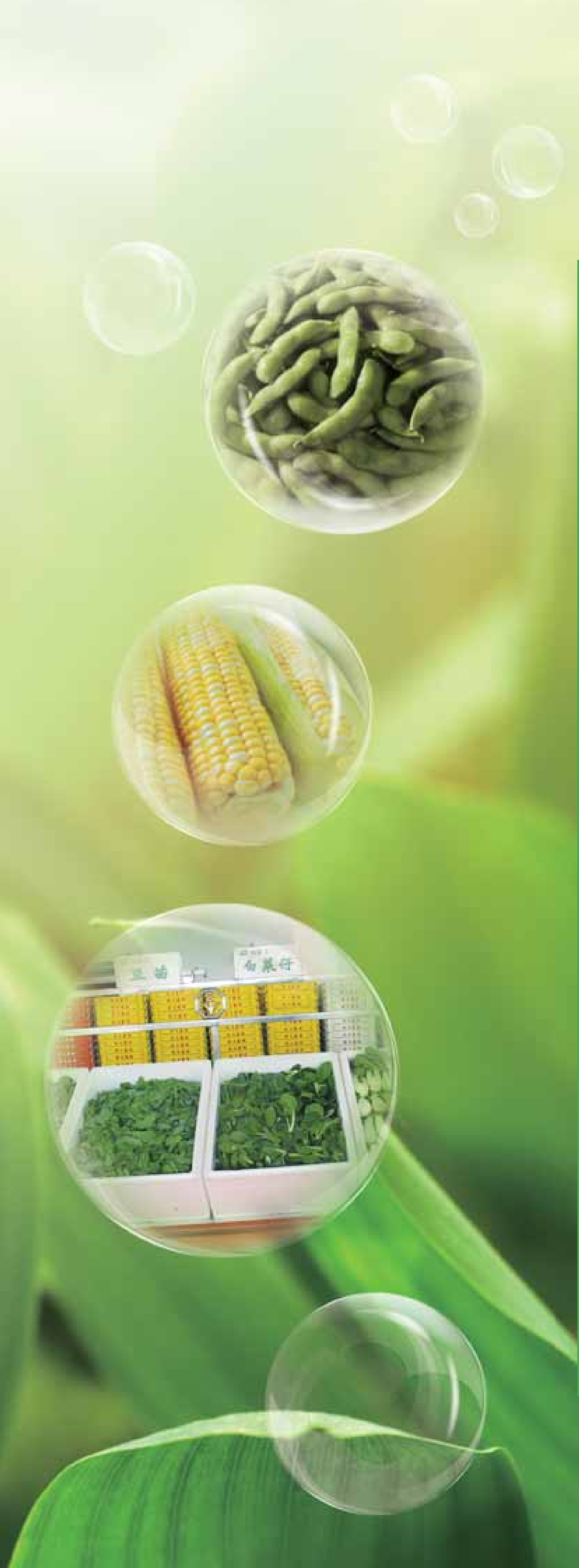
從玉農業控股有限公司

Cypress Jade Agricultural Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

ANNUAL REPORT 2014



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CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. YAU Yik Ming Leao
(Deputy Chairman and Chief Executive Officer)
Mr. TSANG King Sun
Mr. YANG Jianzun

Independent non-executive directors

Mr. CHAN Loong Sang, Tommy
Ms. TANG Shui Man
Mr. LI Shaohua
Ms. DIAO Hong

Audit Committee

Mr. CHAN Loong Sang, Tommy
Ms. TANG Shui Man
Mr. LI Shaohua

Remuneration Committee

Ms. TANG Shui Man
Mr. TSANG King Sun
Mr. CHAN Loong Sang, Tommy
Mr. LI Shaohua
Ms. DIAO Hong

Nomination Committee

Ms. TANG Shui Man
Mr. YAU Yik Ming Leao
Mr. CHAN Loong Sang, Tommy
Mr. LI Shaohua
Ms. DIAO Hong

Corporate Governance Committee

Mr. CHAN Loong Sang, Tommy
Ms. TANG Shui Man
Mr. LI Shaohua
Ms. DIAO Hong

Authorised Representatives

Mr. YAU Yik Ming Leao
Mr. TSANG King Sun

Company Secretary

Mr. TSANG King Sun

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 you with the annual results of the Group for the year ended 31 December 2014.

2014 was a challenging year for the Company. The Group records a substantial increase in net loss of approximately HK$105 million for the year ended 31 December 2014, as compared to the net loss for the year ended 31 December 2013. Such loss was mainly as a result of a substantial decrease in gross profit of approximately HK$36 million; and a substantial increase in impairment losses recognized for goodwill and property, plant and equipment approximately HK$73 million.

In order to develop the Group, we remain focused on developing our existing businesses. The Board considers that it is beneficial for the Group to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. To further expand the sources of income, the Group has entered into a sale and purchase agreement in relation to the acquisition the internet finance company in PRC and intends to establish two new businesses, namely the provision of internet finance services and money lending in Hong Kong after the reporting period. The Board believes that the new businesses will provide a prime opportunity for the Group to diversify its revenue stream and counter balance the cyclical nature of the Group's agricultural business, which is expected to benefit the Company and the Shareholders as a whole.

Looking forward, the Group will continue to strengthen the agricultural business. The Group expects that macroeconomic uncertainties, competitive market conditions and the slowdown in the PRC's economic growth will result in lower levels of economic activity in agricultural business. To respond to, and effectively capture, market opportunities that may emerge from these uncertainties, the Group will closely monitor and review the business operations and financial position of the agricultural business. The Group will continue to expand the scope of our businesses and bring in new dynamics for the Group's revenue growth. The first attempts of the Group will be in the business of financial areas.

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.

YAU Yik Ming Leao
Deputy Chairman

23 March 2015


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MANAGEMENT DISCUSSION AND ANALYSIS




Business Review

In 2014, the Company encountered difficulties in its operation as the global economic uncertainty remained and the economic growth of China further slowed down.

The Group recorded a substantial net loss of approximately HK$164.2 million for the year ended 31 December 2014. The loss was mainly attributable to (i) the inclement weather in the year 2014; (ii) the decrease in the average selling price and demand in the vegetable markets in Hong Kong and China; (iii) the one-off office relocation expenses in China resulting from business restructuring; and (iv) an increase in impairment loss of goodwill and property, plant and equipment for the year ended 31 December 2014.

During the Reporting Period, the Group adopted the principle of cost control to improve the efficiency and effectiveness of the business operations and to enhance the profitability of the Group in the long run.

Highlights in 2014 are as follows:

I. Operation Management

- ***Consolidated the business structure to enhance its core competitiveness***

  The Group leased out a loss making farmland in Chengde, terminated a loss making farmland in Shandong, combined the offices in South China into one office in Conghua, and combined the offices in Hong Kong into one office in Cheung Sha Wan.

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

  The Group promoted the core management model of "Hong Kong headquarters and operation and management center in Mainland China" and clarified and specified the division of management duties to construct a highly efficient governance structure.

- *Improved liquidity management to ensure adequate working capital*

  The Group adopted 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.

II. Production Management

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

  The Group refined the "accountability and management system for safety of agricultural products", and strengthened 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.

III. Market Expansion

- *Expansion of channels*

  Completion of the above restructuring signifies the commencement of the blueprint for strategic development of the Group. In respect of the conventional wholesale channels, the Group started to carry out a series of reform on sales and market layout. With the core markets in Hong Kong and Guangzhou, the Group has established an optimized distribution system for tier-1 and tier-2 distributors;

  With Hong Kong and Guangzhou as the core markets, the Group expanded the sales network in Shanghai and Wuhan;

  The Group set up end-market management and distribution teams, developed direct sales channels in the end-market; and

  The Group strengthened pricing system and channel management for customers to improve the service quality for product sales.

Financial Review

During the year ended 31 December 2014 (the "Reporting Period"), the Group recorded a turnover of HK$213.5 million, a decrease of 20.5% from HK$268.4 million for the year ended 31 December 2013 (the "Corresponding Period"). The gross profit of the Group is decreased by 44.0% to HK$46.0 million (2013: HK$82.1 million). The gross profit margin of the Group for the Reporting Period is 21.6% as compared to 30.6% for the Corresponding Period.

Administrative expenses were HK$48.2 million (2013: HK$50.2 million). Selling and distribution expenses were HK$61.4 million (2013: HK$70.1 million) and were mainly attributable to delivery and packaging fees. Other operating expenses were HK$105.8 million (2013: HK$24.0 million) and were mainly attributable to impairments of receivables, goodwill and property, plant and equipment. Finance costs were HK$6.4 million (2013: HK$4.3 million) which mainly attributable to interests for bank borrowings.

The net loss of the Group for the Reporting Period was HK$164.2 million as compared to a net loss of HK$58.8 million for the Corresponding Period. The significant increase was mainly due to an impairment of goodwill of approximately HK$29.6 million, impairment of property, plant and equipment of approximately HK$61.1 million, and a drop in other revenue and net income. The impairments of assets were considered as one-off and non-cash expense. There will be no impact on the cash flow or operations of the Group.

The record of such loss for the Reporting Period was also attributable to (i) the inclement weather in the year 2014; (ii) the decrease in the average selling price and demand in the vegetable markets in Hong Kong and China; (iii) the one-off office relocation expenses in China resulting from business restructuring; and (iv) an increase in impairment loss of goodwill and property, plant and equipment for the year ended 31 December 2014.

Liquidity and Financial Resources

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

As at 31 December 2014, the Group had bank balances and cash of HK$10.1 million (2013: HK$14.8 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 0.3 times (2013: 0.6 times).

As at 31 December 2014, the total borrowings of the Group amounted to HK$63.2 million (2013: HK$75.7 million), of which, HK$28.1 million (2013: HK$33.9 million) were secured by several properties of the Group. Also, HK$0.4 million were guaranteed by an ex-director and his spouse last year. The borrowings in the amount of HK$49.4 million (2013: HK$56.5 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$1.6 million (2013: HK$3.9 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$294.6 million (2013: HK$296.1 million). Operating lease payments represent rental payable by the Group for office premises and farmlands. Leases are negotiated with rental fixed 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.

On 6 January 2014, the Company entered into a share subscription agreement with an independent third party, Mr. CHU Woon Cheung Terence (the "Subscriber"), 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$5,000,000, for general working capital of the Group. Out of the net proceeds, approximately HK$4,000,000 was used as payment for rental expenses of production bases in Chengde and Ningxia, the PRC, and the remaining balance was used as partial payment for construction project in Zengcheng, the PRC.

On 22 January 2014, the Company and Cypress Jade Group Holdings Limited ("CYJ Group") entered into a subscription agreement in respect of the issue of 1% coupon convertible bonds due in 2020 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 and completion of the issue of convertible bonds took place on 25 March 2014. Out of the net proceeds of HK$29.6 million, approximately HK$20 million was used for the repayment of loan from CYJ Group, approximately HK$5 million was used for payment of raw material suppliers, approximately HK$1 million was used for payment of construction project of production base, and the balance of approximately HK$3.6 million was used as general working capital of the Group.

During the Reporting period, the Company allotted and issued a total of (i) 930,000,000 ordinary shares of HK$0.01 each upon conversion of Class A preference shares at the price of HK$0.0482 per conversion share and (ii) 894,269,278 ordinary shares of HK$0.01 each upon conversion of Class B preference shares at the conversion price of HK$0.15 per share.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$63.2 million (2013: HK$75.7 million). Included in the above amounts, an amount of HK$54.3 million (2013: HK$66.3 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 2014, the net debt to adjusted equity ratio was 0.73 (2013: 0.26). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2014 was 3.2 (2013: 0.4), which was measured as total debt to total shareholders' equity.

Significant Investments

During the Reporting Period, the Group did not have any significant investments.

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 2014.

Charges On Group's Assets

As at 31 December 2014, leasehold land and buildings with carrying amount of HK$8.0million (2013: HK$10.1 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 2014, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 31 December 2014, the Group had a total of 997 (2013: 978) employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the year ended 31 December 2014 amounted to HK$77.8 million (2013: HK$82.0 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

Looking forward to 2015, 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 existing business presence in key regional markets to capture business growth. It will strive to enhance the profitability and fulfill the annual operating objectives.

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations. Apart from entering into a sale and purchase agreement in relation to the acquisition the internet finance company in the PRC in early February 2015, where the Group sought to capture the increased demand for financing in China and Hong Kong, the Group will also consider other related profitable businesses which could boost profitability in the future.

Agricultural Business

The agricultural issue is the first policy for consecutive years by the PRC central government in 2015 under the document named "the Number 1 Policy of 2015" (the "Document"). The Document reflects the PRC government's intention to upgrade and invest in agricultural produce market, expand agricultural produce network, build logistic infrastructure and storage of agriculture and improve regional cold storage infrastructure. By capturing the opportunity brought by the government policy, the Group will continue to focus on its existing business in the PRC. Combining the existing business scale and our professional experience, the Group will adopt proactive investment and financing strategies to optimize the business structure. The Group is confident that this strategy and business model will deliver long term benefits to the shareholders of the Company.

Finance Business

In the finance and capital market aspects, the monetary policy will aim at striking a balance between "stable growth", "risk mitigation" and "reduction of leverage". It is expected that the theme of maintaining a stable and healthy monetary policy will remain unchanged and a loose monetary policy will be maintained to ensure adequate supply of liquidity in the market. The benchmark interest rates of deposits and loans will remain stable but loan interest rates is expected to rise. The Directors further consider that the business of internet financing services has shown growth potential and expect that it will also provide a diversified income stream to counter balance the cyclical nature of the Group's agriculture business, which is expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

At the same time, the Group is cautiously exploring viable investment and acquisition opportunities that can enhance shareholders' value.

On 6 February 2015, Power Gold Enterprises Limited (as the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Agreement") with Mr. LIN Yupa and Mr. LIN Yuhao (as the "Vendors"), pursuant to which the Purchaser had conditionally agreed to acquire and the Vendors had conditionally agreed to sell the entire issued share capital of Golden Rich (HK) Limited (as the "Target Company"), at the consideration of HK$125,000,000 (equivalent to approximately RMB100,000,000). Upon completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and will hold 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited (the "Operating Company"). The Vendors have guaranteed and warranted to the Purchaser that the audited consolidated net profit after tax of the Operating Company for the financial year ending 31 December 2015 shall not be less than RMB30,000,000 (equivalent to approximately HK$37,500,000). Details of the Agreement are set out in the announcement dated 6 February 2015.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YAU Yik Ming Leao, aged 52, was appointed as an independent non-executive director of the Company on 4 July 2014. Mr. Yau was re-designated as an executive Director and the Deputy Chairman of the Company on 9 December 2014 and appointed as Chief Executive Officer of the Company on 2 January 2015. Mr. Yau also acts as director of certain subsidiaries of the Company. Mr. Yau obtained a certificate in the law of the People's Republic of China (the "PRC") in 1997 jointly provided by The University of Hong Kong and Fudan University and received education in Canada during the period from 1979 to 1982.

Mr. Yau is currently the Managing Director of 金品商業集團有限公司 (Champion Commercial Group Limited*), a company engaging in the business of commercial real estate development and leasing in the PRC and a director of each of 深圳華章基業股權基金有限公司 (Shenzhen Hua Zhang Foundation Equity Fund Limited*) and 湖北赤壁基金有限公司 (Hubei Chibi Fund Limited*), both of which are engaged in the business of private equity investment. Prior to those positions, Mr. Yau served as a director of Eternal Pearl Securities Limited, a licensed corporation engaging in the business of dealing in securities during the period from 2005 to 2009. He was a director of Sun Farm Corporation, a company engaging in the business of food manufacturing during the period from 2009 to 2011. During the period from 1983 to 2005, Mr. Yau worked for various companies which had business in the PRC, Taiwan and Singapore, through which Mr. Yau has gained experiences in sales and marketing, mergers and acquisitions and project management.

Mr. TSANG King Sun, aged 31, was appointed as executive director of the Company on 9 December 2014. Mr. Tsang also acts as director of certain subsidiaries of the Company. Mr. Tsang is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Business Administration (Hons) degree in Accounting from The Hong Kong Polytechnic University.

Mr. Tsang was an executive director of China Household Holdings Limited until 22 November 2013, which is a company listed on The Stock Exchange of Hong Kong Limited.

Mr. Tsang had worked in famous audit firms and gained extensive experience in accounting, auditing practices and financial management. He had experience in auditing in various listed companies and in various due diligence projects. Mr. Tsang is currently the company secretary of the Company.

Mr. YANG Jianzun, aged 48, 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 20 years.

Mr. Yang 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).

* For identification purpose only.

Independent Non-executive Directors

Mr. CHAN Loong Sang, Tommy, aged 44, 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. Mr. Chan has in-depth knowledge on listings rules in Hong Kong and the United States, as well as Chinese regulatory requirements.

Ms. TANG Shui Man, aged 34, was appointed as an independent non-executive director of the Company on 9 December 2014. Ms. Tang, graduated from The Hong Kong Polytechnic University with Bachelor of Arts (Hons) in Accountancy. She is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

Ms. Tang is a founder member and director of YATA Accounting Services Limited and YATA Consulting Limited. She is also working as a principal of YCF Certified Public Accountants. Ms. Tang has over 10 years of professional experience in areas of accounting, internal auditing, external auditing and company secretarial. Before joining YATA and YCF Certified Public Accountants, she worked in Deloitte Touche Tohmatsu, a listed company in Hong Kong, a multinational company listed overseas and a registered institution under the Securities and Futures Commission. She currently also serves as an accounting consultant in Tang Clansmen Association (Hong Kong).

Mr. LI Shaohua, aged 52, was appointed as an independent non-executive director of the Company on 2 January 2015.

Mr. Li graduated from Daqing Petroleum College and obtained a master's degree in business administration from Murdoch University, Australia. He is currently a deputy general manager of an energy company in the PRC.

Ms. DIAO Hong, aged 49, was appointed as an independent non-executive director of the Company on 2 January 2015.

Ms. Diao, graduated from Shandong University with bachelor degree in economics. She has extensive experience in corporate management, investments and acquisitions.

Senior Management

Mr. TANG Chiu Kwong, aged 44, 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 19 years' experience in an international accounting firm, the Stock Exchange of Hong Kong Limited and other major conglomerates in Hong Kong.

Mr. CHAN Chun Wai, aged 44, joined the Company in November 2014 and is the Financial Manager of the Company. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. He received a Master in Financial Management from The Macquarie University in Australia.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standards 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 2014, the Company has complied with the Code Provisions of the CG Code.

After the resignation of Mr. WU Wai Chung, Michael as the Chairman on 2 January 2015, the Company does not have a designated position of Chairman. The daily operation and management of the Company are monitored by the Executive Directors. Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Further, Code Provision E.1.2 of CG Code stipulates that, inter alia, the chairman of the board should attend the annual general meeting and should be available to answer questions at the annual general meeting.

Mr. YAU Yik Ming Leao, being the Deputy Chairman of the Company, is responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the Code Provisions A.2.1 to A.2.9 and E.1.2 of the CG Code since 2 January 2015.

The Company periodically reviews its corporate governance practices to ensure meeting the requirements of the CG Code during the year of 2014. 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 2014.

Internal Control

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets rather than eliminate risks of failure when business objectives are being sought.

During the year under review, the Board has reviewed the internal control policy and concluded that in general, the Group's internal control system is effective and adequate, no material deficiencies have been identified.

The Board

Responsibilities

The Board is responsible for overseeing the overall development of the Company's businesses with the objective of enhancing shareholders' value responsibilities include 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 30 to 31 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 Officer 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. As at 31 December 2014, Mr. WU Wai Chung, Michael was the Chairman of the Board and Mr. YUEN Wai Chung was 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.

After the resignation of Mr. WU Wai Chung, Michael as the Chairman on 2 January 2015, the Company does not have a designated position of Chairman. The daily operation and management of the Company are monitored by the Executive Directors. Further, code provision E.1.2 of CG Code stipulates that, inter alia, the chairman of the board should attend the annual general meeting and be available to answer questions at the annual general meeting. At present, the Company does not have a Chairman of the Board.

Mr. YAU Yik Ming Leao, being the Chief Executive Officer and the Deputy Chairman of the Company, is responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the code provisions A.2.1 to A.2.9 and E.1.2 of the CG Code.

Composition

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

The Board currently comprises seven directors, including three executive directors, namely Mr. YAU Yik Ming Leao (Deputy Chairman and Chief Executive Officer), Mr. TSANG King Sun and Mr. YANG Jianzun; and four independent non-executive directors, namely Mr. CHAN Loong Sang, Tommy, Ms. TANG Shui Man, Mr. LI Shaohua and Ms. DIAO Hong.

Biographical details of the Directors are set out on pages 12 to 13.

Following the resignation of Mr. YUEN Wai Chung as an independent non-executive Director on 15 April 2014, 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; and

(ii) 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. YAU Yik Ming Leao on 4 July 2014, the above Rules have been duly complied with.

Save as disclosed above, during the year ended 31 December 2014, 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 financial management expertise. The independent non-executive directors represented over one-third of the Board as at 31 December 2014.

Each Executive Director and Independent Non-executive Director has entered into a service agreement/letter of appointment 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.

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 2014, four Board meetings and two general meetings were held with details of the Directors' attendance set out below:

	Attendance/Number of meetings	
Directors	**Board meetings**	**General meeting**
Executive Directors		
Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer)* (Note 1)	2/2	N/A
Mr. TSANG King Sun (Note 2)	N/A	N/A
Mr. YANG Jianzun	4/4	2/2
Mr. YUEN Wai Chung (Note 3)	3/3	1/1
Mr. SHI Lanjiang (Note 4)	4/4	2/2
Ms. YAU Fai San (Note 5)	4/4	2/2
Mr. CHU Yuet Chung (Note 6)	1/1	1/1
Independent Non-executive Directors		
Mr. CHAN Loong Sang, Tommy	4/4	2/2
Ms. TANG Shui Man (Note 7)	N/A	N/A
Mr. LI Shaohua (Note 8)	N/A	N/A
Ms. DIAO Hong (Note 8)	N/A	N/A
Mr. WU Wai Chung, Michael (Note 9)	4/4	2/2
Mr. YAU Yik Ming Leao (Note 1)	N/A	N/A
Mr. YUEN Wai Chung (Note 3)	1/1	1/1

Notes:

1. Mr. YAU Yik Ming Leao was appointed as an Independent Non-Executive Director of the Company on 4 July 2014. Mr. Yau was re-designated as an Executive Director and Deputy Chairman of the Company on 9 December 2014 and was appointed as Chief Executive Officer of the Company on 2 January 2015.

2. Mr. TSANG King Sun was appointed as Executive Director on 9 December 2014.

3. Mr. YUEN Wai Chung was re-designated as an Executive Director and Chief Executive Officer of the Company on 15 April 2014 and resigned as an Executive Director and Chief Executive Officer of the Company on 2 January 2015.

4. Mr. SHI Lanjiang was re-designated from Chief Executive Officer to Deputy Chairman of the Board on 15 April 2014 and resigned as Deputy Chairman of the Board and Executive Director on 9 December 2014.

5. Ms. YAU Fai San resigned as Executive Director of the Company on 9 December 2014.

6. Mr. CHU Yuet Chung resigned as Executive Director of the Company on 1 May 2014.

7. Ms. TANG Shui Man was appointed as an Independent Non-Executive Director of the Company on 9 December 2014.

8. Mr. LI Shaohua and Ms. DIAO Hong were appointed as an Independent Non-Executive Director of the Company on 2 January 2015.

9. Mr. WU Wai Chung, Michael resigned as Independent Non-Executive Director and Chairman of the Company on 2 January 2015.

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 the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regimes 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 from time to time.

During the year, Directors participated in the following trainings:

Directors	Types of Trainings
Executive Directors	
Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer) (previously an independent non-executive Director from 4 July 2014 to 8 December 2014)*	S, R
Mr. TSANG King Sun	S, R
Mr. YANG Jianzun	R
Mr. YUEN Wai Chung *(resigned on 2 January 2015) (previously an independent non-executive Director from 1 January 2014 to 14 April 2014)*	R
Mr. SHI Lanjiang *(resigned on 9 December 2014)*	R
Ms. YAU Fai San *(resigned on 9 December 2014)*	R
Mr. CHU Yuet Chung *(resigned on 1 May 2014)*	R
Independent Non-executive Directors	
Mr. CHAN Loong Sang, Tommy	R
Ms. TANG Shui Man	S, R
Mr. LI Shaohua	N/A
Ms. DIAO Hong	N/A
Mr. WU Wai Chung, Michael *(resigned on 2 January 2015)*	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 currently comprises three non-executive Directors, namely, Mr. CHAN Loong Sang, Tommy (Chairman of Committee), Ms. TANG Shui Man, and Mr. LI Shaohua.

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 requires 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 *(Chairman)*	2/2
Ms. TANG Shui Man (Note 1)	N/A
Mr. LI Shaohua (Note 2)	N/A
Mr. WU Wai Chung, Michael (Note 3)	2/2
Mr. YAU Yik Ming Leao (Note 4)	N/A
Mr. YUEN Wai Chung (Note 5)	1/1

Notes:

1. Ms. TANG Shui Man was appointed as a member of the Audit Committee on 9 December 2014.

2. Mr. LI Shaohua was appointed as a member of the Audit Committee on 2 January 2015.

3. Mr. WU Wai Chung, Michael resigned as a member of the Audit Committee on 2 January 2015.

4. Mr. YAU Yik Ming Leao was appointed as a member of the Audit Committee on 4 July 2014 and resigned as a member of the Audit Committee on 9 December 2014.

5. Mr. YUEN Wai Chung resigned as a member of the Audit Committee on 15 April 2014.

During the year under review, the Audit Committee has 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 has approved the annual audited financial statements and the interim financial statements, respectively.

Corporate Governance Committee

The Corporate Governance Committee currently comprises all independent non-executive Directors, namely, Mr. CHAN Loong Sang, Tommy (Chairman of Committee), Ms. TANG Shui Man, Mr. LI Shaohua and Ms. DIAO Hong.

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)*	1/1
Ms. TANG Shui Man (Note 1)	N/A
Mr. LI Shaohua (Note 2)	N/A
Ms. DIAO Hong (Note 2)	N/A
Mr. WU Wai Chung, Michael (Note 3)	1/1
Mr. YUEN Wai Chung (Note 4)	1/1
Mr. YAU Yik Ming Leao (Note 5)	N/A

Notes:

1. Ms. TANG Shui Man was appointed as a member of the Corporate Governance Committee on 9 December 2014.

2. Mr. LI Shaohua and Ms. DIAO Hong were appointed as members of the Corporate Governance Committee on 2 January 2015.

3. Mr. WU Wai Chung, Michael resigned as a member of the Corporate Governance Committee on 2 January 2015.

4. Mr. YUEN Wai Chung resigned as a member of the Corporate Governance Committee on 2 January 2015.

5. Mr. YAU Yik Ming Leao was appointed as a member of the Corporate Governance Committee on 4 July 2014 and resigned as a member of the Corporate Governance Committee on 9 December 2014.

Remuneration Committee

The Remuneration Committee currently comprises Ms. TANG Shui Man (Chairman of Committee), Mr. TSANG King Sun, Mr. CHAN Loong Sang, Tommy, Mr. LI Shaohua and Ms. DIAO Hong.

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 considers various 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. Two Remuneration Committee meetings were held during the year under review, details of attendance are set out below:

Remuneration Committee members	Attendance/ Number of meetings
Ms. TANG Shui Man *(Chairman)* (Note 1)	N/A
Mr. CHAN Loong Sang, Tommy	2/2
Mr. TSANG King Sun (Note 2)	N/A
Mr. LI Shaohua (Note 3)	N/A
Ms. DIAO Hong (Note 3)	N/A
Mr. WU Wai Chung, Michael (Note 4)	2/2
Mr. YUEN Wai Chung (Note 5)	2/2
Mr. YAU Yik Ming Leao (Note 6)	N/A
Ms. YAU Fai San (Note 7)	2/2

Notes:

1. Ms. TANG Shui Man was appointed as the Chairman of the Remuneration Committee on 9 December 2014.

2. Mr. TSANG King Sun was appointed as a member of the Remuneration Committee on 9 December 2014.

3. Mr. LI Shaohua and Ms. DIAO Hong were appointed as members of the Remuneration Committee on 2 January 2015.

4. Mr. WU Wai Chung, Michael was appointed as the Chairman of the Remuneration Committee on 15 April 2014 and re-designated as a member of the Remuneration Committee on 4 July 2014. Mr. Wu resigned as a member of the Remuneration Committee on 2 January 2015.

5. Mr. YUEN Wai Chung resigned as the Chairman and remained as a member of the Remuneration Committee on 15 April 2014 and resigned as a member of the Remuneration Committee on 2 January 2015.

6. Mr. YAU Yik Ming Leao was appointed as the Chairman of the Remuneration Committee on 4 July 2014 and resigned as the Chairman of the Remuneration Committee on 9 December 2014.

7. Ms. YAU Fai San resigned as a member of the Remuneration Committee on 9 December 2014.

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 2014 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 2014 were within the following bands:

	Number of individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1

Nomination Committee

The Nomination Committee currently comprises Ms. TANG Shui Man (Chairman of Committee), Mr. YAU Yik Ming Leao, Mr. CHAN Loong Sang, Tommy, Mr. LI Shaohua and Ms. DIAO Hong.

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. Two Nomination Committee meetings were held during the year under review, details of attendance are set out below:

Nomination Committee members	Attendance/ Number of meetings
Ms. TANG Shui Man *(Chairman)* (Note 1)	N/A
Mr. CHAN Loong Sang, Tommy	2/2
Mr. YAU Yik Ming Leao (Note 2)	N/A
Mr. LI Shaohua (Note 3)	N/A
Ms. DIAO Hong (Note 3)	N/A
Mr. WU Wai Chung, Michael (Note 4)	2/2
Mr. YUEN Wai Chung (Note 5)	2/2
Mr. SHI Lanjiang	2/2

Notes:

1. Ms. TANG Shui Man was appointed as the Chairman of the Nomination Committee on 9 December 2014.

2. Mr. YAU Yik Ming Leao was appointed as the Chairman of the Nomination Committee on 4 July 2014 and re-designated as a member of the Nomination Committee on 9 December 2014.

3. Mr. LI Shaohua and Ms. DIAO Hong were appointed as members of the Nomination Committee on 2 January 2015.

4. Mr. WU Wai Chung, Michael was appointed as the Chairman of the Nomination Committee on 15 April 2014 and re-designated as a member of the Nomination Committee on 4 July 2014. Mr. Wu resigned as a member of the Nomination Committee on 2 January 2015.

5. Mr. YUEN Wai Chung was resigned as the chairman and remained as a member of the Nomination Committee on 15 April 2014 and resigned as a member of the Nomination Committee on 2 January 2015.

6. Mr. SHI Lanjiang resigned as a member of the Nomination Committee on 9 December 2014.

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	1,000
Non-audit services:	
Taxation	8

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 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 his 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.

Constitutional Documents

During the year ended 31 December 2014, there were no changes to the Memorandum of Association and Bye-laws of the Company. An up-to-date consolidated version of the Memorandum of Association and Bye-laws of the Company is available on the websites of the Company and the Stock Exchange.

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 directors of Cypress Jade Agricultural Holdings Limited (the "Company") presents their report and the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is as an investment holding company. The principal activities and other particulars of its subsidiaries as at 31 December 2014 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 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 32 to 95.

The Board does not recommend the payment of any dividend for the year ended 31 December 2014 to the holders of both ordinary shares and preference shares of the Company (2013: 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 96.

BORROWINGS

Details of borrowings during the year are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 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 28 to the consolidated financial statements and the consolidated statement of changes in equity on page 36, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company did not have any reserves available for distribution, as computed in accordance with the Companies Act 1981 of Bermuda (2013: Nil). The Company's share premium account of approximately HK$104,756,000 (2013: HK$100,100,000) 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 19.49% and 59.81%, 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 27.24% and 71.86%, 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. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer)* (Note 1)
Mr. TSANG King Sun (Note 2)
Mr. YANG Jianzun
Mr. YUEN Wai Chung (Note 3)
Mr. SHI Lanjiang (Note 4)
Ms. YAU Fai San (Note 5)
Mr. CHU Yuet Chung (Note 6)

Independent Non-Executive Directors

Mr. CHAN Loong Sang, Tommy
Ms. TANG Shui Man (Note 7)
Mr. LI Shaohua (Note 8)
Ms. DIAO Hong (Note 8)
Mr. WU Wai Chung, Michael (Note 9)
Mr. YAU Yik Ming Leao (Note 1)
Mr. YUEN Wai Chung (Note 3)

Notes:

1. Mr. YAU Yik Ming Leao was appointed as an Independent Non-Executive Director of the Company on 4 July 2014. Mr. Yau was re-designated as an Executive Director and Deputy Chairman of the Company on 9 December 2014 and was appointed as Chief Executive Officer of the Company on 2 January 2015.

2. Mr. TSANG King Sun was appointed as Executive Director on 9 December 2014.

3. Mr. YUEN Wai Chung was re-designated as an Executive Director and Chief Executive Officer of the Company on 15 April 2014 and resigned as an Executive Director and Chief Executive Officer of the Company on 2 January 2015.

4. Mr. SHI Lanjiang was re-designated as Duputy Chairman of the Board on 15 April 2014 and resigned as Deputy Chairman of the Board and Executive Director on 9 December 2014.

5. Ms. YAU Fai San resigned as Executive Director of the Company on 9 December 2014.

6. Mr. CHU Yuet Chung resigned as Executive Director of the Company on 1 May 2014.

7. Ms. TANG Shui Man was appointed as an Independent Non-Executive Director of the Company on 9 December 2014.

8. Mr. LI Shaohua and Ms. DIAO Hong were appointed as an Independent Non-Executive Director of the Company on 2 January 2015.

9. Mr. WU Wai Chung, Michael resigned as an Independent Non-Executive Director and Chairman of the Company on 2 January 2015.

Biographical details of Directors and senior management of the Company are set out on pages 12 to 13.

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 102 of the Bye-Laws, Mr. YAU Yik Ming Leao, Mr. TSANG King Sun, Ms. TANG Shui Man, Mr. LI Shaohua and Ms. DIAO Hong 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. 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 29, no other contract of significance, to which the Company, any of its subsidiaries, fellow 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 2014, 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
YAU Yik Ming Leao	Beneficial owner	Ordinary share	400,000,000	10.55%
YANG Jianzun	Beneficial owner	Ordinary share	133,912,334	3.53%

Save as disclosed above, as at 31 December 2014, 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 133,912,334 ordinary shares of HK$0.01 each to Mr. Yang Jianzun 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 2014, 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
Asiacorp International Holdings Ltd (Note 1)	Beneficial owner	Ordinary share	400,000,000	10.55%
Cypress Group Holdings Limited (Note 2)	Beneficial owner	Ordinary share	230,769,230	6.09%
Comtax Nominees Limited	Beneficial owner	Ordinary share	211,632,728	5.58%
Yau Yik Ming Leao (Note 1)	Interest of controlled corporation	Ordinary share	400,000,000	10.55%
Yin Yingneng Richard (Note 2)	Beneficial owner and interest of controlled corporation	Ordinary share	272,033,230	7.17%
Wang Yi	Beneficial owner	Ordinary share	250,000,000	6.59%
Wanthorpe Group Limited (Note 2)	Interest of controlled corporation	Ordinary share	230,769,230	6.09%

Notes:

1. Asiacorp International Holdings Ltd is wholly beneficially owned by Mr. Yau Yik Ming Leao, executive Director.

2. Cypress Jade Group Holdings Limited (Cypress Jade Group") is wholly owned by Wanthorpe Group. Mr. Yin is ultimate beneficial owner of Wanthorpe Group and Mr. Yin were therefore deemed to have an interest in the shares in which Cypress Jade Group was interested.

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 2014.

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 2014, there was no outstanding option. Details of the Scheme is set out in note 26 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.

CONNECTED TRANSACTIONS

Material related party transactions entered into by the Group during the year ended 31 December 2014, 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 34 to the consolidated financial statements.

As disclosed in the announcements of the Company dated 22 January 2014 and 25 March 2014, and the circular of the Company dated 26 February 2014 respectively, 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 share (the "Subscription"). The Subscription, is detailed in note 25 to the financial statements, and the transactions contemplated thereunder constitute a non-exempted connected transaction under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE PRACTICE

A report on the corporate governance practices of the Company is set out on pages 14 to 23 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.

AUDITORS

Mabel Chan & Co. retire and, being eligible, offer themselves for re-appointment as auditors 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 Tuesday, 9 June 2015 to Friday, 12 June 2015, 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 2015 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, Hong Kong for registration by no later than 4:30 p.m. on Monday, 8 June 2015.

On behalf of the Board

YAU Yik Ming Leao
Deputy Chairman

Hong Kong, 23 March 2015

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) 21229736 Fax: (852) 21809163

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 32 to 95, which comprise the consolidated and company statements of financial position as at 31 December 2014, 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 2014, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 3 to the consolidated financial statements which indicates that net current liabilities of the Group and the Company amounted to approximately HK$78,527,000 and HK$9,306,000 respectively. These conditions, along with other matters as set forth in note 3, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability as a going concern.

Mabel Chan & Co.
Certified Public Accountants
Hong Kong, 23 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	4	**213,491**	268,423
Cost of sales		**(167,462)**	(186,364)
Gross profit		**46,029**	82,059
Other income and gains	4	**10,410**	8,755
Gain/(loss) arising from changes in fair value less estimated costs to sell of biological assets		**1,237**	(1,477)
Selling and distribution expenses		**(61,372)**	(70,058)
Administrative expenses		**(48,230)**	(50,193)
Other operating expenses	5	**(105,847)**	(23,968)
Finance costs	6	**(6,409)**	(4,301)
Loss before tax	7	**(164,182)**	(59,183)
Income tax credit	10	**13**	354
Loss for the year		**(164,169)**	(58,829)
Attributable to:			
Equity shareholders of the Company	11	**(164,169)**	(58,829)
Loss per share attributable to ordinary equity shareholders	12		
Basic and diluted (HK cents)		**(6.29)**	(3.37)
Loss for the year		**(164,169)**	(58,829)
Other comprehensive (expense)/income			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(3,180)**	5,845
Total comprehensive expense for the year		**(167,349)**	(52,984)
Attributable to:			
Equity shareholders of the Company		**(167,349)**	(52,984)

The notes on pages 39 to 95 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	14	**139,623**	211,743
Construction in progress	15	**2,736**	5,036
Goodwill	16	**–**	29,580
Total non-current assets		**142,359**	246,359
Current assets			
Inventories	18	**4,435**	8,004
Biological assets	19	**4,625**	5,430
Trade and other receivables	20	**12,855**	48,589
Current tax recoverable		**76**	566
Cash and cash equivalents	21	**10,098**	14,811
Total current assets		**32,089**	77,400
Current liabilities			
Trade and other payables	22	**47,210**	53,280
Interest-bearing bank and other borrowings	23	**63,166**	75,670
Obligation under a finance lease	24	**240**	64
Total current liabilities		**110,616**	129,014
Net current liabilities		**(78,527)**	(51,614)
Total assets less current liabilities		**63,832**	194,745
Equity			
Share capital	27	**37,950**	37,606
Reserves		**(17,867)**	134,892
Total equity		**20,083**	172,498

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Government grants	22	**22,556**	22,247
Convertible bonds	25	**20,836**	–
Obligation under a finance lease	24	**357**	–
Total non-current liabilities		**43,749**	22,247
		63,832	194,745

Approved and authorised for issue by the board of directors on 23 March 2015.

Yau Yik Ming Leao
Deputy Chairman

Tsang King Sun
Director

The notes on pages 39 to 95 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	14	**176**	536
Interests in subsidiaries	17	**50,080**	224,513
Total non-current assets		**50,256**	225,049
Current assets			
Other receivables	20	**700**	1,046
Cash and cash equivalents	21	**140**	10
Total current assets		**840**	1,056
Current liabilities			
Other payables	22	**2,646**	2,359
Other borrowings	23	**7,500**	8,000
Total current liabilities		**10,146**	10,359
Net current liabilities		**(9,306)**	(9,303)
Total assets less current liabilities		**40,950**	215,746
Equity			
Share capital	27	**37,950**	37,606
Reserves	28	**(17,836)**	173,756
Total equity		**20,114**	211,362
Non-current liabilities			
Amounts due to subsidiaries	22	**–**	4,384
Convertible bonds	25	**20,836**	–
Total non-current liabilities		**20,836**	4,384
		40,950	215,746

Approved and authorised for issue by the board of directors on 23 March 2015.

Yau Yik Ming Leao
Deputy Chairman

Tsang King Sun
Director

The notes on pages 39 to 95 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to equity shareholders						
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
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 expense 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	5,544	–	–	–	–	–	5,544
Issue of preference shares	7,150	100,100	–	–	–	–	107,250
Conversion of preference shares to ordinary shares	(5,544)	–	–	–	–	–	(5,544)
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
At 1 January 2014	**37,606**	**100,100**	**59,500**	**–**	**7,210**	**(31,918)**	**172,498**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(164,169)**	**(164,169)**
Other comprehensive expense for the year:							
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(3,180)**	**–**	**(3,180)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(3,180)**	**(164,169)**	**(167,349)**
Issue of ordinary shares	**18,243**	**–**	**–**	**–**	**–**	**–**	**18,243**
Issue of new shares	**344**	**4,656**	**–**	**–**	**–**	**–**	**5,000**
Issue of convertible bonds	**–**	**–**	**–**	**9,934**	**–**	**–**	**9,934**
Conversion of preference shares to ordinary shares	**(18,243)**	**–**	**–**	**–**	**–**	**–**	**(18,243)**
Balance at 31 December 2014	**37,950**	**104,756**	**59,500**	**9,934**	**4,030**	**(196,087)**	**20,083**

The notes on pages 39 to 95 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Loss before tax	**(164,182)**	(59,183)
Adjustments for:		
Amortisation of government grants	**(3,218)**	(3,268)
Government grants	**(1,716)**	(3,096)
Bad debts written-off	**320**	–
Depreciation	**22,017**	19,637
Finance costs	**6,409**	4,301
Interest income	**(29)**	(37)
Loss on disposal of items of property, plant and equipment	**2,292**	127
Impairment of biological assets	**–**	885
Impairment of goodwill	**29,580**	2,098
Impairment of property, plant and equipment	**61,079**	16,023
Impairment of inventories	**1,231**	–
Impairment of trade receivables	**1,468**	1,491
Impairment of other receivables	**7,309**	244
(Gain)/loss on changes in fair value less estimated costs to sell of biological assets	**(1,237)**	1,477
Reversal of impairment of trade receivables	**(824)**	(222)
Operating cash flows before changes in working capital	**(39,501)**	(19,523)
Decrease/(increase) in biological assets	**1,357**	(3,078)
Decrease/(increase) in inventories	**2,485**	(2,625)
Decrease in trade and other receivables	**27,555**	8,453
(Decrease)/increase in trade and other payables	**(7,576)**	8,434
Cash used in operations	**(15,680)**	(8,339)
Interest received	**29**	37
Interest paid	**(5,344)**	(4,115)
Hong Kong profits tax paid	**(140)**	(1,056)
Hong Kong profits tax refunded	**643**	665
Net cash used in operating activities	**(20,492)**	(12,808)

	2014 HK$'000	2013 HK$'000
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(1,633)**	(7,456)
Proceeds from disposal of items of property, plant and equipment	**67**	7
Receipt of government grants	**6,123**	3,095
Additions to construction in progress	**(13,491)**	(35,991)
Net cash used in investing activities	**(8,934)**	(40,345)
Cash flows from financing activities		
Inception of new bank and other borrowings	**77,471**	89,901
Repayment of bank and other borrowings	**(68,322)**	(40,436)
Proceeds from issue of shares	**5,000**	–
Proceeds from issue of convertible bonds	**9,705**	–
Capital element of finance lease rental payments	**(200)**	(147)
Net cash generated from financing activities	**23,654**	49,318
Net decrease in cash and cash equivalents	**(5,772)**	(3,835)
Cash and cash equivalents at beginning of year	**14,811**	18,810
Effect of foreign exchange rate changes, net	**1,059**	(164)
Cash and cash equivalents at end of year	**10,098**	14,811
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**10,098**	14,811

The notes on pages 39 to 95 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

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 (together 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.

2.1 BASIC OF PREPARATION

These consolidated financial statements have been prepared under the historical cost basis except for biological asset which has been measured at fair value less estimated 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 interpretation) 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Other than explained below regarding the impact of HKFRS 10, HKAS 32, HKAS 39 and HK(IFRIC)-Int 21, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) 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 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 amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) 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 have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018 (tentatively)
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (CONTINUED)

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (CONTINUED)

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. 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 ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

(c) 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.

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 operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises *(only if there are revalued assets in the financial statements)*, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(e) 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;

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Related parties (continued)

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

(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).

(f) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost 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
Furniture and fixtures	10% to 33%
Leasehold land and buildings	Over the shorter of the lease term of 20 years
Leasehold improvements	Over the shorter of the lease terms or 5% or 20%
Motor vehicles	20%
Office equipments	20% to 33%
Plant, machinery and equipment	10% to 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

(i) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

(j) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 or loans and borrowings, 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial liabilities (continued)

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The interest expense recognised in the statement of profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bonds reserve until either the bond is converted or redeemed.

If the bond is converted, the convertible bonds reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued if the bond is redeemed, the convertible bonds reserve is released directly to accumulated losses.

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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 any estimated costs to be incurred to completion and disposal.

(o) 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 the statement of profit or loss.

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, 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.

(q) 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 short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, 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.

(r) 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, in which case they are stated at cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) 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 and accordingly dividends thereon are recognised on an accrual basis in the statement of profit or loss as part of finance costs.

(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) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax labilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(w) 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.

There were no unfulfilled conditions or contingencies and no significant decreases expected relating to these grants.

(x) 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 is recognised on a time proportion basis over the lease terms;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue recognition (continued)

(d) Interest income is recognised 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 basis.

(y) Other employee benefits

Pension scheme

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

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charges to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(z) 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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates 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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified from equity to the statement of profit or loss.

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.

(aa) 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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Going Concern

The Group and the Company incurred loss attributable to equity shareholders of the Company of approximately HK$164,169,000 (2013:HK$58,829,000) and HK$206,182,000 (2013:HK$11,492,000) for the year ended 31 December 2014 respectively. As at 31 December 2014, the Group and the Company had net current liabilities of approximately HK$78,527,000 (2013:HK$51,614,000) and HK$9,306,000 (2013:HK$9,303,000). Total equity of the Group and the Company were approximately HK$20,083,000 (2013:HK$172,498,000) and HK$20,114,000 (2013: HK$211,362,000) 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) 506,557,866 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the subscriber on 19 January 2015 with net proceeds of approximately HK$34.65 million for general working capital of the Group.

(ii) A special general meeting of the Company was held on 24 March 2015 to seek refreshment of the general mandate for the Directors to allot and issue new shares not exceeding 20% of the issued share capital of the Company by passing of such resolution by the independent shareholders of the Company. Based on successful placing, a maximum number of 863,017,507 shares will be issued.

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 2014.

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.

(b) 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. As at 31 December 2014 and 31 December 2013, the carrying amounts of property, plant and equipment are approximately HK$139,623,000 and HK$211,743,000 respectively.

(c) 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 2014, the carrying amount of goodwill was HK$Nil (2013: HK$29,580,000) (net of accumulated impairment losses of HK$31,678,000 (2013: HK$2,098,000)). Details of impairment testing on goodwill are set out in Note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(d) 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.

(e) Valuation of biological assets

The Group carries its biological assets at fair value less estimated 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 AND GAINS

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 and gains for the year is as follows:

	2014 **HK$'000**	2013 HK$'000
Revenue from sale of agricultural produce	**213,491**	268,423
Other income and gains		
Bank interest income	**29**	37
Commission received	**–**	240
Foreign exchange differences, net	**–**	308
Amortisation of government grants	**3,218**	3,268
Government grants	**1,716**	3,096
Rental income	**3,862**	540
Reversal of impairment of trade receivables	**824**	222
Sundry income	**761**	1,044
	10,410	8,755
Total revenue	**223,901**	277,178

5. OTHER OPERATING EXPENSES

An analysis of other operating expenses is as follows:

	2014 **HK$'000**	2013 HK$'000
Bad debts written-off	**320**	–
Foreign exchange differences, net	**825**	–
Impairment of biological assets (Note 19)	**–**	885
Impairment of goodwill (Note 16)	**29,580**	2,098
Impairment of inventories	**1,231**	–
Impairment of other receivables (Note 20)	**7,309**	244
Impairment of property, plant and equipment (Note 14)	**61,079**	16,023
Impairment of trade receivables (Note 20)	**1,468**	1,491
Loss on disposal of items of property, plant and equipment	**2,292**	127
Others	**1,743**	3,100
	105,847	23,968

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 **HK$'000**	2013 HK$'000
Interest on bank loans wholly repayable within five years	**4,884**	3,966
Interest on other loans	**23**	96
Imputed interest expense on Convertible Bonds (Note 25)	**1,297**	–
Others	**205**	239
	6,409	4,301

7. LOSS BEFORE TAX

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

	2014 HK$'000	2013 HK$'000
Employee benefit expense (excluding directors' remuneration (Note 8)):		
– Wages and salaries	**69,524**	72,471
– Contributions to defined contribution retirement plan	**2,070**	2,159
	71,594	74,630
Auditor's remuneration		
– Audit fee	**1,000**	1,200
– Other services	**8**	51
Bad debts written-off	**320**	–
Cost of inventories recognised as an expense	**147,670**	165,439
Depreciation:		
– on owned assets	**21,969**	19,530
– on leased assets	**48**	107
Foreign exchange differences, net	**825**	(308)
Impairment of biological assets (Note 19)	**–**	885
Impairment of goodwill (Note 16)	**29,580**	2,098
Impairment of inventories	**1,231**	–
Impairment of other receivables (Note 20)	**7,309**	244
Impairment of property, plant and equipment (Note 14)	**61,079**	16,023
Impairment of trade receivables (Note 20)	**1,468**	1,491
Loss on disposal of property, plant and equipment	**2,292**	127
Minimum lease payments under operating leases	**21,022**	18,056
(Gain)/loss on changes in fair value less estimated costs to sell of biological assets (Note 19)	**(1,237)**	1,477
Reversal of impairment of trade receivables (Note 20)	**(824)**	(222)

8. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Fees	**1,241**	1,372
Other emoluments:		
Salaries, allowances and benefits in kind	**4,812**	5,883
Pension scheme contributions	**137**	130
	4,949	6,013
	6,190	7,385

2014

	Fees	Salaries, allowances and benefits	Contributions to retirement scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Mr. CHU Yuet Chung (Note 1)	–	400	5	405
Mr. YANG Jianzun	–	1,240	51	1,291
Mr. SHI Lanjiang (Note 2)	–	1,240	51	1,291
Ms. YAU Fai San (Note 3)	–	866	17	883
Mr. YUEN Wai Chung (Note 4)	–	936	13	949
Mr. TSANG King Sun (Note 5)	–	63	–	63
Mr. YAU Yik Ming, Leao (Note 7)	–	67	–	67
Independent Non-Executive Directors				
Mr. WU Wai Chung, Michael	900	–	–	900
Mr. CHAN Loong Sang, Tommy (Note 6)	192	–	–	192
Mr. YUEN Wai Chung (Note 4)	55	–	–	55
Mr. YAU Yik Ming, Leao (Note 7)	83	–	–	83
Ms. TANG Shui Man (Note 8)	11	–	–	11
	1,241	4,812	137	6,190

8. DIRECTORS' EMOLUMENTS (CONTINUED)

2013

	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 9)	–	654	8	662
Mr. CHU Yuet Chung (Note 1)	–	1,410	15	1,425
Mr. YANG Jianzun	–	1,443	42	1,485
Mr. SHI Lanjiang (Note 2)	–	1,396	50	1,446
Ms. YAU Fai San (Note 3)	–	980	15	995
Non-Executive Directors				
Mr. JI Xiang (Note 10)	4	–	–	4
Mr. CHEUNG Yu Yan, Tommy, *J.P.* (Note 11)	57	–	–	57
Independent Non-Executive Directors				
Mr. WU Wai Chung, Michael	900	–	–	900
Mr. CHEUNG Yu Yan, Tommy, *J.P.* (Note 11)	48	–	–	48
Ms. NG Yi Kum, Estella (Note 12)	84	–	–	84
Professor Japhet Sebastian LAW (Note 13)	105	–	–	105
Mr. Chan Loong Sang, Tommy (Note 6)	87	–	–	87
Mr. YUEN Wai Chung (Note 4)	87	–	–	87
	1,372	5,883	130	7,385

Notes:

1) Resigned on 1 May 2014.

2) Re-designated as Deputy Chairman of the Board on 15 April 2014 and resigned as Deputy Chairman of the Board and Executive Director on 9 December 2014.

3) Resigned on 9 December 2014.

4) Re-designated as an Executive Director and Chief Executive Officer of the Group on 15 April 2014 and resigned as an Executive Director and Chief Executive Officer of the Group on 2 January 2015.

5) Appointed as an Executive Director of the Board on 9 December 2014.

6) Appointed on 18 July 2013.

7) Appointed as an Independent Non-Executive Director of the Board on 4 July 2014. Re-designated as Executive Director and Deputy Chairman of the Board on 9 December 2014 and was appointed as Chief Executive Officer of the Company on 2 January 2015.

8) Appointed as an Independent Non-Executive Director on 9 December 2014.

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

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

11) Re-designated from Independent Non-Executive Director to Non-Executive Director on 1 April 2013 and resigned on 18 July 2013.

12) Resigned on 7 June 2013.

13) Resigned on 18 July 2013.

14) 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 26 to the consolidated financial statements.

9. FIVE HIGHEST-PAID EMPLOYEES

The five highest paid employees during the year included four directors (2013: five directors), details of whose remuneration are set out in Note 8 above. Details of the remuneration of the year of the remaining one (2013: none) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,029**	–
Pension scheme contributions	**17**	–
	1,046	–

During both years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group as compensation for loss of office.

10. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 PRC subsidiaries engaged in qualifying agricultural business, which includes growing, processing and selling of vegetables, are entitled to full exemption of enterprise income tax.

	2014	2013
	HK$'000	HK$'000
Group:		
Current tax – Hong Kong profits tax		
Charge for the year	**–**	78
Over-provision in prior years	**(13)**	(153)
Under-provision in prior year	**–**	9
	(13)	(66)
Current tax – PRC enterprise income tax		
Over-provision in prior years	**–**	(288)
Tax credit for the year	**(13)**	(354)

10. INCOME TAX CREDIT (CONTINUED)

A reconciliation between taxation and loss before tax at applicable tax rates is as follows:

	2014 HK$'000	2013 HK$'000
Loss before tax	**(164,182)**	(59,183)
Notional tax on loss before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned	**(36,088)**	(13,284)
Net tax effect of expense and income that are not deductible and taxable in determining taxable profits and tax allowances	**31,701**	12,721
Tax effect of unrecognised tax losses	**4,592**	3,517
Tax effect of (loss)/profit exempted from income tax as a result of tax benefits	**–**	(2,876)
Adjustments in respect of current tax in previous year	**(13)**	(432)
Utilisation of tax losses	**(205)**	–
Tax credit for the year	**(13)**	(354)

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company for the year ended 31 December 2014 includes a loss of approximately HK$206,182,000 (2013: HK$11,492,000), which has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculations of basic and diluted loss per share attributable to equity shareholders of the Company are based on the following data:

	2014 HK$'000	2013 HK$'000
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**(164,169)**	(58,829)
Imputed interest on convertible bonds	**1,297**	–
Loss for the purpose of calculating diluted loss per share	**(162,872)**	(58,829)

	Number of shares	
	2014	2013
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**2,612,028,731**	1,747,192,065
Effect of Class A preference shares issued by the Company	**–**	930,000,000
Effect of Class B preference shares issued by the Company	**3,030,000**	–
Effect of convertible bonds issued by the Company	**178,292,939**	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**2,793,351,670**	2,677,192,065

Diluted loss per share attributable to owners of the Company for the years ended 31 December 2014 and 2013 is the same as the respective basic loss per share because conversion of convertible bonds and/or preference shares would decrease the loss per share.

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:

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 2. 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	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:						
External sales	**–**	–	**213,491**	268,423	**213,491**	268,423
Inter-segment sales	**–**	–	**–**	–	**–**	–
Total revenue	**–**	–	**213,491**	268,423	**213,491**	268,423
Results:						
Loss before tax	**(47,659)**	(16,567)	**(116,523)**	(42,616)	**(164,182)**	(59,183)
Income tax credit	**–**	–	**13**	354	**13**	354
Loss for the year	**(47,659)**	(16,567)	**(116,510)**	(42,262)	**(164,169)**	(58,829)
Other segment information:						
Amortisation of government grants	**–**	–	**(3,218)**	(3,268)	**(3,218)**	(3,268)
Government grants	**–**	–	**(1,716)**	(3,096)	**(1,716)**	(3,096)
Bad debts written-off	**–**	–	**320**	–	**320**	–
Capital expenditure	**8**	23	**15,128**	4,222	**15,136**	4,245
Depreciation	**507**	503	**21,510**	19,134	**22,017**	19,637
Interest expense	**1,388**	186	**5,021**	4,115	**6,409**	4,301
Interest income	**–**	–	**(29)**	(37)	**(29)**	(37)
Impairment of biological assets	**–**	–	**–**	885	**–**	885
Impairment of goodwill	**29,580**	2,098	**–**	–	**29,580**	2,098
Impairment of property, plant and equipment	**–**	–	**61,079**	16,023	**61,079**	16,023
Impairment of inventories	**–**	–	**1,231**	–	**1,231**	–
Impairment of trade receivables	**–**	–	**1,468**	1,491	**1,468**	1,491
Impairment of other receivables	**–**	–	**7,309**	244	**7,309**	244
Reversal of allowance for impairment of trade receivables	**–**	–	**(824)**	(222)	**(824)**	(222)

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

13. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities (continued)

	Assets holding Year ended 31 December		Agricultural produce Year ended 31 December		Total Year ended 31 December	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Assets:						
Segment assets	**1,583**	2,211	**172,865**	291,968	**174,448**	294,179
Corporate and other unallocated corporate assets	**–**	29,580	**–**	–	**–**	29,580
Total assets	**1,583**	31,791	**172,865**	291,968	**174,448**	323,759
Liabilities:						
Segment liabilities	**31,100**	10,557	**123,265**	140,704	**154,365**	151,261
Total liabilities	**31,100**	10,557	**123,265**	140,704	**154,365**	151,261

(b) Geographical information

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

	2014 HK$'000	2013 HK$'000
Revenue		
– Hong Kong	**145,636**	160,401
– Mainland China	**67,855**	108,022
	213,491	268,423
Non-current assets other than goodwill		
Property, plant and equipment		
– Hong Kong	**1,153**	1,551
– Mainland China	**138,470**	210,192
Construction in progress		
– Mainland China	**2,736**	5,036
	142,359	216,779

13. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Information about major customers

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

	2014 **HK$'000**	2013 HK$'000
Customer A	**41,604**	49,385
Customer B	**29,802**	41,108
Customer C	**23,870**	32,934

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Building HK$'000	(Note a) Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	(Note b) Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost:								
At 1 January 2013	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	–
Additions	–	–	121	955	273	2,791	105	4,245
Addition through acquisition	–	–	–	326	136	7,908	–	8,370
Transferred from construction in progress	2,652	–	1,679	34	–	35,212	–	39,577
Disposals	–	–	(121)	(45)	–	–	(6)	(172)
Exchange realignment	892	451	58	129	171	6,725	35	8,461
At 31 December 2013	28,149	11,293	5,434	3,612	5,382	210,081	1,162	265,113
Reclassification	483	–	–	51	–	(454)	(80)	–
Additions	11	–	–	90	731	1,472	63	2,367
Transferred from construction in progress	3,879	–	–	61	–	11,731	–	15,671
Disposals	(384)	–	(1,385)	(207)	(1,496)	(6,143)	(75)	(9,690)
Exchange realignment	(716)	(283)	(94)	(78)	(112)	(5,282)	(25)	(6,590)
At 31 December 2014	31,422	11,010	3,955	3,529	4,505	211,405	1,045	266,871

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

	Building HK$'000	(Note a) Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	(Note b) Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Accumulated depreciation and impairment:								
At 1 January 2013	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
Impairment (Notes 5 & 7)	4,430	–	–	24	45	11,513	11	16,023
Written back on disposals	–	–	(30)	(7)	–	–	(1)	(38)
Exchange realignment	97	24	388	(355)	47	516	14	731
At 31 December 2013	7,376	1,155	1,097	1,458	2,604	39,070	610	53,370
Reclassification	13	–	–	51	–	(1)	(63)	–
Charge for the year	1,587	563	629	909	1,022	16,773	145	21,628
Impairment (Notes 5 & 7)	7,465	1,374	314	366	109	51,345	106	61,079
Written back on disposals	(64)	–	(508)	(145)	(933)	(5,587)	(52)	(7,289)
Exchange realignment	(211)	(35)	(3)	(33)	(55)	(1,189)	(14)	(1,540)
At 31 December 2014	16,166	3,057	1,529	2,606	2,747	100,411	732	127,248
Carrying amount:								
At 31 December 2014	15,256	7,953	2,426	923	1,758	110,994	313	139,623
At 31 December 2013	20,773	10,138	4,337	2,154	2,778	171,011	552	211,743

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss

During the year, the Group assessed the recoverable amounts of those property, plant and equipment and as a result the carrying amount of those assets written down to their recoverable amount of approximately HK$139,623,000. An impairment loss of approximately HK$61,079,000 was recognised in other operating expenses. The estimates of recoverable amount were based on the value in use of the assets.

Depreciation charge for the year is analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Charge to profit or loss	**22,017**	19,637
Capitalised as biological assets	**–**	134
Released from biological assets	**(389)**	–
	21,628	19,771

Note a: 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$7,953,000 (2013: HK$10,138,000) are held in the PRC on medium lease and have been pledged to secure banking facilities granted to the Group (Note 23).

Note b: The carrying amount of motor vehicles held under a finance lease at 31 December 2014 was approximately HK$673,000 (2013: HK$241,000).

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company

	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost:				
At 1 January 2013, 31 December 2013 and 31 December 2014	1,079	3	58	1,140
Accumulated depreciation:				
At 1 January 2013	183	3	58	244
Charge for the year	360	–	–	360
At 31 December 2013	543	3	58	604
Charge for the year	360	–	–	360
At 31 December 2014	903	3	58	964
Carrying amount:				
At 31 December 2014	176	–	–	176
At 31 December 2013	536	–	–	536

15. CONSTRUCTION IN PROGRESS

	The Group HK$'000
Cost:	
At 1 January 2013	8,284
Additions	35,991
Transferred to property, plant and equipment	(39,577)
Exchange realignment	338
At 31 December 2013	5,036
Additions	13,491
Transferred to property, plant and equipment	(15,671)
Exchange realignment	(120)
At 31 December 2014	2,736

16. GOODWILL

	The Group HK$'000
Cost:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	31,678
Impairment:	
At 1 January 2013	–
Impairment during the year (Notes 5 & 7)	2,098
At 31 December 2013	2,098
Impairment during the year (Notes 5 & 7)	29,580
At 31 December 2014	31,678
Carrying amount:	
At 31 December 2014	–
At 31 December 2013	29,580

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 year end allocated to these units are as follows:

	2014 **HK$'000**	2013 HK$'000
Natural Farm Limited ("Natural Farm")	–	18,855
Polygold Food Limited ("Polygold")	–	10,725
Modern Excellence Limited ("Modern Excellence")	–	–
	–	29,580

During the year ended 31 December 2014, impairment losses of approximately HK$18,855,000 and HK$10,725,000 have been recognised in respect of the goodwill arising from the acquisition of Natural Farm and Polygold respectively due to continuing losses in recent years. 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 in 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$29,580,000 (2013: HK$2,098,000) in relation to goodwill arising on acquisition of Natural Farm and Polygold (2013: 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 Natural Farm and Polygold (2013: 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 0% (2013: 5%) and 10% (2013: 10%) respectively. The discount rate used is pre-tax and reflects specific risks relating to that business.

17. INTEREST IN SUBSIDIARIES

	The Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries (Note)	**245,737**	224,512
	245,738	224,513
Impairment loss	**(195,658)**	–
	50,080	224,513

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 2014 and 2013, 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
First Novel Limited ("First Novel")	BVI	HK	US$2	100	–	Investment holding
Cypress Jade Management Services Limited ("Cypress Jade Management")	BVI	HK	US$2	–	100	Management services
Modern Excellence Limited	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

17. INTEREST 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
Hong Kong Congyu Development Co. Limited ("HK Congyu")	HK	HK	HK$1	–	100	Investment holding
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 ("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

17. INTEREST 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
Guangzhou Cypress Jade Vegetable Cultivation Development Company Limited*	PRC	PRC	RMB 1,000,000	–	100	Growing, processing and selling vegetables
Natural Farm Limited	HK	HK	HK$2	–	100	Selling vegetables
Luliang Natural Farm Food Company Limited ("Luliang NF")*	PRC	PRC	US$700,000	–	100	Growing, processing and selling vegetables
Polygold Food Limited	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 12 November 2014.

18. INVENTORIES

	The Group 2014 HK$'000	The Group 2013 HK$'000
Agricultural materials	**2,255**	4,087
Consumables	**1,904**	2,953
Merchandise for resale	**276**	964
	4,435	8,004

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	
	2014	2013
	HK$'000	HK$'000
At 1 January	**5,430**	4,396
Increase due to plantation	**84,869**	86,346
Impairment loss (Notes 5 & 7)	**–**	(885)
Decrease due to harvest	**(86,776)**	(83,134)
Gain/(loss) arising from changes in fair value less estimated costs to sell (Note 7)	**1,237**	(1,477)
Exchange realignment	**(135)**	184
At 31 December	**4,625**	5,430

Biological assets were vegetables stated at fair value less estimated 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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**9,339**	30,135	**–**	–
Impairment	**(1,960)**	(1,645)	**–**	–
	7,379	28,490	**–**	–
Other receivables	**8,704**	14,320	**209**	237
Impairment	**(7,545)**	(244)	**–**	–
	1,159	14,076	**209**	237
Deposits and prepayments	**4,317**	6,023	**491**	809
	12,855	48,589	**700**	1,046

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Current	**6,496**	11,013
61–120 days	**610**	1,565
Over 120 days	**273**	15,912
	7,379	28,490

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

	The Group	
	2014	2013
	HK$'000	HK$'000
Less than 60 days past due	**610**	1,565
Over 60 days past due	**273**	15,912
	883	17,477

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

The movements in impairment of trade receivables are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Balance at 1 January	**1,645**	360
Impairment losses recognised (Notes 5 & 7)	**1,468**	1,491
Reversal of impairment loss (Note 7)	**(824)**	(222)
Uncollectible amounts written off	**(318)**	–
Exchange realignment	**(11)**	16
Balance at 31 December	**1,960**	1,645

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the above impairment of trade receivables for the year are individually impaired trade receivables with a balance of approximately HK$1,468,000 (2013: HK$1,491,000) 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 impairment of other receivables are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Balance at 1 January	**244**	–
Impairment losses recognised (Notes 5 & 7)	**7,309**	244
Exchange realignment	**(8)**	–
Balance at 31 December	**7,545**	244

Included in the above impairment of other receivables for the year are individually impaired other receivables with a balance of approximately HK$7,309,000 (2013: HK$244,000) 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. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances	**9,877**	14,211	**140**	10
Cash on hand	**221**	600	**–**	–
	10,098	14,811	**140**	10

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$9,637,000 (2013: HK$12,995,000). 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.

21. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances is deposited with creditworthy banks with no recent history of default.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (Note (a) and (b))	**23,737**	18,409	**–**	–
Other payables and accruals (Note (b))	**20,313**	31,964	**2,646**	2,359
Amounts due to subsidiaries (Note (c))	**–**	–	**–**	4,384
Government grants (Note (d))	**25,716**	25,154	**–**	–
	69,766	75,527	**2,646**	6,743

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**47,210**	53,280	**2,646**	2,359
Non-current – Government grants (Note (d))	**22,556**	22,247	**–**	–
– Amounts due to subsidiaries (Note (c))	**–**	–	**–**	4,384
	69,766	75,527	**2,646**	6,743

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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
0–60 days	**10,158**	14,923	**–**	–
61–120 days	**8,820**	2,565	**–**	–
Over 120 days	**4,759**	921	**–**	–
	23,737	18,409	**–**	–

22. TRADE AND OTHER PAYABLES (CONTINUED)

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 were unsecured, interest-free and non-repayable within the next twelve months.

(d) Government grants were grants received from PRC Government related to the construction of qualifying assets by subsidiaries which have not released to the statement of Profit or Loss.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	The Group		The Company	
	2014	2013	**2014**	2013
	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	**–**	–
3-year bank loan of RMB11,000,000 (2013: RMB15,000,000) – fully repayable in 2016 (Note (b))	**13,727**	19,200	**–**	–
1-year bank loan of RMB10,000,000 – fully repayable in February 2015 (Note (c))	**12,479**	12,800	**–**	–
Revolving bank loan of RMB22,530,000 (2013: RMB26,460,000) (Note (d))	**28,115**	33,869	**–**	–
Other loans, unsecured (Note (e))	**1,345**	1,380	**–**	–
Other loan from a related party, unsecured (Note (f))	**–**	5,000	**–**	5,000
Other loan from an independent third party, unsecured (Note (g))	**7,500**	3,000	**7,500**	3,000
	63,166	75,670	**7,500**	8,000
Less: current portion	**63,166**	75,670	**7,500**	8,000
Non-current portion	**–**	–	**–**	–

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

The borrowings are repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
On demand or within one year	**49,439**	56,470	**7,500**	8,000
More than one year, but not exceeding two years	**13,727**	–	**–**	–
More than two years, but not exceeding five years	**–**	19,200	**–**	–
	63,166	75,670	**7,500**	8,000

Notes:

(a) The bank loan was guaranteed by an ex-director of the Company and his spouse and was repayable by equal instalments. The loan interest was charged at prime rate minus 1% per annum and was fully repaid in April 2014.

(b) The bank loan is unsecured. The loan interest is charged at prevailing rate quoted by the People's Bank of China plus 20% to 25% of prevailing rate and repayable within three years.

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

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

(e) Other loan is unsecured, interest-free and has no fixed term of repayment.

(f) Other loan from a related party is unsecured, interest-free and repayable within 180 days and fully repaid in March 2014.

(g) Other loan from an independent third party is unsecured, interest-free and repayable on demand.

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:

	Minimum lease payment		Present value of minimum lease payment	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**259**	65	**240**	64
In the second to fifth year	**367**	–	**357**	–
Total minimum finance lease payments	**626**	65	**597**	64
Less: Future finance charges	**(29)**	(1)	**–**	–
Total net finance lease payables	**597**	64	**597**	64
Less: Portion classified as current liabilities			**240**	64
			357	–

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

The Group leased a motor vehicle under a finance lease. The lease term is 3 years (2013: 3 years). Interest rate underlying the obligation under a finance lease is fixed at respective contract date at 2% (2013: 2.75%) per annum.

25. CONVERTIBLE BONDS

Pursuant to the announcement of the Company dated 25 March 2014, all conditions precedent under the subscription agreement dated 22 January 2014 has been fulfilled and convertible bonds with aggregate principal amount of HK$30,000,000 were issued with conversion price of HK$0.13 per share to a connected party on 25 March 2014 (the "Issue Date").

The convertible bonds are denominated in Hong Kong dollars and carry an interest rate of 1% per annum. The holders of the convertible bonds are entitled to convert the bonds into 230,769,230 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK$0.13 at any time from the Issue Date to the maturity date. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

During the Reporting Period, no convertible bonds were converted into ordinary shares of the Company. The amount is repayable on 24 March 2020 (the "Maturity Date"). If the convertible bonds have not been converted up to the Maturity Date, the holders can request the Company to redeem the outstanding convertible bonds at principal amount.

The convertible bonds contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$19,966,928 was recognised with the residual value of approximately HK$10,033,072, representing equity component, presented in equity heading "convertible bonds reserve".

25. CONVERTIBLE BONDS (CONTINUED)

Transaction costs relating to the liability component of approximately HK$196,282 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.34% per annum.

During the year, interest charged on the convertible bonds of approximately HK$1,297,468 was debited to profit or loss.

The convertible bonds issued during the year have been split as to their liability and equity components as follows:

	Liability Component HK$'000	Equity Component HK$'000	Total HK$'000
Issued during the year	19,967	10,033	30,000
Direct transaction costs	(196)	(99)	(295)
Finance cost paid	(232)	–	(232)
Imputed interest expense (Note 6)	1,297	–	1,297
At 31 December 2014	20,836	9,934	30,770

26. 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.

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.

26. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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 2014 and 2013, no option has been granted under the Scheme.

27. SHARE CAPITAL

	Notes	2014 HK$'000	2013 HK$'000
Authorised:			
150,000,000,000 (2013: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (2013: 10,000,000,000) preference shares at HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
3,792,010,613 (2013:1,933,261,335) ordinary shares of HK$0.01 each		**37,920**	19,333
Nil (2013: 930,000,000) Class A preference shares of HK$0.01 each	(a)	**–**	9,300
3,030,000 (2013: 897,299,278) Class B preference shares of HK$0.01 each	(b)	**30**	8,973
Total amount		**37,950**	37,606

27. 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:

	Notes	No. of shares	Amount HK$'000
At 1 January 2013		**1,378,927,885**	13,789
Conversion of preference shares	(c)	**554,333,450**	5,544
At 31 December 2013		**1,933,261,335**	19,333
New issue of shares	(d)	**34,480,000**	344
Conversion of preference shares	(e)	**1,824,269,278**	18,243
At 31 December 2014		**3,792,010,613**	37,920

Notes:

(a) The Class A preference shares are non-redeemable with par value HK$0.01 credited as fully paid up which 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.

All Class A preference shares have been fully converted into ordinary shares during the year ended 31 December 2014.

(b) The Class B preference shares are non-redeemable with par value HK$0.01 credited as fully paid up which are issued and allotted to vendors as part of the considerations for the acquisitions occurred in 2012. 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.

(c) 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.

(d) 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 2014. 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$5,000,000, for general working capital of the Group.

27. SHARE CAPITAL (CONTINUED)

(e) On 21 January 2014, 138,207,998 ordinary share 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 21 January 2014, 426,840,000 ordinary share 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 27 November 2014, 503,160,000 ordinary share 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 27 November 2014, 280,000,000 ordinary share of HK$0.15 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 28 November 2014, 101,340,000 ordinary share of HK$0.15 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 1 December 2014, 44,091,280 ordinary share of HK$0.15 each were issued pursuant to the conversion of the convertible preference shares B at an issue price of HK$0.15 per share.

On 3 December 2014, 63,384,333 ordinary share of HK$0.15 each were issued pursuant to the conversion of the convertible preference shares B at an issue price of HK$0.15 per share.

On 4 December 2014, 133,333,333 ordinary share of HK$0.15 each were issued pursuant to the conversion of the convertible preference shares B at an issue price of HK$0.15 per share.

On 10 December 2014, 133,912,334 ordinary share of HK$0.15 each were issued pursuant to the conversion of the convertible preference shares B at an issue price of HK$0.15 per share.

28. 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.

28. RESERVES – THE GROUP AND THE COMPANY (CONTINUED)

Movements of reserves – the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2013	141,868	153,519	–	(210,239)	85,148
Issue of preference shares	100,100	–	–	–	100,100
Setting off accumulated losses (Note a)	(141,868)	(68,373)	–	210,241	–
Loss and total comprehensive expense for the year	–	–	–	(11,492)	(11,492)
Balance at 31 December 2013	100,100	85,146	–	(11,490)	173,756
Issue of ordinary shares	4,656	–	–	–	4,656
Issue of convertible bonds	–	–	9,934	–	9,934
Loss and total comprehensive expense for the year	–	–	–	(206,182)	(206,182)
Balance at 31 December 2014	104,756	85,146	9,934	(217,672)	(17,836)

Note:

(a) On 7 June 2013, the share premium account and contributed surplus account of the Company with amount of approximately 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.

29. 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 2014 HK$'000	The Group 2013 HK$'000
Within one year	**20,522**	21,050
In the second to fifth years inclusive	**90,896**	86,182
Over five years	**183,213**	188,847
	294,631	296,079

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.

30. 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	
	2014	2013
	HK$'000	HK$'000
Capital expenditure contracted for but not provided for	**1,609**	3,910

31. FINANCIAL INSTRUMENTS BY CATEGORY

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables				
– Amounts due from subsidiaries	**–**	–	**50,079**	224,512
– Trade and other receivables	**10,172**	43,396	**345**	296
– Cash and cash equivalents	**10,098**	14,811	**140**	10
Financial liabilities				
At amortised cost				
– Amounts due to subsidiaries	**–**	–	**–**	4,384
– Trade and other payables	**43,961**	42,301	**2,646**	2,359
– Interest-bearing bank and other borrowings	**63,166**	75,670	**7,500**	8,000
– Obligation under a finance lease	**597**	64	**–**	–
– Convertible bonds	**20,836**	–	**20,836**	–

32. 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.

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

(a) Financial risk management (continued)

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 impairment 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.

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.

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

(a) Financial risk management (continued)

Liquidity risk (continued)

The Group

	2014					
	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$'000	More than 5 years HK$'000
Trade and other payables	43,961	43,961	43,961	–	–	–
Interest-bearing bank and other borrowings	63,166	63,166	49,439	13,727	–	–
Obligation under a finance lease	597	626	259	259	108	–
Convertible bonds	20,836	20,836	–	–	–	20,836
	128,560	128,589	93,659	13,986	108	20,836

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

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

(a) Financial risk management (continued)

Liquidity risk (continued)

The Company

	2014					
	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	2-5 years HK$'000	More than 5 years HK$'000
Other payables	2,646	2,646	2,646	–	–	–
Other borrowings	7,500	7,500	7,500	–	–	–
Convertible bonds	20,836	20,836	–	–	–	20,836
	30,982	30,982	10,146	–	–	20,836

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
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

Interest rate risk

The Group's bank and other borrowings amounted to approximately HK$63,166,000 (2013: HK$75,670,000). Included in the above amounts, an aggregate amount of approximately HK$54,321,000 (2013: HK$66,290,000) 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.

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

(a) Financial risk management (continued)

Interest rate risk (continued)

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 2014 and accumulated losses would have increased/decreased by approximately HK$32,000 (2013: HK$31,142). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The sensitivity analysis above indicates the instantaneous change in the Group's loss for the year and accumulated losses that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2013.

(b) Fair value measurement

Financial assets and liabilities measure at fair value

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 (2013: nil).

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 instruments. 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.

– For disclosure purpose, the fair values of the liability component of the Convertible Bonds are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow models and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Group and the Company.

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

(b) Fair value measurement (continued)

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

– 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.

33. 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 2014 is 0.73 (2013: 0.26). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. MATERIAL RELATED PARTY TRANSACTION

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

		2014 **HK$'000**	2013 HK$'000
Service charge paid to a related company	(i)	**–**	226
Sale of agricultural produce to a related company	(ii)	**454**	387
		454	613

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

(ii) 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.

34. MATERIAL RELATED PARTY TRANSACTION (CONTINUED)

(b) 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	
	2014	2013
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**7,082**	7,255
Contribution to defined contribution retirement scheme plan	**154**	130
	7,236	7,385

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

Other than balance with related parties as disclosed in Note 23(f) to the consolidated financial statements, the Group had no outstanding balances with related parties.

35. EVENTS AFTER THE REPORTING DATE

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

On 19 January 2015, the Company entered into a share placing agreement with an independent third party to allot and issue 506,557,866 new Shares at the subscription price of HK$0.071 per Share. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 3 June 2014. The 500,000,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the six placees on 3 February 2015 with net proceeds to approximately HK$34.65 million for general working capital and future business development of the Group.

On 6 February 2015, Power Gold Enterprises Limited (as the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the Agreement with Mr. LIN Yupa and Mr. LIN Yuhao (as the "Vendors"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital of Golden Rich (HK) Limited, a company incorporated in Hong Kong with limited liability, at the Consideration of HK$125,000,000 (equivalent to approximately RMB100,000,000). The cash payment of HK$25,000,000 was made by the Group on 6 February 2015 and HK$100,000,000 (equivalent to approximately RMB80,000,000) shall be payable by the issue of two Promissory Notes to the Vendors (or their nominated persons) upon the completion.

On 6 March 2015, the Company allotted and issued 23,076,923 ordinary shares of HK$0.01 each, upon the exercise of conversion rights in respect of an aggregate principal amount of HK$3,000,000 of the convertible bonds issued by the Issuer on 25 March 2014.

On 6 March 2015, the Board proposed to seek refreshment of the general mandate for the Directors to allot and issue new shares not exceeding 20% of the issued share capital of the Company by passing of such resolution by the independent shareholders of the Company. A special general meeting of the Company was convened on 24 March 2015. Based on successful placing, a maximum number of 863,017,507 shares will be issued.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Directors on 23 March 2015.

FIVE YEARS SUMMARY

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.

	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**213,491**	268,423	267,919	15,810	15,097
(Loss)/profit for the year	**(164,169)**	(58,829)	31,399	(12,132)	(9,621)
Attributable to:					
Equity shareholders of the Company	**(164,169)**	(58,829)	31,399	(12,132)	(9,621)
Total assets	**174,448**	323,759	314,867	299,878	1,391
Total liabilities	**(154,365)**	(151,261)	(196,635)	(383,569)	(72,950)
Net assets	**20,083**	172,498	118,232	(83,691)	(71,559)