China Finance Investment Holdings Limited

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

ANNUAL REPORT 2015



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This annual report is printed on enviromental friendly paper.

CORPORATE INFORMATION

Board of Directors

Executive directors

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

Independent non-executive directors

Ms. TANG Shui Man
Mr. LI Shaohua
Ms. DIAO Hong

Audit Committee

Ms. TANG Shui Man *(Committee Chairlady)*
Mr. LI Shaohua
Ms. DIAO Hong

Remuneration Committee

Ms. TANG Shui Man *(Committee Chairlady)*
Mr. TSANG King Sun
Mr. LI Shaohua
Ms. DIAO Hong

Nomination Committee

Ms. TANG Shui Man *(Committee Chairlady)*
Mr. YAU Yik Ming Leao
Mr. LI Shaohua
Ms. DIAO Hong

Corporate Governance Committee

Ms. TANG Shui Man *(Committee Chairlady)*
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

Suite 1510, 15/F
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Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

Auditor

Elite Partners CPA Limited

Legal Advisor

King & Wood Mallesons
(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.cfih.hk

Investor Relations

Email: ir@cfih.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Finance Investment 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 2015.

During the year ended 31 December 2015, the Group records a net loss of approximately HK$42.4 million as compared to a net loss of approximately HK$164.2 million for the corresponding period in 2014. Such loss for the year ended 31 December 2015 was mainly as a result of (i) the recognition of equity-settled share-based payment in relation to the share options granted to directors and other eligible participants of the Group of approximately HK$147.2 million; (ii) the recognition of impairment losses for property, plant and equipment of approximately HK$45.8 million; (iii) selling and distribution expenses of approximately HK$32.2 million; (iv) administrative expenses less the equity-settled share-based payment of approximately HK$41.4 million; (v) gain on change in the fair value of other financial assets of approximately HK$215.5 million and (vi) amortisation of government grants of approximately HK$4.8 million.

In view of the continuing decrease in the market price and the increase in production cost of agricultural produce in Hong Kong and the Mainland China, the results of plantation segment are no longer satisfactory for the Company, together with the uncertainty and keen competition of the agricultural produce market, the board of directors of the Company (the "Board") is actively seeking any possible cooperation to minimise the losses of the Group, including but not limited to disposal of loss making companies and business restructuring.

In September 2015, the Group entered into the money lending business through its wholly-owned subsidiary, Golden Rich Finance Limited ("Golden Rich Finance"). Golden Rich Finance primarily targets loan financing including but not limited to personal loans and business loans in Hong Kong. Interests of the loan receivables were charged at the rates ranging from 18.0% to 30.0% per annum. This new segment is still at development stage with great potential.

During the year, the Company acquired 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited principally engaged in the internet finance business in the PRC (the "Investment in Associate"). The net profit of the Investment in Associate for the financial year ended 31 December 2015 is over RMB30 million. The Investment in Associate will diversify the income stream of the Group and enhance the value of the Group and bring higher returns to shareholders.

Looking ahead, 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.

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

24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2015 (the "Reporting Period"), the Group recorded a net loss of approximately HK$42.4 million as compared to a net loss of approximately HK$164.2 million for the corresponding period in 2014. Such loss for the year ended 31 December 2015 was mainly as a result of (i) the recognition of equity-settled share-based payment in relation to the share options granted to Directors and other eligible participants of the Group of approximately HK$147.2 million; (ii) the recognition of impairment losses for property, plant and equipment of approximately HK$45.8 million; (iii) selling and distribution expenses of approximately HK$32.2 million; (iv) administrative expenses less the equity-settled share-based payment of approximately HK$41.4 million; (v) gain on change in the fair value of other financial assets of approximately HK$215.5 million and (vi) amortisation of government grants of approximately HK$4.8 million.

Agriculture Business

The Agriculture business made a contribution to the Group's earnings with a turnover of approximately HK$101.1 million and a net loss of approximately HK$94.1 million during the Reporting Period. Excepted for the operating expenses, such loss was mainly due to the recognition of impairment losses for property, plant and equipment of approximately HK$45.8 million.

In view of the continuing decrease in the market price and the increase in production cost of agricultural produce in Hong Kong and the Mainland China, the results of plantation segment are no longer satisfactory for the Company, together with the uncertainty and keen competition of the agricultural produce market, the Board is actively seeking any possible cooperation to minimise the losses of the Group, including but not limited to disposal of loss making companies and business restructuring.

In light of the unsatisfactory performance of the Trade Leader Investment Limited ("Trade Leader") and Trade Rise Holdings Limited and its subsidiaries ("Trade Rise Group") for the recent financial years, the Group has agreed to sell to the independent third parties the entire issued share capital in Trade Leader and Trade Rise Group at the consideration of HK$2,000,000 and HK$6,000,000 respectively. The Board believed that, by focusing more resources on promising businesses and disposing of the continuous loss-making businesses, the Group could rationalise its business direction and increase its profitability and market competitiveness.

Dongguan Xin Feng Vegetable Trading Co. Ltd ("Xin Feng") and Guangzhou Cypress Jade Agricultural Development Company Limited ("Sangjiang"), the wholly owned subsidiaries of the Company, are principally engaged in growing, processing and selling vegetables. Having considered the recent unsatisfactory performance of Xin Feng and Sanjiang, the Board has decided to cease the operation of Xin Feng and Sanjiang in July 2015 and May 2015 respectively. The Board is of the view that the cessation of the operations will enable the Group to better utilise its resources to other core and potential businesses. Subsequently, the Group has agreed to sell Sangjiang to an independent third party at the consideration of RMB1 million. Moreover, the Board is actively seeking any possible cooperation to minimise the losses, including but not limited to disposal or dissolve of Xin Feng.

Jiangxi Anyi Congyu Agricultural Development Company Limited ("Jiangxi"), the wholly owned subsidiary of the Company, is principally engaged in growing, processing and selling vegetables. Jiangxi has recorded loss in the past few years, the Board endeavors to enhance utilisation efficiency of the farm land of Jiangxi (the "Farm Land"). On 30 September 2015, the Group has agreed to leased out the Farm Land to an independent third party for a term of 5 years from 1 January 2016 to 31 December 2020 (the "Lease"). The Board considers that the Lease would allow to have a steady rental income and optimise the utilisation of resources of the Group.

The Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's businesses, both organically and through acquisitions when appropriate opportunities arise.

Money Lending Business

In September 2015, the Group obtained the money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) through its wholly owned subsidiary, Golden Rich Finance Limited. Our money lending business primarily targets loan financing including but not limited to personal loans and business loans in Hong Kong.

Loan interest income under this segment amounted to approximately HK$0.1 million during the Reporting Period. Outstanding loan principal and interest receivables amounts to HK$9.1 million. Interests of the loan receivables were charged at the rates ranging from 18.0% to 30.0% per annum. No default event occurred as of the date of this annual report and no provision for the impairment of loan receivables was considered necessary during the Reporting Period.

The Board considers it will be beneficial to the Group to explore new opportunities in the money lending business to broaden its source of income and expand the business operations in order to generate profits and return for the Company and the Shareholders.

Investment in Internet Finance Business in PRC

On 24 September 2015, the Group has acquired entire issued share capital of Golden Rich (HK) Limited and 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited ("Operating Company").

Pursuant to the Sale and Purchase Agreement, the Mr. Lin Yuhao and Mr. Lin Yupa have guaranteed and warranted to the Group that the audited consolidated net profit after tax of Operating Company (the "Actual Profit") for the financial year ended 31 December 2015 (the "Relevant Period") shall not be less than RMB30,000,000 (equivalent to approximately HK$37,500,000), being the Guaranteed Profit. The Actual Profit of the Operating Company for the Relevant Period is greater than the Guaranteed Profit amount of RMB30,000,000. Hence, the Guaranteed Profit requirement has been fulfilled.

The Board considers it will diversify the income stream of the Group and enhance the value of the Group and bring higher returns to shareholders.

Financial Review

During the Reporting Period, the Group recorded a turnover of HK$101.2 million, a decrease of 2.5% from HK$103.8 million for the year ended 31 December 2014 (the "Corresponding Period"). The Group recorded a gross profit of approximately HK$3.4 million as compare with a gross loss of approximately HK$19.9 million for the Corresponding Period.

Administrative expenses increased by approximately HK$153.7 million to HK$188.6 million (2014: HK$34.9 million). Such increase is mainly due to the recognition of equity-settled share-based payment. Selling and distribution expenses were HK$32.2 million (2014: HK$42.1 million) and were mainly attributable to delivery and packaging fees. Other operating expenses were HK$57.1 million (2014: HK$69.0 million) and were mainly attributable to impairments of receivables, property, plant and equipment, written down of inventories and expenses incurred for fallow farmland. Finance costs were HK$8.3 million (2014: HK$6.4 million) which mainly attributable to interests for bank borrowings and imputed interest expense promissory notes.

The net loss of the Group for the Reporting Period was HK$42.4 million as compared to a net loss of HK$164.2 million for the Corresponding Period.

Liquidity and Financial Resources

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

As at 31 December 2015, the Group had bank balances and cash of HK$44.1 million (2014: HK$10.1 million). The Group's quick ratio (measured as total current assets less inventories, biological assets, deposits and prepayments and other financial assets divided by total current liabilities) was approximately 0.7 times (2014: 0.2 times).

As at 31 December 2015, the total borrowings of the Group amounted to HK$126.4 million (2014: HK$63.8 million), of which, HK$31.3 million (2014: HK$28.7 million) were secured by several properties and motor vehicles of the Group. The borrowings in the amount of HK$49.4 million (2014: HK$49.7 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$1.1 million (2014: HK$1.6 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$179.8 million (2014: HK$294.6 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed terms of 1 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 19 January 2015, the Company entered into a share placing agreement with an independent third party to allot and issue a maximum of 506,557,866 new ordinary shares of the Company (the "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 not less than six placees on 4 February 2015 with net proceeds of approximately HK$34.65 million for general working capital and future business development of the Group. Out of the net proceeds of HK$34.65 million, approximately HK$25 million was used for the acquisition of the internet finance company and the balance was used for general working capital.

On 13 April 2015, the Company entered into a share subscription agreement with Mr. Lin Yuhao (the "Subscriber"), to allot and issue 863,017,507 new Shares at the subscription price of HK$0.0833 per Share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 24 March 2015. The 863,017,507 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 27 April 2015 with net proceeds of approximately HK$71.8 million, representing the net issue price of approximately HK$0.0832 per Share, for general working capital and future business development of the Group. Out of the net proceeds of HK$71.8 million, approximately HK$21.59 million was used for repayment of bank loans; HK$31.5 million was used as deposit for acquisition of a subsidiary and the balance was used for general working capital.

On 29 July 2015, the Company entered into a share placing agreement with an independent third party to allot and issue a maximum of 173,552,043 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.378 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 12 June 2015. The 173,552,043 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to one placee, namely Wang Yi, who is an independent third party, on 14 August 2015 with net proceeds of approximately HK$64.9 million for general working capital and future business development of the Group. Out of the net proceeds of HK$64.9 million, approximately HK$16.5 million for investment in an associate; HK$11.7 million for money lending business drawdown and the balance was used for general working capital.

During the Reporting Period, the Company issued and allotted a total of 230,769,230 Shares of HK$0.01 each upon the exercise of conversion rights in respect of an aggregate principal amount of HK$30,000,000 of the convertible bonds issued by the Company on 25 March 2014.

During the Reporting Period, the Company issued and allotted a total of 182,551,261 Shares of HK$0.01 each upon the exercise of a total of 182,551,261 share options granted by the Company. Share premium increased by approximately HK$27.9 million accordingly.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$126.4 million (2014: HK$63.8 million). Included in the above amounts, an amount of HK$48.0 million (2014: HK$54.3 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 2015, the net debt to adjusted equity ratio was 0.2 (2014: 0.7). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2015 was 0.4 (2014: 3.2), 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

Acquisitions

On 6 February 2015, Power Gold Enterprises Limited (the "Power Gold"), 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 (the "Vendors"), pursuant to which the Power Gold has conditionally agreed to acquire and the Vendors have 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) (the "Internet Finance Acquisition"). Upon completion, the Target Company would become an indirect wholly-owned subsidiary of the Company and would hold 25% equity interest in the Operating Company. The Internet Finance Acquisition was completed on 24 September 2015. Details of the Internet Finance Acquisition are set out in the announcements of the Company dated 6 February 2015, 18 May 2015, 30 June 2015, 31 August 2015 and 24 September 2015.

On 7 June 2015, Robust Canton Limited, an wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire an investment holding company which indirectly holds 3 properties in the Mainland China (the "Properties") (the "Properties Acquisition"). The Company is currently developing its trading and financial business in Shenzhen, Mainland China and the Properties Acquisition provides an opportunity to the Company to acquire the Properties at a discount to the market price. The Properties are intended for the Group's own use and/or for investment purpose. Details of the Properties Acquisition are set out in the announcements of the Company dated 7 June 2015, 7 August 2015, 14 October 2015 and 29 January 2016.

On 15 July 2015, Trade Zone Global Limited ("Trade Zone"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Acquisition Agreement") with an independent third party (the "Vendor") to acquire Rise Glorious Investment Development Limited and its subsidiaries (the "Target Group"), at the consideration of HK$250,000,000 to be settled by the Company by issuing the convertible notes. The Target Group will be principally engaged in the finance leasing business in the PRC. Upon completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company. The Vendor has guaranteed and warranted to Trade Zone that the audited consolidated adjusted earnings before interest, taxes, depreciation and amortisation of the Target Group for the financial periods ending 31 December 2016, 2017 and 2018 shall not be less than RMB20,000,000 per each financial period. Details of the Acquisition Agreement are set out in the announcement of the Company dated 15 July 2015, 4 September 2015 and 31 December 2015.

Disposals

On 21 April 2015, Trade Rise Holdings Limited ("Trade Rise"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Trade Leader Purchaser") pursuant to which Trade Rise has agreed to sell to the Trade Leader Purchaser the entire issued share capital in Trade Leader Investment Limited at the consideration of HK$2,000,000 in cash (the "Disposal Transaction"). The Disposal Transaction was completed on 29 May 2015. Details of the Disposal Transaction are set out in the announcement of the Company dated 21 April 2015.

On 26 May 2015, First Novel Limited ("First Novel"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Trade Rise Purchaser") pursuant to which First Novel has agreed to sell to the Trade Rise Purchaser the entire issued share capital in Trade Rise at the consideration of HK$6,000,000 in cash (the "Transaction"). The Transaction constituted major transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was subject to the approval of the shareholders. The Transaction was subsequently approved by the shareholders at the special general meeting held on 30 July 2015. Details of transaction are set out in the announcements of the Company dated 26 May 2015 and 19 June 2015 and the circular of the Company dated 14 July 2015. The Transaction was completed on 14 August 2015.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2015.

Charges On Group's Assets

As at 31 December 2015, leasehold land and buildings with carrying amount of HK$7.0 million (2014: HK$8.0 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 2015, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 31 December 2015, the total employees in Hong Kong and Mainland China dropped from 997 to 405 mainly due to minimising the cost and group restructuring during the year. Total staff costs (including Directors' remuneration) for the year ended 31 December 2015 amounted to HK$71.5 million (2014: HK$49.8 million (excluded the staff costs from discontinued operations)). 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 Directors) of the Group.

PROSPECTS

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.

To diversify its income streams and counter balance the cyclical nature of the Group's agricultural business, the Company has been actively developing its business blueprint in the realm of internet finance and money lending since 2015. Meanwhile, the Group is eager to explore the market potential of China's burgeoning micro finance industry, as well as the opportunities in Hong Kong's securities trading and brokerage services.

On 2 February 2016, Shenzhen GLYD Internet Finance Services Company Limited ("Shenzhen GLYD"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the independent third parties to acquire Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Taihengfeng Group") (the "Proposed Acquisition"), at the consideration of RMB86,292,000 which is to be satisfied by the issue of the Consideration Shares by the Company. The Taihengfeng Group will be principally engaged in the micro finance business in the PRC. Upon completion, the Taihengfeng Group will become the indirect wholly-owned subsidiaries of the Company. Details of the Proposed Acquisition are set out in the announcement of the Company dated 2 February 2016.

The Company plans to conduct the securities trading business (the "Securities Trading Business") in Hong Kong. A subsidiary of the Company has applied for the Type 1: Dealing in securities licence under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "Securities Licence"). The Company expects the Securities Licence will be granted by the mid of 2016. The Group will provide securities dealing and brokerage services principally for securities in Hong Kong to targeted customers which comprise individuals and corporations.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in the Mainland China and Hong Kong region.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YAU Yik Ming Leao, aged 53, was appointed as an independent non-executive Director on 4 July 2014. Mr. Yau was de-designated as an executive Director and the deputy chairman of the Company ("Deputy Chairman") on 9 December 2014 and appointed as chief executive officer of the Company ("Chief Executive Officer") 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 acquisition and project management.

Mr. TSANG King Sun, aged 32, was appointed as executive Director 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 experience in various due diligence projects. Mr. Tsang is currently the chief financial officer and company secretary of the Company.

Mr. XU Bin, aged 40, was appointed as an executive Director on 10 April 2015. Mr. Xu also acts as director of certain subsidiaries of the Company. He obtained a bachelor degree in economics from Wuhan University of Technology and a postgraduate diploma in Trade, Customer and Finance Management from the International Trade Management Institute, Lucerne, Switzerland. Mr. Xu obtained the qualification of assistant economist in economics and trade in 2000.

Mr. Xu has extensive experience in marketing, management and operation of international trade and finance in the financial industry in the PRC.

Independent Non-executive Directors

Ms. TANG Shui Man, aged 35, was appointed as an independent non-executive Director 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.

* For identification purpose only.

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 53, was appointed as an independent non-executive Director 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 50, was appointed as an independent non-executive Director 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. YANG Jianzun, aged 49, resigned as an executive Director with effect from 10 April 2015 and remains as the director and legal representative of certain subsidiaries of the planation segment of the Company in PRC.

Mr. Yang has engaged in vegetable cultivation over 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).

Ms. WONG Miu Yan, aged 31, joined the Group in October 2013 and is currently the Accounting Manager of the Company. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She holds a Bachelor of Business Administration (Hons) degree in Accounting from Hong Kong Baptist University. She has comprehensive experience and knowledge in financial reporting and auditing of listed companies.

Mr. CHAN Chun Wai, aged 45, joined the Group in November 2014 and is currently the Financial Controller of financial business segment. Mr. Chan is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He holds a Master in Financial Management from The Macquarie University in Australia.

Mr. WONG Kong, aged 38, joined the Group in January 2015 and is currently the Project Manager and China Division General Manager of the Company. He holds a Master in Business Administration from Manchester Business School and a bachelor degree from University of California, Berkeley. He has worked in various listed companies and gained over 7 years of experience in Private Equity Investment and Hedge Fund.

* For identification purpose only.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and practices with an emphasis on integrity, transparency and independence. The Board 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 2015, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below.

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. The Company does not have a designated position of chairman. The daily operation and management of the Company is 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.

Mr. YAU Yik Ming Leao, being the Deputy Chairman, 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.

Code provision A.1.1 of the CG Code provides that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year under review, the Board held two regular board meetings which less than the minimum number of regular board meeting. For the sake of flexibility, the Board held meeting whenever necessary. In addition to this two board meetings, senior management of the Group provided to Directors the information on the activities and developments in the business of the Group from time to time and, when required, several resolutions in writing were passed by the Board. In addition, the Board has established the audit committee, the remuneration committee, the nomination committee and the corporate governance committee to oversee particular aspects of the Company's affairs.

Code provision C.1.2 of the CG Code provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the year of 2015. 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. Having made specific enquiry with 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 2015.

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 and to manage rather than eliminate risks of failure when business objectives, 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 including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance half-yearly and developing and reviewing the Group's policies and practices on corporate governance while delegating the day-to-day operations of the Company to the executive Directors or the management of every business segment. The Board is committed to making decisions in the best interests of both the Company and its shareholders.

The Board acknowledges its responsibility for preparing the financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the auditor of the Company about its reporting responsibilities for the financial statements of the Company is set out on pages 31 to 32 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. The Company does not have a designated position of chairman. The daily operation and management of the Company is 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.

Mr. YAU Yik Ming Leao, being the Deputy Chairman, 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 independent decision making and fulfilling its business needs.

The Board currently comprised six Directors, including three executive Directors, namely Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer)*, Mr. TSANG King Sun and Mr. XU Bin; and three independent non-executive Directors, namely Ms. TANG Shui Man, Mr. LI Shaohua and Ms. DIAO Hong.

Biographical details of the Directors are set out on pages 10 to 11.

During the year ended 31 December 2015, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The independent non-executive Directors represented over one-third of the Board as at 31 December 2015.

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

Code provision A.1.1 of the CG Code provides that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year under review, the Board held two regular board meetings which less than the minimum number of regular board meeting. For the sake of flexibility, the Board held meeting whenever necessary. In addition to this two board meetings, senior management of the Group provided to Directors the information on the activities and developments in the business of the Group from time to time and, when required, several resolutions in writing were passed by the Board. In addition, the Board has established the audit committee, the remuneration committee, the nomination committee and the corporate governance committee to oversee particular aspects of the Company's affairs. The attendance records of individual Directors are as follows:

During the year ended 31 December 2015, two board meetings and five general meetings were held with details of the Directors' attendance set out below:

Directors	Attendance/Number of meetings Board meetings	 General meetings
Executive Directors		
Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer) (Note 1)*	2/2	2/5
Mr. TSANG King Sun	2/2	5/5
Mr. XU Bin *(Note 2)*	1/1	1/4
Mr. YANG Jianzun *(Note 3)*	1/1	0/1
Mr. YUEN Wai Chung *(Note 4)*	N/A	N/A
Independent non-executive Directors		
Ms. TANG Shui Man	2/2	0/5
Mr. LI Shaohua *(Note 5)*	2/2	1/5
Ms. DIAO Hong *(Note 5)*	2/2	0/5
Mr. CHAN Loong Sang, Tommy *(Note 6)*	1/1	0/1
Mr. WU Wai Chung, Michael *(Note 7)*	N/A	N/A

Notes:

1. Mr. YAU Yik Ming Leao was appointed as Chief Executive Officer of the Company on 2 January 2015.
2. Mr. XU Bin was appointed as executive Director on 10 April 2015.
3. Mr. YANG Jianzun resigned as executive Director on 10 April 2015.
4. Mr. YUEN Wai Chung was resigned as an executive Director and Chief Executive Officer on 2 January 2015.
5. Mr. LI Shaohua and Ms. DIAO Hong were appointed as the independent non-executive Directors on 2 January 2015.
6. Mr. CHAN Loong Sang, Tommy resigned as independent non-executive Director and Chairman on 10 April 2015.
7. Mr. WU Wai Chung, Michael resigned as independent non-executive Director and Chairman 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 from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, Directors participated in the following trainings:

Directors	Types of Trainings
Executive Directors	
Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer)*	R
Mr. TSANG King Sun	S, R
Mr. XU Bin	R
Independent non-executive Directors	
Ms. TANG Shui Man	S, R
Mr. LI Shaohua	R
Ms. DIAO Hong	R

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

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

Delegation by the Board

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

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

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises all independent non-executive Directors, namely, Ms. TANG Shui Man *(Chairlady of Committee)*, Mr. LI Shaohua and Ms. DIAO Hong.

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 interim 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 and external audit functions (where appropriate). It also needs to discuss problems and reservations arising from the interim and final audits and to consider the major findings of internal investigations and management's response.

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

	Attendance/ Number of meetings
Ms. TANG Shui Man *(Chairlady) (Note 1)*	2/2
Mr. LI Shaohua *(Note 2)*	2/2
Ms. DIAO Hong *(Note 3)*	1/1
Mr. CHAN Loong Sang, Tommy *(Note 4)*	1/1
Mr. WU Wai Chung, Michael *(Note 5)*	N/A

Notes:

1. Ms. TANG Shui Man was appointed as a chairlady of the Audit Committee on 10 April 2015.

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

3. Mr. DIAO Hong was appointed as a member of the Audit Committee on 10 April 2015.

4. Mr. CHAN Loong Sang, Tommy resigned as a member of the Audit Committee on 10 April 2015.

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

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

Corporate Governance Committee

The Corporate Governance Committee currently comprises all independent non-executive Directors, namely, Ms. TANG Shui Man *(Chairlady of Committee)*, 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. One Corporate Governance Committee meeting was held during the year under review, details of attendance are set out below:

	Attendance/ Number of meetings
Ms. TANG Shui Man *(Chairlady) (Note 1)*	1/1
Mr. LI Shaohua *(Note 2)*	1/1
Ms. DIAO Hong *(Note 2)*	1/1
Mr. CHAN Loong Sang, Tommy *(Note 3)*	1/1
Mr. YUEN Wai Chung *(Note 4)*	N/A
Mr. WU Wai Chung, Michael *(Note 4)*	N/A

Notes:

1. Ms. TANG Shui Man was appointed as a chairlady of the Corporate Governance Committee on 10 April 2015.
2. Mr. LI Shaohua and Ms. DIAO Hong were appointed as members of the Corporate Governance Committee on 2 January 2015.
3. Mr. CHAN Loong Sang, Tommy resigned as a member of the Corporate Governance Committee on 10 April 2015.
4. Mr. YUEN Wai Chung and WU Wai Chung, Michael resigned as members of the Corporate Governance Committee on 2 January 2015.

Remuneration Committee

The Remuneration Committee currently comprises Ms. TANG Shui Man *(Chairlady of Committee)*, Mr. TSANG King Sun, 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 and review and approve the management's remuneration proposals with reference to the Board's corporate goal and objective. The Remuneration Committee shall determine, with delegated responsibility, the individual remuneration package of each executive Director (including the Chairman) and senior management including benefits in kind and pension rights (including allocation of share options, annual bonus plans) and compensation payments (including any compensation payable for loss or termination of their office or appointment) subject to the contractual terms, if any. When determining remuneration packages of the executive Directors and senior management of the Company, the Remuneration Committee takes into consideration factors such as market forces and remuneration packages of executive Directors of similar companies in comparable industries in Hong Kong. The Remuneration Committee also ensures that no Director or any of his associates is involved in deciding his own remuneration.

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

	Attendance/ Number of meetings
Ms. TANG Shui Man *(Chairlady)*	1/1
Mr. TSANG King Sun	1/1
Mr. LI Shaohua *(Note 1)*	1/1
Ms. DIAO Hong *(Note 1)*	1/1
Mr. CHAN Loong Sang, Tommy *(Note 2)*	1/1
Mr. YUEN Wai Chung *(Note 3)*	N/A
Mr. WU Wai Chung, Michael *(Note 3)*	N/A

Notes:

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

2. Mr. CHAN Loong Sang, Tommy resigned as a member of the Remuneration Committee on 10 April 2015.

3. Mr. YUEN Wai Chung and WU Wai Chung, Michael resigned as members of the Remuneration Committee on 2 January 2015.

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 2015 are set out in note 10 to the consolidated financial statements of this report. The emoluments received by senior management during the year ended 31 December 2015 were within the following bands:

	Number of individuals
HK$3,000,001 – HK$3,500,000	1
HK$3,500,001 – HK$4,000,000	1
HK$10,000,001 – HK$10,500,000	1

Nomination Committee

The Nomination Committee currently comprises Ms. TANG Shui Man *(Chairlady of Committee)*, Mr. YAU Yik Ming Leao, 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 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 on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

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

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

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

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

Notes:

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

2. Mr. CHAN Loong Sang, Tommy resigned as a member of the Nomination Committee on 10 April 2015.

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

Auditor's Remuneration

The remuneration paid and payable to the auditor of the Company, Elite Partners CPA Limited, and the nature of services are set out as follows:

Type of Services	**HK$'000**
Audit services	550
Other assurance services	100
Non-assurance services	250

Company Secretary

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

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

Shareholders' Rights

Convening a Special General Meeting by Shareholders

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

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

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

Putting Forward Proposals at General Meetings

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

Making Enquiry to the Board

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

Suite 1510, 15/F, Ocean Centre
Harbour City, 5 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong
Fax: (852) 3188 3959
Email: ir@cfih.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 authorised 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.

Investor Relations

During the financial year, there were no changes in any of the Company's constitutional documents.

REPORT OF THE DIRECTORS

The directors of China Finance Investment 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 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries as at 31 December 2015 are set out in note 44 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 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 33 to 101.

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 to the holders of both ordinary shares and preference shares of the Company (2014: 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 102.

BORROWINGS

Details of borrowings during the year are set out in note 28 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 30 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 45 to the consolidated financial statements and the consolidated statement of changes in equity on page 37, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company did not have any reserves available for distribution, as computed in accordance with the Companies Act 1981 of Bermuda (2014: Nil). The Company's share premium account of approximately HK$317,874,000 (2014: HK$104,756,000) could be distributed in the form of fully paid bonus shares.

EQUITY-LINKED AGREEMENT

Share options granted to directors and other eligible employees

Details of share options granted in current year is set out in the section headed "SHARE OPTION SCHEME" on page 28 and note 34 to the consolidated financial statements.

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 17 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 10.9% and 35.2%, 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 18.3% and 60.8%, 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
Mr. XU Bin *(Note 2)*
Mr. YANG Jianzun *(Note 3)*
Mr. YUEN Wai Chung *(Note 4)*

Independent Non-Executive Directors

Ms. TANG Shui Man
Mr. LI Shaohua *(Note 5)*
Ms. DIAO Hong *(Note 5)*
Mr. CHAN Loong Sang, Tommy *(Note 6)*
Mr. WU Wai Chung, Michael *(Note 7)*

Notes:

1. Mr. YAU Yik Ming Leao was appointed as Chief Executive Officer on 2 January 2015.
2. Mr. XU Bin was appointed as executive Directors on 10 April 2015.
3. Ms. YANG Jianzun resigned as executive Director on 10 April 2015.
4. Mr. YUEN Wai Chung resigned as executive Director and Chief Executive Officer on 2 January 2015.
5. Mr. LI Shaohua and Ms. DIAO Hong were appointed as the independent non-executive Directors of the Company on 2 January 2015.
6. Mr. CHAN Loong Sang, Tommy resigned as independent non-executive Director and Chairman of the Company on 10 April 2015.
7. Mr. WU Wai Chung, Michael resigned as 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 10 to 11.

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 99 of the Bye-Laws, Mr. YAU Yik Ming Leao and Mr. TSANG King Sun, 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' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries was a party and in which a director of the Company and the director's connected party 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 during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, 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	Interest of controlled corporation and beneficial owner	Ordinary share *(Note 1)*	143,000,000	2.49%
	Beneficial owner	Share Option *(Note 2)*	10,913,479	0.19%
TSANG King Sun	Beneficial owner	Ordinary share	20,000,000	0.35%
	Beneficial owner	Share Option *(Note 2)*	33,913,479	0.59%
XU Bin	Beneficial owner	Share Option *(Note 2)*	14,137,848	0.25%

Notes:

1. 100,000,000 shares were held by Asiacorp International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.

2. These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 31 December 2015, 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

Save as disclosed in the sections headed "DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES" above and "SHARE OPTION SCHEME" below, 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 2015, 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
Sino Richest Investment Holdings Limited *(Note 1)*	Beneficial owner	Ordinary share	863,017,507	15.03%
Lin Yuhao *(Note 1)*	Interest of controlled corporation	Ordinary share	863,017,507	15.03%

Note:

1. Sino Richest Investment Holdings Limited is wholly beneficially owned by Mr. Lin Yuhao.

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 2015.

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. On 25 April 2013, 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. On 13 April 2015, share options to subscribe for a total of 192,551,261 shares were granted to the directors and other eligible participants.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 June 2015, the share option mandate limit was refreshed pursuant to which the Company was authorised to grant share options to subscribe for up to a maximum number of 517,810,504 shares.

Movements of the share options, which were granted under the Scheme, during the year ended 31 December 2015 are set out below:

	Number of Share Options						
Category of participant	**Outstanding at 1 January 2015**	**Granted during the Reporting Period**	**Exercised during the Reporting Period**	**Outstanding at 31 December 2015**	**Date of grant**	**Share options duration**	**Exercise Price**
Directors	Nil	102,775,631	102,775,631	Nil	13 April 2015	13 April 2015 to 12 April 2025	HK$0.104
Other eligible participants	Nil	89,775,630	79,775,630	10,000,000	13 April 2015	13 April 2015 to 12 April 2025	HK$0.104
Directors	Nil	58,964,806	Nil	58,964,806	3 July 2015	3 July 2015 to 2 July 2025	HK$0.495
Other eligible participants	Nil	458,330,698	Nil	458,330,698	3 July 2015	3 July 2015 to 2 July 2025	HK$0.495
Other eligible participants	Nil	515,000	Nil	515,000	10 September 2015	10 September 2015 to 9 September 2025	HK$0.349
Total	**Nil**	**710,361,765**	**182,551,261**	**527,810,504**			

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 34 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

The Group was not party to any connected transactions during the year.

CORPORATE GOVERNANCE PRACTICE

A report on the corporate governance practices of the Company is set out on pages 12 to 22 of this report.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

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.

ADDITIONAL INFORMATION OF BUSINESS REVIEW

Addition information of business review is set out on pages 4 to 9 under Management Discussion and Analysis.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in note 43 to the financial statements.

AUDITORS

The consolidated financial statements of the Group for the years ended 31 December 2013 and 31 December 2014 were audited by Mabel Chan & Co. ("Mabel"). Mabel retired as auditors of the Group with effect from 12 June 2015 and Elite Partners CPA Limited ("Elite Partners") was appointed on 12 June 2015 as the new auditors to fill the causal vacancy.

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by Elite Partners whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of Elite as the auditors of the Company will be proposed at the forthcoming annual general meeting.

CHANGE OF COMPANY NAME AND SECONDARY NAME

With effect from 17 July 2015, the Company name has been changed from "Cypress Jade Agricultural Holdings Limited" to "China Finance Investment Holdings Limited", and the secondary name of the Company from "從玉農業控股有限公司" to "中國金控投資集團有限公司". The Certificate of Incorporation of the Change of Name and the Certificate of Secondary Name dated 6 July 2015 were issued by the Bermuda Registry of Companies and the Certificate of Registration of Alteration of Name of non-Hong Kong Company dated 16 July 2015 was issued by the Registrar of Companies in Hong Kong. The stock short name of the Company has been change from "CYPRESS JADE" to "CHINA FIN INV"and the Chinese stock short name of the Company from"從玉農業"to"中國金控"with effect from 9:00 a.m. on 22 July 2015.

Details of the change of Company name are set out in the announcements of the Company dated 22 May 2015, 1 June 2015 and 17 July 2015 and the circular of the Company dated 2 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 June 2016 to Wednesday, 15 June 2016, 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 2016 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 10 June 2016.

On behalf of the Board

YAU Yik Ming Leao
Deputy Chairman

Hong Kong, 24 March 2016

INDEPENDENT AUDITOR'S REPORT

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE MEMBERS OF CHINA FINANCE INVESTMENT HOLDINGS LIMITED
(Formerly known as "Cypress Jade Agricultural Holdings Limited")
(incorporated in the Bermuda with limited liability)

We have audited the consolidated financial statements of China Finance Investment Holdings Limited (formerly known as "Cypress Jade Agricultural Holdings Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 101, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by 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 valuating 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 Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Elite Partners CPA Limited
Certified Public Accountants
Chan Wai Nam, William
Practising Certificate Number: P05957

Hong Kong, 24 March 2016

10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** **HK$'000**	2014 HK$'000 (Represented)
Continuing operations			
Revenue	*(4)*	**101,241**	103,809
Cost of sales		**(97,829)**	(123,725)
Gross profit/(loss)		**3,412**	(19,916)
Other income and gains	*(6)*	**234,829**	9,102
(Loss)/gain arising from change in fair value less costs to sell of biological assets		**(271)**	322
Selling and distribution expenses		**(32,168)**	(42,105)
Administrative expenses		**(188,638)**	(34,912)
Other operating expenses	*(7)*	**(57,086)**	(69,000)
Share of profit of an associate		**784**	–
Finance costs	*(8)*	**(8,293)**	(6,386)
Loss before tax	*(9)*	**(47,431)**	(162,895)
Income tax expense	*(12)*	**(96)**	–
Loss for the year from continuing operations		**(47,527)**	(162,895)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*(13)*	**5,130**	(1,274)
Loss for the year		**(42,397)**	(164,169)
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**3,290**	(3,180)
– Exchange reserve realised on disposal of subsidiaries		**(1,250)**	–
		2,040	(3,180)
Total comprehensive income for the year		**(40,357)**	(167,349)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015 HK$'000**	2014 HK$'000 (Represented)
Profit/(loss) attributable to equity shareholders of the Company:			
– from continuing operations		**(47,527)**	(162,895)
– from discontinued operations		**5,130**	(1,274)
		(42,397)	164,169
Total comprehensive income attributable to equity shareholders of the Company			
– from continuing operations		**(44,237)**	(166,075)
– from discontinued operations		**3,880**	(1,274)
		(40,357)	(167,349)
Loss per share			
Basic (HK cents)	*(16)*		
– Continuing operations		**(0.93)**	(6.24)
– Discontinued operations		**0.10**	(0.05)
		(0.83)	(6.29)
Diluted (HK cents)	*(16)*		
– Continuing operations		**(0.93)**	(6.24)
– Discontinued operations		**0.10**	(0.05)
		(0.83)	(6.29)

The notes on pages 40 to 101 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	*(17)*	**82,496**	139,623
Construction in progress	*(18)*	**–**	2,736
Goodwill	*(19)*	**–**	–
Interest in an associate	*(20)*	**110,841**	–
		193,337	142,359
Current assets			
Inventories	*(21)*	**1,073**	4,435
Biological assets	*(22)*	**1,174**	4,625
Trade and other receivables	*(23)*	**56,687**	12,855
Loan receivables	*(24)*	**9,120**	–
Other financial assets	*(25)*	**215,489**	–
Current tax recoverable		**–**	76
Cash and cash equivalents	*(26)*	**44,074**	10,098
		327,617	32,089
Current liabilities			
Trade and other payables	*(27)*	**44,005**	47,210
Interest-bearing bank and other borrowings	*(28)*	**49,235**	63,166
Obligations under a finance lease	*(29)*	**200**	240
Tax payables		**76**	–
		93,516	110,616
Net current assets/(liabilities)		**234,101**	(78,527)
Total assets less current liabilities		**427,438**	63,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	*(30)*	**57,449**	37,950
Reserves	*(31)*	**281,493**	(17,867)
Total equity		**338,942**	20,083
Non-current liabilities			
Convertible bonds	*(32)*	**–**	20,836
Promissory notes	*(33)*	**76,251**	–
Government grants	*(27)*	**11,483**	22,556
Obligations under a finance lease	*(29)*	**762**	357
		88,496	43,749
		427,438	63,832

Approved and authorised for issue by the board of directors on 24 March 2016.

Yau Yik Ming Leao
Deputy Chairman

Tsang King Sun
Director

The notes on pages 40 to 101 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
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 income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	(3,180)	–	–	(3,180)
Total comprehensive income 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)
At 31 December 2014	37,950	104,756	59,500	9,934	4,030	–	(196,087)	20,083
At 1 January 2015	**37,950**	**104,756**	**59,500**	**9,934**	**4,030**	**–**	**(196,087)**	**20,083**
Loss for the year	–	–	–	–	–	–	**(42,397)**	**(42,397)**
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	**2,040**	–	–	**2,040**
Exchange reserve realised on disposal of subsidiaries	–	–	–	–	**1,250**	–	**(1,250)**	–
Total comprehensive income for the year	–	–	–	–	**3,290**	–	**(43,647)**	**(40,357)**
Appropriation to statutory reserve	–	–	**39**	–	–	–	**(39)**	–
Equity-settled share-based payment transaction	–	–	–	–	–	**147,245**	–	**147,245**
Issue of ordinary shares under placement of shares	**15,365**	**156,094**	–	–	–	–	–	**171,459**
Issue of shares under share option scheme	**1,826**	**27,871**	–	–	–	**(10,712)**	–	**18,985**
Conversion of convertible bonds to ordinary shares	**2,308**	**29,153**	–	**(9,934)**	–	–	–	**21,527**
Disposal of subsidiaries	–	–	**(200)**	–	–	–	**200**	–
At 31 December 2015	**57,449**	**317,874**	**59,339**	**–**	**7,320**	**136,533**	**(239,573)**	**338,942**

The notes on pages 40 to 101 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Loss before tax	**(42,301)**	(164,182)
Adjustments for:		
Amortisations for government grants	**(5,156)**	(3,218)
Bad debts written-off	**18**	320
Depreciation	**13,706**	22,017
Equity-settled share-based payment expenses	**147,245**	–
Finance costs	**8,378**	6,409
Loss/(gain) arising from changes in fair value less costs to sell of biological assets	**959**	(1,237)
Gain on changes in fair value on other financial assets	**(215,489)**	–
(Gain)/loss on disposal of items of property, plant and equipment	**(410)**	2,292
Gain on disposal of subsidiaries	**(11,168)**	–
Government grants	**(1,724)**	(1,716)
Impairment of goodwill	**–**	29,580
Impairment of other receivables	**216**	7,309
Impairment of property, plant and equipment	**45,821**	61,079
Impairment of trade receivables	**407**	1,468
Interest income	**(13)**	(29)
Loss on changes in fair value on profit guarantee	**790**	–
Reversal of impairment of trade receivables	**(133)**	(824)
Share of profit of an associate	**(784)**	–
Written down of inventories	**1,114**	1,231
Operating cash flows before changes in working capital	**(58,524)**	(39,501)
Decrease in biological assets	**2,360**	1,357
Decrease in inventories	**1,792**	2,485
(Increase)/decrease in trade and other receivables	**(54,046)**	27,555
Increase in loan receivables	**(9,120)**	–
Increase/(decrease) in trade and other payables	**15,669**	(7,576)
Cash used in operations	**(101,869)**	(15,680)
Interest received	**13**	29
Income tax paid	**(20)**	(140)
Income tax refunded	**76**	643
Net cash used in operating activities	**(101,800)**	(15,148)

	2015 HK$'000	2014 HK$'000
Cash flows from investing activities		
Acquisition of an associate	**(37,254)**	–
Additions to construction in progress	**(3,612)**	(13,491)
Purchase of items of property, plant and equipment	**(9,643)**	(1,633)
Proceeds from disposal of items of property, plant and equipment	**1,342**	67
Proceeds from disposal of subsidiaries	**5,651**	–
Receipt of government grants	**1,724**	6,123
Net cash used in investing activities	**(41,792)**	(8,934)
Cash flows from financing activities		
Capital element of finance lease payments made	**(613)**	(200)
Interest element of a finance lease	**(13)**	–
Interest on bank and other borrowing	**(5,022)**	(5,344)
Proceeds from issue of convertible bonds	**–**	9,705
Proceeds from issue of shares	**172,913**	5,000
Proceeds from new bank and other borrowings	**72,699**	77,471
Proceeds from share issued on exercise of share options	**18,985**	–
Repayment of bank and other borrowings	**(83,576)**	(68,322)
Expenses on issue of shares	**(1,454)**	–
Net cash generated from financing activities	**173,919**	18,310
Net increase/(decrease) in cash and cash equivalents	**30,327**	(5,772)
Cash and cash equivalents at beginning of the year	**10,098**	14,811
Net effect of foreign exchange rate changes	**3,649**	1,059
Cash and cash equivalents at end of the year	**44,074**	10,098
Analysis of cash and cash equivalents		
Cash and bank balances	**44,074**	10,098

The notes on pages 40 to 101 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. General information

China Finance Investment Holdings Limited (formerly known as 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 Suite 1510, 15/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company and its subsidiaries (together the "Group") are engaged in assets and investment holding, growing, processing and trading of agricultural produce and money lending business, 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.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 25 June 2015 and approved by the Bermuda Registry of Companies, the name of the Company was changed from "Cypress Jade Agricultural Holdings Limited" to "China Finance Investment Holdings Limited", for presenting a more precise image in its diversifying development progress of the Company and the Group.

2.1 Basic of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance ("CO"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associate. The consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial assets and liabilities at fair value through profit or loss that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

2.1 Basic of preparation (continued)

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

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

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

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

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

2.2 Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant for the preparation of the Group's consolidated financial statements for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
3 Effective for annual periods beginning on or after to be determined

The Group is in the process of assessing the impact of these new and revised standards, amendments to standards and interpretation to existing standards and does not expect there will be a material impact on the consolidated financial statements of the Group.

2.3 Summary of significant accounting policies

Basis of consolidation

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

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

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with HKFRS 5.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

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

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

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

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

Disposal group and discontinued operations

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

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

Disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

Depreciation is recognised so as to write off of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives, at the following rate per annum:

Buildings	Over the shorter of lease term or 20 years
Furniture and equipment	10% to 33%
Leasehold land and buildings	Over the shorter of lease term or 20 years
Leasehold improvements	Over the shorter of lease term or 5% or 20%
Motor vehicles	20% to 33%
Office equipment	20% to 33%
Plant, machinery and equipment	10 to 20%

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL of which interest income is included in net gains or losses.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other income and gains" Fair value is determined in the manner described in note 40(b).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including trade and other receivables, amount due from a director and bank balances and cash are carried at amortised cost using the effective interest method, less any identified impairment.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

Financial liabilities and equity instruments

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertibles notes

The component parts of compound instruments (convertible notes) issued by the Company are classified as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is record as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible notes, the balance will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, interest-bearing bank and other borrowings) are subsequently measured at amortised cost using effective interest method.

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

Interest expense is recognised on an effective interest basis.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (continued)

Leasehold land for own use

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

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

Borrowing costs

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

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

Government grants

Government grants are recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue recognition

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

(i) 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;

(ii) rental income is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset;

(iii) interest income, on an accrual basis using the effective interest method by applying the rate that 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.

Foreign currencies

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

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

- Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Taxation

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred taxation is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority to the same group entity and the Group intends to settle its current tax assets and liabilities on a net basis.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Retirement benefit obligation

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.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants of the Company's own equity instruments is measured by reference to the fair value at the date at which they are granted.

The fair value of share options granted to employees in an equity-settled share-based payment transaction is recognised as an employment cost with a corresponding increase in the share options reserve within equity. In respect of share options, the fair value is measured at grant date using a binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the statement of profit or loss for the period of the review with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that are vested (with a corresponding adjustment to the share options reserve).

The equity amount for the share options is recognised in the share options reserve until either the option is exercised (whereupon it is transferred to share capital and the share premium account) or the option expires (whereupon it is released directly to retained profits).

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

(ii) has significant influence over the group; or

(iii) is a member of the key management personnel of the group or the group's parent.

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

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

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

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

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

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

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

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(a) Useful lives and residual values of property, plant and equipment

The management determines the estimated useful lives and residual values for the Group's property, plant and equipment in accordance with the accounting policy sated in note 2.3. The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Estimation of impairment of property, plant and equipment

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. Such assessment was based on certain assumptions, which are subject to uncertainty and might differ materially from the actual results. In exercising judgement, the Group considers information such as the amounts of the replacement cost of the property, plant and equipment and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at the end of each reporting period. As at 31 December 2015, the carrying amount of property, plant and equipment is approximately HK$82,496,000 (2014: HK$139,623,000).

(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 2015, the carrying amount of goodwill was HK$Nil (2014: HK$Nil) (net of accumulated impairment losses of HK$2,098,000 (2014: HK$31,678,000)). Details of impairment testing on goodwill are set out in note 19.

(d) Estimation of impairment of receivables

The policy for recognising impairment on receivables of the Group is based on the evaluation of collectability, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each counterparty. If the financial conditions of counterparties of the Group were to deteriorate, an impairment may be required. As at 31 December 2015, the carrying amount of trade and other receivables, other than deposits and prepayments is approximately HK$1,332,700 (2014: HK$8,538,000).

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

Key sources of estimation uncertainty (continued)

(f) Valuation of biological assets

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

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

Critical accounting judgements in applying the Group's accounting

The following are the critical judgements, apart from those involving estimation, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Income taxes and deferred taxation

The Group is subject to income tax in Hong Kong and various taxes in PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax and deferred tax provisions in the period in which such determination is made.

4. REVENUE

An analysis of revenue is as follows:

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Revenue from sale of agricultural produce	**101,085**	103,809
Loan interest income	**156**	–
	101,241	103,809

5. 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.

5. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

The senior management considered that over 90% of the Group's revenue, operating results and assets for both years ended 31 December 2015 and 2014 were mainly derived from its growing, processing and trading of agricultural produce. Consequently, no operating segment analysis is presented.

(b) Geographical information

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

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Revenue		
– Hong Kong	**27,619**	38,989
– Mainland China	**73,622**	64,820
	101,241	103,809

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

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Property, plant and equipment		
– Hong Kong	**8,460**	176
– Mainland China	**74,036**	129,804
Construction in progress		
– Mainland China	**–**	2,736
	82,496	132,716

(c) Information about major customers

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

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Customer A	**10,981**	14,631

6. Other income and gains

An analysis of other income and gains is as follows:

	2015 **HK$'000**	2014 HK$'000 (Represented)
Continuing operations		
Amortisation of government grants	**4,842**	2,671
Bank interest income	**13**	28
Gain on changes in fair value on other financial asset	**215,489**	–
Gain on disposal of items of property, plant and equipment	**410**	–
Gain on disposal of subsidiaries	**9,168**	–
Government grants	**1,724**	1,653
Rental income	**1,565**	3,202
Reversal of impairment of trade receivables	**133**	824
Sundry income	**1,485**	724
	234,829	9,102

7. Other operating expenses

An analysis of other operating expenses is as follows:

	2015 **HK$'000**	2014 HK$'000 (Represented)
Continuing operations		
Bad debts written-off	**18**	320
Expenses incurred for fallow farmland	**5,103**	–
Loss in changes in fair value on profit guarantee	**790**	–
Foreign exchange differences, net	**3,304**	898
Impairment of other receivables	**216**	1,220
Impairment of property, plant and equipment	**45,821**	60,503
Impairment of trade receivables	**407**	1,468
Loss on disposal of items of property, plant and equipment	**–**	2,025
Others	**313**	1,373
Written down of inventories	**1,114**	1,193
	57,086	69,000

8. Finance costs

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Imputed interest expenses on convertible bonds	**842**	1,297
Imputed interest expenses on promissory notes	**2,652**	–
Interest on bank loans wholly repayable within five years	**4,330**	4,884
Interest on finance lease	**4**	–
Interest on other loans	**465**	–
Others	**–**	205
	8,293	6,386

9. Loss before tax

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

	2015 HK$'000	2014 HK$'000 (Represented)
Continuing operations		
Staff costs (excluding directors' remunerations)		
Salaries and allowances	**41,787**	48,390
Retirement benefit costs	**845**	1,388
Equity-settled share-based payment	**28,896**	–
Total staff costs (excluding directors' remunerations)	**71,528**	49,778
Auditor's remuneration	**550**	1,000
Cost of inventories recognised as an expense	**97,033**	131,441
Depreciation:		
– on leased assets	**61**	–
– on owned assets	**12,873**	20,389
Loss/(gain) on changes in fair value less costs to sell of biological assets	**271**	(322)
Minimum lease payments under operating leases	**17,561**	18,445
Reversal of impairment of trade receivables	**(133)**	(824)

9. LOSS BEFORE TAX (CONTINUED)

	2015 HK$'000	2014 HK$'000 (Represented)
Equity-settled share-based payment		
Directors	23,907	–
Other eligible participants	123,338	–
Total equity-settled share-based payment	147,245	–

10. DIRECTORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

For the year ended 31 December 2015

	Directors' fee HK$'000	Salaries, allowances and benefits HK$'000	Contributions to retirement scheme HK$'000	Equity-settled payments HK$'000	Total HK$'000
Executive directors					
Mr. Yang Jianzun *(Note 1)*	–	297	6	–	303
Mr. Tsang King Sun	–	1,427	18	11,317	12,762
Mr. Yau Yik Ming, Leao *(Note 2)*	–	2,038	18	5,916	7,972
Mr. Yuen Wai Chung *(Note 3)*	–	80	1	–	81
Mr. Xu Bin *(Note 4)*	–	495	13	6,674	7,182
Independent non-executive directors					
Mr. Wu Wai Chung, Michael *(Note 5)*	5	–	–	–	5
Mr. Chan Loong Sang, Tommy *(Note 6)*	52	–	–	–	52
Ms. Tang Shui Man	180	–	–	–	180
Mr. Li Shaohua *(Note 7)*	180	–	–	–	180
Ms. Diao Hong *(Note 8)*	180	–	–	–	180
	597	4,337	56	23,907	28,897

10. DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2014

	Directors' fee HK$'000	Salaries, allowances and benefits HK$'000	Contributions to retirement scheme HK$'000	Equity-settled payments HK$'000	Total HK$'000
Executive directors					
Mr. Chu Yuet Chung *(Note 9)*	–	400	5	–	405
Mr. Yang Jianzun	–	1,240	51	–	1,291
Mr. Shi Lanjiang *(Note 10)*	–	1,240	51	–	1,291
Ms. Yau Fai San *(Note 11)*	–	866	17	–	883
Mr. Yuen Wai Chung *(Note 3)*	–	936	13	–	949
Mr. Tsang King Sun *(Note 12)*	–	63	–	–	63
Mr. Yau Yik Ming, Leao *(Note 2)*	–	67	–	–	67
Independent non-executive directors					
Mr. Wu Wai Chung, Michael	900	–	–	–	900
Mr. Chan Loong Sang, Tommy	192	–	–	–	192
Mr. Yuen Wai Chung *(Note 3)*	55	–	–	–	55
Mr. Yau Yik Ming, Leao *(Note 2)*	83	–	–	–	83
Ms. Tang Shui Man *(Note 13)*	11	–	–	–	11
	1,241	4,812	137	–	6,190

Notes:

1) Resigned on 10 April 2015.

2) 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.

3) 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.

4) Appointed as Executive Director on 10 April 2014.

5) Resigned as Chairman and Independent Non-Executive Director on 2 January 2015.

6) Resigned as Independent Non-Executive Director on 10 April 2015.

7) Appointed as Independent Non-Executive Director on 2 January 2015.

8) Appointed as Independent Non-Executive Director on 2 January 2015

9) Resigned on 1 May 2014.

10) 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.

11) Resigned on 9 December 2014.

12) Appointed as an Executive Director on 9 December 2014.

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

11. Five highest-paid employees

The five individuals with the highest emoluments in the Group, three (2014: four) are Directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the remaining two (2014: one) individuals are as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other emoluments	1,094	1,029
Equity-settled share-based payments	15,029	–
Retirement scheme contributions	32	17
	16,155	1,046

The emoluments of the two (2014: one) individuals with highest emoluments are within the following band:

	2015 Number of individuals	2014 Number of individuals
HK$1,000,001 – HK$1,500,000	–	1
HK$5,500,001 – HK$6,000,000	1	–
HK$10,000,001 – HK$10,500,000	1	–

During both years ended 31 December 2015 and 2014, 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.

12. Income tax expense (relating to continuing operations)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015 HK$'000	2014 HK$'000
Current tax		
– Hong Kong	76	–
– PRC	20	–
	96	–

12. Income tax expense (relating to continuing operations) (continued)

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

	2015 **HK$'000**	2014 HK$'000 (Represented)
Loss before tax (from continuing operations)	**(47,431)**	(162,895)
Notional tax on loss before tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(6,347)**	(26,985)
Tax effect of non-deductible expenses	**14,628**	16,599
Tax effect of non-taxable income	**(8,214)**	(1,904)
Net tax effect of unused tax losses	**29**	12,485
Utilisation of tax loss previously not recognised	**–**	(195)
Tax expense for the year	**96**	–

13. Discontinued operations

During the year 31 December 2015, the Group completed its disposal of the entire interest in Trade Leader Investment Limited ("Trade Leader") and Trade Rise Holdings Limited ("Trade Rise"), wholly owned subsidiaries of the Company, to Supremacy Global Holdings Limited at a cash consideration of HK$2,000,000 and Kenyield Enterprises Limited at a cash consideration of HK$6,000,000 respectively. The principal activity of Trade Leader and Trade Rise were growing, processing and selling of vegetables. The results of Trade Leader and Trade Rise have been presented as a discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

Accordingly, the comparative figures have been represented in accordance with HKFRS 5 "Non-Current Asset Held for Sales and Discontinued Operations" issued by HKICPA.

13. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations included in the loss for the year are set out below. The comparative loss and cash flows from discounted operations have been re-presented to include those operations classified as discontinued in the current year.

	2015 HK$'000	2014 HK$'000 (Represented)
Revenue	**52,036**	109,682
Cost of sales	**(30,060)**	(43,737)
Gross profit	**21,976**	65,945
Other income and gains	**1,265**	1,308
(Loss)/gain arising from change in fair value less costs to sell of biological assets	**(688)**	915
Selling and distribution expenses	**(10,818)**	(19,267)
Administrative expenses	**(7,782)**	(13,318)
Other operating expenses	**(738)**	(36,847)
Finance costs	**(85)**	(23)
Profit/(loss) before tax	**3,130**	(1,287)
Income tax expense	**–**	13
Profit/(loss) after tax	**3,130**	(1,274)
Gain on disposal of Trade Leader *(Note 35)*	**2,000**	–
Profit/(loss) for the year from discontinued operations attributable to equity holders of the Company	**5,130**	(1,274)

Analysis of expenses of discontinued operation is as follows:

	2015 HK$'000	2014 HK$'000 (Represented)
Depreciation of property, plant and equipment	**772**	1,581
Impairment of other receivables	**–**	6,090

13. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from discontinued operations

	2015 HK$'000	2014 HK$'000 (Represented)
Net cash (outflows)/inflows from operating activities	**(451)**	4,412
Net cash outflows from investing activities	**(1,235)**	(2,212)
Net cash (outflows)/inflows	**(1,686)**	2,200

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a profit of approximately HK$117,547,000 (2014: loss of HK$206,182,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: HK$Nil).

16. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$42,397,000 (2014: HK$164,169,000) and the weighted average number of 5,097,338,000 (2014: 2,612,029,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2015 and 2014 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From continuing operations

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$47,527,000 (2014: HK$162,895,000) and the weighted average number of 5,097,338,000 (2014: 2,612,029,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2015 and 2014 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From discontinued operations

The calculation of basic earnings per share is based on the Group's profit attributable to the equity holders of the Company of HK$5,130,000 (2014: loss of HK$1,274,000) and the weighted average number of 5,097,338,000 (2014: 2,612,029,000) ordinary shares in issue during the year.

The computation of diluted earning/loss per share for the year ended 31 December 2015 and 2014 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a change in earnings/loss per share. Therefore, the basic and diluted earnings/loss per share are the same.

17. Property, plant and equipment

	Building	Leasehold land and buildings	Leasehold improvements	Office equipment	Motor vehicles	Plant, machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 January 2014	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
Disposal	(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
Additions	–	–	1,206	395	8,181	432	407	10,621
Transferred from construction in progress	4,276	–	520	–	–	1,514	–	6,310
Disposals								
– through disposal of Trade Leader and Trade Rise	–	–	–	(598)	(1,594)	(11,558)	(209)	(13,959)
– through disposal of Sanjiang	(736)	–	–	(36)	(18)	(20,310)	(51)	(21,151)
– others	(10,458)	–	(1,079)	(965)	(129)	(18,328)	(193)	(31,152)
Exchange realignment	(1,513)	(634)	(189)	(133)	(179)	(10,293)	(46)	(12,987)
At 31 December 2015	22,991	10,376	4,413	2,192	10,766	152,862	953	204,553

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Building	Leasehold land and buildings	Leasehold improvements	Office equipment	Motor vehicles	Plant, machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accumulated depreciation and impairment								
At 1 January 2014	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	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
Charge for the year	1,107	482	594	472	1,645	9,234	172	13,706
Impairment	6,240	–	–	21	52	39,475	33	45,821
Written back on disposals								
– through disposal of Trade Leader and Trade Rise	–	–	–	(523)	(931)	(4,327)	(129)	(5,910)
– through disposal of Sanjiang	(736)	–	–	(36)	(18)	(20,310)	(51)	(21,151)
– others	(9,821)	–	(1,079)	(864)	(129)	(18,146)	(181)	(30,220)
Exchange realignment	(791)	(197)	(42)	(102)	(145)	(6,126)	(34)	(7,437)
At 31 December 2015	12,165	3,342	1,002	1,574	3,221	100,211	542	122,057
Carrying amount								
At 31 December 2015	10,826	7,034	3,411	618	7,545	52,651	411	82,496
At 31 December 2014	15,256	7,953	2,426	923	1,758	110,994	313	139,623

Impairment losses recognised in the current year

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$82,496,000 (2014: HK$139,623,000). An impairment loss of approximately HK$45,821,000 (2014: 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.

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$7,034,000 (2014: HK$7,953,000) are held in the PRC on medium lease and have been pledged to secure banking facilities granted to the Group (Note 28).

Note b: The carrying amount of motor vehicles held under a finance lease at 31 December 2015 was approximately HK$1,038,000 (2014: HK$673,000).

18. Construction in progress

	HK$'000
At 1 January 2014	5,036
Additions	13,491
Transferred to property, plant and equipment	(15,671)
Exchange realignment	(120)
At 31 December 2014	2,736
Additions	3,612
Transferred to property, plant and equipment	(6,310)
Exchange realignment	(38)
At 31 December 2015	–

19. Goodwill

	HK$'000
Cost	
At 1 January 2014, 31 December 2014 and 1 January 2015	31,678
Disposal through disposal of subsidiaries	(29,580)
At 31 December 2015	2,098
Impairment	
At 1 January 2014	2,098
Impairment during the year	29,580
At 31 December 2014	31,678
Disposal through disposal of subsidiaries	(29,580)
At 31 December 2015	2,098
Carrying amount	
At 31 December 2015	–
At 31 December 2014	–

19. GOODWILL (CONTINUED)

During the year, goodwill amounting to HK$29,580,000 was reversed as a result of disposal of Trade Rise. The corresponding impairment losses had also been reversed.

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.

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

The basis of determining the recoverable amount of the CGUs are summarised below:

In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill arising from acquisition through business combinations by reference to the cash-generating units' value-in-use and determined that such goodwill arising from acquisition of Modern Excellence has been fully impaired.

20. INTEREST IN AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Cost of investment in an associate	**110,057**	–
Share of post-acquisition profit and other comprehensive income	**784**	–
	110,841	–

Particulars of an associate as at 31 December 2015 are as follows:

Name on company	**Place of incorporation/ business**	**Particular of registered capital**	**Percentage of ownership interest held by the Company**	**Principal activities**
Shenzhen Qianhai Gelin Internet Services Company Limited*	PRC/PRC	RMB100,000,000	25%	Provision of internet financing service

The associate is accounted for using the equity method in the consolidated financial statements.

There are no contingent liabilities relating to the Group's interest in the associate.

* For identification purpose only

20. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements are disclosed below:

	2015 HK$'000	2014 HK$'000
Current assets	148,228	–
Non-current assets	1,322	–
Current liabilities	(2,020)	–
Net assets	147,530	–
Revenue	63,958	–
Profit for the year	44,108	–
Total comprehensive income for the year	44,108	–

21. INVENTORIES

	2015 HK$'000	2014 HK$'000
Agricultural materials	719	2,255
Consumables	354	1,904
Merchandise for resale	–	276
	1,073	4,435

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

22. BIOLOGICAL ASSETS

	2015 HK$'000	2014 HK$'000
At 1 January	**4,625**	5,430
Increase due to plantation	**67,758**	84,869
Decrease due to harvest	**(70,118)**	(86,776)
(Loss)/gain arising from changes in fair value less costs to sell	**(959)**	1,237
Exchange realignment	**(132)**	(135)
At 31 December	**1,174**	4,625

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.

23. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**4,036**	9,339
Impairment	**(738)**	(1,960)
	3,298	7,379
Other receivables	**10,235**	8,704
Impairment	**(206)**	(7,545)
	10,029	1,159
Deposits and prepayments	**43,360**	4,317
	56,687	12,855

23. 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:

	2015 **HK$'000**	2014 HK$'000
Current	**2,849**	6,496
61–120 days	**446**	610
Over 120 days	**3**	273
	3,298	7,379

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

	2015 **HK$'000**	2014 HK$'000
Less than 60 days past due	**446**	610
Over 60 days past due	**3**	273
	449	883

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

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	1,960	1,645
Impairment loss recognised	407	1,468
Reversal of impairment loss	(133)	(824)
Uncollectible amounts written off	(1,434)	(318)
Exchange realignment	(62)	(11)
At 31 December	738	1,960

Included in the above impairment of trade receivables for the year are individually impaired trade receivables with a balance of approximately HK$407,000 (2014: HK$1,468,000) 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:

	2015 HK$'000	2014 HK$'000
At 1 January	7,545	244
Impairment loss recognised	216	7,309
Uncollectible amounts written off	(7,525)	–
Exchange realignment	(30)	(8)
At 31 December	206	7,545

Included in the above impairment of other receivables for the year are individually impaired other receivables with a balance of approximately HK$216,000 (2014: HK$7,309,000) 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.

24. LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business during the year. Loan receivables bear interest at rates, and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Loan receivables are secured by the pledge of debtors' assets or personal guarantees by the debtors/certain individuals. Overdue balances are reviewed regularly and handled closely by senior management.

	2015 HK$'000	2014 HK$'000
Carrying amount receivable based on scheduled repayment dates set out in the loan agreements		
Within one year	**1,434**	–
After one year which contain a repayment on demand clause (shown under current assets)	**7,686**	–
	9,120	–
Less: current portion	**(9,120)**	–
Non-current portion	**–**	–

The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2015 HK$'000	2014 HK$'000
Receivable:		
Within 3 months	**118**	–
3 months to 1 year	**1,316**	–
Over 1 year	**7,686**	–
Classified as non-current assets	**–**	–
Current assets	**9,120**	–

All loan receivables are neither past due nor impaired at the end of the reporting period.

25. Other financial assets

On 30 June 2015, the Company entered into the Subscription Agreement with Shenzhen Qianhai Zhongjin Institute of International Education Limited ("Zhongjin") pursuant to which Zhongjin has agreed to subscribe for the convertible bonds in the aggregate principal amount of HK$463 million upon written request from the Company at any time within the first anniversary of the date of the Subscription Agreement. The proposed convertible bonds are interest-free with maturity date falling on the third anniversary of the date of issue.

On 31 December 2015, the fair value of the option for the subscription for the convertible bonds was HK$215,489,000.

The fair value of the other financial assets as at 31 December 2015 is based on valuation performed by Access Partner Consultancy & Appraisals Limited, by using a Black-Scholes Merton Option Pricing model.

26. Cash and cash equivalents

	2015 **HK$'000**	2014 HK$'000
Bank balances	**44,024**	9,877
Cash on hand	**50**	221
	44,074	10,098

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$12,114,000 (2014: HK$9,637,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

27. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables *(Note a and Note b)*	**20,347**	23,737
Accruals and other payables *(Note b)*	**21,512**	20,313
Government grants *(Note c)*	**13,629**	25,716
	55,488	69,766
Less: current portion	**(44,005)**	(47,210)
Non-current portion – government grants	**11,483**	22,556

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:

	2015 HK$'000	2014 HK$'000
0–60 days	**4,812**	10,158
61–120 days	**5,970**	8,820
Over 120 days	**9,565**	4,759
	20,347	23,737

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) 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.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loans *(Note a)*	**47,968**	54,321
Other loan *(Note b)*	**1,267**	1,345
Other loan from an independent third party *(Note c)*	**–**	7,500
	49,235	63,166
Secured	**30,326**	28,115
Unsecured	**18,909**	35,051
Carrying amount	**49,235**	63,166
Repayable		
With one year	**49,235**	49,439
More than one year, but not exceeding than two years	**–**	13,727
	49,235	63,166
Less: Amounts shown under current liabilities	**(49,235)**	(63,166)
Non-current liabilities	**–**	–

Notes:

(a) The bank loan amounted to HK$17,642,000 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.

The bank loan amounted to HK$12,479,000 was unsecured. The loan interest was charged at prevailing rate quoted by the People's Bank of China plus 15% of prevailing rate per annum. The loan was fully settled during the year ended 31 December 2015.

The bank loan amounted to HK$30,326,000 is secured by several Group's properties. The loan interest is charged at prime rate plus 15% to 40% of prime rate per annum.

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

(c) Other loan from an independent third party was unsecured, interest-free and repayable on demand. The loan was fully settled during the year ended 31 December 2015.

29. 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 payments		Present value of minimum lease payments	
	2015 **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000
Amounts payable:				
Within one year	**242**	259	**200**	240
In the second year	**242**	259	**210**	250
In the third to fifth years, inclusive	**583**	108	**552**	107
Total minimum finance lease payments	**1,067**	626	**962**	597
Future finance charges	**(105)**	(29)		
Total net finance lease payables	**962**	597		
Portion classified as current liabilities	**(200)**	(240)		
Non-current portion	**762**	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 5 years (2014: 3 years). Interest rate underlying the obligation under a finance lease is fixed at respective contract date at 2% (2014: 2%) per annum.

30. SHARE CAPITAL

	2015 **HK$'000**	2014 HK$'000
Authorised:		
150,000,000,000 (2014: 150,000,000,000) ordinary shares of HK$0.01 each	**1,500,000**	1,500,000
10,000,000,000 (2014: 10,000,000,000) preference shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
5,741,900,654 (2014: 3,792,010,613) ordinary shares of HK$0.01 each	**57,419**	37,920
3,030,000 (2014: 3,030,000) preference shares of HK$0.01 each *(Note a)*	**30**	30
Total amount	**57,449**	37,950

	No of shares	**Amount** HK$'000
At 1 January 2014	1,933,261,335	19,333
Issue of shares under placement *(Note b)*	34,480,000	344
Conversion of preference shares *(Note c)*	1,824,269,278	18,243
At 31 December 2014	3,792,010,613	37,920
Issue of shares under placement *(Note d)*	500,000,000	5,000
Issue of shares under placement *(Note e)*	863,017,507	8,630
Issue of shares under placement *(Note f)*	173,552,043	1,735
Conversion of convertible bonds *(Note g)*	230,769,230	2,308
Exercise of share options *(Note h)*	182,551,261	1,826
At 31 December 2015	5,741,900,654	57,419

Notes:

(a) The preference shares are non-redeemable with par value of HK$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.

(b) 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.

30. SHARE CAPITAL (CONTINUED)

Notes: (continued)

(c) On 21 January 2014, 27 November 2014, 28 November 2014, 1 December 2014, 3 December 2014, 4 December 2014 and 10 December 2014, 138,207,998, 280,000,000, 101,340,000, 44,091,280, 63,384,333, 133,333,333 and 133,912,334 ordinary share of HK$0.01 each respectively 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 and 27 November 2014, 426,840,000 and 503,160,000 ordinary share of HK$0.01 each respectively were issued pursuant to the conversion of the convertible preference shares Class A at an issue price of HK$0.0482 per share.

(d) On 19 January 2015, the Company entered into a share subscription agreement with an independent third party, to allot and issue 506,557,866 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.071 per share, representing a discount of approximately 19.32% to the closing price of HK$0.088 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 3 June 2014. The 500,000,000 new Shares of HK$0.071 each, credited as fully paid, were allotted and issued to no less than six placees on 4 February 2015 with net proceeds of approximately HK$34.65 million, representing in net issue price of approximately HK$0.069 per placing share, for general working capital and future business development of the Group.

(e) On 13 April 2015, the Company entered into a share subscription agreement with an independent third party, Mr. Lin Yuhao (the "Subscriber"), to allot and issue 863,017,507 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.0833 per share, representing a discount of approximately 19.9% to the closing price of HK$0.104 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 24 March 2015. The 863,017,507 new Shares of HK$0.0833 each, credited as fully paid, were allotted and issued to the Subscriber on 27 April 2015 with net proceeds of approximately HK$71.8 million, representing in net issue price of approximately HK$0.0832 per subscription share, for general working capital and future business development of the Group.

(f) On 29 July 2015, the Company entered into a share placing agreement with an independent third party to allot and issue a maximum of 173,552,043 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.378 per Share, representing a discount of approximately 19.57% to the closing price of HK$0.47 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 12 June 2015. The 173,552,043 new Shares of HK$0.378 each, credited as fully paid, were allotted and issued to one placee, namely Wang Yi, who is an independent third party, on 14 August 2015 with net proceeds of approximately HK$64.9 million representing in net issue price of approximately HK$0.37 per placing share, for general working capital and future business development of the Group.

(g) During the year ended 31 December 2015, all convertible bonds with an aggregate principal amount of HK$30,000,000 were converted into 230,769,230 ordinary shares of the Company as set out as below:

i. On 6 March 2015, convertible bonds with aggregate principal amount of HK$3,000,000 were converted into 23,076,923 ordinary shares of the Company at a conversion price of HK$0.13 each.

ii. On 15 June 2015, convertible bonds with aggregate principal amount of HK$3,000,000 were converted into 23,076,923 ordinary shares of the Company at a conversion price of HK$0.13 each.

iii. On 30 June 2015, convertible bonds with aggregate principal amount of HK$6,000,000 were converted into 46,153,846 ordinary shares of the Company at a conversion price of HK$0.13 each.

iv. On 29 July 2015, convertible bonds with aggregate principal amount of HK$18,000,000 were converted into 138,461,538 ordinary shares of the Company at a conversion price of HK$0.13 each.

(h) During the year ended 31 December 2015, 182,551,261 share options were exercised to subscribe for 182,551,261 ordinary shares in the company at a consideration of HK$18,985,332 of which HK$1,825,513 was credited to share capital and the balance of HK$17,159,819 was credited to the share premium account. Amounts of approximately HK$10,711,387 has been transferred from the share options reserve to the share premium account in accordance with policy set out in note 2.

31. RESERVES

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.

Distributability of reserves

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

32. 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.

The convertible bonds contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$19,967,000 was recognised with the residual value of approximately HK$10,033,000, representing equity component, presented in equity heading "convertible bonds reserve".

Transaction costs relating to the liability component of approximately HK$196,000 are included in the carrying amount of the liability portion.

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

32. CONVERTIBLE BONDS (CONTINUED)

During the year, interest charged on the convertible bonds of approximately HK$842,000 (2014: HK$1,297,000) was debited to profit or loss.

During the year ended 31 December 2015, all convertible bonds were converted into ordinary shares of the Company.

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

	Liability component HK$'000	Equity component HK$'000	Total HK$'000
Issued of convertible bonds	19,967	10,033	30,000
Direct transaction costs	(196)	(99)	(295)
Imputed interest expense	1,297	–	1,297
Finance cost paid	(232)	–	(232)
At 31 December 2014	20,836	9,934	30,770
Imputed interest expense	842	–	842
Finance cost paid	(151)	–	(151)
Conversion into shares	(21,527)	(9,934)	(31,461)
At 31 December 2015	–	–	–

33. PROMISSORY NOTES

	2015 HK$'000	2014 HK$'000
Issue of promissory notes	**100,000**	–
Fair value change on issuance of promissory notes	**(26,401)**	–
Imputed interest expense	**2,652**	–
At 31 December	**76,251**	–

On 24 September 2015, the Company issued unsecured promissory notes ("PN") with principal value of HK$100,000,000 as a partial consideration for the acquisition of an associate. The PN bears interest at 3% per annum and is payable on 23 September 2018 (the "PN Maturity Date"). The fair values of the PN at the date of issuance was approximately HK$73,599,000.

The PN is subsequently measured at amortised cost, using effective interest rate of 14%. As at 31 December 2015, the carrying amount of the PN was approximately HK$76,251,000.

During the year ended 31 December 2015, imputed interest of approximately HK$2,652,000 was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN.

34. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013 ("Adoption Date") for the primary purpose of providing incentives or rewards to selected participants. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the Adoption Date. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of share options						
Name of category/ participant	At 1 January 2015	Granted during the year	Exercised during the year	**At 31 December 2015**	Date of granted	Exercise period	Exercise price HK$
Directors							
In aggregate	–	102,775,631	(102,775,631)	**–**	13/4/2015	13/4/2015 –12/4/2025	0.104
In aggregate	–	58,964,806	–	**58,964,806**	3/7/2015	3/7/2015-2/7/2025	0.495
	–	161,740,437	(102,775,631)	**58,964,806**			
Employees							
In aggregate	–	42,600,000	(32,600,000)	**10,000,000**	13/4/2015	13/4/2015 –12/4/2025	0.104
In aggregate	–	102,601,025	–	**102,601,025**	3/7/2015	3/7/2015-2/7/2025	0.495
In aggregate	–	515,000	–	**515,000**	10/9/2015	10/9/2015-9/9/2025	0.349
	–	145,716,025	(32,600,000)	**113,116,025**			
Consultants							
In aggregate	–	47,175,630	(47,175,630)	**–**	13/4/2015	13/4/2015 –12/4/2025	0.104
In aggregate	–	355,729,673	–	**355,729,673**	3/7/2015	3/7/2015-2/7/2025	0.495
	–	402,905,303	(47,175,630)	**355,729,673**			
	–	710,361,765	(182,551,261)	**527,810,504**			

The options outstanding at 31 December 2015 had an exercise price ranging from HK$0.104 to HK$0.495 and a weighted average remaining contractual life of 9.5 years.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	10 September 2015	3 July 2015	13 April 2015
Fair value at measurement date	HK$87,497	HK$135,904,419	HK$11,252,776
Share price	HK$0.325	HK$0.465	HK$0.104
Exercise price	HK$0.349	HK$0.495	HK$0.104
Expected volatility (expressed as weighted average Volatility used in the modeling under the Binominal Option Price Model)	65%	65%	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10 years	10 years	10 years
Expected dividends	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	1.53%	1.87%	1.49%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The equity-settled share-based payments charged to the profit or loss was HK$147,244,692 for the year ended 31 December 2015.

At the end of the reporting period, the Company has 527,810,504 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 527,810,504 additional ordinary shares of the Company and additional share capital of approximately HK$5,278,000.

Up to the date of this report, 182,551,261 share options have been exercised.

35. DISPOSALS OF SUBSIDIARIES

Disposal of Trade Leader

On 29 May 2015, the Group disposed entire equity interests in Trade Leader to independent third party with consideration of HK$2,000,000. The gain on disposal was approximately HK$2,000,000. Trade leader engaged in selling of vegetables.

The cash flow and the carrying amount of the net assets of Trade leader sold at the date of disposal were as follows:

	29 May 2015 HK$'000
Trade and other receivables	1,584
Cash and cash equivalents	62
Trade and other payables	(1,646)
Net assets/liabilities disposal of	–
Less: consideration	(2,000)
Gain on disposal of subsidiary *(Note 13)*	2,000
Cash consideration received	2,000
Cash and cash equivalents disposal of	(62)
Net cash inflow arising on disposal	1,938

35. DISPOSALS OF SUBSIDIARIES (CONTINUED)

Disposal of Trade Rise

On 14 August 2015, the Group disposed entire equity interests in Trade Rise and its subsidiaries to independent third party with consideration of HK$6,000,000. The gain on disposal was approximately HK$465,000. All these subsidiaries were engaged in growing, processing and selling vegetables.

The cash flow and the carrying amount of the net assets of Trade Rise and its subsidiaries sold at the date of disposal were as follows:

	14 August 2015 HK$'000
Property, plant and equipment	8,049
Inventories	214
Trade and other receivables	8,825
Cash and cash equivalents	2,020
Trade and other payables	(10,605)
Government grants	(2,968)
Net assets disposed of	5,535
Less: consideration	(6,000)
Gain on disposal of subsidiaries *(Note 6)*	465
Cash consideration received	6,000
Cash and cash equivalents disposal of	(2,020)
Net cash inflow arising on disposal	3,980

35. DISPOSALS OF SUBSIDIARIES (CONTINUED)

Disposal of Sanjiang

On 18 December, 2015, the Group disposed entire equity interests in Sanjiang to independent third party with consideration of RMB1,000,000 (approximately HK$1,230,000). The gain on disposal was approximately HK$8,703,000. Sanjiang was engaged in growing and processing of vegetables.

The cash flow and the carrying amount of the net assets of Sanjiang sold at the date of disposal were as follows:

	18 December 2015 HK$'000
Inventories	**242**
Trade and other receivables	**527**
Cash and cash equivalents	**267**
Trade and other payables	**(5,609)**
Government grants	**(2,900)**
Net liabilities disposal of	**(7,473)**
Less: consideration	**(1,230)**
Gain on disposal of subsidiary *(Note 6)*	**8,703**
Cash on consideration received	**–**
Cash and cash equivalents disposal of	**(267)**
Net cash outflow arising on disposal	**(267)**

36. OPERATING LEASE COMMITMENTS

At 31 December 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**18,351**	20,522
In the second to fifth years	**67,652**	90,896
Over five years	**93,809**	183,213
	179,812	294,631

Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed for terms of 1 to 26 years.

37. Capital commitments

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

	2015 HK$'000	2014 HK$'000
Capital expenditure contracted for but not provided for	**1,096**	1,609

38. Major non-cash transactions

Save as transactions disclosed in notes 29 to the consolidated financial statements, the Group had no other major non-cash transactions during the years end 31 December 2015 and 2014.

39. Financial instrument by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables		
– Trade and other receivables	**52,685**	10,172
– Loan receivables	**9,120**	–
Other financial assets	**215,489**	–
Cash and cash equivalents	**44,074**	10,098
	321,368	20,270
Financial liabilities		
At amortised cost		
– Trade and other payables	**41,859**	43,961
– Interest-bearing bank and other borrowings	**49,235**	63,166
– Obligation under a finance lease	**962**	597
– Convertible bonds	**–**	20,836
– Promissory notes	**76,251**	–
	168,307	128,560

40. 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 Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables). The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance for 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.

Interest rate risk

The Group is mainly exposed to fair value interest rate risk in relation to its fixed-rate finance leases and convertible bonds. The Group is exposed to cash flow interest rate risk in relation to its variable-rate deposits and bank borrowings which carry prevailing market interest rates.

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

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. The sensitivity analysis below have been determined based on the exposure to interest rates for variable interest rate variable-rate deposits, long-term loans receivable and bank borrowings. The analysis is prepared assuming the variable-interest rate deposits, long-term loans receivable and bank loans outstanding at the reporting date were outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Group's loss before tax would increase/decrease by approximately HK$150,000 (2014: increase/decrease by HK$32,000) for the year ended 31 December 2015.

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

(a) Financial risk management (continued)

Liquidity risk

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

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

The following tables detail the Group's contractual maturities at the end of the reporting period of the Group'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 can be required to pay.

	2015					
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	41,859	41,859	41,859	–	–	–
Interest-bearing bank and other borrowings	49,235	49,235	49,235	–	–	–
Obligation under a finance lease	962	1,067	242	242	583	–
Promissory notes	76,251	109,000	–	–	109,000	–
	168,307	201,161	91,336	242	109,583	–

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

(a) Financial risk management (continued)

Liquidity risk (continued)

	2014					
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 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

(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.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 December 2015				
Other financial assets	–	215,489	–	215,489

The fair value of the financial assets is determined by using a Black-Scholes Merton Option Price model.

There were no transfer between Level 1 and 2 in the current year.

40. 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

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 2.

– For disclosure purpose, the fair values of the promissory notes and 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.

– The directors of the Company consider that the carrying amounts of the Group'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.

41. CAPITAL RISK MANAGEMENT

The Group manages 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. The net debt to adjusted equity ratio as at 31 December 2015 is 0.2 (2014: 0.7). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

42. MATERIAL RELATED PARTY TRANSACTION

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

	2015 HK$'000	2014 HK$'000
Sale of agricultural produce to a related company	–	454

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

(b) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other short-term employee benefits	6,444	7,082
Contribution to defined contribution retirement scheme plans	112	154
Equity-settled share-based payment	39,252	–
	45,808	7,236

43. EVENTS AFTER THE REPORTING DATE

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

On 2 February 2016, Shenzhen GLYD Internet Finance Service Company Limited ("Shenzhen GLYD"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the independent third parties (the "Vendors") to acquire Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Target Group") (the "Proposed Acquisition"), at the consideration of RMB86,292,000 which is to be satisfied by the issue of the Consideration Shares by the Company. The Target Group will be principally engaged in the micro finance business in the PRC. Upon completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company. Details of the Proposed Acquisition are set out in the announcement of the Company dated 2 February 2016.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name on company	Place of incorporation/ business	Issue and fully paid share/ registered capital	Percentage of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
First Novel Limited	BVI/Hong Kong	US$2	100	–	Investment holding
Modern Excellence Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Trade Soar Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Hong Kong Congyu Development Co., Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Jiangxi Anyi Congyu Agricultural Development Company Limited*	PRC/PRC	RMB30,000,000	–	100	Growing, processing and selling vegetables
Guangdong Cypress Jade Agricultural Group Company Limited*	PRC/PRC	RMB30,000,000	–	100	Growing, processing and selling vegetables
Ningxia Cypress Jade Agricultural Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Guangzhou Luyuan Agricultural Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Dongguan Xin Feng Vegetable Trading Company Limited*	PRC/PRC	RMB1,000,000	–	100	Processing and selling vegetables
Guangzhou Cypress Jade Agricultural Science and Technology Company Limited*	PRC/PRC	RMB1,000,000	–	100	Dormant
Guangzhou Cypress Jade Vegetable Cultivation Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant
Central Tycoon Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Hong Kong Congyu Agricultural Trading Development Company Limited	Hong Kong/Hong Kong	HK$1	–	100	Trading of agricultural produce
Shenzhen Cypress Jade Food Trading Company Limited*	PRC/PRC	RMB1,000,000	–	100	Dormant
Robust Canton Limited	BVI/Hong Kong	US$1	–	100	Dormant
Viva State Limited	BVI/Hong Kong	US$1	–	100	Management Services
Smart Sharp Trading Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Power Gold Enterprises Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Golden Rich (HK) Limited	Hong Kong/Hong Kong	HK$10,000	–	100	Investment holding
GLYD Internet Finance Holdings Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
GLYD (Hong Kong) Internet Finance Services Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Shenzhen GLYD Internet Finance Service Company Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant
Shenzhen GLRT Asset Management Consultant Company Limited*	PRC/PRC	RMB30,000,000	–	100	Dormant
Trade Zone Global Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Golden Rich International Financial Group Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Golden Rich Futures Limited	Hong Kong/Hong Kong	HK$10,000	–	100	Dormant
Golden Rich Finance Limited	Hong Kong/Hong Kong	HK$20,000,000	–	100	Money Lending Business
Golden Rich Securities Limited	Hong Kong/Hong Kong	HK$10,000,000	–	100	Dormant
Shenzhen Golden Rich Finance Service Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant

* For identification purpose only

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	1,329	176
Investments in subsidiaries	342,871	50,080
	344,200	50,256
Current assets		
Other receivables	2,966	700
Other financial assets	215,489	–
Cash and cash equivalents	12,745	140
	231,200	840
Current liabilities		
Other payables	2,272	2,646
Other borrowing	–	7,500
	2,272	10,146
Net current assets/(liabilities)	228,928	(9,306)
Total assets less current liabilities	573,128	40,950
Capital and reserves		
Share capital	57,449	37,950
Reserves	439,428	(17,836)
Total equity	496,877	20,114
Non-current liabilities		
Convertible bonds	–	20,836
Promissory notes	76,251	–
	76,251	20,836
	573,128	40,950

Approved and authorised for issue by the board of directors on 24 March 2016.

Yau Yik Ming Leao
Deputy Chairman

Tsang King Sun
Director

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movements in the Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	37,606	100,100	85,146	–	–	(11,490)	211,362
Loss and total comprehensive income for the year	–	–	–	–	–	(206,182)	(206,182)
Issue of ordinary shares	344	4,656	–	–	–	–	5,000
Issue of convertible bonds	–	–	–	9,934	–	–	9,934
At 31 December 2014	37,950	104,756	85,146	9,934	–	(217,672)	20,114
Profit and total comprehensive income for the year	–	–	–	–	–	117,547	117,547
Equity-settled share-based payment transaction	–	–	–	–	147,245	–	147,245
Issue of ordinary shares under placement of shares	15,365	156,094	–	–	–	–	171,459
Issue of shares under share option scheme	1,826	27,871	–	–	(10,712)	–	18,985
Conversion of convertible bonds to ordinary shares	2,308	29,153	–	(9,934)	–	–	21,527
At 31 December 2015	57,449	317,874	85,146	–	136,533	(100,125)	496,877

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.

	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Represented)			
Turnover	**101,241**	103,809	268,423	267,919	15,810
(Loss)/profit for the year	**(42,397)**	(164,169)	(58,829)	31,399	(12,132)
Attributable to:					
Equity shareholders of the Company	**(42,397)**	(164,169)	(58,829)	31,399	(12,132)
Total assets	**520,954**	174,448	323,759	314,867	299,878
Total liabilities	**(182,012)**	(154,365)	(151,261)	(196,635)	(383,569)
Net assets/(liabilities)	**338,942**	20,083	172,498	118,232	(83,691)