation.

  The completion of the restructuring signifies the commencement of the blueprint for strategic development of the Group. While maintaining its competitive position in market supply in Hong Kong, its strategic development focus will be shifted to Mainland China. The Group enhanced the benefits of economy of scale through the integration of its competitive resources, such as the brand, production, businesses and assets. The Group capitalised on its position as one of the leading enterprises and pioneers under the government policy of agricultural industrialisation to develop into a new high-tech agricultural enterprise.

- *Strengthening ERP digital management platform*

  The Group has adopted the ERP digital management platform. Members and production bases of the Group are able to provide real-time updates and the management can conduct real-time monitoring for better decision-making.

- *Raising credit facilities through various channels*

  In line with its business development, the Group raised capital through various channels to better support its operation in 2013.

  A number of domestic banks showed their confidence in the future development of the Group by granting higher credit limits or credit facilities to the Group.

- *Improving risk management and education*

  The Internal Audit Department was established during the year to enhance internal controls, risk management and loophole elimination in a timely manner.

II. Production Management

- *Expanding quality farmland*

  The Group explored quality farmland for future development in accordance with its development strategy of establishing two base clusters in southern and northern China, namely the principal vegetable production base cluster in the north covering the Ningxia Wuzhong base, Qingtongxia base and Lingwu base, and the principal vegetable production and processing base cluster in the south covering the Sanjiang base and Tangcun base in Zengcheng and the Conghua base.

  In 2013, three new bases were established and put into production, namely phase one of the Ningxia Lingwu base in the north, and phase one of the Zengcheng Sanjiang base and the Zengcheng Tangcun base in the south. The Group has become the major supplier of high quality, safe and reliable fresh vegetables for Guangdong and Hong Kong.

- *Enhancing cultivation effectiveness and controlling production costs*

  The Group is committed to its production management philosophy of striving for better cultivation effectiveness and controlling production costs at a reasonable level through agricultural technology integration, mechanised production processes and informatisation of production and operation. In light of this, its production department adopted a staff appraisal system to ensure that all the staff are aware of the importance of effectiveness and cost control.

- *Strict control over quality and safety management*

  At the end of the year, the Group established a comprehensive food safety tracking system of agricultural products. Quality control responsibilities in each production process were specified through the establishment of a production record system under which production staff are required to record information of the base environment, employment of agricultural inputs, farmland management and staff particulars and ensure the accessibility of the record.

- *Stepping up technological innovation*

  To enrich the variety of vegetable supply and implement the sales strategy of differentiation, the production technology department carried out numerous experiments of plant breeding. So far, several outstanding breeds have been selected, which will boost supply and sales in 2014.

III. Marketing

- *Expansion of sales channels*

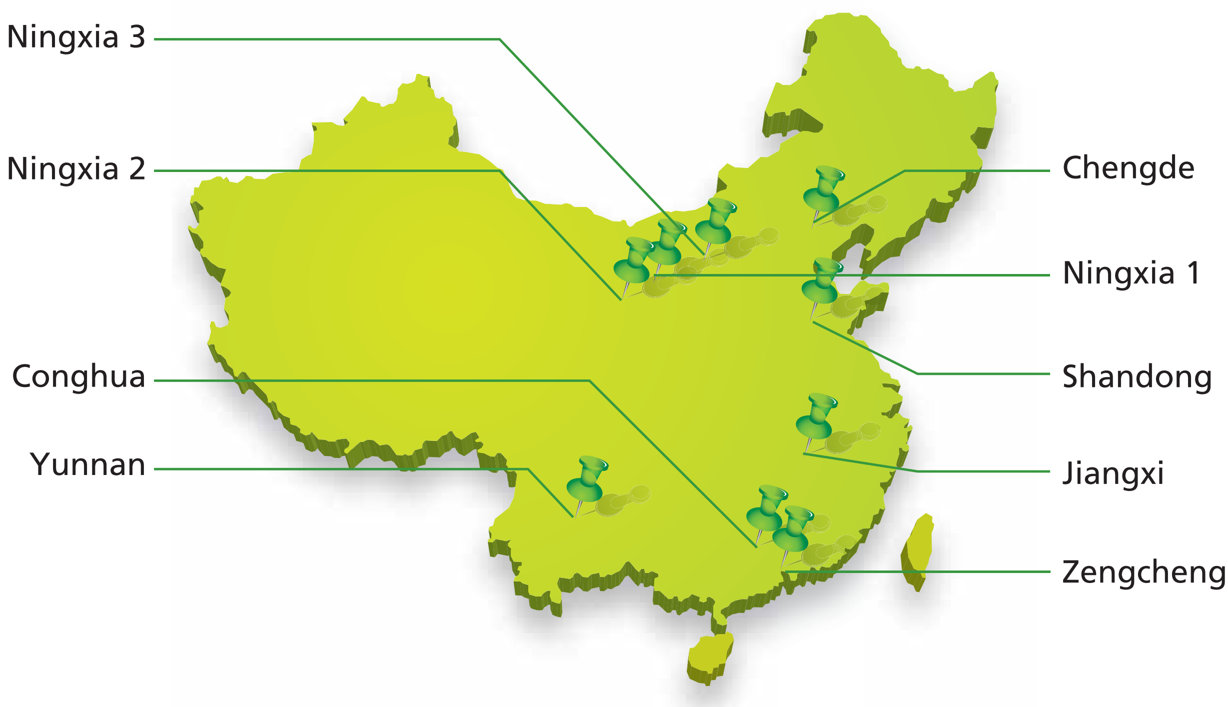
  In 2013, Guangdong and Hong Kong remained the major sales regions of the Group. The Group had started to carry out a series of reform on market layout and sales.

  In respect of conventional wholesale channels, the Group established an optimised distribution system for tier-1 and tier-2 distributors mainly covering the Pearl River Delta, with the Guangzhou and Hong Kong markets being the core. As of today, we have entered into various core distribution agreements, which secured the sales of the Company and also guaranteed that the "Cypress Jade" vegetables available on markets are authentic, safe and fresh.

  As for sales in the high-end market, the Group actively expanded to the high-end markets, including supermarkets, restaurants, units and associations. During the year, we developed a customer base of large group enterprise, such as China Unicom, securing higher income and further consolidating the position of "Cypress Jade" as a high-end brand.

- *Branding*

  Events and activities of the Group in 2013, such as the anniversary celebration of the listing of Cypress Jade Agricultural Holdings Limited and the establishment ceremony of Guangdong Cypress Jade Agricultural Group Co. Ltd. (廣東從玉農業集團有限公司) on 28 February and the signing of Cypress Jade Safe Vegetables Distribution Agreements, were widely covered by the mainstream media. With the launch of several brand promotion campaigns, such as the debut of the new official website of the Group (http://www.cyj.hk), the Company enjoyed higher brand awareness and reputation.



Financial Review

During the year ended 31 December 2013 (the"Reporting Period"), the Group recorded a turnover of HK$268.4 million, an increase of 0.2% from HK$267.9 million for the year ended 31 December 2012 (the "Corresponding Period"). The gross profit of the Group is decreased by 6.5% to HK$82.1 million (2012: HK$87.8 million). The gross profit margin of the Group for the Reporting Period is 30.6% as compared to 32.8% for the Corresponding Period.

Administrative expenses were HK$50.2 million (2012: HK$57.7 million). Selling and distribution expenses were HK$70.1 million (2012: HK$57.5 million) and were mainly attributable to delivery and packaging fees. Other operating expenses were HK$24.0 million (2012: HK$1.6 million) and were mainly attributable to impairments of biological assets, receivables, goodwill and property, plant and equipment. Finance costs were HK$4.3 million (2012: HK$2.0 million) which mainly attributable to interests for bank borrowings.

The net loss of the Group for the Reporting Period was HK$58.8 million as compared to a net profit of HK$31.4 million for the Corresponding Period. One of the main reasons for the loss was that the gain arising from debt restructuring of HK$40.5 million for the year 2012 was one-off and would not happen again in the year 2013.

The record of such loss for the Reporting Period was also attributable to (i) the inclement weather in the year 2013; (ii) the price fluctuation of vegetable markets in Hong Kong and Mainland China; and (iii) the increase in costs for agricultural raw materials, labour and administration.

Liquidity and Financial Resources

The Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 31 December 2013, the Group had bank balances and cash of HK$14.8 million (2012: HK$18.8 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 0.6 times (2012: 0.5 times).

As at 31 December 2013, the total borrowings of the Group amounted to HK$75.7 million (2012: HK$25.3 million), of which, HK$33.9 million (2012: HK$20.9 million) and HK$0.4 million (2012: HK$0.8 million) were secured by several properties, guaranteed by a director and his spouse, and guaranteed by another director of the Company and his spouse, respectively. The borrowings in the amount of HK$56.5 million (2012: HK$24.7 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$3.9 million (2012: HK$6.5 million) in respect of acquisition of property, plant and equipment. The Group had commitments for future minimum lease payments under non-cancellable operating leases of HK$296.1 million (2012: HK$157.8 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed for terms of 2 to 26 years.

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

Capital Structure & Gearing Ratio

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

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

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

During the Reporting Period, the Company issued and allotted a total of (i) 104,333,450 ordinary shares of HK$0.01 each upon conversion of Class B preference shares at the conversion price of HK$0.15 per share; and (ii) 450,000,000 ordinary shares of HK$0.01 each upon conversion of Class A preference shares at the conversion price of HK$0.0482 per share.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$75.7 million (2012: HK$25.3 million). Included in the above amounts, an amount of HK$66.3 million (2012: HK$21.7 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

As at 31 December 2013, the net debt to adjusted equity ratio was 0.26 (2012: 0.05). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2013 was 0.4 (2012: 0.2), which was measured as total debt to total shareholders' equity.

Significant Investments

During the Reporting Period, the Group expanded its production and processing bases in Ningxia and Zengcheng for a total of approximately 4,300 mu.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2013.

Charges On Group's Assets

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

Foreign Exchange Exposure

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

Contingent Liabilities

As at 31 December 2013, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 31 December 2013, the Group had 978 (2012: 728) employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the year ended 31 December 2013 amounted to HK$82.0 million (2012: HK$59.2 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive directors (including independent non-executive director) of the Group.

PROSPECTS

The Group will certainly take advantage of the No. 1 Central Document of Certain Opinions on Accelerating Agricultural Modernisation by Deepening Rural Reform (關於全面深化農村改革加快推進農業現代化的若干意見) and adjust its overall development strategies timely in response to the market development.

The Group will adopt proactive investment and financing strategies to optimise the business structure. The Group will also establish an efficient management and control system and focus on expanding its business presence in key regional markets to capture business growth. It will strive to enhance the profitability and fulfill the annual operating objectives, so as to lay a solid foundation for the next milestone.

Looking forward, domestic demand in Mainland China will see significant growth attributable to the steady economic growth and accelerated urbanisation. The Group is optimistic towards the prospect of the industry and is confident in overcoming the challenges to achieve sustainable business growth and secure the best interest for shareholders through the measures as follows:

I. Reinforcing operation management

- ***Strategically optimise and consolidate the business structure to enhance its core competitiveness***

  a) to expand conventional business with competitive advantages and disposing non-performing asset or business;

  b) to formulate plans to invite investors or conduct mergers and acquisitions to integrate industrial resources, secure supply chain and facilitate industry upgrade.

- ***Strengthening awareness of internal control of the Group by defining division of management responsibilities***

  The Group will promote the core management model of "Hong Kong headquarters + operation and management center in Mainland China" and clarify and specify the division of management duties to construct a highly efficient governance structure.

- *Improving liquidity management to ensure adequate working capital*
  - a) to adopt the principle of strict cost control on the costs of purchases, project fees, administrative and office expenses and cost of human resources while increasing profit source to ensure lawful and reasonable capital flows;
  - b) to strengthen the real-time monitoring and collection of receivables;
  - c) to strengthen financing capability in the capital market by broadening channels for raising fund.

- *Continuing to refine rules and regulations and strengthen human resource system*
  - a) to take heed of team building and endeavour to nurture corporate culture as well as the sense of belonging among staff;
  - b) to improve performance of staff by establishing and implementing performance appraisal system and internal competition mechanism;
  - c) the Group will expand the talent pool by strengthening the recruitment of talents and the training system.

II. Strengthening production management

- *Putting efforts in meeting the annual production target*
  - a) to implement the plans of growing other high-end vegetables based on sales orders through scientific arrangement and reasonable allocation of resources in addition to the farming of conventional competitive vegetables;
  - b) to conduct scientific research to further improve crop yields and production efficiency, and establish a comprehensive "productivity estimation mechanism".

- *Strengthening production management to ensure quality and safety of products*

  The Group will further refine the "accountability and management system for safety of agricultural products", and strengthen the monitoring and control on quality of water, air, soil, seeds, pesticides and chemical fertilisers to prevent incidents of food safety and quality throughout the year.

  - the Group will farm new species with innovative planting techniques.

III. Market expansion

- *Expansion of channels*

  a) with Hong Kong, Guangzhou and Shenzhen as the core markets, the Group will expand the sales network in Pearl River Delta and may extend to key sales regions such as Beijing and Shanghai;

  b) the Group will strengthen the conventional wholesale channels for agricultural products by refining the "agency system for tier-1 and tier-2 distributors" and "credit rating system";

  c) the Group will focus on building an elite sales team for major customers to further develop business in the high-end market (such as supermarkets, restaurants, units and associations);

  d) the Group will set up end-market management and distribution teams, develop direct sales channels in the end-market and explore online sales model;

  e) the Group will improve pricing system and channel management for customers to improve the service quality for product sales;

  f) the Group will strengthen distribution management to minimise wastages.

- *Brand building*

  a) the Group will enhance brand promotion with focus on maintaining close communication with media to further enhance its brand value;

  b) the Group will take the initiative to organise and participate in public welfare activities to build a positive brand image;

  c) the Group will strictly combat counterfeit "Cypress Jade" products by strengthening market investigations to protect the legal right of the brand.

Despite the impacts on the operating results of the Group from various factors and the challenging operating environment in 2013, looking ahead to 2014, we will implement more professional business management with the refined organisational structure and capture every business opportunity to strive for better returns to shareholders.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. SHI Lanjiang, aged 50, was appointed as an executive Director and Chief Executive Officer of the Company on 29 December 2011. Mr. Shi also acts as director of certain subsidiaries of the Company. Mr. Shi holds a Master of Science in biology and a Bachelor of Science in agriculture from the PRC. He had participated in agricultural technology and import and export trading in the Department of Agriculture and the Department of Foreign Economic Relation and Trade of Ningxia Hui Autonomous Region Government in the PRC. He was also a selected exchange scholar by the Ministry of Foreign Economic Relation and Trade of the PRC to have training on agriculture project management in Denmark.

Mr. Shi held executive positions in various organizations with over 20 years of experience in agricultural project management, corporate financing, securities investment and advisory, and fund management. Mr. Shi serves as Vice President of the Guangdong Association of Vegetable Industry. Mr. Shi also serves as director of Right Day Holdings Limited, Wanthorpe Opportunity Fund SPC and QH Capital Limited (formerly known as Wanthorpe Capital Limited). Furthermore, Mr. Shi holds three licenses granted by the Securities and Futures Commission (including advising on securities, advising on corporate finance and asset management).

Mr. CHU Yuet Chung, aged 61, was appointed as an executive Director of the Company on 29 December 2011. Mr. Chu also acts as director of certain subsidiaries of the Company. He worked as operation manager in the Vegetable Marketing Organisation for 20 years, a public body set up under the Hong Kong Ordinance Chapter 277 to provide facilities for the orderly and efficient marketing of vegetables as a means to promote the development of vegetable farming and to improve the socio-economic status of the farming community. The organization is a semi-government body. It is overseen and directed by the Agriculture, Fisheries and Conservation Department of the Hong Kong Government. It promotes vegetable farming and sales markets in Hong Kong. Mr. Chu also has over 20 years' experience in vegetables trading and processing business in Hong Kong and the PRC. Mr. Chu is also a founding member of Hong Kong Federation of Restaurants and Related Trades (HKFORT).

Mr. YANG Jianzun, aged 47, was appointed as an executive Director of the Company on 29 December 2011. Mr. Yang also acts as director of certain subsidiaries of the Company. Mr. Yang has engaged in vegetable cultivation for 19 years. He is the vice president of the association of leading enterprise of agriculture industrialization of Guangdong Province (廣東省農業產業化龍頭企業協會) and a member of Chinese People's Political Consultative Conference of Nanchang, Jiangxi Province (江西省南昌市政協委員). He is also a member of Chinese People's Political Consultative Conference of Conghua City (從化市政協委員) the Economic Advisor of Conghua City (從化市經濟顧問) and an executive director of the Association of Private Enterprises of Conghua City (從化市民營企業協會).

Ms. YAU Fai San, aged 42, was appointed as an executive Director of the Company on 1 April 2012. Currently, Ms. Yau is the Head of Finance, Human Resources and Administration of the Company. In addition, she also serves as a member of the remuneration committee of the Board and acts as director of certain subsidiaries of the Company. Ms. Yau graduated from McMaster University of Canada with a Bachelor of Commerce degree (with Honour), major in Accounting and Finance. She has over 15 years of experience in areas of financial and human resources management with various financial institutions and has held positions in the following companies including Wanthorpe Limited, Kingsway-HIA Investment Products Limited, Tribridge Investment Partners Limited, and American International Assurance Company (Bermuda) Limited.

Ms. Yau is currently a director of Right Day Holdings Limited, the controlling shareholder of the Company. She is also the Senior Vice President of Wanthorpe Limited and a director of other subsidiaries of Wanthorpe Group Limited including but not limited to Wanthorpe Limited and Wanthorpe Asset Management Limited.

Furthermore, she is currently registered with the Securities and Futures Commission of Hong Kong as a Responsible Officer for Wanthorpe Asset Management Limited (i.e. the Investment Advisor to Wanthorpe Opportunity Fund SPC, the holding company for Right Day Holdings Limited). Ms. Yau holds Type 9 licence granted by the SFC.

Independent Non-Executive Directors

Mr. WU Wai Chung, Michael, aged 64, was appointed as a non-executive Director of the Company and the Chairman of the Board on 28 February 2012. Mr. Wu also serves as the chairman of the corporate governance committee and a member of the audit committee of the Company. Mr. Wu graduated from the University of Hong Kong with a bachelor's degree in laws in 1972. Upon graduation, he joined the then Government of Hong Kong and served as its Trade Officer and subsequently Administrative Officer until 1989. Afterwards, Mr. Wu has served in the Securities and Futures Commission for about 10 years.

Mr. Wu is currently an executive director and the chief executive officer of Tradelink Electronic Commerce Limited (Stock Code: 536), and an independent non-executive director of Shenzhen Investment Limited (Stock Code: 604). Mr. Wu was an independent non-executive director of Tradelink Electronic Commerce Limited (Stock Code: 536) during the period from 2 September 2008 to 13 July 2009, an independent non-executive director of First Mobile Group Holdings Limited (Stock Code: 865) during the period from 31 August 2000 to 2 December 2009, and an independent non-executive director of SW Kingsway Capital Holdings Limited (Stock Code: 188) during the period from 26 May 2000 to 21 November 2011. All the above companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. CHAN Loong Sang, Tommy, aged 43, was appointed as an independent non-executive Director on 18 July 2013. Mr. Chan graduated with Bachelor of Management (Hons) with double majors in accounting and finance from the University of Lethbridge in Canada in 1996. Mr. Chan is a member of each of the American Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Chan is also a member of each of the Institute of Chartered Secretaries and Administration, the Hong Kong Institute of Company Secretaries and the Hong Kong Securities and Investment Institute.

Mr. Chan is currently the finance director of AOJI Education Group Limited. He has over 18 years of experience in auditing and commercial accounting from international accounting firms, various companies listed in Hong Kong and the United States, and multinational corporations, through which Mr. Chan has accumulated knowledge on listings rules in Hong Kong and the United States, as well as Chinese regulatory requirements.

Mr. YUEN Wai Chung, aged 50, was appointed as an independent non-executive Director on 18 July 2013. Mr. Yuen worked as the director and general manager of Green Sail Limited (綠航有限公司) from 1985 to 1993 and as the director and general manager of 寶德商行 (Po Tak Limited*) from 1994 to 2009. Mr. Yuen has over 30 years of experience in shipping, rubber and internet industries. Mr. Yuen is currently a director and general manager of both (i) 北京維創尚德廣告有限公司 (Beijing Weichuang Shangde Advertising Company Limited*), a company principally engaged in the provision of advertising media services, and (ii) 北京工聯環球科技有限公司 (Beijing Gonglian Huanqiu Technology Company Limited*), a company principally engaged in the provision of e-commerce services and a jointly controlled entity of Tradelink Electronic Commerce Limited (Stock Code: 536), of which Mr. WU Wai Chung, Michael, our independent non-executive director and chairman of the Board, is a director and a shareholder. He also serves as the vice chairman of the "Blue Sky Fund" of the China Women's Development Foundation (中國婦女發展基金會藍天愛心基金) since 2010.

Senior Management

Mr. TANG Chiu Kwong, aged 43, joined the Company in January 2012 and is the Chief Financial Officer of the Company. Mr. Tang is a certified practising accountant of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor degree in accountancy from The Hong Kong Polytechnic University. Mr. Tang has profound professional knowledge in auditing, accounting and financial management with over 18 years' experience in an international accounting firm, the Stock Exchange of Hong Kong Limited and other major conglomerates in Hong Kong.

Mr. NGAI Wai Shing, aged 26, graduated from the Chinese University of Hong Kong with major in Government and Public Administration. He joined the Group in 2012 and is responsible for the management of certain production bases. He is experienced in vegetable production aspect.

* – For identification purpose only.

CORPORATE GOVERNANCE REPORT

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

Corporate Governance Practices

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the financial year of 2013, the Company has complied with the Code Provisions of the CG Code, save for the followings:

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

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the year of 2013. The key corporate governance principles and practices of the Company are summarized in this report.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during the year ended 31 December 2013.

Internal Control

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out an annual review of the existing implemented system and procedures, including control measures of financial, operational and legal compliance and risk management functions of the Group.

In August 2013, the Company has established an Internal Audit and Control Department to conduct internal audit review on the internal control system of the Group, including financial, operational and compliance controls and risk management functions.

During the year under review, the Board has also arranged an external consultant to conduct a review of the effectiveness of the Group's internal control system and considered that it is adequate and effective.

THE BOARD

Responsibilities

The Board is responsible for overseeing the overall development of the Company's businesses with the objective of enhancing shareholders' value including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance half-yearly and developing and reviewing the Group's policies and practices on corporate governance while delegating the day-to-day operations of the Company to the executive directors or the management of every business segment. The Board is committed to making decisions in the best interests of both the Company and its shareholders.

The Board acknowledges its responsibility for preparing the financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the auditor of the Company about its reporting responsibilities for the financial statements of the Company is set out on pages 32 to 33 in the Independent Auditor's Report.

All Directors have full and timely access to all relevant information as well as the advice and service of the Company Secretary to ensure Board procedures and all applicable rules and regulations are followed.

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established set out in writing. Mr. WU Wai Chung, Michael is the Chairman of the Board and Mr. SHI Lanjiang is the Chief Executive Officer of the Company. They are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. The Chairman provides leadership to the Board in terms of formulating policies and strategies, and discharges those duties set out in code provision A.2 of the CG Code. The Chief Executive Officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations.

With the support from the executive directors and the company secretary, the Chairman ensures that all directors are properly briefed on issues arising from Board meetings and receive adequate, complete and reliable information on a timely manner.

Composition

The Board has in its composition a balance of skills, knowledge, experience and diversity necessary for independent decision making and fulfilling its business needs.

As at 31 December 2013, the Board comprised seven directors, including four executive directors, namely Mr. SHI Lanjiang (Chief Executive Officer), Mr. CHU Yuet Chung, Mr. YANG Jianzun and Ms. YAU Fai San; and three independent non-executive directors, namely Mr. WU Wai Chung, Michael (Chairman), Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung.

Biographical details of the Directors are set out on pages 14 to 15.

Following the resignation of Ms. NG Yi Kum, Estella as an independent non-executive Director on 7 June 2013, the Company failed to comply with the following Listing Rules:

(i) Rule 3.10(1), which prescribes that a listed issuer must include at least three independent non-executive directors;

(ii) Rule 3.10(2), which prescribes that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise;

(iii) Rule 3.10A, which prescribed that a listed issuer must appoint independent non-executive directors representing at least one-third of the board;

(iv) Rule 3.21, which prescribes that a listed issuer's audit committee must comprise at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; and

(v) Rule 3.25, which prescribes that a listed issuer's remuneration committee must comprise a majority of independent non-executive directors. (Collectively, the "Rules")

Subsequent to the appointment of Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung on 18 July 2013, the above Rules have been duly complied with.

Save as disclosed above, during the year ended 31 December 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The independent non-executive directors represented over one-third of the Board as at 31 December 2013.

Each Executive Director has entered into a service agreement with the Company for a specific term, and his/her term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company and the Listing Rules. For all independent non-executive directors of the Company, the term of them has been fixed at 1 year and is also subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company and the Listing Rules.

The Company has received written annual confirmation from each Independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all Independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Board Meetings and General Meetings

During the year ended 31 December 2013, six Board meetings and one general meeting were held with details of the Directors' attendance set out below:

	Attendance/Number of meetings	
Directors	**Board meetings**	**General meeting**
Executive Directors		
Mr. SHI Lanjiang *(Chief Executive Officer)*	6/6	1/1
Mr. CHU Yuet Chung	6/6	1/1
Mr. YANG Jianzun	6/6	1/1
Ms. YAU Fai San	6/6	1/1
Dr. HUI Ho Ming, Herbert, *J.P. (Deputy Chairman)* (Note 1)	1/1	N/A
Non-executive Directors		
Mr. JI Xiang (Note 2)	N/A	N/A
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* (Note 3)	2/3	1/1
Independent Non-executive Directors		
Mr. WU Wai Chung, Michael *(Chairman)*	6/6	1/1
Mr. CHAN Loong Sang, Tommy (Note 4)	3/3	N/A
Mr. YUEN Wai Chung (Note 4)	3/3	N/A
Ms. NG Yi Kum, Estella (Note 5)	2/2	1/1
Professor Japhet Sebastian LAW (Note 6)	1/3	0/1

Notes:

1. Dr. HUI Ho Ming, Herbert, *J.P.* resigned as an executive Director and Deputy Chairman on 6 June 2013.

2. Mr. JI Xiang resigned as a non-executive Director on 13 January 2013.

3. The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* re-designated from independent non-executive Director to non-executive Director on 1 April 2013 and resigned as non-executive Director on 18 July 2013.

4. Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung were appointed as independent non-executive Directors on 18 July 2013.

5. Ms. NG Yi Kum, Estella resigned as independent non-executive Director on 7 June 2013.

6. Professor Japhet Sebastian LAW resigned as independent non-executive Director on 18 July 2013.

Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, two in-house seminars were conducted covering the topics of connected transaction, inside information, and financial planning and control for directors. Directors participated in the following trainings:

Directors	Types of Trainings
Executive Directors	
Mr. SHI Lanjiang *(Chief Executive Officer)*	S, R
Mr. CHU Yuet Chung	S, R
Mr. YANG Jianzun	S, R
Ms. YAU Fai San	S, R
Independent Non-executive Directors	
Mr. WU Wai Chung, Michael *(Chairman)*	S, R
Mr. CHAN Loong Sang, Tommy	S, R
Ms. YUEN Wai Chung	S, R

S: Attending seminars and/or conferences and/or forums relating to directors' duties

R: Reading newspaper, journals and updates relating to the economy, general business or directors' duties, etc.

Delegation by the Board

The Directors are aware of their collective and individual responsibilities to the shareholders for the wellbeing and success of the Company.

To enhance the effectiveness of the management of the Company, the Board has established four committees, namely, the Audit Committee, the Corporate Governance Committee, the Remuneration Committee and the Nomination Committee to oversee corresponding aspects of the Company's affairs. All Board committees of the Company have defined written terms of reference.

Board Committees

Audit Committee

The Audit Committee comprises all independent non-executive Directors, namely, Mr. CHAN Loong Sang, Tommy (Chairman of Committee), Mr. WU Wai Chung, Michael and Mr. YUEN Wai Chung.

The Board has adopted a terms of reference of the Audit Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The main duties of the Audit Committee are to consider the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the half-yearly and annual financial statements before submission to the Board and (ii) the Company's financial control, internal control and risk management systems and the internal audit programme (where appropriate). It also needs to discuss problems and reservations arising from the interim and final audits and to consider the major findings of internal investigations and management's response.

There were two meetings held during the year under review, details of attendance are set out below:

Audit Committee members	Attendance/ Number of meetings
Mr. CHAN Loong Sang, Tommy (Note 1)	1/1
Mr. WU Wai Chung, Michael	2/2
Mr. YUEN Wai Chung (Note 1)	1/1
Ms. NG Yi Kum, Estella (Note 2)	1/1
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* (Note 3)	1/1
Professor Japhet Sebastian LAW (Note 3)	1/1

Notes:

1. Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung were appointed as members of the Audit Committee on 18 July 2013.

2. Ms. NG Yi Kum, Estella resigned as the Chairman of the Audit Committee on 7 June 2013.

3. The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* and Professor Japhet Sebastian LAW resigned as members of the Audit Committee on 18 July 2013.

During the year under review, the Audit Committee had considered, reviewed and discussed any areas of concerns during the audit process, the compliance of company policy and the internal control procedures of the Group and had approved the annual audited financial statements and the interim financial statements, respectively.

Corporate Governance Committee

The Corporate Governance Committee was established on 6 June 2012 and currently comprising all independent non-executive Directors, namely, Mr. CHAN Loong Sang, Tommy (Chairman of Committee), Mr. WU Wai Chung, Michael and Mr. YUEN Wai Chung.

The Board has adopted a terms of reference of the Corporate Governance Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

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

The Corporate Governance Committee shall meet at least once per year according to its terms of reference. A Corporate Governance Committee meeting was held during the year under review, details of attendance are set out below:

Corporate Governance Committee members	**Attendance/ Number of meetings**
Mr. CHAN Loong Sang, Tommy *(Chairman)* (Note 1)	N/A
Mr. WU Wai Chung, Michael	1/1
Mr. YUEN Wai Chung (Note 1)	N/A
Ms. NG Yi Kum, Estella (Note 2)	1/1
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* (Note 3)	1/1
Professor Japhet Sebastian LAW (Note 3)	1/1

Notes:

1. Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung were appointed as members of the Corporate Governance Committee on 18 July 2013.

2. Ms. NG Yi Kum, Estella resigned as a member of the Corporate Governance Committee on 7 June 2013.

3. The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* and Professor Japhet Sebastian LAW resigned as members of the Corporate Governance Committee on 18 July 2013.

During the year under review, the Corporate Governance Committee recommended to the Board the revised Corporate Governance Structure and Policies, the Code of Ethical Conduct and the Shareholders Communication Policy of the Company.

Remuneration Committee

The Remuneration Committee comprises Mr. YUEN Wai Chung (Chairman of Committee), Mr. WU Wai Chung, Michael, Mr. CHAN Loong Sang, Tommy and Ms. YAU Fai San.

The Board has adopted a terms of reference of the Remuneration Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company. The Committee shall determine, with delegated responsibility, the individual remuneration package of each executive director (including the Chairman) and senior management including benefits in kind and pension rights (including allocation of share options, annual bonus plans) and compensation payments (including any compensation payable for loss or termination of their office or appointment) subject to the contractual terms, if any. When determining remuneration packages of the executive directors and senior management of the Company, the Remuneration Committee takes into consideration factors such as market forces and remuneration packages of executive directors of similar companies in comparable industries in Hong Kong.

The Remuneration Committee shall meet at least once per year according to its terms of reference. One Remuneration Committee meeting was held during the year under review, details of attendance are set out below:

Remuneration Committee members	Attendance/ Number of meetings
Mr. YUEN Wai Chung *(Chairman)* (Note 1)	N/A
Mr. WU Wai Chung, Michael (Note 2)	N/A
Mr. CHAN Loong Sang, Tommy (Note 1)	N/A
Ms. YAU Fai San	1/1
Ms. NG Yi Kum, Estella (Note 3)	1/1
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* (Note 4)	1/1
Professor Japhet Sebastian LAW (Note 4)	1/1

Notes:

1. Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung were appointed as members of the Remuneration Committee on 18 July 2013.
2. Mr. WU Wai Chung, Michael was appointed as a member of the Remuneration Committee on 1 April 2013.
3. Ms. NG Yi Kum, Estella resigned as a member of the Remuneration Committee on 7 June 2013.
4. The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* and Professor Japhet Sebastian LAW resigned as members of the Remuneration Committee on 18 July 2013.

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

The remuneration of Director is determined with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Details of the emoluments of Directors during the year ended 31 December 2013 are set out in note 8 to the consolidated financial statements of this report. The emoluments paid to senior management during the year ended 31 December 2013 were within the following bands:

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

Nomination Committee

The Nomination Committee was established on 28 March 2012 and currently comprising Mr. YUEN Wai Chung (Chairman of Committee), Mr. WU Wai Chung, Michael, Mr. CHAN Loong Sang, Tommy and Mr. SHI Lanjiang.

The Board has adopted a terms of reference of the Nomination Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange. The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of Directors on a regular basis and to identify individuals suitably qualified to become board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the board of Directors on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

During the year, the Board has adopted a Board Diversity Policy to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee shall meet at least once per year according to its terms of reference. One Nomination Committee meeting was held during the year under review, details of attendance are set out below:

Nomination Committee members	Attendance/ Number of meetings
Mr. YUEN Wai Chung *(Chairman)* (Note 1)	N/A
Mr. WU Wai Chung, Michael (Note 2)	N/A
Mr. CHAN Loong Sang, Tommy (Note 1)	N/A
Mr. SHI Lanjiang	1/1
Ms. NG Yi Kum, Estella (Note 3)	N/A
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* (Note 4)	1/1
Professor Japhet Sebastian LAW (Note 4)	1/1

Notes:

1. Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung were appointed as members of the Nomination Committee on 18 July 2013.

2. Mr. WU Wai Chung, Michael was appointed as a member of the Nomination Committee on 1 April 2013.

3. Ms. NG Yi Kum, Estella was appointed as a member of the Nomination Committee on 1 April 2013 and resigned on 7 June 2013.

4. The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.* and Professor Japhet Sebastian LAW resigned as members of the Nomination Committee on 18 July 2013.

Auditor's Remuneration

The remuneration paid and payable to the auditor of the Company, Mabel Chan & Co., and the nature of services are set out as follows:

Type of services	HK$'000
Audit services	1,200
Non-audit services:	
Taxation	51

Company Secretary

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and management.

During the year, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

Shareholders' Rights

Convening a Special General Meeting by Shareholders

Pursuant to the Bye-law 62, a special general meeting may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the Bye-law 63, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder shall do so pursuant to the provisions of Section 74(3) of the Companies Act of Bermuda.

Putting Forward Proposals at General Meetings

A shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Making Enquiry to the Board

Shareholders may send written enquiries, either by post, by facsimiles or by email, together with his/her contact details, such as postal address, email or fax, addressing to Board of the Company at the following address or facsimile number or via email:

Units 801–803, 8/F., Tins Enterprises Centre,
777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong
Fax: (852) 2536 9223
Email: ir@cyj.hk

All enquiries shall be collected by the Company Secretary who shall report to the Executive Directors periodically on the enquiries collected. The Executive Directors shall review the enquiries and assign different kinds of enquiries to appropriate division head/manager for answering. After receiving the answers of all enquiries from the relevant division head/manager, the Company Secretary will collect the answers for the Executive Directors' review and approval. The Company Secretary shall then be authorized by the Executive Directors to reply all enquiries in writing.

Shareholders Communication Policy

The Company adopted a Shareholders Communication Policy on 22 January 2013 which aims to enhance the corporate communication effectively between the shareholders, and the Board and the senior management of the Company through various official channels so that the shareholders can access the Company's public information equally in a timely manner.

REPORT OF THE DIRECTORS

The board of directors of the Company presents their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013.

Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries as at 31 December 2013 are set out in note 17 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 34 of this report.

The Board does not recommend the payment of final dividend for the year ended 31 December 2013 to the holders of both ordinary shares and preference shares of the Company (2012: Nil).

Summary of Financial Information

A summary of the published results, assets and liabilities of the Group for the past five financial years is set out on page 88.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the consolidated financial statements and the consolidated statement of changes in equity on page 38, respectively.

Distributable Reserves

As at 31 December 2013, the Company did not have any reserves available for distribution, as computed in accordance with the Companies Act 1981 of Bermuda (2012: Nil). The Company's share premium account of HK$100,100,000 (2012: HK$141,868,000) could be distributed in the form of fully paid bonus shares.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the bye-laws of the Company (the "Bye-Laws") or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Property, Plant and Equipment

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

Major Customers and Suppliers

The aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 18.40% and 53.01%, respectively, of the total turnover of the Group for the year.

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 14.79% and 33.47%, respectively, of the total purchases of the Group for the year.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the five largest customers or suppliers.

Directors

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

Executive directors

Mr. SHI Lanjiang *(Chief Executive Officer)*	
Mr. CHU Yuet Chung	
Mr. YANG Jianzun	
Ms. YAU Fai San	
Dr. HUI Ho Ming, Herbert, *J.P. (Deputy Chairman)*	(Resigned on 6 June 2013)

Non-executive directors

Mr. JI Xiang	(Resigned on 13 January 2013)
The Hon. CHEUNG Yu Yan, Tommy, *S.B.S., J.P.*	(Re-designated from independent non-executive Director to non-executive Director on 1 April 2013 and resigned on 18 July 2013)

Independent non-executive directors

Mr. WU Wai Chung, Michael *(Chairman)*	
Mr. CHAN Loong Sang, Tommy	(Appointed on 18 July 2013)
Mr. YUEN Wai Chung	(Appointed on 18 July 2013)
Ms. NG Yi Kum, Estella	(Resigned on 7 June 2013)
Professor Japhet Sebastian LAW	(Resigned on 18 July 2013)

Re-Election of Directors

Pursuant to bye-law 102 of the Bye-Laws, Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung will hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In accordance with bye-law 99 of the Bye-Laws, Mr. SHI Lanjiang and Mr. YANG Jianzun will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

Directors' Interests in Contracts

Save as disclosed in the section headed "CONNECTED TRANSACTIONS" on page 30, no contract of significance, to which the Company, any of its subsidiaries or holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in Competing Business

None of the Directors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Directors' Interests in Shares and Underlying Shares

As at 31 December 2013, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
CHU Yuet Chung	Beneficial owner and interest of spouse	Ordinary share	3,908,720	0.20%
	Beneficial owner, interest of spouse and beneficiary of trust	Preference share	67,251,280	3.68%
YANG Jianzun	Beneficial owner and interest of spouse	Preference share	477,296,667	26.12%

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

Save as disclosed above, as at 31 December 2013, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

During the Reporting Period, the Company issued and allotted a total of 3,908,720 ordinary shares of HK$0.01 each to Mr. CHU Yuet Chung upon conversion of Class B preference shares at the conversion price of HK$0.15 per share.

Save as disclosed in the section headed "DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the Directors nor the chief executives of the Company, or any of their spouses or children under the age of 18, had any rights to subscribe for the equity or debt securities of the Company, or had exercised any such rights.

Substantial Shareholders

As at 31 December 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

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

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
Right Day Holdings Limited (Note 1 & 4)	Beneficial owner	Ordinary share	1,440,400,000	74.51%
	Beneficial owner	Preference share	930,000,000	50.89%
Comtax Nominees Limited (Note 4)	Beneficial owner	Ordinary share	96,584,730	5.00%
	Beneficial owner	Preference share	115,047,998	6.30%
LUO Junhui (Note 2 & 4)	Beneficial owner and interest of spouse	Preference share	477,296,667	26.12%
YANG Yuanwen (Note 3 & 4)	Beneficial owner	Preference share	133,333,333	7.30%

Notes:

1. Right Day Holdings Limited is wholly owned by Wanthorpe Opportunity Fund SPC – Wanthorpe Private Equity Segregated Portfolio ("Wanthorpe PESP"). Wanthorpe PESP is wholly owned by Wanthorpe Opportunity Fund SPC ("Wanthorpe SPC"), a segregated portfolio company and is registered as a regulated open ended mutual fund in the Cayman Islands. Wanthorpe AAA Management Limited ("Wanthorpe AAA") is the investment manager of Wanthorpe SPC which owns 100% of the voting management share in Wanthorpe SPC. Wanthorpe AAA is wholly owned by Wanthorpe Group Limited ("Wanthorpe Group"). Mr. YIN Richard Yingneng is the ultimate beneficial owner of Wanthorpe Group.

2. Ms. LUO Junhui is the spouse of Mr. YANG Jianzun, an executive director of the Company.

3. Mr. YANG Yuanwen is the son of Mr. YANG Jianzun, an executive director of the Company.

4. All the preference shares of the Company are non-listed and non-redeemable. Pursuant to the terms of the Class A preference shares held by Right Day Holdings Limited, one Class A preference share is convertible into one ordinary share. Pursuant to the terms of the Class B preference shares held by Comtax Nominees Limited, Ms. LUO Junhui and Mr. YANG Yuanwen, one Class B preference share is convertible into one ordinary share at any time no earlier than one year from the date of issue.

Save as disclosed above, the Company had not been notified any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2013.

Share Option Scheme

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

No share option was granted, cancelled or lapsed during the Reporting Period and, as at 31 December 2013, there was no outstanding option. Details of the Scheme is set out in note 25 to the consolidated financial statements.

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

Termination of Scheme of Arrangement

During the year, the Company was informed by the Scheme Administrators that the Scheme Administrators were satisfied that all conditions for the termination of the Scheme were fulfilled and the Scheme was effectively terminated on 31 May 2013 upon posting of the "Notice of Termination of the Scheme of Arrangement" to the Scheme Creditors. The duties and responsibilities of the Scheme Administrators and the members of the Committee of Inspection under the Scheme were accordingly ceased upon the giving of such notice.

Connected Transactions

Material related party transactions entered into by the Group during the year ended 31 December 2013, which do not constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, are disclosed in note 33 to the consolidated financial statements.

Reference is made to the circular of the Company dated 30 November 2011. Pursuant to the Acquisition Agreement 3 (as supplemented by the Letter of Confirmation), the Vendor 3 and the Vendor 3's Guarantor irrevocably warrant, represent and undertake that, among other matters, the average of the net profit after tax of the financial year ended 31 December 2011 and the financial year ended 31 December 2012 of Modern Excellence Limited and its subsidiaries shall not be less than the Guaranteed Profit 3 (i.e. HK$20,000,000) and that the total consideration payable under the Acquisition Agreement 3 shall be equal to 7.15 times the price-to-earnings ratio of the Guaranteed Profit 3.

Based on the pro forma financial information of Modern Excellence Limited reviewed by an independent external auditor, the average of the net profit after tax of Modern Excellence Limited and its subsidiaries for the financial year ended 31 December 2012 was HK$21,236,977. Accordingly, the Guaranteed Profit 3 has been achieved and a total of 715,000,000 Class B Preference Shares were issued and allotted to the Vendor 3 and his nominees during the Reporting Period.

All the independent non-executive directors of the Company are of the opinion that the obligation of the Vendor 3 and the Vendor 3's guarantor had been fulfilled.

Corporate Governance Practice

A report on the corporate governance practices of the Company is set out on pages 16 to 25 of this report.

Sufficiency of Public Float

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

Events After the Reporting Date

Details of significant events occurring after the reporting date are set out in note 35 to the financial statements.

Auditor

Mabel Chan & Co. will retire and, being eligible, will offer themselves for re-appointment as auditor of the Company at the forthcoming annual general meeting.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 29 May 2014 to Tuesday, 3 June 2014, both days inclusive, during the period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2014 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 28 May 2014.

On behalf of the Board

WU Wai Chung, Michael
Chairman

Hong Kong, 24 March 2014

INDEPENDENT AUDITOR'S REPORT

Mabel Chan & Co.
Certified Public Accountants
陳美寶會計師事務所

Suites 2208–11, 22/F., Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Tel: (852) 2122 9736 Fax: (852) 2180 9163

TO THE SHAREHOLDERS OF CYPRESS JADE AGRICULTURAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cypress Jade Agricultural Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 88, which comprise the consolidated and Company statements of financial position as at 31 December 2013, 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 the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Mabel Chan & Co.
Certified Public Accountants
Hong Kong, 24 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	4	**268,423**	267,919
Cost of sales		**(186,364)**	(180,158)
Gross profit		**82,059**	87,761
Other income	4	**8,755**	18,943
Gain arising from debt restructuring	4	**–**	40,524
(Loss)/gain arising from changes in fair value less costs to sell of biological assets		**(1,477)**	431
Selling and distribution expenses		**(70,058)**	(57,475)
Administrative expenses		**(50,193)**	(57,718)
Other operating expenses	5	**(23,968)**	(1,537)
Finance costs	6	**(4,301)**	(1,954)
(Loss)/profit before tax	7	**(59,183)**	28,975
Income tax credit	10	**354**	2,424
(Loss)/profit for the year	11	**(58,829)**	31,399
Attributable to:			
Equity shareholders of the Company		**(58,829)**	31,399
(Loss)/earnings per share:			
Basic (HK cents)	12	**(3.37)**	2.67
Diluted (HK cents)	12	**(2.20)**	1.35
(Loss)/profit for the year		**(58,829)**	31,399
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**5,845**	1,365
Total comprehensive (expense)/income for the year		**(52,984)**	32,764

The notes on pages 41 to 88 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**211,743**	187,749
Construction in progress	15	**5,036**	8,284
Goodwill	16	**29,580**	31,678
		246,359	227,711
Current assets			
Inventories	18	**8,004**	5,379
Biological assets	19	**5,430**	4,396
Trade and other receivables	20	**48,589**	58,571
Tax recoverable		**566**	–
Bank balances and cash	21	**14,811**	18,810
		77,400	87,156
Current liabilities			
Trade and other payables	22	**53,280**	148,554
Interest-bearing bank and other borrowings	23	**75,670**	25,120
Obligation under a finance lease	24	**64**	143
Tax payable		**–**	152
		129,014	173,969
Net current liabilities		**(51,614)**	(86,813)
Total assets less current liabilities		**194,745**	140,898
Capital and reserves			
Issued capital	26	**37,606**	30,456
Reserves	27	**134,892**	87,776
Total equity		**172,498**	118,232

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Government subsidies	22	**22,247**	22,598
Obligation under a finance lease	24	**–**	68
		22,247	22,666
		194,745	140,898

Approved and authorised for issue by the board of directors on 24 March 2014.

Wu Wai Chung, Michael
Chairman

Shi Lanjiang
Director

The notes on pages 41 to 88 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**536**	896
Interests in subsidiaries	17	**224,513**	114,768
		225,049	115,664
Current assets			
Other receivables	20	**1,046**	778
Bank balances and cash	21	**10**	2,650
		1,056	3,428
Current liabilities			
Other payables	22	**2,359**	3,457
Other borrowings	23	**8,000**	–
		10,359	3,457
Net current liabilities		**(9,303)**	(29)
Total assets less current liabilities		**215,746**	115,635
Capital and reserves			
Issued capital	26	**37,606**	30,456
Reserves	27	**173,756**	85,148
Total equity		**211,362**	115,604
Non-current liabilities			
Amounts due to subsidiaries	22	**4,384**	31
		215,746	115,635

Approved and authorised for issue by the board of directors on 24 March 2014.

Wu Wai Chung, Michael
Chairman

Shi Lanjiang
Director

The notes on pages 41 to 88 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Attributable to equity shareholders					
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2012	25,325	163,532	126,883	–	(399,431)	(83,691)
Profit for the year	–	–	–	–	31,399	31,399
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	1,365	–	1,365
Total comprehensive income for the year	–	–	–	1,365	31,399	32,764
Appropriation to statutory reserve	–	–	620	–	(620)	–
Issue of ordinary shares	10,624	101,740	–	–	–	112,364
Issue of preference shares	16,667	40,128	–	–	–	56,795
Capital reorganisation	(22,160)	(163,532)	185,692	–	–	–
Setting off accumulated losses	–	–	(185,692)	–	185,692	–
Balance at 31 December 2012	30,456	141,868	127,503	1,365	(182,960)	118,232
Balance at 1 January 2013	**30,456**	**141,868**	**127,503**	**1,365**	**(182,960)**	**118,232**
Loss for the year	**–**	**–**	**–**	**–**	**(58,829)**	**(58,829)**
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**5,845**	**–**	**5,845**
Total comprehensive expense for the year	**–**	**–**	**–**	**5,845**	**(58,829)**	**(52,984)**
Appropriation to statutory reserve	**–**	**–**	**370**	**–**	**(370)**	**–**
Issue of ordinary shares	**5,543**	**–**	**–**	**–**	**–**	**5,543**
Issue of preference shares	**7,150**	**100,100**	**–**	**–**	**–**	**107,250**
Conversion of preference shares to ordinary shares	**(5,543)**	**–**	**–**	**–**	**–**	**(5,543)**
Setting off accumulated losses	**–**	**(141,868)**	**(68,373)**	**–**	**210,241**	**–**
Balance at 31 December 2013	**37,606**	**100,100**	**59,500**	**7,210**	**(31,918)**	**172,498**

The notes on pages 41 to 88 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(59,183)**	28,975
Adjustments for:		
Finance costs	**4,301**	1,954
Interest income	**(37)**	(32)
Depreciation of property, plant and equipment	**19,637**	16,352
Loss on disposal of items of property, plant and equipment	**127**	7
Loss/(gain) on changes in fair value less costs to sell of biological assets	**1,477**	(431)
Waiver of other loans	**–**	(934)
Gain arising from debt restructuring	**–**	(40,524)
Amortisation of government grant	**(6,364)**	(11,020)
Impairment of biological assets	**885**	894
Impairment of goodwill	**2,098**	–
Impairment of property, plant and equipment	**16,023**	–
Reversal of impairment of trade receivables	**(222)**	(591)
Allowance for impairment of trade receivables	**1,491**	144
Allowance for impairment of other receivables	**244**	–
	(19,523)	(5,206)
Changes in working capital		
Increase in inventories	**(2,625)**	(928)
Decrease in biological assets	**69,999**	46,162
Decrease/(increase) in trade and other receivables	**8,453**	(5,693)
Increase/(decrease) in trade and other payables	**8,434**	(32,135)
Cash generated from operations	**64,738**	2,200
Interest received	**37**	32
Interest paid	**(4,115)**	(1,678)
Hong Kong profits tax paid	**(1,056)**	(1,448)
Hong Kong profits tax refunded	**665**	–

	2013 HK$'000	2012 HK$'000
Net cash generated from/(used in) operating activities	**60,269**	(894)
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(7,456)**	(14,831)
Sales proceed from disposal of property, plant and equipment	**7**	–
Receipt of government grants	**3,095**	12,561
Additions to construction in progress	**(35,991)**	(32,521)
Net additions of biological assets	**(73,077)**	(45,636)
Net cash used in investing activities	**(113,422)**	(80,427)
Cash flows from financing activities		
Inception of new bank and other loans	**89,901**	26,941
Repayment of bank and other borrowings	**(40,436)**	(17,606)
Proceeds from issue of shares	**–**	48,614
Capital element of finance lease rental payments	**(147)**	(140)
Net cash generated from financing activities	**49,318**	57,809
Net decrease in cash and cash equivalents	**(3,835)**	(23,512)
Cash and cash equivalents at beginning of year	**18,810**	42,319
Effect of foreign exchange rate changes, net	**(164)**	3
Cash and cash equivalents at end of year	**14,811**	18,810
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**14,811**	18,810

The notes on pages 41 to 88 form an integral part of these financial statements.

1. General Information

The Company's name "Ever Fortune International Holdings Limited" was changed to "Cypress Jade Agricultural Holdings Limited" in Bermuda on 14 March 2012.

Cypress Jade Agricultural Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda and its principal place of business is Units 801-803, 8/F., Tins Enterprises Centre, 777 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") are engaged in assets and investment holding and growing, processing and trading of agricultural produce, respectively.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars (rounded to thousand), which is the same as the functional currency of the Company.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies

These consolidated financial statements have been prepared under the historical cost basis except for biological asset which has been measured at fair value less costs to sell and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs")(which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Application of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time of the current year's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associate and Joint Ventures
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13, HKAS 1 and HKAS 36, and certain amendments included in Annual Improvements 2009-2011 Cycle (Include other standards as appropriate), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(a) Application of new and revised Hong Kong Financial Reporting Standards (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 31 to the financial statements.

(b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new titles "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group. Disclosures about the Group's impaired non-financial assets are included in note 16 to the financial statements.

(d) Annual Improvements 2009-2011 Cycle issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 Presentation of Financial Statements: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(a) Application of new and revised Hong Kong Financial Reporting Standards (continued)

(d) **(continued)**

- HKAS 32 Financial Instruments: Presentation: Clarifies that income taxes arising from distributions to equity shareholders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity shareholders.

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

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	No mandatory effective date
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39	No mandatory effective date
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities	1 January 2014
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Application of new and revised Hong Kong Financial Reporting Standards (continued)

(d) **(continued)**

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(b) Basis of consolidation (continued)

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

(c) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

(d) Goodwill

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

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(d) Goodwill (continued)

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

(e) Revenue recognition

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

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

(b) Commission income is recognised when the relevant service is rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) Sundry income is recognised on an actual receipt bases.

(f) 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.

(g) Foreign currencies

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(g) Foreign currencies (continued)

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

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

(h) Income tax

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

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

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

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

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

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

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

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(h) Income tax (continued)

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

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

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

(i) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost (or valuation) less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Buildings	Over the shorter of the lease term or 20 years
Leasehold improvements	Over the shorter of the lease terms or 5% to 20%
Plant and machinery	10% to 20%
Furniture and fixtures	10% to 33%
Motor vehicles	20%

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(j) Construction in progress

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(k) Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

(l) Financial liabilities

Initial recognition and measurement

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

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

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(l) Financial liabilities (continued)

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

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

Loans and borrowings

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

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

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is based on estimated selling prices less all estimated costs to be incurred to completion and disposal.

(n) Biological assets

Biological assets are the growing crops of the Group on the cultivation bases. Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period. The fair value of biological assets is determined based on the current market price with reference to the species, growing condition, costs incurred and expected yield of the crops.

The agricultural produce is initially measured at fair value less costs to sell at the time of harvest. The fair value of agricultural produce is determined based on market prices in the local market. The fair value less costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing.

The gain or loss arising on initial recognition of biological asset at fair value less costs to sell and from a change in fair value less costs to sell is dealt with in profit or loss.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(q) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method. Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

(r) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(q) and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

(s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(t) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(u) Provisions

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

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

(v) Leases

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

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

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2. Basis of Preparation of Financial Statements and Principal Accounting Policies (continued)

(w) 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 (close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity) and that person

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

(ii) has significant influence over the Group; or

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

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

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

(ii) one entity is an associate or joint venture of the other entity;

(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).

(x) Segment reporting

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

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors 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 associated 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.

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.

Going concern

The Group and the Company incurred loss attributable to equity shareholders of the Company of approximately HK$58,829,000 (2012: profit of HK$31,399,000) and HK$11,492,000 (2012: profit of HK$27,366,000) for the year ended 31 December 2013 respectively. At 31 December 2013, the Group had net current liabilities of approximately HK$51,614,000 (2012: HK$86,813,000) and the Company had net current liabilities of approximately HK$9,303,000 (2012: HK$29,000). Total equity of the Group and the Company were HK$172,498,000 (2012: HK$118,232,000) and HK$211,362,000 (2012: HK$115,604,000) respectively. The consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following matters:

i) Bank borrowings of approximately HK$19,200,000 under the repayment on demand clause will unlikely to be repaid within one year from the end of the reporting period;

ii) 34,480,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the subscriber on 16 January 2014 with net proceeds of approximately HK$4.9 million for general working capital of the Group; and

iii) On 22 January 2014, the Company and Cypress Jade Group Holdings Limited, a connected person of the Company, entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of HK$30,000,000.

The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 31 December 2013.

In conclusion and in the opinion of the Company's directors, the Group and the Company remained to continue the business operations as a going concern.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of property, plant and equipment

The Group's management determines the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group. The Group tests whether property, plant and equipment have suffered any impairment in accordance with its accounting policy whenever there is any indication that the assets may have been impaired. If the management's expectation is different, it will impact on the carrying value and write-down of property, plant and equipment in the periods in which such estimate is changed. At as 31 December 2013 and 31 December 2012, the carrying amounts of property, plant and equipment are approximately HK$211,743,000 and HK$187,749,000 respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amounts of goodwill was approximately HK$29,580,000 (2012: HK$31,678,000) (net of accumulated impairment losses of HK$2,098,000 (2012: Nil)). Details of impairment testing on goodwill are set out in note 16.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Recognition of deferred tax assets primarily involves management judgement and estimations regarding the taxable profits of the entities in which the losses arose. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of receivables

The Group makes allowance for impairment losses on trade and other receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment losses on trade and other receivables requires the use of judgement and estimates.

Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expense in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Valuation of biological assets

The Group carries its biological assets at fair value less costs to sell. The quantities of the Group's biological assets are measured with reference to the cultivation area.

Management uses prices of recent market transactions, market prices for similar assets and sector benchmarks as a basis for measuring fair value. These prices are adjusted to reflect differences in characteristics and/or stages of growth of the assets.

4. Revenue and Other Income

Revenue, which is also the Group's turnover, represents revenue arising from the growing, processing and trading of agricultural produce. An analysis of revenue and other income for the year is as follows:

	2013 HK$'000	2012 HK$'000
Revenue from sale of agricultural produce	**268,423**	267,919
Other income		
Bank interest income	**37**	32
Commission received	**240**	1,955
Foreign exchange differences, net	**308**	–
Government subsidies	**6,364**	11,020
Rental income	**540**	1,896
Sundry income	**1,266**	4,040
	8,755	18,943
Gain arising from debt restructuring	**–**	40,524
Total revenue	**277,178**	327,386

5. Other Operating Expenses

An analysis of other operating expenses is as follows:

	2013 HK$'000	2012 HK$'000
Allowance for impairment of trade receivables (note 20)	**1,491**	144
Allowance for impairment of other receivables (note 20)	**244**	–
Foreign exchange differences, net	**–**	262
Impairment of biological assets (note 19)	**885**	894
Impairment of goodwill (note 16)	**2,098**	–
Impairment of property, plant and equipment (note 14)	**16,023**	–
Others	**3,227**	237
	23,968	1,537

6. Finance Costs

An analysis of finance costs is as follows:

	2013 HK$'000	2012 HK$'000
Interest on bank loans wholly repayable within five years	**3,966**	1,531
Interest on other loans	**96**	62
Others	**239**	361
	4,301	1,954

7. (Loss)/Profit Before Tax

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

	2013 HK$'000	2012 HK$'000
Employee benefits expense (excluding directors' remuneration):		
– Salaries, wages and other benefits	**72,471**	50,110
– Contributions to defined contribution retirement plan	**2,159**	1,280
	74,630	51,390
Auditor's remuneration		
– Audit fee	**1,200**	1,300
– Other services	**51**	61
Cost of inventories recognised as an expense	**165,439**	158,540
Depreciation of property, plant and equipment	**19,637**	16,352
Allowance for impairment of trade receivables (note 20)	**1,491**	144
Allowance for impairment of other receivables (note 20)	**244**	–
Reversal of impairment of trade receivables (note 20)	**(222)**	(591)
Loss on disposal of property, plant and equipment	**127**	7
Minimum lease payments under operating leases	**18,056**	10,700
Impairment of biological assets (note 19)	**885**	894
Impairment of goodwill (note 16)	**2,098**	–
Impairment of property, plant and equipment (note 14)	**16,023**	–
Foreign exchange differences, net	**(308)**	262
Loss/(gain) on changes in fair value less costs to sell of biological assets (note 19)	**1,477**	(431)

8. Directors' Emoluments

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Fees	**1,372**	1,836
Other emoluments:		
Salaries, allowances and benefits in kind	**5,883**	5,887
Pension scheme contributions	**130**	45
	6,013	5,932
	7,385	7,768

2013

	Fees	Salaries, allowances and benefits	Contributions to retirement scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Dr. HUI Ho Ming, Herbert, *J.P.* (Note 3)	–	654	8	662
Mr. CHU Yuet Chung	–	1,410	15	1,425
Mr. YANG Jianzun	–	1,443	42	1,485
Mr. SHI Lanjiang	–	1,396	50	1,446
Ms. YAU Fai San (Note 2)	–	980	15	995
Non-executive directors				
Mr. JI Xiang (Note 4)	4	–	–	4
Mr. CHEUNG Yu Yan, Tommy, *J.P.* (Note 7)	57	–	–	57
Independent non-executive directors				
Mr. WU Wai Chung, Michael (Note 6)	900	–	–	900
Mr. CHEUNG Yu Yan, Tommy, *J.P.* (Note 7)	48	–	–	48
Ms. NG Yi Kum, Estella (Note 8)	84	–	–	84
Professor Japhet Sebastian LAW (Note 9)	105	–	–	105
Mr. CHAN Loong Sang, Tommy (note 5)	87	–	–	87
Mr. YUEN Wai Chung (note 5)	87	–	–	87
	1,372	5,883	130	7,385

8. Directors' Emoluments (continued)

2012

	Fees HK$'000	Salaries, allowances and benefits HK$'000	Contributions to retirement scheme HK$'000	Total HK$'000
Executive directors				
Dr. HUI Ho Ming, Herbert, *J.P.* (Note 3)	–	601	6	607
Mr. CHU Yuet Chung	–	1,560	14	1,574
Mr. YANG Jianzun	–	1,560	–	1,560
Mr. SHI Lanjiang	–	1,401	14	1,415
Ms. YAU Fai San (Note 2)	–	765	11	776
Non-executive directors				
Mr. JI Kewei (Note 1)	30	–	–	30
Mr. JI Xiang (Note 4)	90	–	–	90
Mr. WU Wai Chung, Michael (Note 6)	1,020	–	–	1,020
Independent non-executive directors				
Mr. WU Wai Chung, Michael (Note 6)	120	–	–	120
Mr. CHEUNG Yu Yan, Tommy, *J.P.*	192	–	–	192
Ms. NG Yi Kum, Estella	192	–	–	192
Professor Japhet Sebastian LAW	192	–	–	192
	1,836	5,887	45	7,768

Notes:

1) Resigned on 1 April 2012.

2) Appointed on 1 April 2012.

3) Resigned on 21 February 2012 and reappointed on 7 August 2012. Then, resigned on 6 June 2013.

4) Appointed on 1 April 2012 and resigned on 13 January 2013.

5) Appointed on 18 July 2013.

6) Appointed as non-executive director on 28 February 2012 and re-designated to independent non-executive director on 13 November 2012.

7) Re-designated from independent non-executive Director to non-executive Director on 1 April 2013 and resigned on 18 July 2013.

8) Resigned on 7 June 2013.

9) Resigned on 18 July 2013.

10) The Company did not grant any share options during the current and prior years. At the end of each reporting period, no share options were held by the directors of the Company. The details of the share options scheme are set out in note 25 to the financial statement.

9. Five Highest-Paid Employees

The five highest paid employees during the year included 5 directors (2012: five directors), details of whose remuneration are set out in note 8 above.

During the year, no emoluments or incentive payments were paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2012: Nil).

10. Income Tax Credit

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2013 **HK$'000**	2012 HK$'000
Group:		
Current tax – Hong Kong profits tax		
Provision for the year	**78**	476
Over-provision in respect of prior years	**(153)**	–
Under-provision in prior year	**9**	–
	(66)	476
Current tax – PRC tax		
Over-provision in respect of prior years	**(288)**	(2,900)
Tax credit for the year	**(354)**	(2,424)

A reconciliation between taxation and (loss)/profit before tax at applicable tax rates is as follows:

	2013 **HK$'000**	2012 HK$'000
(Loss)/profit before tax	**(59,183)**	28,975
Notional tax on (loss)/profit before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned	**(13,284)**	5,307
Net tax effect of expense and income that are not deductible and taxable in determining taxable profits and tax allowances	**4,441**	(4,878)
Tax effect of unrecognised tax losses	**11,797**	4,674
Tax effect of (loss)/profit exempted from income tax as a result of tax benefits	**(2,876)**	(4,627)
Adjustments in respect of current tax in previous year	**(432)**	(2,900)
Tax credit for the year	**(354)**	(2,424)

11. (Loss)/Profit Attributable to Owners of the Company

The consolidated (loss)/profit attributable to owners of the Company for the year ended 31 December 2013 includes a loss of HK$11,492,000 (2012: profit of HK$27,366,000), which has been dealt with in the financial statements of the Company.

12. (Loss)/Earnings Per Share

The calculations of basic and diluted (loss)/earnings per share attributable to ordinary equity shareholders of the Company are based on:

	2013 HK$'000	2012 HK$'000
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(58,829)**	31,399

	Number of shares 2013	2012
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**1,747,192,065**	1,177,551,218
Effect of Class A preference shares issued by the Company	**930,000,000**	1,150,000,000
Weighted average number of ordinary shares in issue during the year used in the diluted (loss)/earnings per share calculation	**2,677,192,065**	2,327,551,218

13. Operating Segment Information

Operating segments are identified on the basis of internal reports which provide information about components of the Group. The information is reported to and reviewed by the senior management for the purposes of resource allocation and performance assessment.

The senior management considers the business from the business operation nature perspective.

The Group has presented the following two reportable segments. These segments are managed separately.

a) Assets holding: Holding of assets

b) Agricultural produce: Growing, processing and trading of agricultural produce

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

Segment loss represents the loss from each segment without allocation of central administration costs. This is the measure reported to the senior management for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the senior management is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets and liabilities are allocated to reportable segments.

13. Operating Segment Information (continued)

(a) Segment results, assets and liabilities

	Assets holding Year ended 31 December		Agricultural produce Year ended 31 December		Total Year ended 31 December	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Segment revenue						
Sales to external customers	**–**	–	**268,423**	267,919	**268,423**	267,919
Inter-segment sales	**–**	–	**–**	–	**–**	–
Total revenue	**–**	–	**268,423**	267,919	**268,423**	267,919
Segment results						
(Loss)/profit before tax	**(16,567)**	20,055	**(42,616)**	8,920	**(59,183)**	28,975
Income tax credit	**–**	–	**354**	2,424	**354**	2,424
(Loss)/profit for the year	**(16,567)**	20,055	**(42,262)**	11,344	**(58,829)**	31,399
Other segment information:						
Capital expenditure	**23**	1,539	**4,222**	13,292	**4,245**	14,831
Impairment losses recognised in the income statement:						
– Biological assets	**–**	–	**885**	894	**885**	894
– Goodwill	**2,098**	–	**–**	–	**2,098**	–
– Property, plant and equipment	**–**	–	**16,023**	–	**16,023**	–
– Trade receivable	**–**	–	**1,491**	144	**1,491**	144
– Other receivable	**–**	–	**244**	–	**244**	–

Capital expenditure consists of additions to property, plant and equipment and intangible assets.

	Assets holding 31 December		Agricultural produce 31 December		Total 31 December	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Segment assets	**2,211**	5,088	**291,968**	278,101	**294,179**	283,189
Reconciliation:						
Corporate and other unallocated corporate assets	**29,580**	31,678	**–**	–	**29,580**	31,678
Total assets	**31,791**	36,766	**291,968**	278,101	**323,759**	314,867
Segment liabilities	**10,557**	111,035	**140,704**	85,600	**151,261**	196,635
Reconciliation:						
Corporate and other unallocated corporate liabilities	**–**	–	**–**	–	**–**	–
Total liabilities	**10,557**	111,035	**140,704**	85,600	**151,261**	196,635

13. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The Group operates in two principal geographical areas – Hong Kong and Mainland China. Segment information by geographical segment is presented for the Group's revenue and non-current assets are principally attributable to Hong Kong and Mainland China.

	2013 HK$'000	2012 HK$'000
Revenue		
– Hong Kong	**160,401**	140,636
– Mainland China	**108,022**	127,283
	268,423	267,919
Non-current assets other than goodwill		
Property, plant and equipment		
– Hong Kong	**1,551**	2,507
– Mainland China	**210,192**	185,242
Construction in progress		
– Mainland China	**5,036**	8,284
	216,779	196,033

(c) Information about major customers

Revenues from customers contributing 10% or more of the total sales of the Group are as follows:

	2013 HK$'000	2012 HK$'000
Customer A	**49,385**	49,424
Customer B	**41,108**	38,680
Customer C	**32,934**	27,766

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Building HK$'000	(Note 1) Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	(Note 2) Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost:								
At 1 January 2012	13,147	10,737	–	778	1,928	103,537	1,775	131,902
Reclassification	(490)	–	997	280	–	225	(1,012)	–
Additions	–	–	1,384	2,505	2,907	7,822	213	14,831
Transferred from construction in progress	8,528	–	–	32	–	48,109	–	56,669
Disposals	–	–	–	(2)	(57)	(72)	(17)	(148)
Exchange realignment	117	105	6	18	24	1,089	19	1,378
At 31 December 2012	21,302	10,842	2,387	3,611	4,802	160,710	978	204,632
Reclassification	3,303	–	1,310	(1,398)	–	(3,265)	50	–
Addition through acquisition	–	–	–	326	136	7,908	–	8,370
Additions	–	–	121	955	273	2,791	105	4,245
Transferred from construction in progress	2,652	–	1,679	34	–	35,212	–	39,577
Impairment (note 5 & 7)	(4,430)	–	–	(24)	(45)	(11,513)	(11)	(16,023)
Disposals	–	–	(121)	(45)	–	–	(6)	(172)
Exchange realignment	892	451	58	129	171	6,725	35	8,461
At 31 December 2013	23,719	11,293	5,434	3,588	5,337	198,568	1,151	249,090

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

	Building HK$'000	(Note 1) Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	(Note 2) Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Accumulated depreciation:								
At 1 January 2012	–	–	–	–	–	2	62	64
Reclassification	–	–	–	61	–	(2)	(59)	–
Charge for the year	1,163	553	261	772	1,412	12,323	372	16,856
Written back on disposals	–	–	–	(2)	(57)	(65)	(17)	(141)
Exchange realignment	6	3	–	4	5	75	11	104
At 31 December 2012	1,169	556	261	835	1,360	12,333	369	16,883
Reclassification	–	–	(4)	(51)	–	4	51	–
Charge for the year	1,680	575	482	1,012	1,152	14,704	166	19,771
Written back on disposals	–	–	(30)	(7)	–	–	(1)	(38)
Exchange realignment	97	24	388	(355)	47	516	14	731
At 31 December 2013	2,946	1,155	1,097	1,434	2,559	27,557	599	37,347
Carrying amount:								
At 31 December 2013	20,773	10,138	4,337	2,154	2,778	171,011	552	211,743
At 31 December 2012	20,133	10,286	2,126	2,776	3,442	148,377	609	187,749

Depreciation charge for the year is analysed as follows:

	The Group 2013 HK$'000	2012 HK$'000
Charge to profit or loss	**19,637**	16,352
Capitalised as biological assets	**134**	504
	19,771	16,856

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

Note 1: In the opinion of the directors, the lease payments cannot be allocated reliably between the land and buildings elements. Accordingly, the entire lease is treated as a finance lease and classified as property, plant and equipment.

Leasehold land and buildings with carrying amount of approximately HK$10,138,000 (2012: HK$10,286,000) are held in the PRC on medium lease and have been pledged to secure banking facilities granted to the Group (note 23).

Note 2: The carrying amount of motor vehicle held under a finance lease at 31 December 2013 was HK$241,000 (2012: HK$349,000).

The Company

	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost:				
At 1 January 2012	–	3	58	61
Additions	1,079	–	–	1,079
At 31 December 2012	1,079	3	58	1,140
Additions	–	–	–	–
At 31 December 2013	1,079	3	58	1,140
Accumulated depreciation:				
At 1 January 2012	–	2	58	60
Charge for the year	183	1	–	184
At 31 December 2012	183	3	58	244
Charge for the year	360	–	–	360
At 31 December 2013	543	3	58	604
Carrying amount:				
At 31 December 2013	536	–	–	536
At 31 December 2012	896	–	–	896

15. Construction in Progress

	The Group HK$'000
Cost:	
At 1 January 2012	32,310
Additions	32,521
Transferred to property, plant and equipment	(56,669)
Exchange realignment	122
At 31 December 2012	8,284
Additions	35,991
Transferred to property, plant and equipment	(39,577)
Exchange realignment	338
At 31 December 2013	5,036

16. Goodwill

	The Group HK$'000
Cost:	
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	31,678
Impairment:	
At 1 January 2012, 31 December 2012 and 1 January 2013	–
Impairment during the year (note 5 & 7)	2,098
At 31 December 2013	2,098
Carrying amount:	
At 31 December 2013	29,580
At 31 December 2012	31,678

16. GOODWILL (CONTINUED)

For the purposes of impairment testing, goodwill has been allocated to three individual cash generating units ("CGUs"). The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2013 allocated to these units are as follows:

	2013 HK$'000	2012 HK$'000
Natural Farm Limited ("Natural Farm")	**18,855**	18,855
Polygold Food Limited ("Polygold")	**10,725**	10,725
Modern Excellence Limited ("Modern Excellence")	**–**	2,098
	29,580	31,678

During the year ended 31 December 2013, impairment loss of approximately HK$2,098,000 has been recognised in respect of the goodwill arising from the acquisition of Modern Excellence due to certain plantation stations continuing losses recent years and the significant capital expenditure incurred for maintaining product quality.

The Group tests goodwill annually for impairment, or more frequently when there is indication that the unit may be impaired. In assessing the need for impairment of goodwill, the Group estimates the recoverable amount of individual CGUs to which goodwill has been allocated by reference to, amongst other things, the existing operations, and future prospects of the CGUs. Accordingly, the Group recognised impairment losses with an aggregate amount of HK$2,098,000 (2012: Nil) in relation to goodwill arising on acquisition of Modern Excellence.

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

In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill arising from acquisition through business combinations by reference to the cash-generating units' value-in-use and determined that such goodwill arising from acquisition of Modern Excellence has been impaired. The recoverable amount for the CGUs in relation to the acquired business was determined based on value-in-use calculations, which use cash flow projections based on financial budgets approved by the management covering 5-year operating period of business with a growth rate and discount rate of 5% and 10% respectively. The discount rate used is pre-tax and reflects specific risks relating to that business.

17. Interests in Subsidiaries

	The Company 2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries (note)	**224,512**	114,767
	224,513	114,768

Note: The amounts due from subsidiaries are non-trade in nature, unsecured and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are in substance, a part of the Company's interest in the subsidiaries, they are stated at cost.

As at 31 December 2013 and 2012, the Company had interests in the following subsidiaries:

Name of entities	Place of incorporation/ establishment	Place of operation	Issue and fully paid share/ registered capital	Percentage of equity interest held by the Company	Percentage of equity interest held by a subsidiary	Principal activities
** Ever Growth Asia Limited	HK	HK	HK$1	100	–	Dormant
** China Merchant Investments (H.K.) Limited	HK	HK	HK$10,000	–	100	Dormant
First Novel Limited ("First Novel")	BVI	HK	US$2	100	–	Investment holding
Cypress Jade Management Services Limited (Formerly known as "Trade Front Limited") ("Cypress Jade Management")	BVI	HK	US$2	–	100	Management services
Modern Excellence Limited ("Modern Excellence")	BVI	HK	US$1	–	100	Investment holding
Trade Day Holdings Limited ("Trade Day")	BVI	HK	US$1	–	100	Dormant
Trade Soar Limited ("Trade Soar")	BVI	HK	US$1	–	100	Investment holding
Trade Leader Investment Limited ("Trade Leader")	HK	HK	HK$1	–	100	Selling vegetables
Trade Rise Holdings Limited ("Trade Rise")	BVI	HK	US$1	–	100	Investment holding
Hong Kong Congyu Development Co. Limited ("HK Congyu")	HK	HK	HK$1	–	100	Selling vegetables

17. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of entities	Place of incorporation/ establishment	Place of operation	Issue and fully paid share/ registered capital	Percentage of equity interest held by the Company	Percentage of equity interest held by a subsidiary	Principal activities
* Jiangxi Anyi Congyu Agricultural Development Company Limited ("JX Anyi")	PRC	PRC	RMB 30,000,000	–	100	Growing, processing and selling vegetables
* Guangdong Cypress Jade Agricultural Group Company Limited (Formerly known as "Guangzhou Cypress Jade Vegetation Development Limited") ("GZ Congyu")	PRC	PRC	RMB 30,000,000	–	100	Growing, processing and selling vegetables
* Guangzhou Cypress Jade Agricultural Development Company Limited	PRC	PRC	RMB 1,000,000	–	100	Growing, processing and selling vegetables
* Ningxia Cypress Jade Agricultural Development Company Limited	PRC	PRC	RMB 10,000,000	–	100	Growing, processing and selling vegetables
* Guangzhou Luyuan Agricultural Development Company Limited ("GZ New Company")	PRC	PRC	RMB 10,000,000	–	100	Growing, processing and selling vegetables
* Dongguan Xin Feng Vegetable Trading Co. Ltd	PRC	PRC	RMB 1,000,000	–	100	Processing and selling vegetables
* Guangzhou Cypress Jade Agricultural Science and Technology Company Limited	PRC	PRC	RMB 1,000,000	–	100	Dormant
* Guangzhou Cypress Jade Vegetable Cultivation Development Company Limited	PRC	PRC	RMB 1,000,000	–	100	Growing, processing and selling vegetables
Natural Farm Limited ("Natural Farm")	HK	HK	HK$2	–	100	Selling vegetables

17. Interests in Subsidiaries (continued)

Name of entities	Place of incorporation/ establishment	Place of operation	Issue and fully paid share/ registered capital	Percentage of equity interest held by the Company	Percentage of equity interest held by a subsidiary	Principal activities
* Luliang Natural Farm Food Company Limited ("Luliang NF")	PRC	PRC	US$700,000	–	100	Growing, processing and selling vegetables
Polygold Food Limited ("Polygold")	HK	HK	HK$1,000,000	–	100	Selling vegetables
* Polygold (Liaocheng) Food Limited ("PG Liaocheng")	PRC	PRC	HK$3,000,700	–	100	Processing and selling vegetables
Trade Reunion Enterprises Limited	HK	HK	HK$1	–	100	Dormant

In the opinion of the directors of the Company, the recoverable amount of the interests in subsidiaries is not less than the carrying cost reflected in the statement of financial position.

* – For identification purpose only.
** – Dissolved on 3 March 2013.

18. Inventories

	The Group 2013 HK$'000	The Group 2012 HK$'000
Agricultural materials	**4,087**	2,888
Consumables	**2,953**	1,830
Merchandise for resale	**964**	661
	8,004	5,379

Agricultural materials mainly include seeds, fertilizers, pesticides and processing materials not yet utilised at the end of the reporting period.

19. Biological Assets

Reconciliation of carrying amount of the biological assets:

	The Group	
	2013	2012
	HK$'000	HK$'000
At 1 January	**4,396**	4,851
Increase due to plantation	**86,346**	46,315
Impairment loss (note 5 & 7)	**(885)**	(894)
Decrease due to harvest	**(83,134)**	(46,338)
(Loss)/gain arising from changes in fair value less estimated costs to sell (note 7)	**(1,477)**	431
Exchange realignment	**184**	31
At 31 December	**5,430**	4,396

Biological assets were vegetables and were stated at fair value less costs to sell as at the reporting dates. The fair value was determined by the management with reference to market-determined prices, cultivation areas, species, growing conditions, cost incurred and expected yield of crops.

20. Trade and Other Receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**30,135**	35,606	**–**	–
Allowance for impairment	**(1,645)**	(360)	**–**	–
	28,490	35,246	**–**	–
Other receivables	**14,320**	19,120	**237**	264
Allowance for impairment	**(244)**	–	**–**	–
	14,076	19,120	**237**	264
Deposits and prepayments	**6,023**	4,205	**809**	514
	48,589	58,571	**1,046**	778

20. Trade and Other Receivables (continued)

The average credit period on sale of goods is 60 days. The aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of accumulated impairment losses, is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Current	**11,013**	18,274
61-120 days	**1,565**	3,261
Over 120 days	**15,912**	13,711
	28,490	35,246

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Less than 60 days past due	**1,565**	3,261
Over 60 days past due	**15,912**	13,711
	17,477	16,972

Note: The Group does not hold any collateral over these balances.

The movements in allowance for impairment of trade receivables are as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Balance at 1 January	**360**	807
Impairment losses recognised (note 5 & 7)	**1,491**	144
Reversal of impairment (note 7)	**(222)**	(591)
Exchange realignment	**16**	–
Balance at 31 December	**1,645**	360

20. Trade and Other Receivables (continued)

Included in the above allowance for impairment of trade receivables for the year are individually impaired trade receivables with a balance of HK$1,491,000 (2012: HK$144,000) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

The movements in allowance for impairment of other receivables are as follows:

	The Group	
	2013	2012
	HK$'000	HK$'000
Balance at 1 January	**–**	–
Impairment losses recognised (note 7)	**244**	–
Balance at 31 December	**244**	–

Included in the above allowance for impairment of other receivables for the year are individually impaired other receivables with a balance of HK$244,000 (2012: Nil) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these other receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

21. Bank Balances and Cash

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances	**14,211**	18,103	**10**	2,650
Cash on hand	**600**	707	**–**	–
	14,811	18,810	**10**	2,650

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$12,995,000 (2012: HK$8,221,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (Note (a) and (b))	**18,409**	15,284	**–**	–
Other payables and accruals (Note (b))	**31,964**	128,547	**2,359**	3,457
Amount due to subsidiaries (Note (c))	**–**	–	**4,384**	31
Amounts due to directors (Note 33)	**–**	380	**–**	–
Government subsidies	**25,154**	26,941	**–**	–
	75,527	171,152	**6,743**	3,488

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**53,280**	148,554	**2,359**	3,457
Non-current – government subsidies	**22,247**	22,598	**–**	–
– Amounts due to subsidiaries (Note (c))	**–**	–	**4,384**	31
	75,527	171,152	**6,743**	3,488

Trade payables principally comprise amounts outstanding for trade purchases and have an average term of 1 month. The aged analysis of trade payables based on the invoiced date at the end of the reporting period is as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
0–60 days	**14,923**	10,007	**–**	–
61–120 days	**2,565**	3,691	**–**	–
Over 120 days	**921**	1,586	**–**	–
	18,409	15,284	**–**	–

Notes:

(a) Trade payables principally comprise amounts outstanding for trade purchases. All trade payables are due within 1 month or on demand.

(b) Trade and other payables are non-interest bearing and have an average term of 1 month.

(c) Amounts due to subsidiaries are unsecured, interest free and non-repayable within the next twelve months.

23. Interest-Bearing Bank and Other Borrowings

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
5-year bank loan of HK$2,000,000 – fully repayable in November 2014 (note (a))	**421**	814	**–**	–
3-year bank loan of RMB15,000,000 – fully repayable in 2016 (note (b))	**19,200**	–	**–**	–
1-year bank loan of RMB10,000,000 – fully repayable in September 2014 (note (c))	**12,800**	–	**–**	–
Revolving bank loan of RMB26,460,000 (2012: RMB17,000,000) (note (d))	**33,869**	20,892	**–**	–
Other loans, unsecured (note (e))	**1,380**	1,325	**–**	–
Other loans, unsecured (note (f))	**–**	2,089	**–**	–
Other loan from a related party, unsecured (note (g))	**5,000**	–	**5,000**	–
Other loan from an intermediate holding company, unsecured (note (h))	**3,000**	–	**3,000**	–
	75,670	25,120	**8,000**	–
Less: current portion	**(75,670)**	(25,120)	**(8,000)**	–
Non-current portion	**–**	–	**–**	–

The borrowings are repayable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
On demand or within one year	**56,470**	24,723	**8,000**	–
More than one year, but not exceeding two years	**–**	397	**–**	–
More than two years, but not exceeding five years	**19,200**	–	**–**	–
	75,670	25,120	**8,000**	–

Notes:

(a) The bank loan is guaranteed by a director of the Company and a third party and is repayable by equal installments. The loan interest was charged at prime rate minus 1% per annum.

(b) The bank loan is unsecured. The loan interest charge was charged at prevailing rate quoted by the People's Bank of China plus 15% to 25% of prevailing rate and repayable within three years.

(c) The bank loan is unsecured. The loan interest charge was charged at prevailing rate quoted by the People's Bank of China plus 15% to 30% of prevailing rate per annum.

(d) The bank loan is secured by several Group's properties. The loan interest was charged at prime rate plus 15% to 40% of prime rate per annum.

(e) Other loans are unsecured, interest free and have no fixed terms of repayment.

(f) Other loans were unsecured, interest charged at 6% per annum and repayable within 180 days.

(g) Other loan from a related party is unsecured, interest free and repayable within 180 days.

(h) Other loan from an intermediate holding company is unsecured, interest free and repayable within 180 days.

24. Obligation Under A Finance Lease

The total future minimum lease payments under a finance lease together with the present value of the net minimum lease payments are as follows:

The Group

	Minimum lease payment		Present value of minimum lease payment	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**65**	148	**64**	143
In the second to fifth year	**–**	71	**–**	68
Total minimum finance lease payments	**65**	219	**64**	211
Less: Future finance charges	**(1)**	(8)	**–**	–
Total net finance lease payables	**64**	211	**64**	211
Less: Portion classified as current liabilities			**(64)**	(143)
			–	68

The Group's obligation under a finance lease is secured by the charge over the leased asset.

The Group leased one motor vehicle under a finance lease. The lease term is 3 years (2012: 3 years). Interest rate underlying all obligations under a finance lease is fixed at respective contract date at 2.75% (2012: 2.75%) per annum.

25. Equity-Settled Share-Based Transactions

The Company operates a share option scheme (the "Scheme") for the purpose of recognising the contributions of eligible participants to the growth of the Group and to further motivate and encourage the eligible participants to contribute and improve their performance and efficiency. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, other directors/employees of the Group or its investees, suppliers of goods or services to the Group or customers of the Group or its investees, persons/entities that provide research, development or other technological support, shareholders of any member of the Group or such other persons from time to time as determined by the directors. The Scheme was approved and adopted on 6 June 2013 (the "Adoption Date") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares in respect of which options may be granted under the Scheme (excluding options lapsed) is not permitted to exceed 10% of the shares of the Company in issue as at the Adoption Date, without the prior approval from the Company's shareholders.

The maximum number of shares issuable under share options granted to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

25. Equity-Settled Share-Based Transactions (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by all of the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted on or before the close of business on the date specified in the offer document. The exercise period of the share options granted is to be determined by the directors, and will commence on the first business date from the date of the grant of the share options and end on the close of business on the last day of such period, but no later than ten years from the date of the grant of the share options.

The exercise price of the share options is to be determined by the directors, but may not be less than the higher of (i) the closing price of the Company's shares published on the daily quotations sheets of the Stock Exchange on the date of the grant of the share options; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the years ended 31 December 2013 and 2012, no option has been granted under the Scheme.

26. Share Capital

	Notes	**2013** **HK$'000**	2012 HK$'000
Authorised:			
150,000,000,000 (2012: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (2012: 10,000,000,000) preference shares at HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
1,933,261,335 (2012: 1,378,927,885) ordinary shares of HK$0.01 each		**19,333**	13,789
930,000,000 (2012: 1,380,000,000) Class A preference shares of HK$0.01 each	(b)	**9,300**	13,800
897,299,278 (2012: 286,632,728) Class B preference shares of HK$0.01 each	(c)	**8,973**	2,867
		37,606	30,456

26. Share Capital (continued)

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

	Note	No. of shares	Amount HK$'000
At 1 January 2012		2,532,543,083	25,325
Capital reorganisation		–	(22,160)
Share consolidation		(2,215,975,198)	–
New issue of shares		1,062,360,000	10,624
At 31 December 2012 and 1 January 2013		1,378,927,885	13,789
Conversion of preference shares	(a)	554,333,450	5,544
At 31 December 2013		1,933,261,335	19,333

(a) On 30 April 2013, 96,584,730 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible preference shares class B at an issue price of HK$0.15 per share.

On 9 May 2013, 450,000,000 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible preference shares class A at an issue price of HK$0.0482 per share.

On 8 July 2013, 7,748,720 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible shares class B at an issue price of HK$0.15 per share.

(b) The Class A preference shares are non-redeemable, with par value of HK$0.01 credited as fully paid up, are issued and allotted to certain creditors in consideration of each creditor discharging and waiving all of its claims in full against the Company. According to the preference share policy, one Class A preference share is convertible into one new ordinary share at any time after the resumption of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited.

(c) The Class B preference shares are non-redeemable with par value of HK$0.01 credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in last financial year. According to the terms of preference shares, one Class B preference share is eligible to convert into one new ordinary share at any time no earlier than one year from the date of issue.

27. RESERVES – THE GROUP AND THE COMPANY

Share premium

The application of the share premium account is governed by the Company Act 1981 of Bermuda.

Contributed surplus

The contributed surplus of the Group represents the difference between the aggregate of the nominal value of (i) the shares of the subsidiaries acquired pursuant to the Group reorganisation completed on 5 June 1998 (the "Group Reorganisation"); (ii) the debt of approximately HK$17,039,000 (the "Debt") due by the then shareholders, Mr. Kwok Man Yu and his wife, Ms. Lam Yuk Ang, to Corasia International (BVI) Limited, the former holding company of the Group, and assumed by the Company under the Group Reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and (iii) the credit arising from the capital reduction of approximately HK$112,950,000.

The contributed surplus of the Company arose as a result of the Group Reorganisation and represented the excess of the then combined net assets of the subsidiaries acquired, as reduced by the balance of the Debt assumed by the Company pursuant to the capital reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and the credit arising from the capital reduction of approximately HK$112,950,000.

Movements of reserves – the Company

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2012	163,532	153,519	(423,297)	(106,246)
Issue of ordinary shares	101,740	–	–	101,740
Issue of preference shares	40,128	–	–	40,128
Capital reorganisation (note (a) and (b))	(163,532)	185,692	–	22,160
Setting off accumulated losses (note (c))	–	(185,692)	185,692	–
Total comprehensive income for the year	–	–	27,366	27,366
Balance at 31 December 2012	141,868	153,519	(210,239)	85,148
Issue of preference shares	100,100	–	–	100,100
Setting off accumulated losses (note (d))	(141,868)	(68,373)	210,241	–
Total comprehensive expense for the year	–	–	(11,492)	(11,492)
Balance at 31 December 2013	100,100	85,146	(11,490)	173,756

27. Reserves – The Group and The Company (continued)

Pursuant to a special resolution passed on 27 February 2012:

(a) the par value of each issued and unissued share in the authorised share capital of the Company be reduced from HK$0.01 to HK$0.00125 such that the authorised share capital of the Company shall be reduced from HK$1,600,000,000 divided into 160,000,000,000 shares of par value HK$0.01 to HK$200,000,000 divided into 160,000,000,000 shares of par value HK$0.00125 each ("Shares") and the issued share capital of the Company shall be reduced by HK$22,159,751.98 from HK$25,325,430.83 to HK$3,165,678.85 (the reduction in authorised share capital and reduction in issued share capital collectively herein referred to as the "Capital Reduction");

(b) HK$163,532,000, being the entire amount standing to the credit of the share premium account of the Company as at 31 December 2010 be reduced in its entirety ("Reduction of Share Premium");

(c) the credit arising from the Reduction of Share Premium of HK$22,160,000 shall be credited to the contributed surplus account of the Company and the said amount, together with an amount of HK$163,532,000 standing to the credit of the contributed surplus account of the Company as at 31 December 2010, be applied in full to set off part of the Company's accumulated losses as at 31 December 2010 of HK$412,239,000;

(d) On 7 June 2013, the share premium account and contributed surplus account of the Company with amount of HK$141,868,000 and HK$68,373,000, respectively, have been applied in setting off the accumulated losses of the Company.

Distributability of reserves

At the end of each reporting period, the Company has no reserve available for distribution to equity shareholders of the Company.

28. 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:

	The Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**21,050**	12,493
In the second to fifth years inclusive	**86,182**	47,480
Over five years	**188,847**	97,786
	296,079	157,759

Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed for terms of 2 to 26 years.

29. Capital Commitments

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

	The Group	
	2013	2012
	HK$'000	HK$'000
Capital expenditure contracted for but not provided for	**3,910**	6,509

30. Financial Instruments by Category

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables				
– Amounts due from subsidiaries	**–**	–	**224,512**	114,768
– Trade and other receivables	**43,396**	55,165	**296**	300
– Bank balances and cash	**14,811**	18,810	**10**	2,650
Financial liabilities				
At amortised cost				
– Amounts due to subsidiaries	**–**	–	**4,384**	31
– Trade and other payables	**42,301**	134,533	**2,359**	3,457
– Interest bearing bank and other borrowings	**75,670**	25,120	**8,000**	–
– Obligation under a finance lease	**64**	211	**–**	–

31. Financial Risk Management and Fair Value Measurement

(a) Financial risk management

The Group's business activities expose it to a variety of financial risks, which include credit risk, liquidity risk and interest rate risk arising in the normal course of its business and financial instruments. Details of the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has not been any change to the Company's and Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables). The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance for doubtful debts based upon the expected recoverability of all trade receivables. The Group has a diversified portfolio of businesses and as at reporting date, there were no significant concentration of credit risk with any entity.

The credit risk on bank balances is minimal because the counterparties are banks with high credit-rating.

31. Financial Risk Management and Fair Value Measurement (continued)

(a) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The following tables detail the Group's and the Company's contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities. The tables have been drawn based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group and the Company can be required to pay.

The Group

	2013				
	Carrying value HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**2 to 5 years HK$'000**
Trade and other payables	**42,301**	**42,301**	**42,301**	**–**	**–**
Interest-bearing bank and other borrowings	**75,670**	**75,670**	**56,470**	**–**	**19,200**
Obligation under a finance lease	**64**	**65**	**65**	**–**	**–**
	118,035	**118,036**	**98,836**	**–**	**19,200**

	2012				
	Carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	2 to 5 years HK$'000
Trade and other payables	134,533	134,533	134,533	–	–
Interest-bearing bank and other borrowings	25,120	25,120	24,723	397	–
Obligation under a finance lease	211	219	148	71	–
	159,864	159,872	159,404	468	–

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(a) Financial risk management (continued)

Liquidity risk (continued)

The Company

	2013				
	Carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	2 to 5 years HK$'000
Amounts due to subsidiaries	4,384	4,384	–	4,384	–
Other payables	2,359	2,359	2,359	–	–
Other borrowings	8,000	8,000	8,000	–	–
	14,743	14,743	10,359	4,384	–

	2012				
	Carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	2 to 5 years HK$'000
Amounts due to subsidiaries	31	31	–	31	–
Other payables	3,457	3,457	3,457	–	–
Other borrowings	–	–	–	–	–
	3,488	3,488	3,457	31	–

Interest rate risk

The Group's bank and other borrowings amounted to HK$75,670,000 (2012: HK$25,120,000). Included in the above amounts, an aggregate amount of HK$66,290,000 (2012: HK$21,706,000) is charged at floating interest rates as disclosed in note 23. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2013 would decrease/increase by HK$31,142 (2012: profit would increase/decrease by HK$16,778). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

31. Financial Risk Management and Fair Value Measurement (continued)

(b) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's and the Company'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 market 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.

However, the Group and the Company have no financial assets and liabilities carried at fair value at the end of the reporting period (2012: nil).

(ii) Fair value of financial assets and liabilities carried at other than fair value

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

– The estimate of fair values of biological assets is disclosed in note 3.

– The directors of the Company consider that the carrying amounts of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the financial statements with a maturity of less than one year are assumed to approximate their fair values.

– The fair value of balances with related parties has not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined because of their close relationship.

(c) Business risk

The Group is exposed to financial risks arising from changes in prices of agricultural produce which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include weather conditions. The Group has little or no control over these conditions and factors.

32. Capital risk management

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

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital and may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts upon successful resumption of trading of shares.

The net debt to adjusted equity ratio as at 31 December 2013 is 0.26 (2012: 0.05). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33. Material Related Party Transaction

(a) During the year, the Group has the following significant related party transactions with a related party:

		2013 HK$'000	2012 HK$'000
Purchase of agricultural products from a related party	(i)	**–**	185
Handling charge paid to a related party	(ii)	**–**	861
Service charge paid to a related company	(iii)	**226**	913
Sale of agricultural products to a related company	(iv)	**387**	–
		613	1,959

(i) The purchase of agricultural products from a related company was made at prices and conditions with reference to those offered by major suppliers of the Group.

(ii) Handling charge paid to a related company as the trading arrangement service provider in Hong Kong.

(iii) Service charge paid to a related company as the legal service provider in Hong Kong.

(iv) The sale of agricultural products to a related company was made at prices and conditions with reference to those offered to major customers of the Group.

(b) The amounts due to directors (note 22) were unsecured, interest free and had no fixed terms for repayment.

(c) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	The Group	
	2013 HK$'000	2012 HK$'000
Salaries and other short-term employee benefits	**7,255**	7,723
Contribution to defined contribution retirement scheme plan	**130**	45
	7,385	7,768

(d) **Outstanding balances with related parties**

Other than balance with related parties as disclosed note 23(g) and 23(h) to the financial statements, the Group had no outstanding balances with related parties.

34. Profit Guarantee

Reference is made to the announcement of Cypress Jade Agricultural Holdings Limited (the "Company") dated 24 July 2012 (the "Announcement") and the circular of the Company dated 30 November 2011 (the "Circular") in relation to, among other matters, the acquisition of the entire equity interests in Natural Farm Limited, Polygold Food Limited and Modern Excellence Limited. Capitalized terms use in this announcement shall have the same meanings as those defined in the Circular unless otherwise specified.

Guaranteed profit 1

Pursuant to the Acquisition Agreement 1, the Vendor 1 irrevocably warrants, represents and undertakes that, among other matters, the average of the net profit after tax of the financial year ended 31 March 2011 and the financial year ended 31 March 2012 of Natural Farm shall not be less than the Guaranteed Profit 1 (i.e. HK$7,500,000) and that the total consideration payable under the Acquisition Agreement 1 shall be equal to 6.5 times the price-to-earnings ratio of the Guaranteed Profit 1.

At the time when the Company and the Vendor 1 entered into the Acquisition Agreement 1, it was not anticipated that there would be a change in the depreciation policy of Natural Farm after Completion. The Company and the Vendor 1 clarified that, for the purpose of determining the net profit of Natural Farm for the financial year ended on 31 March 2012 under clause 6.1(a) of the Acquisition Agreement 1 (the "2012 Net Profit"), an aggregate amount of HK$792,160, being the difference incurred due to the change in depreciation policy of Natural Farm, shall be added back as part of the 2012 Net Profit (the "Adjustment").

Based on the audited accounts of Natural Farm and the Adjustment, the average of the net profit after tax for the financial year ended 31 March 2011 and the financial year ended 31 March 2012 was HK$7,191,524.50, thus constituting a slight shortfall of HK$308,475.50 per annum on the Guaranteed Profit 1, with the said shortfall representing a modest approximately 4.11% of the Guaranteed Profit 1. Since the Guaranteed Profit 1 has not been achieved, the second phase of Class B Preference Shares payable to the Vendor 1 has been adjusted to 115,047,998 Class B Preference Shares.

Guaranteed profit 2

Pursuant to the Acquisition Agreement 2, the Vendors 2 jointly and severally irrevocably warrant, represent and undertake that, among other matters, the average of the net profit after tax of the financial year ended 31 March 2011 and the financial year ended 31 March 2012 of Polygold shall not be less than the Guaranteed Profit 2 (i.e. HK$2,500,000) and that the total consideration payable under the Acquisition Agreement 2 shall be equal to 6.5 times the price-to-earnings ratio of the Guaranteed Profit 2.

Based on the audited accounts of Polygold, the average of the net profit after tax for the financial year ended 31 March 2011 and the financial year ended 31 March 2012 was HK$2,567,779. Accordingly, the Guaranteed Profit 2 has been achieved and the second phase of Class B Preference Shares payable to the Vendors 2 is 67,251,280 Class B Preference Shares.

Guaranteed profit 3

Pursuant to the Acquisition Agreement 3 (as supplemented by the Letter of Confirmation), the Vendor 3 and the Vendor 3's Guarantor irrevocably warrant, represent and undertake that, among other matters, the average of the net profit after tax of the financial year ended 31 December 2011 and the financial year ended 31 December 2012 of Modern Excellence and its subsidiaries shall not be less than the Guaranteed Profit 3 (i.e. HK$20,000,000) and that the 2 total consideration payable under the Acquisition Agreement 3 shall be equal to 7.15 times the price-to-earnings ratio of the Guaranteed Profit 3.

Based on the pro forma financial information of Modern Excellence for the year ended 31 December 2011 reviewed by an independent external auditor, the net profit after tax of Modern Excellence and its subsidiaries for the financial year ended 31 December 2011 was HK$27,058,858. Accordingly, the Guaranteed Profit 3 has been achieved and the first phase of Class B Preference Shares payable to the Vendor 3 or his nominees shall be 357,500,000 Class B Preference Shares.

35. Events After the Reporting Date

Subsequent to the end of the reporting period, the following events occurred:

Issuance of ordinary shares

On 6 January 2014, the Company entered into a share subscription agreement with an independent third party, Mr. CHU Woon Cheung Terence, to allot and issue 34,480,000 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.145 per share, representing a discount of approximately 18.08% to the closing price of HK$0.177 per Share on that day. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 6 June 2013. The 34,480,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the subscriber on 16 January 2014 with net proceeds of approximately HK$4,900,000, representing the net issue price of approximately HK$0.142 per subscription share, for general working capital of the Group. Out of the net proceeds of HK$4,900,000, approximately HK$4,000,000 was used as payment for rental expenses of production bases at Chengde and Ningxia, the PRC, and the remaining balance was used as partial payment for construction project at Zengcheng, the PRC.

On 21 January 2014, the Company allotted and issued 426,840,000 ordinary shares of HK$0.01 each, credited as fully paid, upon conversion of 426,840,000 Class A preference shares at the conversion price of HK$0.0482 per conversion share. On the same day, the Company allotted and issued 138,207,998 ordinary shares of HK$0.01 each, credited as fully paid, upon conversion of 138,207,998 Class B preference shares at the conversion price of HK$0.15 per conversion share.

Issuance of convertible bonds

On 22 January 2014, the Company and Cypress Jade Group Holdings Limited, a connected person of the Company, entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of HK$30,000,000 with initial conversion price of HK$0.13 per conversion share (the "Subscription"). The Subscription was approved by the independent shareholders at the special general meeting of the Company held on 17 March 2014.

36. Non-cash transaction

The Company entered into non-cash investing activity which is not reflected in the consolidated statement of cash flows. In the current year, purchases of items of property, plant and equipment of HK$5,159,000 had not been paid at the end of the year.

37. Approval of the Financial Statements

These financial statements were approved and authorised for issue by the Company's Board of Directors on 24 March, 2014.

A summary of the published results and assets and liabilities of the Group for the latest five years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	2013 **HK$'000**	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Turnover	**268,423**	267,919	15,810	15,097	36,659
(Loss)/profit for the year	**(58,829)**	31,399	(12,132)	(9,621)	(7,117)
Attributable to:					
Equity shareholders of the Company	**(58,829)**	31,399	(12,132)	(9,621)	(7,117)
Total assets	**323,759**	314,867	299,878	1,391	7,012
Total liabilities	**(151,261)**	(196,635)	(383,569)	(72,950)	(68,950)
Net assets/(liabilities)	**172,498**	118,232	(83,691)	(71,559)	(61,938)