中國糧油控股有限公司
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
Stock Code : 606

專注競爭力
Enhance Competitiveness

2015 ANNUAL REPORT

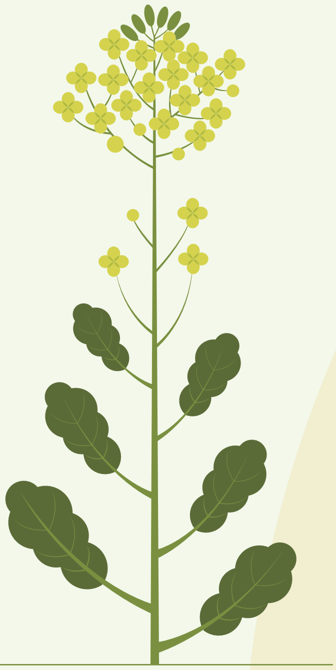
ENHANCE COMPETITIVENESS

2015 ANNUAL REPORT

CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
中國糧油控股有限公司

China Agri at a glance

OUR CORE BUSINESSES

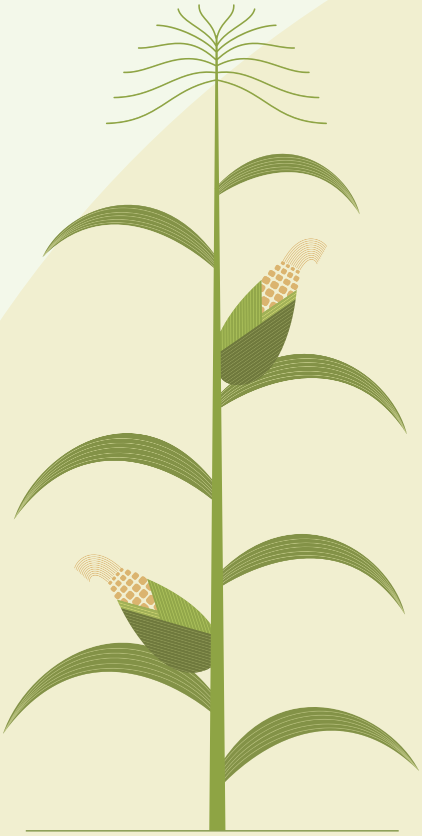


Oilseeds Processing Business

Market position
One of the largest vegetable oil and oilseed meal producers in China

Major products
Soybean oil, palm oil, rapeseed oil and oilseed meals

Major brands
Fuzhanggui (福掌柜), Sihai (四海), Xiyingying (喜盈盈) and Guhua (谷花)



Biochemical and Biofuel Business

Market position
One of the largest corn processors in China and a leading fuel ethanol producer

Major products
Biochemical: Corn starch, sweeteners, crude corn oil, monosodium glutamate (MSG) and feed ingredients
Biofuel: Fuel ethanol, consumable alcohol, anhydrous ethanol, crude corn oil and distiller's dried grains with solubles (DDGS)

Rice Processing and Trading Business

Market position
China's leading supplier of packaged rice and largest rice exporter and importer

Major products
Rice

Major brands
Fortune (福临门), Jinying (金盈),
Five Lakes (五湖),
Golden Terra (金地), Xin (薪) and
Donghai Mingzhu (东海明珠)

Wheat Processing Business

Market position
One of the largest wheat processors in China

Major products
Flour, noodles and bread

Major brands
Fortune (福临门) and
Xiangxue (香雪)

Brewing Materials Business

Market position
A leading brewing materials supplier in China

Major products
Malt

Contents

Corporate Information

Directors

Chairman of the Board and Executive Director
CHI Jingtao

Executive Directors
YUE Guojun (Managing Director)
SHI Bo

Non-executive Directors
YU Xubo
MA Wangjun

Independent Non-executive Directors
LAM Wai Hon, Ambrose
Patrick Vincent VIZZONE
ONG Teck Chye

Audit Committee

LAM Wai Hon, Ambrose (Chairman)
Patrick Vincent VIZZONE
ONG Teck Chye
MA Wangjun

Remuneration Committee

Patrick Vincent VIZZONE (Chairman)
MA Wangjun
LAM Wai Hon, Ambrose
ONG Teck Chye

Nomination Committee

CHI Jingtao (Chairman)
LAM Wai Hon, Ambrose
Patrick Vincent VIZZONE
ONG Teck Chye

Executive Committee

YUE Guojun (Chairman)
CHI Jingtao
SHI Bo

Qualified Accountant

CHAN Ka Lai, Vanessa

Company Secretary

LOOK Pui Fan

Auditors

Ernst & Young
Certified Public Accountants

Legal Advisor

Herbert Smith Freehills LLP

Registered Office

31st Floor, COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

Share Registrar and Transfer Office

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

Principal Bankers

Agricultural Bank of China Limited
Agricultural Development Bank of China
Australia and New Zealand Banking Group Limited
Banco Santander, S.A.
Bank of China Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Industrial and Commercial Bank of China Limited
National Australia Bank Limited
Rabobank International (Hong Kong Branch)
Societe Generale Corporate and Investment Banking
The Sumitomo Trust & Banking Company Limited
Westpac Banking Corporation

Investor Relations

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Company Website

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Stock Code

606

Financial Highlights

For the year ended 31 December 2015

	Unit	2015	2014	Increase/ (Decrease)
Revenue:	HK$ million	**82,548.2**	93,238.7	(11%)
– Oilseeds processing	HK$ million	**41,052.9**	53,713.5	(24%)
– Biochemical and biofuel	HK$ million	**14,622.2**	16,540.0	(12%)
– Rice processing and trading	HK$ million	**9,986.1**	7,746.4	29%
– Wheat processing	HK$ million	**8,527.6**	9,002.1	(5%)
– Brewing materials	HK$ million	**2,617.1**	2,738.8	(4%)
– Corporate and others	HK$ million	**5,742.3**	3,497.9	64%
Loss before tax	HK$ million	**(53.8)**	(338.2)	(84%)
Operating profit/(loss) (segment results)	HK$ million	**258.0**	(398.2)	(165%)
Operating profit before depreciation and amortisation	HK$ million	**1,959.4**	1,274.8	54%
Operating margin	%	**0.3**	(0.4)	N/A
Loss attributable to owners of the Company	HK$ million	**(332.7)**	(775.4)	(57%)
Loss per share:				
– Basic	HK cents	**(6.34)**	(14.77)	(57%)
– Diluted	HK cents	**(6.34)**	(14.77)	(57%)
Dividends per share for the year:				
– Interim	HK cents	**–**	–	N/A
– Proposed final	HK cents	**–**	–	N/A
Total assets	HK$ million	**67,253.5**	78,561.3	(14%)
Equity attributable to owners of the Company	HK$ million	**26,324.6**	28,075.1	(6%)
Closing price per share at year-end	HK$	**2.66**	3.20	(17%)
Market capitalisation at year-end	HK$ million	**13,964.7**	16,799.6	(17%)
Net asset value per share at year-end	HK$	**5.01**	5.35	(6%)
Net gearing ratio at year-end	%	**63.0**	67.9	N/A

Capacity Distribution

2015 Capacity

Unit: metric ton '000

Oilseeds Processing

Crushing Capacity	**11,730**
Jiangsu	3,600
Shandong	2,280
Guangxi	1,755
Tianjin	1,200
Hubei	900
Guangdong	720
Liaoning	600
Anhui	375
Jiangxi	300
Refining Capacity	**4,510**
Jiangsu	1,110
Tianjin	720
Shandong	660
Guangdong	440
Guangxi	420
Hubei	360
Jiangxi	360
Anhui	180
Chongqing	180
Liaoning	80

Biochemical and Biofuel

Biochemical (Corn Processing Capacity)	**2,450**
Jilin	1,850
Heilongjiang	600
Sweetener Production Capacity	**1,040**
Jilin	490
Shanghai	250
Hubei	100
Hebei	100
Sichuan	100
Monosodium Glutamate (MSG) Production Capacity	**100**
Heilongjiang	100
Biofuel	**1,800**
Heilongjiang (Corn Processing Capacity)	1,200
Guangxi (Tapioca Processing Capacity)	600
Fuel Ethanol, Consumable Ethanol and Anhydrous Ethanol Production Capacity	**600**
Heilongjiang	400
Guangxi	200

2015 Capacity

Unit: metric ton '000

Rice Processing and Trading

Rice Production Capacity	**2,445**
Heilongjiang	640
Liaoning	425
Jiangsu	255
Jilin	220
Jiangxi	220
Anhui	195
Hubei	190
Hunan	165
Ningxia	75
Sichuan	60

Wheat Processing

Wheat Processing Capacity	**3,571**
Henan	1,320
Zhejiang	600
Liaoning	400
Hebei	340
Jiangsu	321
Sichuan	240
Fujian	180
Shandong	170
Noodle Production Capacity	**222.3**
Henan	78
Liaoning	48
Shandong	22.5
Hebei	19.8
Zhejiang	18
Jiangsu	18
Sichuan	18
Bakery Production Capacity	**1.98**
Beijing	1.98

Brewing Materials

Malt Production Capacity	**740**
Liaoning	360
Jiangsu	300
Inner Mongolia	80

Chairman's Statement

Dear Shareholders,

In August, 2015, I was honoured to be appointed as Chairman of the Board of China Agri-Industries Holdings Limited ("China Agri" or the "Company") succeeding Mr. Yu Xubo. I have been deeply moved to be given responsibility for this role and would like to take this opportunity to express my sincere gratitude towards Mr. Yu and his many contributions to the development of China Agri. Mr. Yu remains a non-executive director of the Company. We will continue to benefit from his rich experience in strategic development going forward.

Looking back at 2015, consumer demand in China weakened as a result of structural adjustments, against a backdrop of slower macroeconomic growth. Downward pressure has prevailed despite the government's initiatives to boost innovation and transformation and push forward the structural adjustment of the economy. The management has worked hard to narrow losses and improve year-on-year results. We have been able to cope with adversity and learn from the experiences, while improving our capability to manage risks. The Board appreciates the professionalism of the management and is confident of their ability to drive future business development.

As a leading agribusiness and food processing company in China, the Company maintains high standards of corporate governance and follows a strict code of business ethics in all its endeavours. We have improved our management system to promote achieving business and operational targets but also to comply with relevant laws and regulations. In 2015, the Company focused on managing risks in the bulk commodity transactions, as well as credit and currency risks. Functions of the Board and subordinate departments were enriched. We also improved our delegation and approval systems and strengthened quantitative risk monitoring to enhance corporate governance.

As China's 13th Five Year Plan unfolds over the course of 2016, China's economy will enter into a new phase of transformation for nurturing economic drivers and upgrading its traditional competitive edge. The Chinese government is likely to introduce lots of new measures on supply side reform to solve the excess capacity issue, destocking, deleverage, reduce costs and improve shortcomings. All will provide us with new markets and opportunities for strategic development. With consumers paying more attention on food safety, nutrition and health, it is expected that the development of packaged and branded agricultural products will push the balance of supply and demand from low-end products to high-end products.

Looking ahead to 2016, the operating environment remains challenging. The Company will continue to enhance operation efficiency and strengthen its competitive edge in cost control to increase operating results and returns to shareholders. On the procurement side, the Company will keep cautious over risk control, leveraging its price analysis platform to control sourcing pace and improve its hedging strategies. On the production side, the Company will focus on cost and quality management by using benchmark management, and together with all measures, to tap the potential for greater efficiency and cost reduction. On the sales side, the Company strives for high premium products by rolling out more tailor-made products and improving the ability on research and development. Meanwhile, as the agribusiness industry is being transformed to higher level, China Agri will look for ways to optimise its business mix and resources allocation. The Company will place top priority on food and grain safety as consumers demand higher quality products. Other areas of focus will include channel consolidation and brand building, and strengthening the market position of our rice, noodle and oil products on the basis of our branded products' reliability and trustworthiness in the eyes of customers. All measures will in turn help the Company deliver stable results over the long run.

Finally, I would like to take this opportunity to extend my heartfelt gratitude to our shareholders, customers and business partners for their continued support. I would also like to thank the members of our Board, the management and our hard-working staff for their diligence and commitment.

CHI Jingtao

Chairman
Hong Kong, 23 March 2016

Managing Director's Report

In 2015, under the guideline emphasising organic growth, China Agri continued to focus on addressing capability shortfalls, benchmarking management and operating capability enhancement. The strategy was successful. Business operations of the Company were improved. Loss attributable to equity holders was narrowed substantially year-on-year to HK$332.7 million, amid a prolonged downturn in the industry and volatile economic climate.

During the year under review, the gross profit of oilseeds processing business returned to growth. For the biochemical and biofuel business, numbers of measures were used to reduce the impact of lower crude oil prices on the major products. The rice segment's branded products increased its market share and refined its product portfolio. In the wheat processing business, the Company improved cost control capabilities in a systematic way, which helped to increase gross profit. The brewing materials business continued its high sales volume and profitability.

2015 saw a complex year for global economy. The financial markets were volatile, while commodity markets continued its falling prices for crude oil, soybeans and agricultural products. China's domestic economy struggled to regain momentum and government policies were still the major factor influencing the grain market amid imbalanced supply and demand situation. The overall business environment for China's oilseeds crushing and grain processing industries didn't improve significantly. The management focused on risk management and risk mitigation measures, which laid a good foundation to improve the bottom-line year-on-year. On the procurement side, the Company avoided price risk by using prudent sourcing policy and well established hedging strategy. To deal with the new change in the quotation mechanism between Renminbi and foreign currency, the Company reduced total debt size, changed its loan portfolio and improved the cash management system. Using a detailed-oriented management, the Company was able to reduce overall financing costs and further enhance our competitiveness.

In 2016, the global economic recovery continues in an uneven way. Emerging markets face headwinds ranging from exchange rate volatility to geopolitical tensions. China's economic growth is likely to remain under mild downward pressure. As the marginal effects of China's domestic demand-side management winds down, the government will promote supply-side reforms, which will facilitate the elimination of excess capacity, reduce operating expenses for enterprises, and help to correct the imbalance between supply and demand. At the same time, high levels of supply in the domestic grain market will push government to introduce reforms in China's grain purchase and reserve policy. The government is expected to implement its policy of "destocking, reducing costs and improving shortfalls" in the agricultural sector. This will help to benefit the leading companies in the industry in terms of competitive advantages and costs reduction.

China Agri's will continue its stable operation strategy and adopt all necessary measures to avoid and manage major risks, while keeping the momentum of bottom-line improvement. As China's economic reforms unfold, we will look for opportunities arising from new policy change in grain purchase and reserve. Bearing in mind the trend of consumption and customers needs, China Agri will strive to further enhance its core competencies and improve its bottom-line based on its advantages in R&D, product innovation, quality product mix and market share expansion plan.

YUE Guojun

Managing Director
Hong Kong, 23 March 2016

Management Discussion and Analysis

Business Review

Financial Review

Corporate Sustainability and Risk Factors

Oilseeds Processing Business

China Agri is one of the largest vegetable oils and oilseed meals producers in China. Its products include soybean oil, palm oil, rapeseed oil and oilseed meal, which are sold under the brand names "Sihai" (四海), "Xiyingying" (喜盈盈) and "Guhua" (谷花). As of 31 December 2015, the Company operated a total of fifteen plants in Jiangsu, Shandong, Guangxi, Tianjin, Hubei, Guangdong, Liaoning, Anhui, Jiangxi and Chongqing. The plants had a combined annual crushing capacity of 11,730,000 metric tons and a combined refining capacity of 4,510,000 metric tons.

United States soybeans recorded a better average yield per acre in 2015, with production and inventories beating estimates several times. Due to increasing competition from South American soybeans, demand for U.S. soybeans remained relatively weak. Soybean futures trading at the Chicago Board of Trade (CBOT) tracked downwards, with prices declining by 14.2% throughout the year. Domestic soybean meal futures prices fell in tandem with the downward trend in CBOT soybean futures and hit bottom in late November, the lowest since the 2008 financial crisis, with seasonal rebounds in June and July. As soybean oil fundamentals improved, prices stabilised and even showed a slight upward trend, although the falling crude oil prices continued to have a negative impact. Since exchange rate liberalisation and increased supervision of the industry restricted financial trading for soybean oil and oilseeds, pricing mechanism improved for the domestic oilseed crushing industry along with declining soybean production costs. However, amid excess capacity in the domestic market there was a tiny profit margin for the overall industry.

There was a significant improvement for the performance of the Company's oilseeds crushing business with a 3.7% gross margin, which narrowed operating losses substantially year-on-year. The oilseeds crushing business focused on risk control and optimisation of its operational planning in order to cope with the downward trend in soybean prices. Annual crushing capacity utilisation rates remained relatively stable with 6,644,000 metric tons in sales volume for oilseed meals and 2,932,000 metric tons for oil, which both declined slightly year-on-year. As oilseed meal prices decreased by 25.0% year-on-year to HK$3,074 per metric ton, revenue dropped as well by 23.6% year-on-year to HK$41,052.9 million.

In 2015, the oilseeds processing business tried to reshape every point along the supply chain to strengthen core competitiveness. The management focused on improving operational efficiency and sales capability in order to tap the growth potential. Management improvements also included fine tuning of the business structure and management model, with more attention to profitability. A professional management platform and incentive mechanisms were introduced to reduce costs throughout the system. Our large-scale plants on the coast and along rivers in eastern, northern and southern China quickly became maturing hubs for regional development, so as to address the needs of regional customers quickly with improved service and tailor-made products. The Company continued to diversify its product mix in order to achieve premium prices.

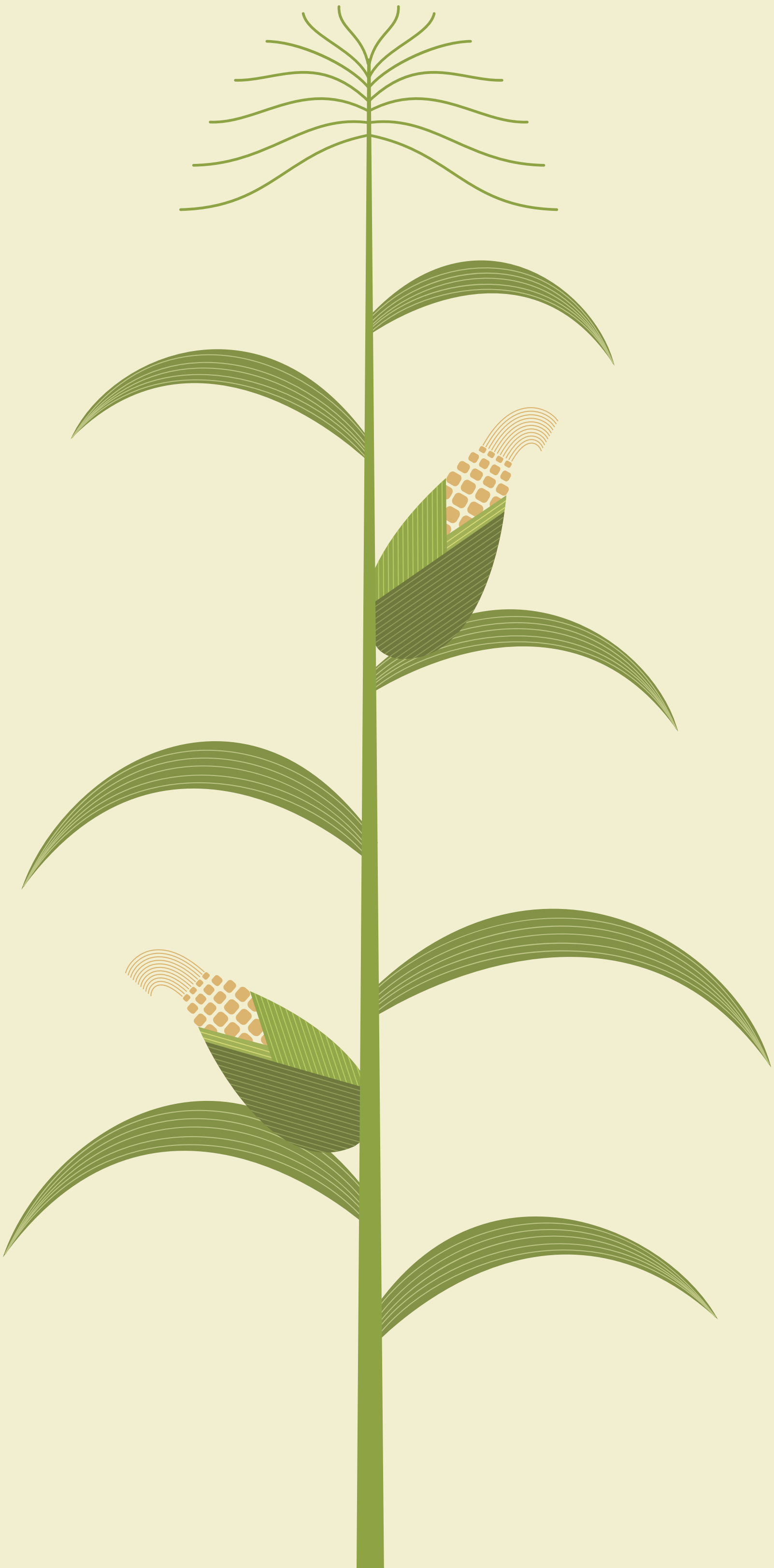
Global oversupply in soybeans remained unchanged for 2015/16. As a result, soybean prices are expected to continue to move at a low level. Slowing economic growth in China will still depress domestic demand for feedstuffs and oil, leading to a persistent supply-demand imbalance. The management will continue its stable operation strategy and watch the market and industry update closely, while making proper arrangement in production and sales. Under a comprehensive risk management framework, the business acumen will be fully used to improve its bottom-line. The Company has strengthened its ability to cope with market volatility by improving internal supply chain management, customer service, and its portfolio of premium products. We believe these measures will improve our performance and become new drivers of organic growth.

Biochemical and Biofuel Business

The Company's biochemical business is primarily engaged in corn processing. Its products include cornstarch, sweeteners (including maltodextrin, fructose syrup, maltose syrup and other sweeteners), monosodium glutamate (MSG), crude corn oil, and feed ingredients. As of the end of 2015, the Company had a total of eight factories in Jilin, Heilongjiang, Shanghai, Hubei, Hebei and Sichuan, covering China's major corn producing and sales regions, with an annual corn processing capacity of 2,450,000 metric tons. The Company has expanded into downstream corn products in recent years, and already had an annual sweetener production capacity of 1,040,000 metric tons and annual MSG production of 100,000 metric tons.

The Company is one of China's major fuel ethanol suppliers. The annual production capacity of alcohol is 600,000 metric tons. Using corn and tapioca as raw materials, the Company had factories in Heilongjiang and Guangxi, which produce and sell biofuel products including fuel ethanol, anhydrous ethanol, consumable alcohol, crude corn oil and distillers' dried grains with solubles (DDGS). Fuel ethanol is an environmental-friendly form of renewable energy, which helps to minimise pollution from automobile exhaust gases and is the most widely used biofuel in the world.

In 2015, China Agri's biochemical and biofuel revenues totaled HK$14,622.2 million, with a 11.6% decline year-on-year. Due to a lower contribution from fuel ethanol, the segment's gross margin decreased to 4.2%.



Biochemical Business

In 2015, the government continued its temporary reserve policy on corn in northeast China and Inner Mongolia. However, the purchasing price was reduced for the first time, leading to a price decline in the corn market. With regional stockpiling breaking the price balance between north and south, processing enterprises in northeast China were in a disadvantageous market position. In addition, weak demand for cornstarch dragged its price down sharply and put pressure on profits for basic products.

As one of China's leading corn processors and cornstarch producing enterprises, the Company proactively participated in corn reserve business. This not only ensured supplies of grain but also reduced procurement costs, amid severe challenges and volatile market trends facing by the industry. Moreover, the Company used subsidies for corn purchasing from national reserves provided by both the central and local governments to mitigate pressures on operations and maintained stable profit contribution to the bottom-line.

Since profitability of starch products was under severe pressure, the Company tried to increase the percentage of downstream products in total sales. The segment improved services for its long-standing customers for sweeteners, as well as seeking new customers in niche markets, which increased the sales volume of sweeteners by 26.3% to 860,000 metric tons. In 2015, the Company made significant breakthroughs in MSG production technology, which led to a reduction in production costs. As the trend for MSG industry consolidation abated, competition became less frenetic, and market prices picked up. As a result, MSG sales volume and profit contribution increased significantly compared to the same period of 2014.

In 2016, domestic corn prices are expected to remain under downward pressure. By using our advantage in corn auction under the state reserve program, the Company will continue its low inventory strategy and make good balance for stable production. With the support from regional favourable policy, our biochemical business will maintain its industry leading position. Meanwhile, the Company will differentiate its business by focusing on high-end and tailor-made products to increase the varieties of modified cornstarch products as well as sales volume. Hopefully, this will lead to upgrading and extending product value chain for the corn processing industry.

Biofuel Business

During the second half of 2014, international prices for crude oil began to fall sharply due to oversupply. The price decline continued into 2015, causing a dramatic drop in China's gasoline price. Since price of fuel ethanol is directly linked to retail gasoline price in Mainland China, the average sales price of fuel ethanol in 2015 fell 24.7% year-on-year to HK$6,505 per metric ton, with a huge negative impact on profitability. The Company focused on market development, while trying to minimise costs of raw materials by actively participating in the periodic government corn storage as well as bidding for processing corn under the government reserves. By doing so, the Company was able to ease some of the negative effects of declining prices and keep fuel ethanol loss within an acceptable range. Amid a tough operating environment, the Company, as an industry leader, maintained good communications with the government and called upon the government to establish long-term, dynamic support mechanisms for the fuel ethanol industry to ensure sustainability.

In January 2016, the National Development and Reform Commission established a new pricing mechanism for China's retail gasoline. This sets a price ceiling and a price floor on domestic fuel oil prices, which is designed to mitigate the risk of further declining gasoline prices for the industry. As the domestic corn reserves policy has become more market-driven with sufficient reserve inventory, higher levels of corn supply are likely to reduce the price of corn. As an industry leader, the Company will cooperate with the government's strategy on destocking while improving profitability with the supply of low-cost corn.

Rice Processing and Trading Business

China Agri is engaged in rice processing and trading. It is China's leading rice importer and exporter, and a leading supplier of packaged rice. Its packaged rice products are sold under the brands "Fortune" (福临门) and "Jinying" (金盈). Key markets and suppliers for China Agri's international trading business include Thailand, South Korea, Japan as well as other rice-consuming and producing regions. As of the end of 2015, the Company operated seven-teen rice-processing plants in Heilongjiang, Liaoning, Jiangsu, Jilin, Jiangxi, Anhui, Hubei, Hunan, Ningxia and Sichuan, covering China's major paddy producing regions, with a combined annual production capacity of 2,445,000 metric tons, making it the market leader.

In 2015, the government continued its policy of rice stockpiling with a price floor in China's major paddy producing regions, which gave strong support to the paddy market. However, demand was stagnant due to a combination of the economic slowdown and development of healthier eating habits. The packaged rice market is still in the early stages of development and expected to grow with good demand for better quality and safety products.

In 2015, China Agri made great steps particularly for its brand marketing and import/export businesses. It kept its leading position in the rice processing industry, with 2,011,000 metric tons in sales of rice products, a year-on-year increase of 28.9% in revenue to HK$9,986.1 million. The segment result turned positive at HK$123.5 million. In 2015, the Company was able to increase market share and penetration at the district and county level by expanding its sales and distribution network. Its innovative advertising campaign for "Fortune" (福临门) focused on linking branding and farming culture experiencing with products. This increased the brand awareness for its "Good Origin for Natural Choice" concept, helping to drive the growth of high-end products. The Company's years of investment in "Fortune" (福临门) packaged rice products have paid off. "Fortune" (福临门) has become one of the top brands in modern distribution channels in the domestic market, with a 19% market share in terms of sales volume, based on data for rice sold to hypermarkets in 13 major cities in China in 2015.

In 2016, the packaged rice business is likely to maintain the growth momentum due to good market demand for safety and premium products. The Company will stay focus and invest more resources in brand building and market development to boost sales and profits. At the same time, it will continue to expand the scale of import/export trade as well as domestic trade to increase the profit contribution.

Wheat Processing Business

China Agri is one of the leading wheat processors in China. Its products include general purpose flour, special purpose flour, noodle and bread products. These are sold under the brand names "Xiangxue" (香雪) and "Fortune" (福临门). Customers of China Agri's special purpose flour products include some of China's best-known food companies. As of 31 December 2015, the Company operated thirteen plants in Henan, Zhejiang, Liaoning, Hebei, Jiangsu, Sichuan, Fujian, Shandong and Beijing, with total annual processing capacity of 3,571,000 metric tons of wheat, 222,000 metric tons of noodles and around 2,000 metric tons of bread products.

During the first half of 2015, the domestic wheat processing industry faced unprecedented challenges as raw material costs remained at high levels amid sluggish downstream demand and a dramatic decline in bran prices. Following the domestic wheat harvest, prices trended lower relieving operational pressure to some degree. However, the slowdown in economic growth and the ongoing shift in consumption to premium products highlighted overcapacity in the industry. The competitive focus in wheat processing will shift to advantages in scale, technology and brand differentiation.

The wheat processing business maintained a low inventory strategy to hedge against downside risk in the market, achieved breakthrough in producing technology and adopted cost management measures. Under a comprehensive plan, the integrated business model was implemented regionally and matured step by step. It includes unified strategies for market expansion, product planning, team deployment, procurement, and sales, which improving the competitiveness and profitability significantly. Despite a complex and volatile business environment, sales volume of flour and noodle remained stable at 1,859,000 metric tons and 109,000 metric tons, respectively. Segment gross margin increased by 0.9 percentage point year-on-year to 6.7%.

Looking ahead, 2016 will be a crucial year for the consolidation of wheat processing industry. The competitive focus is expected to shift to scale and brands, while low-end processing capacity is gradually phased out to benefit a small number of leading players. China Agri will strengthen its leadership of the special purpose flour market through technical innovation and improvements in customer services, while investing more in product development, sales networks and brand promotion to keep pace with the new trend in consumer market. By doing so, we will try to speed up the upgrading pace of the transformation for business model and innovation.

Brewing Materials Business

The Company is one of China's leading suppliers of brewing materials. It is engaged in the production and sales of malt. Sales are to well-known domestic and global beer manufacturers. The combined annual processing capacity of the Company's three malt-processing plants in Liaoning, Jiangsu and Inner Mongolia was 740,000 metric tons at the end of 2015.

In 2015, the international barley market trended lower with intensifying market risk due to price volatility. From a demand perspective, domestic beer consumption on a per capita basis had achieved global average levels, creating a bottleneck for the growth potential. Demand for brewing materials was sluggish, leading to increasingly fierce competition in the domestic barley processing industry.

During the year under review, China Agri's brewing materials business leveraged technological and product quality advantages in its strategic partnerships with major customers. In response to the slowdown in downstream demand, the Company explored markets for premium quality and diversified products. In 2015, the Company had 642,000 metric tons in annual malt sales and revenue of HK$2,617.1 million, with outstanding gross margin and earnings. Its mature professional management advantage increased the efficiency of its supply chain and maintained capacity utilisation at a high level.

Looking ahead to 2016, the Company anticipates a "new normal" in the domestic beer market, with zero growth or even a gradual decline in consumption. Within the overall picture, sales of mid-to-high-end beer are expected to grow much faster than the beer market as a whole, as brewing companies upgrade their product mix. China Agri will use its competitive advantages in quality, technology and service to increase market share while maintaining stable sales and capacity utilisation. As the beer market becomes more sensitive to premium products and brands, the Company will increase its investment in R&D and develop specific sales strategies to character malts and high-end malts for higher premium.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview of Financial Results for the Year Ended 31 December 2015

Revenue

	2015 HK$ million	2014 HK$ million
Business units:		
Oilseeds processing	**41,052.9**	53,713.5
Biochemical and biofuel	**14,622.2**	16,540.0
Rice processing and trading	**9,986.1**	7,746.4
Wheat processing	**8,527.6**	9,002.1
Brewing materials	**2,617.1**	2,738.8
Corporate and others	**5,742.3**	3,497.9
	82,548.2	93,238.7

For the year ended 31 December 2015, the Group's total sales volume of major products grew steadily. However, total revenue for the year dropped 11.5% year-on-year to HK$82,548.2 million due to fall in selling prices of major products, in particular edible oil and fuel ethanol.

Gross Profit and Gross Profit Margin

The Group posted a gross profit of HK$4,286.4 million for the year (2014: HK$4,329.2 million). The overall gross profit margin increased 0.6 percentage point to 5.2% from a year earlier. The operation of oilseeds processing business remained sound and stable and its gross profit margin rose significantly amid improved operating environment. The gross profit margin and profit contribution of biochemical and biofuel business were impacted by the slump in selling prices of fuel ethanol during the year as a result of the plunge in international crude oil prices. The gross profit of rice processing and trading business soared due to profit contribution from the enlarged import and export businesses and rise in sales volume and gross profit margin of branded rice business during the year. The operating result of wheat processing business improved steadily amid the optimisation of raw materials costs in the second half of the year, resulting in the overall year-on-year increases in gross profit and gross profit margin. The brewing materials business leveraged its own technology and product quality advantages to maintain its gross profit margin at a high level continuously.

Selling and Distribution Expenses

For the year ended 31 December 2015, selling and distribution expenses decreased 13.2% from the year-earlier period to HK$2,881.3 million (2014: HK$3,318.2 million) which was driven by the decline in logistic costs. It also represented 3.5% of the Group's total revenue for the year (2014: 3.6%).

Administrative Expenses

The administrative expenses of HK$1,963.3 million for 2015 were lower than in 2014 as the Group adheres to the principle of reducing costs and raising efficiency by strictly controlling the operating expenses.

Finance Costs

In 2015, the market experienced prominent changes in foreign exchange rates and interest rates. The Company largely replaced United States dollar loans with Renminbi loans to avert foreign exchange exposure which led to a higher overall borrowing rate. However, the size of loans were reduced by the measure of detail-oriented management during the year. Finance costs of the Group were HK$685.7 million for the year (2014: HK$650.5 million), up 5.4% year-on-year. An analysis of finance costs by category is as follows:

	2015 HK$ million	2014 HK$ million
Interest on:		
Bank loans	**584.6**	601.8
Loans from fellow subsidiaries	**54.3**	17.2
Loans from the ultimate holding company	**27.9**	12.8
Loans from an intermediate holding company	**–**	1.4
Convertible bonds	**20.4**	33.6
Total interest expenses on financial liabilities not at fair value through profit or loss	**687.2**	666.8
Less: Interest capitalised	**(1.5)**	(16.3)
	685.7	650.5

Other Income and Gains and Other Expenses

Interest income declined significantly during the year due to the implementation of the Company's strategies of reducing overall loan size and lowering foreign debts proportion for the prevention of foreign exchange risk which limited the amount of idle cash available. During the above debts restructuring process, there were foreign exchange losses incurred owing to a surprise reform of Renminbi mid-price fixing mechanism initiated by the People's Bank of China on 11 August 2015, leading to a one-off devaluation of Renminbi. On the other hand, the government subsidies increased in 2015 as the local government granted subsidy on raw materials to processing enterprises in key processing districts to ease the pressure of market imbalance.

Loss Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of HK$332.7 million for the year, down 57.1% from a loss of HK$775.4 million in 2014. The reduction in loss was mainly helped by the improvement of profitability in oilseeds processing business during the year.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

FINANCIAL REVIEW

Significant Investments Held and Material Acquisitions and Disposals of Subsidiaries

Save as disclosed in this annual report, the Group did not have any other significant investments held nor any material acquisitions and disposals of subsidiaries during the year.

Working Capital and Financial Policy

The Group closely monitors the liquidity of funding and the availability of financial resources to ensure that cash inflows generated from operating activities together with undrawn banking facilities are sufficient to meet the demands required for day-to-day operations, loan repayments, capital expenditure and potential business expansion opportunities. The Group's operations were financed primarily by the accumulated surplus and bank borrowings.

In 2015, the Group adhered to a sound and stable financial policy and committed externally to develop new funding channels, strengthen fund-raising capability and ensure liquidity of funding. Internally, the Group aimed to raise turnover rate and generate more operating cash flows by reducing the liquid funding on inventories and trade receivables as well as pursuing a centralised cash management on surplus funding. Besides, the debt structure was adjusted and the scale of foreign loans was reduced to avert the foreign exchange risk exposure.

The Group entered into the financial services agreement with COFCO Finance Co., Ltd. through COFCO Agri-Industries Management Co., Ltd. (a subsidiary of the Company) for the purpose of achieving more efficient deployment and application of funds within the Group so as to reduce the average borrowing costs and better facilitate intra-Group settlement services. During the year, the Group enhanced the liquidity of funds, reduced overall finance costs and effectively monitored the internal use of funds through this treasury platform.

On 29 July 2015, pursuant to the terms and conditions of the 1.00% HK$ Fixed Rate Guaranteed Convertible Bonds Due 2015, a total amount of HK$1,275.6 million was paid by Glory River Holdings Limited (a wholly-owned subsidiary of the Company) to redeem all outstanding convertible bonds in full with the principal amount of HK$1,206.5 million together with accrued and unpaid interest thereon. The redemption price of the convertible bonds was equal to its aggregate principal amount of HK$1,206.5 million multiplied by 105.231%. Following the redemption, the convertible bonds were cancelled. Glory River Holdings Limited and the Company were discharged from all of their respective liabilities and obligations under and in respect of the convertible bonds.

By closely monitoring its exposures to fluctuation in commodity prices, the Group enters into appropriate amount of the commodity futures contracts to timely hedge its risks associated with price fluctuations in raw material purchases or sales of the related products.

Cash and Bank Deposits

Cash and bank deposits (including restricted cash at bank) of the Group were HK$5,596.9 million as at 31 December 2015 (31 December 2014: HK$12,578.5 million). During the year, the Group recorded net cash inflow from operating activities of approximately HK$5,497.0 million (2014: HK$1,778.8 million). These funds were mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

Bank Loans and Other Borrowings

Total interest-bearing bank loans and other borrowings amounted to HK$22,183.4 million (31 December 2014: HK$31,635.8 million) as at 31 December 2015. The borrowings were mainly used for the daily operation and business expansion of the Group. These loans are repayable within the following periods:

	31 December 2015 HK$ million	31 December 2014 HK$ million
Within one year or on demand	**20,389.0**	30,588.4
In the second year	**92.0**	513.3
In the third to fifth years, inclusive	**1,495.4**	182.3
Beyond five years	**207.0**	351.8
	22,183.4	31,635.8

Interest-bearing bank loans carried annual interest rates ranging between 0.82% and 6.95% (31 December 2014: between 0.95% and 6.55%). Other borrowings (including the liability component of convertible bonds) carried annual interest rates ranging between 1.08% and 4.85% (31 December 2014: between 1.16% and 5.60%). These interest-bearing bank loans and other borrowings were mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

As at 31 December 2015, the Group has pledged assets, including property, plant and equipment and land use rights, with an aggregate carrying value of HK$350.6 million (31 December 2014: HK$593.1 million) to secure bank loans and banking facilities of the Group.

The Group had no unutilised committed banking facility as at year end (31 December 2014: HK$620.2 million). The Group will continue to obtain financing on an unsecured basis whenever possible and supplement such borrowings with secured financing.

Financial Ratios

The Group's financial ratios at 31 December 2015 and 31 December 2014 are set out below:

	31 December 2015	31 December 2014
Net gearing ratio (the ratio of net debts to shareholders' equity)	**63.0%**	67.9%
Liquidity ratio (the ratio of current assets to current liabilities)	**1.09**	1.05
Quick ratio (the ratio of current assets less inventories to current liabilities)	**0.61**	0.62

Net debt represents the Group's total interest-bearing bank loans and other borrowings (including the liability component of convertible bonds) less cash and cash equivalents and restricted cash at bank. At 31 December 2015, net debt of the Group was HK$16,586.5 million (31 December 2014: HK$19,057.3 million).

Capital Expenditures

The total capital expenditures of the Group for the year ended 31 December 2015 are tabulated below:

	2015 HK$ million	2014 HK$ million
Business units:		
Oilseeds processing	**810.5**	1,238.2
Biochemical and biofuel	**376.2**	345.3
Rice processing and trading	**195.1**	239.8
Wheat processing	**48.1**	67.4
Brewing materials	**19.4**	53.0
Corporate and others	**35.7**	144.1
	1,485.0	2,087.8

Capital Commitments

Please refer to note 34 of the Notes to the financial statements of this annual report for the relevant details of capital commitments.

Human Resources

The Group employed 28,769 (31 December 2014: 29,643) staff as at 31 December 2015. The Group's employees are remunerated based on job nature, individual performance and market trends with built-in merit components. Total remuneration (excluding directors' and chief executive's remuneration) for the year ended 31 December 2015 was approximately HK$2,248.6 million (2014: HK$2,210.1 million). Employees in Hong Kong receive retirement benefits, mostly in form of a Mandatory Provident Fund entitlement, and a similar benefit scheme is offered to employees in Mainland China. Out of the total remuneration, pension scheme contribution amounted to HK$243.2 million (2014: HK$230.0 million) for the year.

The Company adopted a share option scheme on 12 January 2007 to attract, retain and motivate senior management personnel and key employees, and provide eligible participants with an opportunity to acquire equity interests in the Company that would encourage them to work towards enhancing the value of the Company and its shares. Please refer to note 29 of the Notes to the financial statements of this annual report for the relevant details of share option scheme.

Besides, the Group encourages employee participation in continuing training programmes, seminars and e-learning courses, through which their career, knowledge and technical skills can be enhanced with the development of individual potentials.

Management Discussion and Analysis

CORPORATE SUSTAINABILITY AND RISK FACTORS

As a leading agricultural products and food processing company in China, China Agri views sustainable development and corporate social responsibility as key parts of its business philosophy as well as the deep commitment of its parent company, COFCO, to the principle of "Nature Shapes Us". While creating value for its shareholders and conducting its business to their benefit, China Agri has also worked hard to meet its responsibilities to employees, consumers, business partners, the environment and communities. China Agri employs the creative concept of a "responsibility tree" in its commitments to society and sustainability.

Below are highlights of our program of corporate social responsibility and sustainability in 2015. For more information, please download our 2015 Corporate Social Responsibility Report from the Company's website (www.chinaagri.com).

CORPORATE SUSTAINABILITY AND RISK FACTORS

Value Creation: Since our public listing on the Hong Kong Stock Exchange, China Agri has seen many sound developments in strategic layout and business scale. Currently, to meet the changes in the market and economic environment, the Company is in a stage of organic growth with strengthened core competencies and enhancement in operation efficiency.

Social Development: China Agri has been trying to push healthy development of industries it has stayed in and social progress while reinforcing itself in business operation. In 2015, we put a lot of efforts as a corporate citizen to play a role in market supply, food safety, and development of agriculture, farmers and rural areas.

Cooperation and Mutual Benefit: China Agri attaches great importance to mutually beneficial relationships with key customers, suppliers, distributors and other partners. We believe that when we improve customer value, promote supplier development and strengthen interaction with our distributors, we are also pursuing improvements to product quality and service, laying a solid foundation for business development in the long-term.

In 2015, we actively promoted strategic partnerships with industry leaders to achieve "win-win" arrangements. Positioning ourselves as a one-stop solutions provider of food and feed ingredients, we worked with leading enterprises in downstream industries including food processing, catering, dairy products, beverages, alcohol, feed and livestock feeding. We believe we can increase market share and retain customers better by improving our overall image in the eyes of key customers.

Environmental Protection: Ongoing global shortages of resources, together with worsening environmental pollution, highlight the importance of corporate social responsibility, especially in the context of environmental protection.

China Agri gives priority to its environmental responsibilities and has increased its investment in environmentally friendly practices, in response to government policy. By adopting new technologies, utilising new applications and promoting efficient use of waste materials, China Agri has been able to save energy and reduce greenhouse gas emissions, and conduct its business in a sustainable manner, with low input, reduced consumption and emissions, as well as high output. Meanwhile, the Company relies on fuel ethanol, one of our main products, to promote the use of clean energy, combining business development and environmental protection.

Care for Employees: China Agri has a "people first" management philosophy. We strive to maintain a legal, harmonious and efficient work environment together with a stable employment system, where the interests of employees are protected and their opinions are valued, and where employees can realise their full potential through career development and professional growth.

Charitable Work: Society cannot develop in a healthy manner without the participation of its corporate citizens. At China Agri, we participate in activities including community building, caring for young people and helping vulnerable groups, aiming to build a fairer, more harmonious and happier society.

Our corporate social responsibility work in 2015 included:

- In June and July 2015, youth representatives of the China Agri Youth League Committee organised two visits to the Xiangyu Autism Rehabilitation Center in the Binhai New Area of Tianjin, where they played games with autistic children and donated daily necessities. The committee also encourage all staff members to show concern and care to vulnerable groups.
- On 14 June 2015, the Hong Kong office of China Agri organised a staff visit to Tung Tau Estate in Wong Tai Sin district of Hong Kong to express holiday greeting during the Tuen Ng Festival. For two consecutive years, we delivered high-quality rice under our own brands to the poor elderly people. The donations not only helped vulnerable groups but also promoted China Agri's corporate image and branding, which has been well acknowledged by the communities.

Risk Factors

The management keeps close watch over potential risk factors, in order to maintain growth and stability. Our three lines of defense system identifies, monitors and manages risks, with participation by the business divisions, the functional departments and Audit and Supervision Department. By analysing and evaluating the indicators of our Key Risk Indicator (KRI) System, the Company identified five main risk areas – raw materials prices volatility risks, foreign exchange risks, production safety risks, food safety risks, and policies risk.

Our business depends on a stable and adequate supply of raw materials which are subject to price volatility. Raw materials prices may be affected by external factors, including climate and environmental conditions, commodity market prices, currency fluctuation, and government policy changes. Among its major bulk commodity inputs, majority of soybeans and barley are imported by the Company. The cost of these is paid in foreign currency, leading to exchange rate risk between the Renminbi and the currency in which the goods are priced. Another source of risk inherent to the business model is from the production process from the Company's large-scale processing operations. Part of the production process involves chemical substance, which may trigger health and safety problems and affect production as a consequence of improper operations. In addition, the Company's main products are grain and oil products as well as food materials, which are closely related to consumer health. Any product-related complaints and claims may have an adverse impact on our business and reputation. Finally, we monitor policy risk. Since most of the Company's business assets are located in China, and the majority of revenues are generated from China, political and economic policy changes implemented by the Chinese government will have a significant impact on the Company's business operation and performance.

Bearing such risks in mind, the Company has established a comprehensive risk management system to ensure operational stability. For more details, please refer to the risk management and internal control section in the Corporate Governance Report of this Annual Report.

As to the key business partners, there isn't any significantly negative impact on the Company's operation due to the change of customers and suppliers during the year. For products sale, direct selling and distribution network are the two main models for the Company. Our key customers which are industry leaders and famous enterprises have cooperated with China Agri for a long time and established a stable business relationship. On the procurement side, the Company directly purchases feedstock from farmers as well as through upstream suppliers. Based on our footprints in major grain production regions in China, the Company takes advantages in direct sourcing to rival peers. With the long-term business partnership with suppliers, the material supply generally is secured.

The laws and regulations that are relevant to business operation of the Company include the PRC Food Safety Law (中華人民共和國食品安全法), the Measures for the Administration of Food Production Licensing (食品生產許可管理辦法), the Law of the PRC on the Quality and Safety of Agricultural Products (中華人民共和國農產品質量安全法), Administrative Provisions on the Filing of Export Food Manufacturers (出口食品生產企業備案管理規定), the Regulations on the Administration of Permits for the Production of Industrial Products (中華人民共和國工業產品生產許可證管理條例), the PRC Standardisation Law (中華人民共和國標準化法), the Regulations on the Administration of Grain Distribution (糧食流通管理條例), Administrative Measures for the Safety Review of New Food Raw Materials (新食品原料安全性審查管理辦法), the PRC Foreign Trade Law (中華人民共和國對外貿易法), the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Law on the Prevention and Treatment of Water Pollution (中華人民共和國水污染防治法), the PRC Law for the Prevention and Treatment of Air Pollution (中華人民共和國大氣污染防治法), the PRC Regulations for the Control of Foreign Exchange (中華人民共和國外匯管理條例), and industrial policies include the Provisions on Foreign Investment Guidance (指導外商投資方向規定), the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), etc.. In 2015, the Company obeyed relevant laws and regulations in our operation.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below:

RESULTS	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
REVENUE	**82,548,235**	93,238,734	94,543,022	91,319,186	82,349,859
PROFIT FROM OPERATING ACTIVITIES	**469,588**	297,424	2,647,069	2,413,625	4,620,530
Finance costs	**(685,723)**	(650,467)	(594,429)	(883,683)	(888,658)
Share of profits and losses of associates	**162,323**	14,796	184,102	23,725	169,848
PROFIT/(LOSS) BEFORE TAX	**(53,812)**	(338,247)	2,236,742	1,553,667	3,901,720
Income tax expense	**(323,483)**	(310,335)	(417,761)	(189,106)	(568,791)
PROFIT/(LOSS) FOR THE YEAR	**(377,295)**	(648,582)	1,818,981	1,364,561	3,332,929
Attributable to:					
Owners of the Company	**(332,730)**	(775,403)	1,568,453	1,180,389	2,396,092
Non-controlling interests	**(44,565)**	126,821	250,528	184,172	936,837
	(377,295)	(648,582)	1,818,981	1,364,561	3,332,929
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**67,253,511**	78,561,321	82,769,284	74,547,986	70,036,207
TOTAL LIABILITIES	**(36,700,275)**	(46,139,547)	(50,036,828)	(44,111,111)	(44,926,182)
NON-CONTROLLING INTERESTS	**(4,228,593)**	(4,346,644)	(3,749,753)	(3,429,030)	(3,146,272)
	26,324,643	28,075,130	28,982,703	27,007,845	21,963,753

Corporate Governance Report

The Company recognises the importance of corporate transparency and accountability. The Board is committed in achieving a high standard of corporate governance practices and procedures and striving for a transparent and accountable management framework on enhancing the interests of shareholders. The corporate principles of the Company emphasise on upholding sound ethics and integrity in all aspects of its businesses, and on ensuring that affairs are conducted in accordance with the applicable laws and regulations.

During the year ended 31 December 2015, the Company has complied with all code provisions and, where appropriate, the applicable recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Corporate Governance Event Calendar 2015

Jan	Directors' briefing: Summary report of the Company's articles of association review.
Mar	Directors' briefing: Risk management of our business division.
June	The Company was awarded the "Outstanding Agriculture and Food Processing Company" at the 10th Outstanding China Enterprise Awards, organised by CAPITAL Magazine.
	The Company ranked No. 76 on the Fortune China 500 list in 2015.
	The new articles of association of the Company was adopted by a special resolution on 3 June 2015.
Aug	Directors' briefing: Changes to the Corporate Governance Code relating to risk management and internal controls, effective on 1 January 2016.
Oct	The Board reviewed and updated the Audit Committee's terms of reference to address compliance with new/upgraded code provisions of the Corporate Governance Code with respect to oversight of risk management and internal control systems.
	Directors' briefing: Recent development and trends of market regulation.

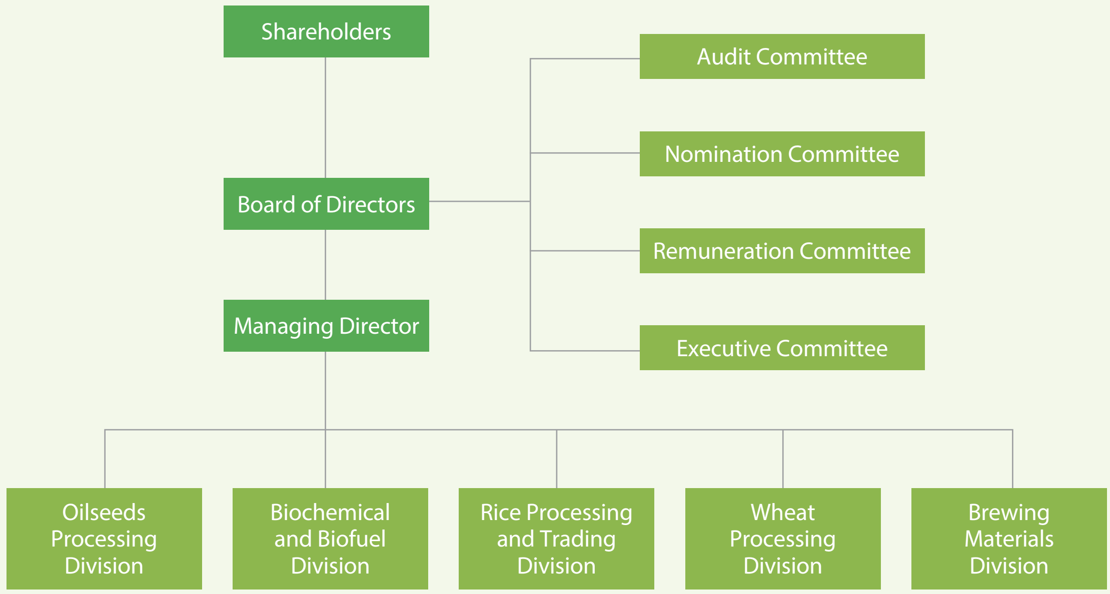
Code of Conduct Regarding Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding directors' securities transactions. Having made specific enquiries of all members of the Board, they confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2015 in relation to their securities dealings, if any.

The Company has also adopted a code of conduct regarding employees' securities transactions on terms no less exacting than the applicable standards set out in the Model Code (the "Employees Model Code"). Relevant employees who may possess inside information related to the Group and its activities are required to observe the Employees Model Code in relation to dealings in securities of the Company. During the year, the Company has not received any non-compliance report from any of such employees.

CORPORATE GOVERNANCE REPORT

Governance Structure



The Board

The Board is responsible for the leadership and control of the Company and overseeing the Group's business, strategic decisions and performances. It is mindful of the need to uphold the corporate governance principles set out in the Company's Code of Practice for the Board and responsible for performing corporate governance duties of the Company, including the duties specified in code provision D.3.1 of the Corporate Governance Code. The management is delegated with the authority and responsibility by the Board for the management of the Group. In addition, the Board has established various Board committees and delegated responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") (together, the "Board Committees") and the executive committee (the "Executive Committee"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference. Further details of these committees are set out on pages 33 to 36.

In accordance with the articles of association of the Company, resolutions of the Board may be passed by written resolutions or at meetings. During the year, the Board held seven meetings (including four regular Board meetings and three independent non-executive directors' meetings) to consider, among other things, the interim and annual results of the Group, annual financial budget, changes in the composition of the Board and its committees, grant of options under the share option scheme of the Company, amendments to the Company's articles of association, amendments to the Audit Committee's terms of reference and matters relating to risk management system, etc.

The attendance records for the Board meetings for the year are set out below.

		Board	
Name		Regular meetings	Meetings of independent non-executive directors
Chairman* and Executive Director			
CHI Jingtao	(re-designated as an executive director on 16 October 2015)	3/4	N/A
Executive Directors			
YUE Guojun		4/4	N/A
SHI Bo		4/4	N/A
Non-executive Directors			
NING Gaoning	(resigned on 16 February 2016)	1/4	N/A
YU Xubo		3/4	N/A
MA Wangjun		4/4	N/A
Independent Non-executive Directors			
LAM Wai Hon, Ambrose		4/4	3/3
Victor YANG	(resigned on 26 August 2015)	3/3[Δ]	–[Δ]
Patrick Vincent VIZZONE		4/4	3/3
ONG Teck Chye	(appointed on 12 February 2015)	3/3[Δ]	3/3

* *the Chairman of the Board has been changed to Mr. Chi Jingtao from Mr. Yu Xubo since 26 August 2015*

Δ *entitlement to attend*

The above table shows the positions held during the year. The latest composition of the Board is set out on page 1 of this annual report.

The Company adopts the practice of holding regular Board meetings at least four times a year. Notice of each meeting is sent to the Board members at least fourteen days prior to a regular Board meeting, and they may request for inclusion of matters in the agenda of the meetings. For ad hoc Board meetings, reasonable notices are given.

It is the practice of the Company to record in sufficient detail of the matters considered and decisions reached, including concerns raised or dissenting views expressed, in the meetings of the Board/Board Committees. Draft and final versions of minutes of the Board and/or Board Committees (as the case may be) are sent to the directors, on average within 3 weeks after the date of the respective meeting, for their comments and records respectively.

All Board members have access to the advice and services of the company secretary. Minute books of the Company (including minutes of the Board Committees' meetings) are kept by the company secretary and are open for inspection during office hours on reasonable notice by the Board members.

If necessary, the Board members also have access to external professional advice at the Company's expense.

The Board, having reviewed the work implemented and executed during the year and collected opinions of the senior management during the course of review, considers that it has effectively discharged its responsibilities and maintained the interests of the shareholders and the Company.

CORPORATE GOVERNANCE REPORT

There was one shareholders' meeting in 2015. At the annual general meeting held on 3 June 2015, the Company approved ordinary business as well as the adoption of new articles of association of the Company, for the purpose of alignment with certain key changes made to the Hong Kong Companies Ordinance which became effective on 3 March 2014 and where applicable the Listing Rules, and for implementation of other housekeeping amendments. A summary of the significant changes in the articles of association can be found on pages 6 to 8 of the Company's circular dated 24 April 2015. Six directors (Mr. Yu Xubo, Mr. Yue Guojun, Mr. Lam Wai Hon, Ambrose, Mr. Victor Yang, Mr. Patrick Vincent Vizzone and Mr. Ong Teck Chye) together with the management and independent auditors' representatives attended the meeting.

Chairman and Managing Director

The chairman of the Board is Mr. Chi Jingtao and the chief executive officer (or managing directors, in the case of the Company) is Mr. Yue Guojun. The chairman's and the managing director's roles are clearly defined to ensure their respective independence.

The chairman takes lead in formulating the overall strategies and policies of the Group, and ensures effective performance by the Board of its functions, including compliance with good corporate governance practices, and encourages and facilitates active contribution of directors to the Board's activities and constructive relations between executive and non-executive directors. The chairman also ensures that a system of effective communication with shareholders of the Company and receipt by the directors of adequate and complete information is in place.

The managing director, as the chairman of the Executive Committee, supported by other Board members and the senior management, is responsible for the daily business operations and management of the Group. He is accountable to the Board for the implementation of the Group's overall strategies as well as co-ordination of overall business operations.

Board Composition

At present, the Board consists of eight members: three executive directors, two non-executive directors and three independent non-executive directors. They bring complementary skills, knowledge, experience and perspectives to the governance of the Company.

The Board members have no financial, business, family or other material or relevant relationships with each other. The composition of the Board has satisfied the requirement under Rule 3.10A of the Listing Rules for the Board to have at least one-third of its members comprising independent non-executive directors. The Company has received annual written confirmations from every independent non-executive director confirming their independence in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that they are independent within the definition of the Listing Rules.

The independent non-executive directors take an active role in Board meetings, contribute to the development of strategies, internal control and policies and make independent judgment on issues relating to the Group. They will take lead where potential conflicts of interest arise. The independent non-executive directors also represented the majority in all three of the Nomination Committee, the Remuneration Committee and the Audit Committee to ensure sufficient independence in the Board's decision making process.

Appointment, Re-election and Removal

Each of the directors has a specific term of appointment for three years.

Pursuant to Article 106 of the articles of association of the Company, at every annual general meeting, one-third of the directors or, if their number is not a multiple of three, then the number nearest to and at least one-third shall retire from office by rotation at least once every three years.

Further, pursuant to Article 111 of the articles of association of the Company, a newly appointed director shall retire at the next following general meeting. The retiring director shall be eligible for re-election. The Company considers that sufficient measures have been taken to ensure that the Company's practices in appointment of directors are no less stringent than those set out in the Corporate Governance Code.

Therefore, pursuant to Article 106, Mr. Yu Xubo, Mr. Shi Bo and Mr. Patrick Vincent Vizzone will retire and, being eligible, have offered himself for re-election at the forthcoming annual general meeting of the Company. To enable shareholders of the Company to make an informed decision on the re-election of directors, their biographies are set out in this annual report under the section "Directors and Senior Management Profile", which demonstrates a diversity of skills, expertise, experience and qualifications among the Board members.

Directors' Training

The Company ensures that every newly appointed director has a proper understanding of the operations and businesses of the Group and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements and the business and governance policies of the Company. The Company sponsors directors to attend professional development seminars where necessary. In addition, the Company's legal adviser would provide training (including any update) on the Listing Rules and regulatory requirements (if required) to the Board. A summary of training received by the directors during the year according to the records provided by them is set out below.

Name		Attending briefings, seminars or conferences	Reading materials relevant to the director's duties and responsibilities
Chairman* and Executive Director			
CHI Jingtao	(re-designated as an executive director on 16 October 2015)	✓	✓
Executive Directors			
YUE Guojun		✓	✓
SHI Bo		✓	✓
Non-executive Directors			
NING Gaoning	(resigned on 16 February 2016)	✓	✓
YU Xubo		✓	✓
MA Wangjun		✓	✓
Independent Non-executive Directors			
LAM Wai Hon, Ambrose		✓	✓
Victor YANG	(resigned on 26 August 2015)	✓	✓
Patrick Vincent VIZZONE		✓	✓
ONG Teck Chye	(appointed on 12 February 2015)	✓	✓

* *The Chairman of the Board has been changed to Mr. Chi Jingtao from Mr. Yu Xubo since 26 August 2015.*

The above table shows the positions held during the year. The latest composition of the Board is set out on page 1 of this annual report.

Board Committees

Nomination Committee

The Nomination Committee was established on 16 February 2007 with specific written terms of reference in accordance with the requirements of the Corporate Governance Code. It is chaired by the chairman of the Board and comprises a majority of independent non-executive directors. The terms of reference of the Nomination Committee are available in writing upon request to the company secretary and on the Company's website. At present, the Nomination Committee comprises Mr. Chi Jingtao (the chairman of the Board) as the chairman of the Nomination Committee, Mr. Lam Wai Hon, Ambrose, Mr. Patrick Vincent Vizzone and Mr. Ong Teck Chye. All are independent non-executive directors except Mr. Chi who is an executive director.

The Nomination Committee is primarily responsible for the procedures of nominating and appointing appropriate person to be a director, either to fill a casual vacancy or as an addition to the Board.

During the year, the Nomination Committee held four meetings. Its work included: nominated candidates for consideration by the Board to be a director, considered re-designation of directors, reviewed the composition of the Board and the Board Committees taking into account the Board Diversity Policy, and considered the rotation of retirement of directors. The attendance records for the Nomination Committee meetings during the year are set out below.

Name	No. of Nomination Committee meetings held	No. of Nomination Committee meetings attended	Attendance rate
CHI Jingtao *(Chairman)*	3^Δ	2	67%
Yu Xubo*	3^Δ	3	100%
LAM Wai Hon, Ambrose	4	4	100%
Victor YANG*	3^Δ	3	100%
Patrick Vincent VIZZONE	4	4	100%
ONG Teck Chye#	3^Δ	3	100%

* *ceased as a member on 26 August 2015*

\# *appointed as a member on 12 February 2015*

Δ *entitlement to attend*

The latest composition of the Nomination Committee is set out on page 1 of this annual report.

In carrying out its responsibilities, the Nomination Committee is guided by its specific terms of reference and the established nomination procedures and criteria, including the Board Diversity Policy adopted on 28 August 2013 and the procedures for proposing a person for election as a director adopted on 28 March 2012 (both documents are available on the Company's website). The Company aims to build and maintain diversity on the Board. In identifying and nominating suitable candidates for appointment to the Board, the Company will consider candidates on merit, having due regard to the benefits of all aspects of diversity including, but not limited to, mix of skills, experience, industry background, gender and thinking styles. In reviewing the Board composition, the Company will consider the appropriate range and balance of expertise, experience, skills and diversity required for the Board to fulfill its duties.

The Nomination Committee made a recommendation to the Board regarding measurable objectives for achieving diversity on the Board in accordance with the Board Diversity Policy. The recommendation was adopted by the Board. Accordingly, the company secretary conducted a benchmarking exercise for the purposes of exploring the range of existing diversity and promoting discussion among directors on various aspects of diversity. Taking into consideration of the needs of the Company and the objective criteria set out in the relevant policy and procedures, the Nomination Committee nominated a new independent non-executive director in February 2015 and reviewed the composition of the Board and the Board committees in August and October 2015. The nominations and the proposals were accepted by the Board. In 2016, the Nomination Committee will continue to support the Board on the nomination/appointment process and ensure that directors will continue to be selected on the basis of the objective criteria as set out in the Board Diversity Policy.

The current composition of the Board is set out on page 1 of this annual report. The executive directors were appointed based on their qualifications and experience in relation to the Group's businesses. The non-executive directors were appointed based on their qualifications and experience within COFCO Corporation and its subsidiaries. The independent non-executive directors were appointed based on their professional qualifications and experience in their respective areas.

The circular of the Company dated 29 April 2016 contains detailed information on re-election of directors, including biographies of the directors standing for re-election, to enable shareholders to make informed decisions.

Remuneration Committee

The Remuneration Committee was established on 16 February 2007 with specific written terms of reference in accordance with the requirements of the Corporate Governance Code. It comprises a majority of independent non-executive directors and is chaired by an independent non-executive director. The terms of reference of the Remuneration Committee are available in writing upon request to the company secretary and on the Company's website. At present, the Remuneration Committee comprises Mr. Patrick Vincent Vizzone as the chairman of the Remuneration Committee, Mr. Ma Wangjun, Mr. Lam Wai Hon, Ambrose and Mr. Ong Teck Chye. All are independent non-executive directors except Mr. Ma who is a non-executive director.

The primary role of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management.

The Remuneration Committee is delegated with authority and responsibility to determine the remuneration packages of individual executive directors and senior management. It may consult with the chairman and the managing director of the Company regarding proposals for the remuneration of other executive directors. The remuneration of the non-executive directors of the Company is determined by the Remuneration Committee or recommended to the Board for review. Where necessary, the Remuneration Committee may seek professional advice of an external expert at the Company's expenses.

The existing remuneration policy of the executive directors is determined by the Remuneration Committee having considered the qualifications and experience of each of the executive directors and with reference to the remuneration policy of other listed companies of similar business and size. The remuneration policy of the non-executive directors and the independent non-executive directors is determined by their participation in the Board and the Board Committees.

During the year, the Remuneration Committee held three meetings. Its work included: reviewed the Company's performance assessment system and the remuneration packages of executive directors and senior management, made recommendation to the Board on the emolument of non-executive director and considered the policy framework for the grant of options under the Company's share option scheme.

The attendance records for the Remuneration Committee meetings during the year are set out below.

Name	No. of Remuneration Committee meetings held	No. of Remuneration Committee meetings attended	Attendance rate
Patrick Vincent VIZZONE *(Chairman)*	3	3	100%
CHI Jingtao*	1[Δ]	1	100%
MA Wangjun	3	3	100%
LAM Wai Hon, Ambrose	3	3	100%
Victor YANG*	2[Δ]	2	100%
ONG Teck Chye[#]	3	3	100%

* *ceased as a member on 26 August 2015*
\# *appointed as a member on 12 February 2015*
Δ *entitlement to attend*

The latest composition of the Remuneration Committee is set out on page 1 of this annual report.

For the year ended 31 December 2015, the remuneration of senior management (excluding directors of the Company) falls into two bands, 2 individuals in the range of HK$1–HK$1,000,000 and 3 individuals in HK$1,000,001–HK$2,000,000. Such amount includes equity-settled share option expenses and pension scheme contributions. Details of the remuneration of the Company's directors for the year ended 31 December 2015 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee was established on 16 February 2007 with specific written terms of reference which clearly deal with its authority and duties. In October 2015, its terms of reference were amended to address the responsibilities in oversight of risk management system. The terms of reference of the Audit Committee are available in writing upon request to the company secretary and on the Company's website. At present, the Audit Committee comprises Mr. Lam Wai Hon, Ambrose as the chairman of the Audit Committee, Mr. Ma Wangjun, Mr. Patrick Vincent Vizzone and Mr. Ong Teck Chye. All are independent non-executive directors except Mr. Ma who is a non-executive director. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has possessed the appropriate professional and accounting qualifications.

During the year, the Audit Committee held three meetings with the external auditors and/or the senior management of the Company to review and discuss, among other things, the financial reporting and audit planning, internal audit plan, major areas of risk, internal control and the financial results of the Group.

The attendance records for the Audit Committee meetings during the year are set out below.

Name	No. of Audit Committee meetings held	No. of Audit Committee meetings attended	Attendance rate
LAM Wai Hon, Ambrose *(Chairman)*	3	3	100%
Victor YANG*	2$^{\Delta}$	2	100%
Patrick Vincent VIZZONE	3	3	100%
CHI Jingtao*	2$^{\Delta}$	1	50%
MA Wangjun	3	3	100%
ONG Teck Chye#	3	3	100%

* *ceased as a member on 26 August 2015*

\# *appointed as a member on 12 February 2015*

Δ *entitlement to attend*

The latest composition of the Audit Committee is set out on page 1 of this annual report.

Under its terms of reference, the Audit Committee shall assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to financial reporting, internal control, risk management and external audit functions. In the meantime, it is the management's duty to ensure the Company maintains an adequate amount of qualified and experienced staff (the information on the number of Certified/Chartered Accountants of the Company are listed below) for its accounting and financial reporting function. The Audit Committee is further authorised by the Board to investigate any activity within its terms of reference, and may make recommendations to the Board to take appropriate actions emanating from such investigations. The Audit Committee has unrestricted access to personnel, records, external auditors and senior management, as may be appropriate in discharging its functions.

The following table shows number of certified/chartered accountants in the Company:

Name of Professional Institution	No. of staff
The Chinese Institute of Certified Public Accountants	17
The Hong Kong Institute of Certified Public Accountants	2
The Association of Chartered Certified Accountants	1*
CPA Australia	1
Certified General Accountants Association of Canada	1**

* *This individual is also a member of the Hong Kong Institute of Certified Public Accountants.*

** *This individual is also a member of the Chinese Institute of Certified Public Accountants.*

Executive Committee

The Executive Committee was established on 27 February 2009 with specific written terms of reference. The Executive Committee comprises three members, namely Mr. Yue Guojun (the Managing Director) as the chairman of the Executive Committee, Mr. Chi Jingtao and Mr. Shi Bo.

Under its terms of reference, the primary responsibility of the Executive Committee is to deal with and supervise the day-to-day business operations, management and administration of the Company.

Auditors' Remuneration

During the year under review, the remunerations paid or payable to Ernst & Young in respect of its audit services and non-audit services are HK$5.0 million and HK$0.8 million, respectively. The non-audit services mainly included tax consultancy and business advisory services.

Accountability and Audit

The directors of the Company acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year under review. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting principles in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. After appropriate enquires, the directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

The Company's operating results for the year ended 31 December 2015 were reviewed by the management during the annual management meeting. The general managers of all business units and functional departments of the Company had attended the meeting and the Managing Director presented the Company's overall and divisional operating results during the meeting. Variations from the budget and from the previous year's results were reviewed and analysed. In this review process, the management identified the effects of the key risk factors that affected the Company's businesses during the year and consolidated them with their expectations of the business performance they accumulated during their daily management of the businesses to form a basis for comparison and verification of the details of the reported operating results for the year.

Based on the results of the above management review and the business risks identification, an overall business strategy of the Company for the coming year was also developed during this annual management meeting. To ensure the achievement of the goals and objectives set for the coming year, this overall business strategy also includes plan for continuing risks assessment and the development of the necessary internal control procedures.

The Company has announced its annual results for the year ended 31 December 2015 on 23 March 2016. An independent auditors' report can be found on pages 60 and 61 of this annual report.

Risk Management and Internal Control

The Company recognises continuous improvement of risk management and internal control systems is the key to sustainable business and long-term growth of an organisation. The objectives of establishing our risk management and internal control systems are: to control the risks which may hamper the achievement of our strategic and operational goals within a level acceptable to our management through reasonable, standardised and scientific management processes; to ensure compliance with the relevant laws and regulations of the state and of the relevant authorities; to ensure the proper implementation of key measures in achieving the Company's strategic goals; to enhance our operational efficiency; and to minimise the uncertainty in achieving our strategic goals.

As for corporate governance, the Company is well-structured with a clear division of responsibilities among the management. The Board is responsible for maintaining effective risk management and internal control systems and reviewing their effectiveness on a regular basis. The management have created and sustained an honest and trustworthy corporate culture, and establish and continuously refine the risk management and internal control systems under the Board supervision.

The Company identified, controlled and responded to risks by setting up three lines of defense. As the first line of defense, frontline business segments in operating units identified and assessed the business risk and formulated risk contingency measures; while as the second line of defense, risk management departments such as Risk Control Department, Finance Department, Production and Quality Safety Management Department, Legal Department assist business segments in operating units in enhancing the risk management and control measures and monitor the effectiveness of risk management and control measures adopted by operational management. As the third line of defense, Audit and Supervision Department independently and objectively evaluates the effectiveness of risk management and internal control systems and reports directly to the Board and senior management.

Risk Management

The Company has built its risk management system according to the COSO framework. In order to apply the philosophy of risk management at all levels, we implement the risk management work to the company and all the subsidiaries, covering various risks we encounter during the process of operation and management, and we implement intensive management against critical risks therein.

The Company clarifies its development targets, identifies significant risks and determines business operation plan and development strategies annually by way of strategy and budgeting meetings. Our senior management convenes the general managers meetings on a regular basis to review matters of significance to corporate strategies, policies and overall situation. Operating analysis meetings for analysing the implementation of operation plans and budgeting, risk control, production management and marketing management are convened regularly by relevant functional departments and business units. The Company proactively implements benchmarking, seeks the best practice by way of benchmarking and continues to improve on such basis in order to enhance its own management standard and integrated competitiveness.

A system for monitoring Key Risk Indicators (KRI) has been set up. Information on risks is collected and assessed on an ongoing basis. Risk alerts, tracking and management are done and analysis reports are issued, based on identified information on risks. Audit and Supervision Department works with each business unit and functional departments regularly to carry out amendments to Key Risk Indicators (KRI) in order to optimise the directions and strength of control.

In 2015, Audit and Supervision Department conducted regular reviews of a total of 33 Key Risk Indicators (KRI) and compiled the KRI monitoring report. Based on the Company's business practice and data on risk factors identified by the KRI monitoring system, the Company was able to address high-risk areas for in-depth analysis and assessment. We have identified 5 significant risk areas in 2015, namely raw materials prices volatility risks, foreign exchange risks, production safety risks, food safety risks and policies risks.

The Company developed comprehensive risk monitoring and control measures specifically for the significant risk areas identified. Audit and Supervision Department, as the third line of defense, performs constant monitoring and assessment on risk management and control measures in order to verify positive and necessary risk management measures undertaken by the Company so that the risk management system remains effective in operation.

Internal Control

The Company has established corresponding internal control policies and programs for every major business activity, ranging from sales, procurement, fund management, human resources, asset management, production facility projects, production management, financial reporting and contract management, etc. The system requires our employees to perform their respective duties in strictly compliance with their working criteria. Standardised operation would be realised through enhancement in staff expertise training so as to minimise various risks incurred in business process.

The development and continual enhancement of an internal control self-assessment system is one of the most effective tools to promote the continuous enhancement of internal controls in the Company and is also for satisfying the requirements under "Basic Standards for Enterprises' Internal Control", jointly issued by the five ministries/commissions including the Ministry of Finance of China and the China Securities Regulatory Commission, and the related guidelines and relevant regulations.

The Company has completed development of the framework of internal control and self-assessment system, and formulated "Administrative measures for internal control and self-assessment of China Agri-Industries Holdings Limited (Provisional)". Also, the system was optimised and improved in light of the findings from internal control and review during the course of system development. All functional departments, business units and profit centres investigated control weaknesses and rectified them promptly while implementing self-assessment and evaluation with respect to their own workflows regularly every year.

The Company's Audit and Supervision Department is led by the General Manager of Audit and Supervision Department and has recruited professionals to enrich the team.

Audit and Supervision Department's primary responsibilities include:

- assist the Audit Committee in its review of the Company's overall system of internal controls;
- perform reviews on the design and the proper implementation of policies, procedures and controls of all major business units and functional departments;
- perform reviews on the compliance status on rules and regulations that are relevant to the Company's businesses;
- perform efficiency and compliance reviews on major investment and construction projects; and
- perform special reviews on areas of concern identified by the Audit Committee or the management.

An annual internal audit plan is prepared by Audit and Supervision Department based on a risk-based auditing approach. The approach focuses on the internal controls of material transactions and operations of major business units and functional departments. The annual internal audit plan is reviewed and approved by the Audit Committee at the beginning of each year.

In 2015, Audit and Supervision Department continuously implemented various audit items, such as performance audit and specific internal control audit, to assess the operation mode and management condition of the business units and profit centres. Audit and Supervision Department keeps track on and facilitates the rectification made by the audited units on a regular basis focusing on various risks and management bottlenecks identified during the auditing process, which effectively enhances the continuous improvement of risk management and internal control systems. The General Manager of Audit and Supervision Department reports directly to the Audit Committee and the Managing Director at regular intervals, and attends all Audit Committee and Board's meetings.

In addition to the review of the Company's internal control activities, Audit and Supervision Department is also responsible for providing recommendations to the Board on the continuing development of other aspects of the Company's internal control framework, including the risk management process, information and communication system and management monitoring process.

The Board assesses the appropriateness of the risk management and internal control systems by considering reviews performed by the Audit Committee, the management, as well as both internal and external auditors with the understanding that such system is an ongoing process to identify, evaluate and manage significant risks faced by the Group. The system of the Group has been in place and was functioning effectively for the year under review and the process is regularly reviewed.

Whistle-blowing Policy

A whistle-blowing policy was set up by the Company to ensure inappropriate business practices and behaviors are properly reported and handled. The policy includes the set up of a reporting e-mail. The Audit Committee and the Managing Director have full access to this e-mail. Follow up review will be performed by Audit and Supervision Department on the request of the Audit Committee or the Managing Director. Procedures and controls are in place to ensure the informant's identity is kept confidential.

Shareholders' Rights

The Company is committed in engaging constructive communication with its shareholders through a variety of channels, including through its corporate communications, website, general meetings and investor relations activities. Shareholders who wish to put enquiries to the Board may send communications to: The Board of Directors c/o Company Secretary, by post to the registered office of the Company. All communications will be forwarded to the Board or the individual directors on a regular basis.

Every shareholder has a right to make their views known through voting at a general meeting. The annual general meeting (the "AGM") will be held on 1 June 2016. The AGM provides shareholders the opportunity to communicate with the Board on a wide range of issues relating to the affairs of the Company. Shareholders who wish to attend and vote may request to be entered into the register of members by its closure for the AGM. A corporate shareholder may participate by its authorised representative. Subject to applicable laws and regulations, qualified shareholders may exercise their rights to request circulation of resolution for the AGM. Shareholders holding at least 2.5% of the total voting rights of all shareholders, or at least 50 shareholders, who have a right to vote on the resolution at the AGM, may submit a written request to the Company. The circulation request must identify the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter mentioned in the proposed resolution, and must be authentication by the requisitionists and sent to the Company's registered office in hard copy for the attention of the company secretary (which must be received by the Company at least 7 days before the relevant meeting). If the requisition is to propose nomination of a person other than a director of the Company for election as a director at the AGM, that person's consent to be elected and biographical details as required by Rule 13.51(2) of the Listing Rules should also be provided. Upon verification that the requisition is proper and in order, the company secretary will propose the Board to include the resolution on the agenda for the AGM.

Only persons with proper authority have the right to requisition for and convene a general meeting. According to applicable laws and regulations, shareholders holding at least 5% of the total voting rights of all the shareholders having a right to vote at a general meeting of the Company may request to call a general meeting. The request must state general nature of the business to be dealt with at the meeting, and may include the proposed resolution. The requisition must be authenticated by the requisitionists and deposited at the registered office of the Company for the attention of the company secretary. Upon verification that the requisition is proper and in order, the company secretary will propose the Board to convene the relevant general meeting within 21 days from the date of the deposit of the requisition call a meeting to be held within a further period of 28 days.

Shareholders desiring to request circulation of resolution for a general meeting should send the request to the Company in due time before the meeting. If the matter to be considered requires a special notice, the proposed resolution must be given to the Company not less than 28 days before the general meeting at which it is moved. The Company will, in accordance with its obligations under the applicable laws and regulations, provide necessary information either in a supplementary circular or by way of an announcement and, if necessary, adjourn the relevant general meeting for informing all shareholders.

Investor Relations

Investor relations has always been an important pillar of the Company's corporate governance. The Company has a dedicated investor relations team to provide two-way communication between management and the investment community. It continually updates investors on the Company's latest business developments in a timely manner. The team also regularly provides management with market feedback and opinions from the investment community to improve the governance and operations of the Company.

The Company is committed to providing high quality of information disclosure and investors communication. It used a variety of investor relations activities to address investor concerns in a timely manner, including regular one-on-one meetings, conference calls and luncheons with both current and potential shareholders and analysts. In its analyst presentations and investors luncheon following the release of its results, the Company's management provided detail and colour on financial performance and business strategies. The Company's annual general meeting and other events provided opportunities to communicate face-to-face with minority shareholders, reflecting management's commitment to full and fair disclosure to all shareholders.

The Company reviewed its shareholder structure regularly, monitoring changes to the shareholder base. As of 30 January 2016, China Agri's shareholder base included investors from all over the world. Institutional investors accounted for 23% of the total issued shares of the Company. Within this group, Asian-based institutional investors accounted for 63%; institutional investors from North America accounted for 21%; European-based institutional investors accounted for 11%; and the rest of the world made up 5%. The Company maintained a stable and diversified shareholder base.

China Agri is a constituent of several key benchmark indices, including the Hang Seng Composite Index, the Hang Seng Global Composite Index, the Hang Seng Composite Industry Indexes, the Hang Seng Composite Size Indexes, the Hang Seng Consumer Goods & Services Index and the Hang Seng Corporate Sustainability Benchmark Index. During the year under review, the Company is named the "Outstanding Agriculture and Food Processing Company" at the 10th CAPITAL Outstanding China Enterprise Awards organised by CAPITAL Magazine. It reflected China Agri's commitment to sound corporate governance and active investor communications.

The Company's business is covered by a number of investment banks and financial institutions. For a complete list of analysts, please visit the Company's website at www.chinaagri.com.

Directors and Senior Management Profile

Chairman of the Board & Executive Director

CHI Jingtao

Mr. CHI Jingtao, aged 53, the chairman of the Board of the Company, was appointed as a non-executive director of the Company in November 2014 and re-designated as an executive director in October 2015, and in addition was a non-executive director of the Company during the period from January 2007 to March 2011. Mr. Chi joined COFCO Corporation and/or its subsidiaries ("COFCO Group") in August 2003, and has been a vice president of COFCO Corporation since May 2010 and the general manager of COFCO Trading Ltd. since December 2013. Mr. Chi was an independent director of China Hainan Rubber Industry Group Co., Ltd. (a company listed on the Shanghai Stock Exchange) until November 2013. Since February 2011, Mr. Chi had been a board member of China Foods Limited (a company listed in Hong Kong) as an executive director until March 2013 and became a non-executive director until November 2014, and was the chairman of its board from February 2012 to March 2013. Mr. Chi was the director of human resources department of COFCO Corporation from October 2004 to February 2011. From July 2012 to December 2013, Mr. Chi was the general manager of China Grain and Logistics Corporation. Prior to joining COFCO Group, Mr. Chi held various positions in China Minmetals Corporation, including the general manager of human resources department. Mr. Chi holds a Bachelor's degree in Engineering from the Academy of Armored Forces Engineering in Beijing and an Executive Master of Business Administration (EMBA) from the University of International Business and Economics in Beijing.

Executive Directors

YUE Guojun

Mr. YUE Guojun, aged 52, professor level senior engineer, was appointed as a director of the Company in January 2007 and has been re-designated as an executive director and the Managing Director of the Company since October 2013. He joined COFCO Group in November 2005. Mr. Yue was an assistant president of COFCO Corporation, a vice president of the Company and the general manager of the biochemical and biofuel division of the Company. He has been the chief engineering officer of COFCO Corporation since February 2013. He is the chairman of the board of COFCO Biochemical (Anhui) Co., Ltd., a company listed on the Shenzhen Stock Exchange, and a director of Glory River Holdings Limited, a wholly-owned subsidiary of the Company and whose convertible bonds were listed and quoted on Singapore Exchange Securities Trading Limited. Mr. Yue was accredited by the State Council via a scholarship program in 2007, and was elected as one of the deputies to the 12th National People's Congress of the PRC in February 2013. He is an academician of the Chinese Academy of Engineering elected in December 2015. Mr. Yue has been the chairman of China Starch Industry Association since November 2011. He has over 20 years of experience in overall enterprise management. Mr. Yue holds a Bachelor's degree from Chemical Engineering Department of Jilin Institute of Chemical Technology, a Master's degree in Environmental Engineering from Harbin Institute of Technology and an Engineering PhD's degree in Chemical Engineering and Technology from Beijing University of Chemical Technology.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SHI Bo

Mr. SHI Bo, aged 49, was appointed as an executive director of the Company in October 2013 and has been a vice president of the Company since July 2010, taking charge of the Company's finance, human resources and investor relations, and is the general manager of finance department of the Company. Mr. Shi joined COFCO Group in 2005 and was the deputy general manager of the biochemical and biofuel division. Prior to that, Mr. Shi was the financial controller of China Resources Alcohol (Heilongjiang) Co., Ltd. and also served at Shougang Group for various positions including the assistant general manager of group finance, a director and the general manager of finance and planning department of Shougang Hierro Peru SA. Mr. Shi is a member of The Chinese Institute of Certified Public Accountants. He holds a Bachelor's degree in Economics from Anhui University of Finance & Economics and an Executive Master of Business Administration (EMBA) from China Europe International Business School.

Non-executive Directors

YU Xubo

Mr. YU Xubo, aged 50, has been a director of the Company since January 2007 as an executive director during the period from 2007 to November 2014 and from then till now a non-executive director. He was the chairman of the Board of the Company from March 2012 to August 2015. Mr. Yu joined COFCO Group in 1988. He has been the president of COFCO Corporation since April 2007 and previously served at COFCO Group in various positions including the general manager of COFCO Futures Co., Ltd. (中糧期貨有限公司) and a vice president of COFCO Corporation. Mr. Yu is a non-executive director of Noble Group Limited (a company listed in Singapore), the chairman of the board and a non-executive director of China Modern Dairy Holdings Ltd. (a company listed in Hong Kong), and a non-executive director of China Mengniu Dairy Company Limited (a company listed in Hong Kong). He is also a director of Wide Smart Holdings Limited and the managing director of COFCO (Hong Kong) Limited, both are substantial shareholders of the Company, as well as a director of certain subsidiaries of COFCO Group. Mr. Yu ceased as a non-executive director of China Foods Limited (a company listed in Hong Kong) on 15 February 2016. Mr. Yu holds a Bachelor's degree in Economics from University of International Business and Economics in Beijing and an Executive Master of Business Administration (EMBA) from China Europe International Business School.

MA Wangjun

Mr. MA Wangjun, aged 51, was appointed as a non-executive director of the Company in January 2007. Mr. Ma joined COFCO Group in August 1988. He held various positions in COFCO Group, including deputy general manager of finance and planning, the general manager of asset management and the deputy head and head of finance department. Mr. Ma is a non-executive director of Joy City Property Limited and was a non-executive director of China Mengniu Dairy Company Limited until April 2012 (both companies are listed in Hong Kong). He has been the chief financial officer of COFCO Corporation since November 2012. Mr. Ma holds a Bachelor's degree in Economics from Beijing Technology and Business University and an Executive Master of Business Administration (EMBA) from Cheung Kong Graduate School of Business.

Independent Non-executive Directors

LAM Wai Hon, Ambrose

Mr. LAM Wai Hon, Ambrose, aged 62, was appointed as an independent non-executive director of the Company in January 2007. Mr. Lam is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree from University of Newcastle Upon Tyne in England. Mr. Lam is the Chief Executive Officer of Investec Capital Asia Limited (formerly known as Access Capital Limited prior to its acquisition by Investec Bank PLC in April 2011) and the Country Head of China & Hong Kong of the Investec Group. Prior to establishing Access Capital Limited in 2000, Mr. Lam was the managing director and head of Global Investment Banking for Greater China of Deutsche Bank AG (Hong Kong). He was also the managing director and head of Greater China Investment Banking of the Bankers Trust Company, and the managing director of Yuanta Securities (Hong Kong) Company Limited. Mr. Lam started his investment banking career with Kleinwort Benson Group in London in 1984 before joining Standard Chartered Asia Limited in Hong Kong where he held the position of managing director in corporate finance. He is currently an independent non-executive director of Genting Hong Kong Limited.

Patrick Vincent VIZZONE

Mr. Patrick Vincent VIZZONE, aged 44, was appointed as an independent non-executive director of the Company in June 2007. Mr. Vizzone has over 20 years of experience in agribusiness and corporate and investment banking. Presently, Mr. Vizzone is the Head of Institutional Banking, Asia and Head of Food & Agribusiness, Asia, at National Australia Bank. Prior to joining National Australia Bank, he held regional leadership roles with Rabobank Asia (Head of Food & Agribusiness, Asia and Head of Food & Agribusiness Advisory & Research, Asia) and The General Electric Company (Strategic Marketing & New Product Introductions Leader, GE Capital Asia Pacific). Before engaging in his banking career, he was a founding Director and Deputy General Manager at Shanghai Asia-Pacific International Vegetable Co. (SAPIV) and as a cofounder of China Green Concepts. Mr. Vizzone is a Fellow of the Hong Kong Institute of Directors and Member of the Australian Institute of Directors. He also serves as the Vice Chair of the International Development Committee and Chair of the Global Strategy Task Force of the Produce Marketing Association. Mr. Vizzone holds a Bachelor's degree in History and Political Science from Monash University, Australia and a Master of Business Administration degree in Finance from Manchester Business School, the United Kingdom.

ONG Teck Chye

Mr. ONG Teck Chye, aged 61, was appointed as an independent non-executive director of the Company in February 2015. Mr. Ong holds an honours degree in Sociology from University of Singapore (currently known as National University of Singapore). Mr. Ong had been the China country Agri-Business head from 2011 to 2014 and the head of international trading and marketing division from 2007 to 2011 of Golden Agri-Resources Ltd. He was the head of the Singapore petroleum trading division of Noble Group Limited (Hong Kong) from 2004 to 2006. Mr. Ong served as the department head of Marubeni International Petroleum Company Singapore Pte Ltd from 2001 to 2004. From 1980 to 2001, Mr. Ong held various trading positions in Cargill Singapore and Geneva, including the senior manager of structured trade finance department of Cargill Singapore. He has over 30 years' trading experience.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Senior Management

YANG Hong

Ms. YANG Hong, aged 52, is a vice president of the Company, taking charge of key account management and the rice business. Ms. Yang joined COFCO Group in 1989 and held various positions at COFCO Group, including the deputy general manager of COFCO Cereals, Oils & Feedstuffs Import & Export Company (中糧糧油飼料進出口公司) and is the general manager of the rice division of the Company. She has been a senior industry executive of COFCO Group since February 2013. Ms. Yang holds a Bachelor's degree in Economics from University of International Business and Economics in Beijing and an Executive Master of Business Administration (EMBA) from China Europe International Business School.

GU Lifeng

Mr. GU Lifeng, aged 48, has been a vice president of the Company since August 2014 and is the general manager of the oilseeds processing division of the Company in charge of the oilseeds processing business of the Company. Mr. Gu joined COFCO Group in July 1989 and held various positions at COFCO Group, including grains division and in the export department of China Corn Exports Associated Co (中國玉米出口聯營公司). Besides, he was the general manager of the corn division of COFCO Group. He was the deputy general manager of COFCO Grain & Oil Co. Ltd. and the general manager of its corn division. He was also the deputy general manager of COFCO Trading Co., Ltd. and the general manager of its corn division. He has been a senior industry executive of COFCO Group since September 2014. Mr. Gu holds a Bachelor's degree in Economics from Shanghai University of International Business and Economics.

REN Zhi

Mr. REN Zhi, aged 57, has been a vice president of the Company since May 2013. He is in-charge of the Company's administration and corporate culture. Mr. Ren previously worked in various government departments. Mr. Ren had been vice president of China Grain and Logistics Corporation from November 2006 to May 2013. He holds a Bachelor's degree in Engineering from Northeast Normal University and a Master's degree in Economics from Jilin University.

ZENG Xianfeng

Mr. ZENG Xianfeng, aged 48, has been a vice president of the Company since March 2014, taking charge of management of new projects and overseeing integration of materials procurement. Mr. Zeng joined COFCO Group in September 1996 and held various positions at COFCO Group, including deputy general manager of COFCO Futures Co., Ltd. (中糧期貨有限公司). He was general manager and executive deputy general manager of the oilseeds processing division of the Company and deputy general manager of its finance department. Mr. Zeng holds a Bachelor's degree in Economics and a Master's degree in Economics from Beijing Technology and Business University.

CHANG Muping

Mr. CHANG Muping, aged 50, has been a vice president of the Company since March 2014, taking charge of commodity risk management of the Company. He previously worked in the Ministry of Commerce Information Centre and futures department of CADTIC (中國農業發展信托投資公司). He joined COFCO Group in August 1996 and held various positions at COFCO Group, including manager of COFCO Futures Co., Ltd. (中糧期貨有限公司). He was assistant to general manager and deputy general manager of the oilseeds processing division of the Company and the general manager of risk control department of the Company. Mr. Chang holds a Bachelor's degree in Engineering and a Master's degree in Engineering from Huazhong University of Science and Technology.

Report of the Directors

The directors of the Company present their report for the year ended 31 December 2015.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates of the Company comprise production, processing and distribution of agricultural products and related businesses. The Group's principal products and businesses are oilseeds processing, biochemical and biofuel, rice processing and trading, wheat processing and brewing materials. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the management discussion and analysis section set out on pages 9 to 26 of this annual report. This discussion forms part of the directors' report.

Results and Dividend

The results of the Group for the year ended 31 December 2015 and the Group's financial position at that date are set out in the financial statements on pages 62 to 162.

The directors of the Company do not recommend the payment of a dividend for the year.

Summary Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 27 of this annual report. This summary does not form part of the audited financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Shares Issued

There were no changes in the number of issued shares of the Company during the year. Details of the Company's share capital during the year are set out in note 28 to the financial statements.

Convertible Securities, Options, Warrants or Similar Rights

On 21 July 2010, the Company entered into a bond subscription agreement in connection with the issue of HK$ Fixed Rate Guaranteed Convertible Bonds Due 2015 in an aggregate principal amount of HK$3,875 million by Glory River Holdings Limited, a wholly-owned subsidiary of the Company. The convertible bonds were guaranteed by the Company and convertible into ordinary shares of the Company at an initial conversion price of HK$11.375 per share, subject to adjustment. Pursuant to the terms and conditions of the convertible bonds, Glory River Holdings Limited redeemed HK$2,668.5 million in the principal amount of the convertible bonds on 29 July 2013 and then, at maturity, redeemed all outstanding balance on 29 July 2015. The conversion price immediately before the full redemption was HK$9.868 per share. There was no exercise of any conversion rights under the convertible bonds. The particulars of convertible bonds are set out in note 26 to the financial statements.

Save as mentioned above and the share option scheme of the Company, there is no conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted by the Company or any of its subsidiaries during the year or subsisted at the end of the year.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Share Option Scheme

The Company maintains a share option scheme (the "Scheme"), which was conditionally adopted on 12 January 2007 and became effective upon listing of the Company's shares on 21 March 2007. Details of the Scheme are as follows:

1. The purpose of the Scheme is to attract, retain and motivate senior management personnel and key employees of the Group, and provide eligible participants with an opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

2. Pursuant to, and subject to, the terms and conditions stipulated in the Scheme, the board of directors may in its discretion grant share options to persons selected from: (i) any executive or non-executive directors of any members of the Group; (ii) any senior executives, key technical staff, professional staff, managers or employees of any members of the Group; or (iii) any other individuals as may be proposed by the Board. No independent non-executive director of the Company shall be granted an option.

3. The maximum number of shares which may be issued upon exercise of all options granted under the Scheme and all other share option schemes of the Company (if any) shall not in aggregate exceed 10% of the number of shares in issue on the date on which dealings in the shares first commenced on the Stock Exchange of Hong Kong, i.e. 348,922,935 shares. The Company may renew the 10% limit at any time subject to prior shareholders' approval, provided that the limit as renewed shall not exceed 10% of the number of shares in issue as at the date of the relevant approval. As at the date of this report, the total number of shares available for issue, save for those granted but yet to be exercised, under the Scheme is 168,596,335 shares, representing approximately 3.2% of the number of issued shares of the Company as at the date of this report.

4. The total number of shares issued and to be issued upon exercise of the options granted to any grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue at the relevant time. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval with such grantee and his close associates (or his associates if such grantee is a connected person) abstaining from voting.

5. The option period shall be such period determined by the Board and notified to the grantee but shall not exceed a period of 7 years commencing on the date of acceptance of the option and expiring on the last date of such 7-year period, subject to the provisions for early termination thereof contained in the Scheme.

6. An option must be held for a minimum period of 2 years from the date on which it was granted before it can be exercised. In addition, an option shall be subject to the following vesting schedule:

Periods	**Percentage of an option which may be exercised**
Upon and after the second anniversary of the grant but no later than the third anniversary of the grant	20%
Upon and after the third anniversary of the grant but no later than the fourth anniversary of the grant	40%
Upon and after the fourth anniversary of the grant but no later than the fifth anniversary of the grant	60%
Upon and after the fifth anniversary of the grant but no later than the sixth anniversary of the grant	80%
Upon and after the sixth anniversary of the grant but no later than the seventh anniversary of the grant	100%

7. The offer of the grant of an option may be accepted within 28 days from the date of offer. The grantee is required to pay HK$1.00 as consideration for the grant of an option upon acceptance of the granted option.

8. The exercise price of a share in the Company shall be such price determined by the Board and notified to the grantee but shall be at least the higher of:

   (i) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong on the date of offer;

   (ii) the average closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong for the five business days immediately preceding the date of offer; or

   (iii) HK$0.1, the nominal value of the share immediately before the commencement date of section 135 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

9. The Scheme has a life of 10 years until 20 March 2017 but all outstanding share options granted under the Scheme and yet to be exercised shall remain valid.

On 4 December 2015, the Company granted 134,500,000 share options. Subject to the fulfillment of certain conditions (including certain performance targets), such share options may be exercised in accordance with the following vesting schedule (subject to the shareholders' approval at the forthcoming annual general meeting of the Company):

Periods	**Percentage of an option which may be exercised**
Upon and after the second anniversary of the grant but no later than the third anniversary of the grant	33%
Upon and after the third anniversary of the grant but no later than the fourth anniversary of the grant	66%
Upon and after the fourth anniversary of the grant but no later than the fifth anniversary of the grant	100%

Details of the movements in the share options during the year ended 31 December 2015 are set out below.

1. *Share options granted on 31 March 2011*

Category of participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date (d-m-yyyy)	Exercise period (d-m-yyyy)	Number of share options: At 1 January 2015	Exercised	Lapsed	At 31 December 2015
(A) Directors								
NING Gaoning	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	127,200	–	–	127,200
(resigned w.e.f.			31-3-2014	31-3-2014 to 30-3-2018	127,200	–	–	127,200
16-2-2016)			31-3-2015	31-3-2015 to 30-3-2018	127,200	–	–	127,200
			31-3-2016	31-3-2016 to 30-3-2018	127,200	–	–	127,200
			31-3-2017	31-3-2017 to 30-3-2018	127,200	–	–	127,200
					636,000	–	–	636,000
YU Xubo	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	127,200	–	–	127,200
			31-3-2014	31-3-2014 to 30-3-2018	127,200	–	–	127,200
			31-3-2015	31-3-2015 to 30-3-2018	127,200	–	–	127,200
			31-3-2016	31-3-2016 to 30-3-2018	127,200	–	–	127,200
			31-3-2017	31-3-2017 to 30-3-2018	127,200	–	–	127,200
					636,000	–	–	636,000
YUE Guojun	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	116,600	–	–	116,600
			31-3-2014	31-3-2014 to 30-3-2018	116,600	–	–	116,600
			31-3-2015	31-3-2015 to 30-3-2018	116,600	–	–	116,600
			31-3-2016	31-3-2016 to 30-3-2018	116,600	–	–	116,600
			31-3-2017	31-3-2017 to 30-3-2018	116,600	–	–	116,600
					583,000	–	–	583,000
MA Wangjun	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	116,600	–	–	116,600
			31-3-2014	31-3-2014 to 30-3-2018	116,600	–	–	116,600
			31-3-2015	31-3-2015 to 30-3-2018	116,600	–	–	116,600
			31-3-2016	31-3-2016 to 30-3-2018	116,600	–	–	116,600
			31-3-2017	31-3-2017 to 30-3-2018	116,600	–	–	116,600
					583,000	–	–	583,000
SHI Bo	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	106,000	–	–	106,000
			31-3-2014	31-3-2014 to 30-3-2018	106,000	–	–	106,000
			31-3-2015	31-3-2015 to 30-3-2018	106,000	–	–	106,000
			31-3-2016	31-3-2016 to 30-3-2018	106,000	–	–	106,000
			31-3-2017	31-3-2017 to 30-3-2018	106,000	–	–	106,000
					530,000	–	–	530,000
(B) Employees	31-3-2011	8.22	31-3-2013	31-3-2013 to 30-3-2018	8,161,200	–	106,000	8,055,200
			31-3-2014	31-3-2014 to 30-3-2018	8,161,200	–	106,000	8,055,200
			31-3-2015	31-3-2015 to 30-3-2018	8,097,600	–	42,400	8,055,200
			31-3-2016	31-3-2016 to 30-3-2018	8,097,600	–	42,400	8,055,200
			31-3-2017	31-3-2017 to 30-3-2018	8,097,600	–	42,400	8,055,200
					40,615,200	–	339,200	40,276,000
	Total				43,583,200	–	339,200	43,244,000

2. *Share options granted on 4 December 2015*

Category of Participants	Date of grant (d-m-yyyy)	Exercise price per share (HK$)	Vesting date *(Note 1)* (d-m-yyyy)	Exercise period *(Note 1)* (d-m-yyyy)	Number of share options: At 4 December 2015	Exercised	Lapsed	At 31 December 2015
(A) Directors								
YUE Guojun	4-12-2015	2.85	4-12-2017	4-12-2017 to 3-12-2020	396,000	–	–	396,000
			4-12-2018	4-12-2018 to 3-12-2020	396,000	–	–	396,000
			4-12-2019	4-12-2019 to 3-12-2020	408,000	–	–	408,000
					1,200,000	–	–	1,200,000
SHI Bo	4-12-2015	2.85	4-12-2017	4-12-2017 to 3-12-2020	379,500	–	–	379,500
			4-12-2018	4-12-2018 to 3-12-2020	379,500	–	–	379,500
			4-12-2019	4-12-2019 to 3-12-2020	391,000	–	–	391,000
					1,150,000	–	–	1,150,000
(B) Employees	4-12-2015	2.85	4-12-2017	4-12-2017 to 3-12-2020	43,609,500	–	–	43,609,500
			4-12-2018	4-12-2018 to 3-12-2020	43,609,500	–	–	43,609,500
			4-12-2019	4-12-2019 to 3-12-2020	44,931,000	–	–	44,931,000
					132,150,000	–	–	132,150,000
	Total				134,500,000	–	–	134,500,000

Notes:

1. *This vesting schedule shall be subject to the shareholders' approval at the forthcoming annual general meeting of the Company.*
2. *Regarding the share options granted on 4 December 2015, the closing price of the Company's shares immediately before the date on which these share options were granted was HK$2.88 per share; and the fair value of these share options as at the date of grant, using the Binomial Option Pricing Model, was HK$121,410,000.*

Additional information in relation to the Scheme is set out in note 29 to the financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 43 to the financial statements and in the consolidated statement of changes in equity on page 66, respectively.

Distributable Reserves

As at 31 December 2015, the Company's reserves available for distribution amounted to approximately HK$4,420.2 million. In addition, the amount of HK$9,246.7 million previously included in the Company's share premium account may be distributed in the form of fully paid bonus shares.

Major Customers and Suppliers

In the year under review, no sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for over 30% of the total sales for the year and of the total purchases for the year, respectively.

Apart from the continuing connected transactions with COFCO Corporation, the controlling shareholder, and its subsidiaries (other than the Group) as disclosed in the section "Continuing Connected Transactions" below, none of the Company's directors, their close associates or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) had any interest in the five largest customers or five largest suppliers of the Group.

Directors

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

NING Gaoning	(resigned on 16 February 2016)
YU Xubo	
CHI Jingtao	
YUE Guojun	
MA Wangjun	
SHI Bo	
LAM Wai Hon, Ambrose	
Victor YANG	(resigned on 26 August 2015)
Patrick Vincent VIZZONE	
ONG Teck Chye	(appointed on 12 February 2015)

The full list of the names of the directors of the Company's subsidiaries during the year and up to the date of this report can be found on the Company's website at www.chinaagri.com under the category "Investor Relations".

In accordance with Article 106 of the articles of association of the Company, Mr. Yu Xubo, Mr. Shi Bo and Mr. Patrick Vincent Vizzone will retire and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Management's Biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 42 to 46 of this annual report.

Directors' Remuneration

Details of the directors' fees for the year are set out in note 8 to the financial statements. Other emoluments are determined by the Remuneration Committee pursuant to the articles of association of the Company with reference to market conditions, directors' duties, responsibilities and performance and the results of the Group.

Directors' Interests in Transaction, Arrangement or Contract

None of the Company's director or his connected entity had a material interest, either directly or indirectly, in any transactions, arrangements and contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

Arrangement to Purchase Shares or Debentures

Other than the share option scheme of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Management Contract

No contracts concerning management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Permitted Indemnity Provision

The articles of association of the Company provides that each director and other officer of the Company shall be entitled to be indemnified by the Company against all losses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the directors and officers of the Company and its subsidiaries.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2015, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (together, "Discloseable Interests"), were as follows:

Interests in Shares and Underlying Shares of the Company

Name	Capacity	Number of shares held in long position	Number of underlying shares held in long position (Note 1)	Percentage (Note 2)
NING Gaoning (Note 3)	Beneficial owner	–	636,000	0.01%
YU Xubo	Beneficial owner and interest of spouse (Note 4)	235,364	636,000	0.02%
YUE Guojun	Beneficial owner	460,000	1,783,000	0.04%
MA Wangjun	Beneficial owner	–	583,000	0.01%
SHI Bo	Beneficial owner	48,000	1,680,000	0.03%
Patrick Vincent VIZZONE	Beneficial owner	100,000	–	0.00%

Notes:

1. *These underlying shares are share options granted pursuant to the share option scheme of the Company, particulars of which are set out in the section "Share Option Scheme" above.*
2. *The percentage of interests is calculated based on the total number of shares of the Company in issue as at 31 December 2015, being 5,249,880,788 shares.*
3. *Mr. Ning ceased as a director of the Company on 16 February 2016.*
4. *235,364 shares were owned by the spouse of the director concerned.*

Interests in Underlying Shares of Associated Corporation

Name	Name of associated corporation	Capacity	Number of underlying shares held in long position (Note 1)	Percentage (Note 2)
NING Gaoning (Note 3)	China Foods Limited	Beneficial owner	740,000	0.03%
CHI Jingtao	China Foods Limited	Beneficial owner	740,000	0.03%

Notes:

1. *These underlying shares are share options granted pursuant to the share option scheme of China Foods Limited. These share options were granted on 29 March 2011 at an exercise price of HK$4.91 per share and, subject to a vesting schedule, exercisable during the period from 29 March 2013 to 28 March 2018.*
2. *The percentage of interests is calculated based on the total number of shares of China Foods Limited in issue as at 31 December 2015, being 2,797,223,396 shares.*
3. *Mr. Ning ceased as a director of the Company and China Foods Limited on 16 February 2016 and 15 February 2016, respectively.*

Save as disclosed above, as at 31 December 2015, none of the directors, chief executive or their respective close associates had any other Discloseable Interests.

Substantial Shareholders' Interests in the Shares of the Company

As at 31 December 2015, the following persons had an interest or short position in the shares and underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name	Capacity	Number of shares held (Note 1)	Percentage (Note 2)
Wide Smart Holdings Limited	Beneficial owner	2,681,315,430	51.07%
COFCO (Hong Kong) Limited	Beneficial owner	364,790,827	6.95%
	Interest of controlled corporation (Note 3)	2,681,315,430	51.07%
COFCO Corporation	Interest of controlled corporations (Note 4)	3,046,106,257	58.02%

Notes:

1. *Long positions in the shares of the Company.*
2. *The percentage of interests is calculated based on the total number of shares of the Company in issue as at 31 December 2015, being 5,249,880,788 shares.*
3. *These shares were beneficially owned by Wide Smart Holdings Limited, a company wholly-owned by COFCO (Hong Kong) Limited.*
4. *These shares were held by Wide Smart Holdings Limited and COFCO (Hong Kong) Limited, a company wholly-owned by COFCO Corporation.*

Save as disclosed above, as at 31 December 2015, so far as was known to the directors, no other persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register kept by the Company under section 336 of the SFO.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares was held by the public as at the date of this report.

Continuing Connected Transactions

During the year, the Group conducted the following transactions with certain connected persons of the Company. These transactions constituted continuing connected transactions and are subject to reporting requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

1. *2014 COFCO Mutual Supply Agreement*

The Company and COFCO Corporation ("COFCO") entered into an agreement on 13 November 2014 (the "2014 COFCO Mutual Supply Agreement") to regulate the relationship between COFCO and its associates (including China Foods Limited, Noble Agri Limited, etc., but excluding the Group) (collectively, "COFCO Group") and the Group in respect of the mutual supply of raw materials, products, finance, logistics, agency and other related services. The 2014 COFCO Mutual Supply Agreement is for a term of three years from 1 January 2015 to 31 December 2017.

During the year, the aggregate value of raw materials, products, finance, logistics, agency and other related services supplied by COFCO Group to the Group including oil and oilseeds, rice, wheat, raw materials and products of biochemistry and biofuel, brewing materials, feed, packaging materials, services and others was approximately RMB14,541.40 million, while the aggregate value of products and services supplied by the Group to COFCO Group including oil and oilseeds, rice, raw materials and products of biochemistry and biofuel, brewing materials, feed, wheat, services and others was approximately RMB13,197.54 million.

According to the Listing Rules, COFCO is the controlling shareholder of the Company and thus each of the members of COFCO Group is a connected person of the Company.

2. *2014 Wilmar Mutual Supply Agreement*

The Company and Wilmar International Limited ("Wilmar International") entered into an agreement on 13 November 2014 (the "2014 Wilmar Mutual Supply Agreement"), pursuant to which Wilmar International and its subsidiaries ("Wilmar International Group") and the Group would mutually supply raw materials, products, logistics and other related services. The term of the 2014 Wilmar Mutual Supply Agreement is three years from 1 January 2015 to 31 December 2017.

During the year, the aggregate value of the products and services supplied by Wilmar International Group to the Group was approximately RMB392.02 million, and the aggregate value of the products and services supplied by the Group to Wilmar International Group was approximately RMB300.36 million.

According to the Listing Rules, Wilmar International is an asscociate of a substantial shareholder of certain subsidiaries of the Company and thus Wilmar International Group is a connected person of the Company.

3. *2014 Financial Services Agreement*

In consideration of the treasury management of the Company taking into account the business development plans and financial needs of the Group, as well as the benefit of the Company and its shareholders as a whole, the Company, COFCO Finance Co., Ltd. ("COFCO Finance") and COFCO Agri-Industries Management Co., Ltd. (the "Management Company") entered into the 2014 Financial Services Agreement on 13 November 2014 for a term of two years commencing from 1 January 2015 to 31 December 2016, whereby relevant members of the Group (including the Management Company) maintained RMB depositary accounts with COFCO Finance which, acting as a financial agent on a free-of-charge basis, advanced entrustment loans to the Management Company. In turn, the Management Company advanced such fund to certain of the Company's subsidiaries which were in need of fund.

During the year, the maximum daily balance of deposits (including accrued interests) placed by the Group with COFCO Finance was approximately RMB550.00 million.

According to the Listing Rules, COFCO Finance is a connected person of the Company by virtue of its being an indirectly wholly-owned subsidiary of COFCO.

Related party transactions as disclosed in note 36 to the financial statements included continuing connected transactions with COFCO Group and Wilmar International Group. The Company has complied with the disclosure requirements for the above continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out in items 1 to 3 above (the "CCTs") and have confirmed that the CCTs have been entered into: in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The annual caps for the CCTs have not been exceeded.

Ernst & Young, the Company's auditors, were engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respective of the continuing connected transactions for the year ended 31 December 2015 disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange of Hong Kong.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the following directors of the Company are considered to have business interests which are likely to compete directly or indirectly with the business of the Group:

1. As disclosed in the section "Non-competition Deed" below, COFCO holds equity interests in certain companies which compete or may compete with the Company's business. At COFCO, Mr. Yu Xubo is the president, Mr. Chi Jingtao is a vice president, Mr. Yue Guojun is the chief engineering officer, and Mr. Ma Wangjun is the chief financial officer. In addition, Mr. Yu Xubo is a director of Noble Agri Limited. Mr. Yue Guojun is the chairman of COFCO Biochemical (Anhui) Co., Ltd..

2. Wilmar International holds certain business which is similar to the Company's oilseeds processing business. Mr. Yue Guojun is a director of Grand Silver (Laiyang) Co. Limited, a subsidiary of Wilmar International.

Non-competition Deed

COFCO, COFCO (Hong Kong) Limited ("COFCO (HK)") and the Company executed a non-competition deed on 16 February 2007 (the "Non-competition Deed"), pursuant to which, COFCO and COFCO (HK) have granted to the Company options to acquire all or part of the prescribed retained interests which compete or may compete with the Company's businesses held by COFCO (the "Retained Business"), on the basis of a valuation to be conducted by an independent valuer, subject to any relevant laws and applicable rules, relevant authorities' approvals and existing third party pre-emptive rights (if any). Under the Non-competition Deed, if COFCO or COFCO (HK) intends to transfer, sell, lease, license or dispose to any third party any direct or indirect interest in any of such Retained Business, then the Company has pre-emptive rights to purchase any Retained Business on terms no less favourable than those offered to such third party. Furthermore, if any new business of the Company is offered to COFCO and/or COFCO (HK) which would potentially compete with the business of the Company, COFCO and/or COFCO (HK) shall refer the new business opportunity to the Company upon terms and conditions which are not less favourable than those offered to each of them. If such offer is not accepted by the Company in writing within 30 days of its receiving of the written notice of the new business opportunity, COFCO and/or COFCO (HK) shall be entitled to accept the new business opportunity upon terms and conditions that are not more favourable than those offered to the Company.

1. COFCO Biochemical Option

The option for the Company to acquire from COFCO interests in COFCO Biochemical (Anhui) Co., Ltd. (the "COFCO Biochemical Option") was for an initial term of five years starting from 3 April 2007 and extended twice, both for three years. On 13 November 2015, the Company announced that, having taken into account the principal factors and considerations set out in the announcement, all independent non-executive directors decided that it was not in the interests of the Company and its shareholders as a whole to make a definitive decision whether or not to exercise the COFCO Biochemical Option.

2. Noble Agri Option

The option for the Company to acquire from COFCO (HK) certain competing business of Noble Agri Limited in China (the "Noble Agri Option") was for a term of five years commencing from 14 October 2014. On 3 December 2015, the Company announced that, having taken into account the principal factors and considerations set out in the announcement, all independent non-executive directors decided that it was not in the interests of the Company and its shareholders as a whole to make a definitive decision whether or not to exercise the Noble Agri Option.

The independent non-executive directors will continue to review the COFCO Biochemical Option and the Noble Agri Option at least annually and to disclose their decision and its reasons by way of announcement.

Corporate Governance

The Company is committed in developing good corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 41.

Donations

During the year, the Group made charitable and other donations amounting to approximately HK$2.9 million.

Review by the Audit Committee

The Audit Committee has reviewed with the auditors of the Company the consolidated financial statements for the year ended 31 December 2015 and has also discussed auditing, internal control and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

Auditors

Ernst & Young shall retire at the forthcoming annual general meeting, and a resolution for their reappointment as auditors of the Company will be proposed at the meeting.

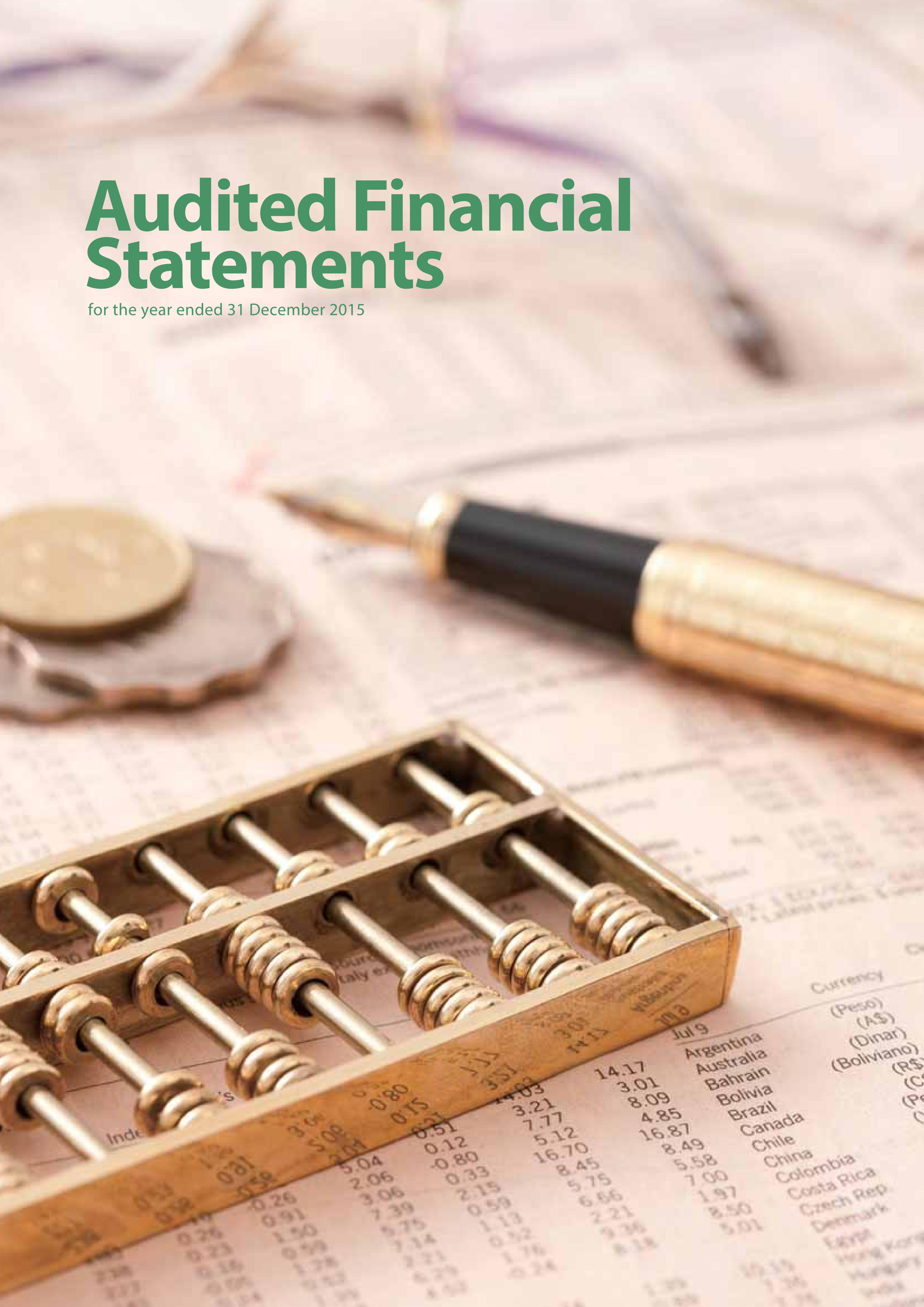
On behalf of the Board

CHI Jingtao
Chairman

Hong Kong, 23 March 2016

Audited Financial Statements

for the year ended 31 December 2015



Independent Auditors' Report

EY 安永

To the members of China Agri-Industries Holdings Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Agri-Industries Holdings Limited (the "Company") and its subsidiaries set out on pages 62 to 162, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
23 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4,5	**82,548,235**	93,238,734
Cost of sales	6	**(78,261,798)**	(88,909,576)
Gross profit		**4,286,437**	4,329,158
Other income and gains	5	**1,674,650**	1,625,038
Selling and distribution expenses		**(2,881,324)**	(3,318,183)
Administrative expenses		**(1,963,291)**	(1,971,314)
Other expenses		**(646,884)**	(367,275)
Finance costs	7	**(685,723)**	(650,467)
Share of profits and losses of associates		**162,323**	14,796
LOSS BEFORE TAX	6	**(53,812)**	(338,247)
Income tax expense	10	**(323,483)**	(310,335)
LOSS FOR THE YEAR		**(377,295)**	(648,582)
Attributable to:			
Owners of the Company		**(332,730)**	(775,403)
Non-controlling interests		**(44,565)**	126,821
		(377,295)	(648,582)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		**(6.34) HK cents**	(14.77) HK cents
Diluted		**(6.34) HK cents**	(14.77) HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
LOSS FOR THE YEAR	**(377,295)**	(648,582)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**(1,706,030)**	(92,413)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(1,706,030)**	(92,413)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,706,030)**	(92,413)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(2,083,325)**	(740,995)
Attributable to:		
Owners of the Company	**(1,775,459)**	(855,363)
Non-controlling interests	**(307,866)**	114,368
	(2,083,325)	(740,995)

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**23,472,556**	25,378,662
Prepaid land premiums	14	**2,709,753**	2,712,331
Deposits for purchases of items of property, plant and equipment		**84,251**	54,309
Goodwill	15	**1,076,489**	1,079,686
Investments in associates	16	**2,273,880**	2,216,150
Available-for-sale investments	17	**29,127**	380
Intangible assets	18	**68,678**	75,317
Deferred tax assets	27	**747,882**	1,108,690
Total non-current assets		**30,462,616**	32,625,525
CURRENT ASSETS			
Inventories	19	**16,125,637**	18,918,441
Accounts and bills receivables	20	**3,422,817**	2,599,980
Prepayments, deposits and other receivables	40	**3,789,637**	3,976,571
Other receivables due from Sinograin	21	**5,332,498**	3,117,959
Derivative financial instruments	22	**110,132**	505,621
Due from fellow subsidiaries	36	**1,898,414**	2,734,650
Due from related companies	36	**14,696**	608,482
Due from the ultimate holding company	36	**609**	323
Due from non-controlling shareholders of subsidiaries	36	**46,836**	73,873
Due from associates	16	**324,009**	397,363
Tax recoverable		**128,728**	170,503
Available-for-sale investments	17	**–**	253,527
Restricted cash at bank	23	**157,446**	27,059
Cash and cash equivalents	23	**5,439,436**	12,551,444
Total current assets		**36,790,895**	45,935,796
CURRENT LIABILITIES			
Accounts and bills payables	24	**3,072,376**	5,156,712
Other payables and accruals	40	**3,787,119**	4,291,372
Derivative financial instruments	22	**129,229**	4,090
Interest-bearing bank and other borrowings	25	**20,388,988**	29,332,155
Bank borrowings due to ADBC	21	**5,459,182**	3,165,800
Convertible bonds	26	**–**	1,256,246
Due to fellow subsidiaries	36	**608,702**	104,696
Due to the ultimate holding company	36	**148,049**	142,660
Due to related companies	36	**45,923**	16
Due to non-controlling shareholders of subsidiaries	36	**53,098**	37,472
Due to associates	16	**40,022**	37,770
Tax payable		**39,118**	304,918
Deferred income		**61,549**	49,039
Total current liabilities		**33,833,355**	43,882,946

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NET CURRENT ASSETS		**2,957,540**	2,052,850
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,420,156**	34,678,375
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	**1,794,414**	1,047,391
Due to non-controlling shareholders of subsidiaries	36	**204,845**	210,161
Deferred income		**774,303**	812,715
Deferred tax liabilities	27	**66,811**	160,811
Other non-current liabilities		**26,547**	25,523
Total non-current liabilities		**2,866,920**	2,256,601
Net assets		**30,553,236**	32,421,774
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**9,771,664**	9,771,664
Other reserves	30	**16,552,979**	18,303,466
		26,324,643	28,075,130
Non-controlling interests		**4,228,593**	4,346,644
Total equity		**30,553,236**	32,421,774

Yue Guojun
Director

Shi Bo
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

		Attributable to owners of the Company										
	Notes	Share capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Equity component of convertible bonds HK$'000	Employee share-based compensation reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		524,988	9,246,676	4,748,958	19,281	164,023	1,161,284	3,414,846	9,702,647^	28,982,703	3,749,753	32,732,456
Total comprehensive loss for the year		-	-	-	-	-	-	(79,960)	(775,403)	(855,363)	114,368	(740,995)
Transfer from retained profits		-	-	-	-	-	64,007	-	(64,007)	-	-	-
Transition to no-par value regime	28	9,246,676	(9,246,676)	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	31	-	-	-	-	-	-	-	-	-	15,118	15,118
Equity-settled share option arrangements	29	-	-	-	-	24,506	-	-	-	24,506	-	24,506
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	-	(41,143)	-	-	41,143	-	-	-
Contribution from non-controlling shareholder		-	-	138,529	-	-	-	-	-	138,529	492,337	630,866
Dividends paid to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	(24,932)	(24,932)
Final 2013 dividend declared		-	-	-	-	-	-	-	(215,245)	(215,245)	-	(215,245)
At 31 December 2014		9,771,664	-	4,887,487*	19,281*	147,386*	1,225,291*	3,334,886*	8,689,135*	28,075,130	4,346,644	32,421,774

		Attributable to owners of the Company									
	Notes	Share capital HK$'000	Capital reserve HK$'000	Equity component of convertible bonds HK$'000	Employee share-based compensation reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015		**9,771,664**	**4,887,487***	**19,281***	**147,386***	**1,225,291***	**3,334,886***	**8,689,135***	**28,075,130**	**4,346,644**	**32,421,774**
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**(1,442,729)**	**(332,730)**	**(1,775,459)**	**(307,866)**	**(2,083,325)**
Transfer from retained profits		**-**	**-**	**-**	**-**	**71,021**	**-**	**(71,021)**	**-**	**-**	**-**
Acquisition of a subsidiary	31	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**195,681**	**195,681**
Acquisition of non-controlling interests		**-**	**6,554**	**-**	**-**	**-**	**-**	**-**	**6,554**	**(6,554)**	**-**
Equity-settled share option arrangements	29	**-**	**-**	**-**	**18,418**	**-**	**-**	**-**	**18,418**	**-**	**18,418**
Redemption of convertible bonds on maturity	26	**-**	**-**	**(19,281)**	**-**	**-**	**-**	**19,281**	**-**	**-**	**-**
Contribution from non-controlling shareholder		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,327**	**19,327**
Dividends paid to non-controlling shareholders of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18,639)**	**(18,639)**
At 31 December 2015		**9,771,664**	**4,894,041***	**-**	**165,804***	**1,296,312***	**1,892,157***	**8,304,665***	**26,324,643**	**4,228,593**	**30,553,236**

* These reserve accounts comprise the consolidated other reserves of HK$16,552,979,000 (31 December 2014: HK$18,303,466,000) in the consolidated statement of financial position.

^ Retained profits have been adjusted for the proposed final 2013 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(53,812)**	(338,247)
Adjustments for:			
Finance costs	7	**685,723**	650,467
Write-down of inventories to net realisable value	6	**236,680**	517,038
Provision for loss on non-cancellable purchase commitments	6	**8,827**	127,973
Impairment of receivables	6	**10,643**	8,263
Depreciation and amortisation	6	**1,633,814**	1,605,289
Gain on disposal of prepaid land premiums	6	**(18,436)**	–
Losses on disposal of items of property, plant and equipment	6	**4,077**	280
Impairment of items of property, plant and equipment	6	**6,196**	2,992
Recognition of prepaid land premiums	6	**67,555**	67,639
Share of profits and losses of associates		**(162,323)**	(14,796)
Interest income	5	**(207,252)**	(693,910)
Unrealised losses/(gains) on derivative financial instruments		**19,594**	(502,014)
Gain on bargain purchase	5	**(4,337)**	(1,672)
Government grants	5	**(1,118,519)**	(466,110)
Equity-settled share option expense	29	**18,418**	24,506
		1,126,848	987,698
Decrease/(increase) in inventories		**1,609,436**	(1,119,203)
Decrease/(increase) in accounts and bills receivables		**(914,027)**	1,641,888
Decrease in prepayments, deposits and other receivables		**120,935**	286,845
Decrease in amounts due from fellow subsidiaries		**728,708**	1,336,144
Decrease in amounts due from associates		**123,458**	1,162,906
Decrease/(increase) in amounts due from related companies		**575,048**	(177,073)
Decrease in derivative financial instruments and other financial products		**492,987**	524,858
Decrease/(increase) in an amount due from the ultimate holding company		**(314)**	9,225
Decrease/(increase) in amounts due from non-controlling shareholders of subsidiaries		**23,408**	(22,186)
Decrease in accounts and bills payables		**(59,036)**	(1,139,736)
Increase/(decrease) in other payables and accruals		**1,029,016**	(1,133,411)
Increase/(decrease) in amounts due to fellow subsidiaries		**525,456**	(634,761)
Increase/(decrease) in an amount due to the ultimate holding company		**14,130**	(7,597)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Increase/(decrease) in amounts due to related companies		**47,288**	(12,107)
Increase/(decrease) in amounts due to associates		**4,591**	(26,704)
Decrease in amounts due to non-controlling shareholders of subsidiaries		**(1,243)**	–
Government grants received		**834,862**	341,763
Cash generated from operations		**6,281,551**	2,018,549
Interest received		**207,252**	693,910
Interest paid		**(677,418)**	(631,441)
Income tax paid		**(314,365)**	(302,183)
Net cash flows from operating activities		**5,497,020**	1,778,835
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in restricted cash at bank		**(106,360)**	(26,442)
Acquisition of a subsidiary	31	**(184,748)**	341,692
Dividends from associates		**84,646**	96,916
Proceeds from disposal of items of property, plant and equipment and intangible assets		**32,569**	191,374
Purchases of items of property, plant and equipment		**(1,388,647)**	(1,789,662)
Additions to prepaid land premiums	14	**(204,888)**	(89,420)
Receipts of government grants		**11,945**	87,030
Additions to intangible assets	18	**(5,208)**	(4,843)
Decrease in loans to a fellow subsidiary		**–**	890,325
Increase in loans to associates		**(71,789)**	–
Redemption of bank wealth management products, net		**245,904**	1,434,830
Investment in an associate		**(48,543)**	–
Net cash flows from/(used in) investing activities		**(1,635,119)**	1,131,800
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**84,097,219**	100,112,175
New other loans		**11,157,032**	4,290,678
Repayments of bank loans		**(92,694,800)**	(103,248,931)
Repayments of other loans		**(10,136,388)**	(3,379,041)
Increase in bank borrowings due to ADBC		**2,293,382**	3,165,800
Increase in other receivables due from Sinograin		**(2,214,539)**	(3,117,959)
Dividends paid		**–**	(215,245)
Contribution from non-controlling shareholders of subsidiaries		**19,327**	–
Dividends paid to non-controlling shareholders of subsidiaries		**–**	(13,258)
Redemption of convertible bonds		**(1,269,612)**	–

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Decrease in cash from discounting bank letter of credit		**(1,842,213)**	(1,911,512)
Interest paid		**(1,535)**	(16,283)
Net cash flows used in financing activities		**(10,592,127)**	(4,333,576)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,730,226)**	(1,422,941)
Cash and cash equivalents at beginning of year		**12,551,444**	13,943,724
Effect of foreign exchange rate changes, net		**(381,782)**	30,661
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,439,436**	12,551,444
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**4,633,949**	7,618,705
Non-pledged time deposits with original maturity of less than three months when acquired	23	**805,487**	654,468
Bank wealth management products	23	**–**	4,278,271
		5,439,436	12,551,444

Notes to the Financial Statements

31 December 2015

1. Corporate and Group Information

China Agri-Industries Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 31st Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") was involved in the following principal activities:

- oilseeds processing;
- production and sale of biochemical and biofuel products;
- processing and trading of rice;
- wheat processing; and
- production and sale of brewing materials.

The Company is a subsidiary of COFCO (Hong Kong) Limited ("COFCO HK"), a company incorporated in Hong Kong. In the opinion of the directors, the ultimate holding company of the Company is COFCO Corporation ("COFCO"), which is a state-owned enterprise registered in the People's Republic of China (the "PRC").

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements:

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 Changes in Accounting Policies and Disclosures (continued)

(c) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group does not have any of investment properties.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[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

3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4 No mandatory effective date is determined but is available for early adoption.

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

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

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (continued)

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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

2.4 Summary of Significant Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to proportionate a share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

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

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (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); and
- (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 parent of the Group.

Property, plant and equipment and depreciation

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

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

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

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

Buildings	3%
Machinery and equipment	4.5% – 18%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patent and licences

Purchased patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

2.4 Summary of Significant Accounting Policies (continued)

Leases

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net change in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

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

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

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Summary of Significant Accounting Policies (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity future contracts and foreign currency contracts, to hedge its inventory price risk and foreign currency risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by HKAS 39 is recognised in the statement of profit or loss in cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

The fair value of foreign currency forward contracts is determined using the rates quoted by the Group's bankers to terminate the contracts at the end of the reporting period. The fair value of commodity futures contracts is measured using quoted market prices.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand, cash at banks, including term deposits, which are not restricted as to use, and bank wealth management products, which are classified as cash equivalents by the directors of the Company.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

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

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

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. Provision on the onerous contracts is recognised in the consolidated statement of profit or loss accordingly.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

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

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

(b) storage income, on a time proportion basis over the lease terms;

(c) income from the rendering of services, in the period in which the services are rendered;

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

(e) compensation income, when the right to receive payment has been established;

(f) proceeds from the sale of investments, on the transaction dates when the relevant contract notes are exchanged; and

(g) tax refunds, when the acknowledgement of refunds from the tax bureau has been received.

Employee benefits

Share-based payments

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 payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the Group using the Black-Scholes-Merton and Binominal option pricing models, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the reward are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension scheme and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged 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 subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by either the relevant authorities or the local municipal governments of the provinces in Mainland China in which the Group's subsidiaries are located. The Group is required to contribute to the central pension scheme in respect of its employees in Mainland China and these costs are charged to the statement of profit or loss as incurred.

2.4 Summary of Significant Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Additional Corporate Income Tax arising from the distribution of dividends

The Group's determination as to whether to accrue additional tax liabilities arising from the distributions of dividends from certain subsidiaries incorporated outside Mainland China, which are regarded as non-Chinese resident enterprises, to its holding companies, which are regarded as Chinese resident enterprises, is subject to the timing of the payment of the dividends and the additional tax liabilities that would be payable according to the relevant tax jurisdictions. Based on the aforesaid tax jurisdictions and the dividend distribution plan of these non-Chinese resident enterprises incorporated outside Mainland China, management reversed the deferred tax liability of HK$81,437,000 to the consolidated statement of profit or loss in 2014 which was recognised in prior year based on the then dividend distribution plan. Further details are given in note 27 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Classification of bank wealth management products as cash and cash equivalents

The Group determines whether a bank wealth management product qualifies as cash and cash equivalents, and has developed criteria in making that judgement. Cash and cash equivalents comprise short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management. Therefore, the Group considers whether a bank wealth management product qualifies as a cash equivalent, it must have a short maturity of generally within three months when acquired, be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Judgement is made on an individual bank wealth management product basis. As at 31 December 2014, bank wealth management products of HK$4,278,271,000 were classified as cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows. These bank wealth management products had original maturity of generally within three months are readily convertible to known amounts, and are subject to insignificant risks of changes in value. Further details are given in note 23 to the financial statements. As at 31 December 2015, the Group does not have any bank wealth management product.

Estimation uncertainty

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, are described below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was HK$1,076,489,000 (2014: HK$1,079,686,000). Further details are given in note 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was HK$537,606,000 (2014: HK$766,679,000). The amount of unrecognised tax losses at 31 December 2015 was HK$3,737,779,000 (2014: HK$2,460,431,000). Further details are given in note 27 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policies as disclosed in the relevant parts in note 2.4 to the financial statements. The recoverable amount of the property, plant and equipment is the greater of the fair value less costs to sell and value in use, the calculations of which involve the use of estimates. Net impairment of property, plant and equipment of HK$6,196,000 (2014: HK$2,992,000) was recognised in the consolidated statement of profit or loss for the year. The carrying amount of property, plant and equipment as at 31 December 2015 was HK$23,472,556,000 (2014: HK$25,378,662,000).

Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of accounts and other receivables and the timing of their recovery. The identification of impairment of receivables requires management judgement and estimation. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying values of accounts and other receivables and the amount of impairment/write-back of impairment in the periods in which such estimates have been changed. Net impairment of receivables of HK$10,643,000 (2014: HK$8,263,000) was recognised in the consolidated statement of profit or loss for the year. The aggregate carrying amount of accounts and bills receivables, and prepayments, deposits and other receivables as at 31 December 2015 was HK$7,212,454,000 (2014: HK$6,576,551,000).

Impairment of inventories

Impairment of inventories is made based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, the differences will impact on the carrying values of inventories and the amount of impairment/write-back of impairment in the periods in which the estimates have been changed. Impairment of inventories of HK$236,680,000 (2014: HK$517,038,000) was recognised in the consolidated statement of profit or loss for the year. The aggregate carrying amount of inventories at 31 December 2015 was HK$16,125,637,000 (2014: HK$18,918,441,000).

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Provision on onerous contracts

Provision on onerous contracts is recognised based on the estimates of the unavoidable costs of meeting the obligation under the contracts and the economic benefits expected to be received under them. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, these differences will impact on the provision and the profit or loss in the periods in which these estimates have been changed. Provision on onerous contracts of HK$8,827,000 (2014: HK$127,973,000) was recognised in the consolidated statement of profit or loss for the year.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When such data from binding sales transaction in an arm's length transaction is not available, management calculates the fair value less costs to sell based on current available best estimation. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) the oilseeds processing segment engages in the extraction, refining and trading of edible oil and related products;

(b) the biochemical and biofuel segment engages in the production and sale of biochemical and biofuel and related products;

(c) the rice processing and trading segment engages in the processing and trading of rice;

(d) the wheat processing segment engages in the production and sale of flour products and related products;

(e) the brewing materials segment engages in the processing and trading of malt; and

(f) the corporate and others segment comprises the Group's feed processing business and the Group's corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, gain on bargain purchase, finance costs and share of profits and losses of associates are managed on a group basis and are not allocated to reportable operating segments.

Segment assets exclude deferred tax assets, tax recoverable, restricted cash at bank, cash and cash equivalents and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, convertible bonds and the related interest payables, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information about a major customer

During the year ended 31 December 2015, revenue from continuing operations of approximately HK$8,822,195,000 was derived from sales by the oilseeds processing, rice processing and trading and biochemical and biofuel segments to a single customer. During the year ended 31 December 2014, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Geographical information

As the Group's major operations and customers are located in Mainland China, no further geographical segment information is provided.

4. Operating Segment Information (continued)

Year ended 31 December 2015

	Oilseeds processing HK$'000	Biochemical and biofuel HK$'000	Rice processing and trading HK$'000	Wheat processing HK$'000	Brewing materials HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue:								
Sales to external customers	41,052,917	14,622,222	9,986,084	8,527,630	2,617,083	5,742,299	–	82,548,235
Intersegment sales	468,262	177,063	3,920	11,234	15,413	108,478	(784,370)	–
Other revenue	96,726	1,155,936	156,945	29,250	3,068	52,092	(30,956)	1,463,061
Segment results	(108,226)	163,860	123,518	62,844	211,002	(194,058)	(941)	257,999
Interest income								207,252
Finance costs								(685,723)
Gain on bargain purchase								4,337
Share of profits and losses of associates								162,323
Loss before tax								(53,812)
Income tax expense								(323,483)
Loss for the year								(377,295)
Assets and liabilities								
Segment assets	23,846,674	17,016,982	8,006,429	3,928,177	3,432,644	17,741,938	(15,466,705)	58,506,139
Corporate and other unallocated assets								8,747,372
Total assets								67,253,511
Segment liabilities	10,332,312	10,599,513	3,974,657	1,965,002	682,743	2,323,422	(15,466,705)	14,410,944
Corporate and other unallocated liabilities								22,289,331
Total liabilities								36,700,275
Other segment information:								
Depreciation and amortisation#	651,514	600,259	192,226	107,181	86,311	63,878	–	1,701,369
Impairment losses recognised/(reversed) in the consolidated statement of profit or loss	10,276	(1,823)	4,297	1,226	–	2,863	–	16,839
Capital expenditure*	810,500	376,258	195,116	48,083	19,420	35,669	–	1,485,046

4. Operating Segment Information (continued)

Year ended 31 December 2014

	Oilseeds processing HK$'000	Biochemical and biofuel HK$'000	Rice processing and trading HK$'000	Wheat processing HK$'000	Brewing materials HK$'000	Corporate and others HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue:								
Sales to external customers	53,713,540	16,539,996	7,746,371	9,002,067	2,738,808	3,497,952	–	93,238,734
Intersegment sales	353,789	191,324	3,797	19,400	22,413	39,034	(629,757)	–
Other revenue	96,805	626,298	112,237	80,616	6,912	27,490	(20,902)	929,456
Segment results	(1,519,484)	872,299	(17,175)	81,890	324,951	(139,559)	(1,080)	(398,158)
Interest income								693,910
Finance costs								(650,467)
Gain on bargain purchase								1,672
Share of profits and losses of associates								14,796
Loss before tax								(338,247)
Income tax expense								(310,335)
Loss for the year								(648,582)
Assets and liabilities								
Segment assets	29,757,118	16,271,754	7,605,596	3,431,213	4,092,186	16,275,303	(14,945,695)	62,487,475
Corporate and other unallocated assets								16,073,846
Total assets								78,561,321
Segment liabilities	12,303,232	8,295,515	3,568,073	1,953,889	1,035,886	1,822,065	(14,945,695)	14,032,965
Corporate and other unallocated liabilities								32,106,582
Total liabilities								46,139,547
Other segment information:								
Depreciation and amortisation#	632,858	620,144	157,573	108,227	94,715	59,411	–	1,672,928
Impairment losses recognised in the consolidated statement of profit or loss	1,568	307	7,908	83	755	634	–	11,255
Capital expenditure*	1,238,163	345,304	239,810	67,371	52,987	144,122	–	2,087,757

Depreciation and amortisation consists of depreciation of property, plant and equipment, recognition of prepaid land premiums and amortisation of intangible assets.

* Capital expenditure consists of additions to property, plant and equipment, prepaid land premiums and intangible assets including assets from the acquisition of subsidiaries.

5. Revenue, Other Income and Gains

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

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

	Notes	2015 HK$'000	2014 HK$'000
Other income			
Interest income		**207,252**	693,910
Government grants*		**1,118,519**	466,110
Storage income from agency purchase	21	**174,119**	167,155
Logistics service and storage income		**30,302**	48,290
Compensation income		**9,414**	4,657
Tax refunds		**17,508**	65,764
Others		**75,264**	82,030
		1,632,378	1,527,916
Gains			
Gains on disposal of raw materials, by-products and scrap items		**19,411**	94,262
Gain on bargain purchase	31	**4,337**	1,672
Gain on disposal of prepaid land premiums		**18,436**	–
Others		**88**	1,188
		42,272	97,122
		1,674,650	1,625,038

* Various government grants have been received for investments in certain provinces in Mainland China, which are available for industries or locations in which the Company's subsidiaries operate. Pursuant to relevant notices issued by the Finance Bureau of the PRC for fuel ethanol producers, certain subsidiaries are entitled to government grants of HK$62,441,000 (2014: HK$97,998,000) based on the quantity of fuel ethanol produced and sold for the year. Besides, during the year, subsidies of HK$846,007,000 (2014: HK$115,234,000) were granted to certain subsidiaries of the Group based on the quantities of corn and paddy purchased and processed in certain provinces, or purchased, processed and sold in certain provinces in Mainland China. The remaining government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development. There are no unfulfilled conditions or contingencies relating to these grants.

6. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2015 HK$'000	2014 HK$'000
Cost of inventories sold or services provided		**79,218,301**	89,090,847
Write-down of inventories to net realisable value		**236,680**	517,038
Provision for loss on non-cancellable purchase commitments*		**8,827**	127,973
Realised and unrealised fair value gains of commodity futures contracts, net	22	**(1,202,010)**	(826,282)
Cost of sales		**78,261,798**	88,909,576
Auditors' remuneration		**4,970**	5,137
Depreciation	13	**1,626,262**	1,601,911
Amortisation of intangible assets	18	**7,552**	3,378
Minimum lease payments under operating leases		**75,101**	66,617
Recognition of prepaid land premiums	14	**67,555**	67,639
Employee benefit expenses (excluding directors' and chief executive's remuneration in note 8):			
Wages and salaries		**1,988,052**	1,957,507
Pension scheme contributions***		**243,195**	230,032
Equity-settled share option expenses		**17,333**	22,593
		2,248,580	2,210,132
Loss on foreign exchange, net**		**559,277**	336,696
Realised and unrealised fair value losses on foreign currency forward contracts, net	22	**48,298**	7,892
Gain on bargain purchase	31	**(4,337)**	(1,672)
Gain on disposal of prepaid land premiums		**(18,436)**	–
Losses on disposal of items of property, plant and equipment		**4,077**	280
Impairment of items of property, plant and equipment	13	**6,196**	2,992
Impairment of accounts receivable	20	**8,848**	4,851
Impairment of other receivables		**1,795**	3,412

* It is the Group's usual practice to enter into purchase commitments of raw materials with delivery of raw materials at a specified future date. As at 31 December 2015, the Group had certain non-cancellable purchase commitments of raw materials (the "Purchase Contracts") on which the Group expects that the unavoidable costs of meeting obligations under the Purchase Contracts will exceed the economic benefits expected to be received from the Purchase Contracts. The expected loss arising from the aforesaid Purchase Contracts of HK$8,827,000 (2014: HK$127,973,000) is estimated by the directors with reference to the expected selling prices of the corresponding products, and a provision thereon has been made in the consolidated statement of profit or loss for the year ended 31 December 2015. The directors of the Company consider that these losses are resulted from the Group's ordinary course of business.

** The net loss on foreign exchange is included in "other expenses" in the consolidated statement of profit or loss.

*** At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

7. Finance Costs

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on:		
Bank loans	**584,606**	601,802
Loans from fellow subsidiaries	**54,319**	17,218
Loans from the ultimate holding company	**27,963**	12,752
Loans from an intermediate holding company	**–**	1,385
Convertible bonds (note 26)	**20,370**	33,593
Total interest expenses on financial liabilities not at fair value through profit or loss	**687,258**	666,750
Less: Interest capitalised	**(1,535)**	(16,283)
	685,723	650,467

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees:		
Independent non-executive directors	**1,216**	1,185
Executive directors and non-executive directors	**593**	428
	1,809	1,613
Other emoluments:		
Salaries, allowances and benefits in kind	**2,505**	4,768
Discretionary bonuses	**–**	1,484
Equity-settled share option expenses	**1,085**	1,913
Pension scheme contributions	**108**	211
	3,698	8,376
	5,507	9,989

8. Directors' and Chief Executive's Remuneration (continued)

In prior years and in 2015, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of the share options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive's remuneration disclosures.

No directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company was a party during the year.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 HK$'000	2014 HK$'000
Mr. Lam Wai Hon, Ambrose	**350**	395
Mr. Victor Yang**	**211**	395
Mr. Patrick Vincent Vizzone	**350**	395
Mr. Ong Teck Chye[@]	**305**	–
	1,216	1,185

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(b) Executive directors, non-executive directors and chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share option expenses HK$'000	Retirement benefits HK$'000	Total remuneration HK$'000
2015						
Executive directors:						
Mr. Chi Jingtao*	**93**	**–**	**–**	**–**	**–**	**93**
Mr. Yue Guojun	**–**	**1,530**	**–**	**231**	**54**	**1,815**
Mr. Shi Bo	**–**	**959**	**–**	**212**	**54**	**1,225**
	93	**2,489**	**–**	**443**	**108**	**3,133**
Non-executive directors:						
Mr. Ning Gaoning***	**200**	**–**	**–**	**220**	**–**	**420**
Mr. Yu Xubo[#]	**200**	**16**	**–**	**220**	**–**	**436**
Mr. Ma Wangjun	**100**	**–**	**–**	**202**	**–**	**302**
	500	**16**	**–**	**642**	**–**	**1,158**
	593	**2,505**	**–**	**1,085**	**108**	**4,291**

8. Directors' and Chief Executive's Remuneration (continued)

(b) Executive directors, non-executive directors and chief executive (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share option expense HK$'000	Retirement benefits HK$'000	Total remuneration HK$'000
2014						
Executive directors:						
Mr. Yue Guojun	–	1,563	901	314	51	2,829
Mr. Shi Bo	–	990	583	285	50	1,908
	–	2,553	1,484	599	101	4,737
Non-executive directors:						
Mr. Ning Gaoning***	200	–	–	343	–	543
Mr. Yu Xubo#	28	2,215	–	343	110	2,696
Mr. Chi Jingtao*	14	–	–	–	–	14
Mr. Ma Wangjun	100	–	–	314	–	414
Mr. Wang Zhiying^	86	–	–	314	–	400
	428	2,215	–	1,314	110	4,067
	428	4,768	1,484	1,913	211	8,804

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

* Mr. Chi Jingtao was appointed as a non-executive director of the Company with effect from 10 November 2014. On 26 August 2015, Mr. Chi was appointed as the chairman of the board of directors of the Company. Subsequently, Mr. Chi was re-designated from a non-executive director to an executive director of the Company on 16 October 2015.

** Mr. Victor Yang resigned as an independent non-executive director of the Company with effect from 26 August 2015.

*** Mr. Ning Gaoning resigned as a non-executive director of the Company with effect from 16 February 2016.

@ Mr. Ong Teck Chye was appointed as an independent non-executive director of the Company with effect from 12 February 2015.

\# Mr. Yu Xubo was re-designated from an executive director to a non-executive director of the Company with effect from 10 November 2014. On 26 August 2015, Mr. Yu ceased to be the chairman of the board of directors of the Company.

^ Mr. Wang Zhiying resigned as a non-executive director of the Company with effect from 10 November 2014.

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2014: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2015 **HK$'000**	**2014** **HK$'000**
Salaries, allowances and benefits in kind	**2,696**	2,096
Discretionary bonuses	**428**	1,405
Equity-settled share option expenses	**605**	560
Pension scheme contributions	**163**	101
	3,892	4,162

The number of non-director and non-chief executive, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	**2014**
HK$1,000,000 to HK$1,500,000	**2**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	2
	3	2

In prior years and in 2015, share options were granted to the non-director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of the share options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years are included in the above non-director and non-chief executive, highest paid employees' remuneration disclosures.

10. Income Tax Expense

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. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Pursuant to the approvals issued by the State Administration of Taxation of the PRC during 2013, the Company and certain of its subsidiaries incorporated out of Mainland China are regarded as Chinese resident enterprises, and the relevant enterprise income tax policies of PRC are applicable to the Company and these subsidiaries commencing from 1 January 2013.

	2015 HK$'000	2014 HK$'000
Current – Hong Kong		
Charge for the year	**2,479**	2,006
Overprovision in prior years	**(45)**	(9,994)
Current – Mainland China		
Charge for the year	**87,821**	703,995
Underprovision/(overprovision) in prior years	**(6,777)**	5,151
Deferred tax (note 27)	**240,005**	(390,823)
Total tax charge for the year	**323,483**	310,335

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2015

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	12,185		(65,997)		(53,812)	
Tax at the statutory tax rate	2,011	16.5	(16,499)	25.0	(14,488)	26.9
Profits or losses not subject to tax due to concession*	–	–	9,554	(14.5)	9,554	(17.8)
Profits attributable to associates	(18,078)	(148.4)	(13,189)	20.0	(31,267)	58.1
Income not subject to tax	(1,764)	(14.5)	(3,913)	5.9	(5,677)	10.5
Expenses not deductible for tax	18,083	148.4	17,376	(26.3)	35,459	(65.9)
Adjustment in respect of current tax of previous periods	(45)	(0.4)	(6,777)	10.3	(6,822)	12.7
Write-off of deferred tax assets	–	–	116,504	(176.5)	116,504	(216.5)
Tax losses utilised during the year	–	–	(51,483)	78.0	(51,483)	95.7
Tax losses not recognised	–	–	271,703	(411.7)	271,703	(504.9)
Tax charge at the Group's effective rate	207	1.7	323,276	(489.8)	323,483	(601.1)

10. Income Tax Expense (continued)

2014

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(1,617,971)		1,279,724		(338,247)	
Tax at the statutory tax rate	(266,965)	16.5	319,931	25.0	52,966	(15.7)
Profits or losses not subject to tax due to concession*	–	–	(48,926)	(3.8)	(48,926)	14.5
Profits attributable to associates	1,574	(0.1)	(6,084)	(0.5)	(4,510)	1.3
Income not subject to tax	(2,341)	0.1	(10,883)	(0.9)	(13,224)	3.9
Expenses not deductible for tax	21,101	(1.3)	49,093	3.8	70,194	(20.8)
Effect of corporate income tax liabilities on unremitted profits of subsidiaries	–	–	(81,437)	(6.4)	(81,437)	24.1
Adjustment in respect of current tax of previous periods	(9,994)	0.6	5,151	0.4	(4,843)	1.4
Adjustment in respect of deferred tax of previous periods	–	–	101,281	7.9	101,281	(29.9)
Tax losses utilised during the year	–	–	(16,889)	(1.3)	(16,889)	5.0
Tax losses not recognised	–	–	255,723	20.0	255,723	(75.6)
Tax charge at the Group's effective rate	(256,625)	15.9	566,960	44.3	310,335	(91.7)

* PRC corporate income tax ("CIT") represents tax charged on the estimated assessable profits arising in Mainland China. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25%. However, certain subsidiaries of the Group are qualified as high technology enterprises hence are granted a preferential CIT rate of 15%. Tax holidays were also granted by the relevant authorities to certain subsidiaries of the Group, where CIT is exempted for the first three profitable years of the subsidiaries and is chargeable at half of the applicable rate for the subsequent three years. Besides, certain subsidiaries are also granted income tax exemption on the profits or losses generated from the processing of certain agricultural products.

The share of tax attributable to associates amounting to HK$19,409,000 (2014: HK$8,443,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. Dividends

No dividends in respect of ordinary shares has been proposed, paid or declared by the Company for the current year and last year.

12. Loss Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of 5,249,880,788 ordinary shares (2014: 5,249,880,788 ordinary shares) in issue during the year.

For the years ended 31 December 2015 and 2014, no adjustment has been made to basic loss per share amounts presented as the impact of share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2015 HK$'000	**2014 HK$'000**
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations	**(332,730)**	(775,403)

	2015	**2014**
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**5,249,880,788**	5,249,880,788

13. Property, Plant and Equipment

	Buildings HK$'000	Machinery and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015				
At 31 December 2014 and at 1 January 2015:				
Cost	15,937,478	17,845,514	1,157,932	34,940,924
Accumulated depreciation and impairment	(2,654,358)	(6,907,904)	–	(9,562,262)
Net carrying amount	13,283,120	10,937,610	1,157,932	25,378,662
At 1 January 2015, net of accumulated depreciation and impairment	13,283,120	10,937,610	1,157,932	25,378,662
Additions	61,860	186,525	778,742	1,027,127
Acquisition of a subsidiary (note 31)	86,680	108,294	5,385	200,359
Disposals	(2,328)	(13,963)	(13,452)	(29,743)
Depreciation provided during the year (note 6)	(489,586)	(1,136,676)	–	(1,626,262)
Impairment (note 6)	(3,474)	(2,722)	–	(6,196)
Transfers	612,002	388,371	(1,000,373)	–
Exchange realignment	(783,916)	(625,746)	(61,729)	(1,471,391)
At 31 December 2015, net of accumulated depreciation and impairment	12,764,358	9,841,693	866,505	23,472,556
At 31 December 2015:				
Cost	15,728,614	17,353,755	866,505	33,948,874
Accumulated depreciation and impairment	(2,964,256)	(7,512,062)	–	(10,476,318)
Net carrying amount	12,764,358	9,841,693	866,505	23,472,556

13. Property, Plant and Equipment (continued)

	Buildings HK$'000	Machinery and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014				
At 1 January 2014:				
Cost	14,952,875	16,674,800	1,661,195	33,288,870
Accumulated depreciation and impairment	(2,193,793)	(5,892,694)	–	(8,086,487)
Net carrying amount	12,759,082	10,782,106	1,661,195	25,202,383
At 1 January 2014, net of accumulated depreciation and impairment	12,759,082	10,782,106	1,661,195	25,202,383
Additions	33,660	254,454	1,411,755	1,699,869
Acquisition of a subsidiary (note 31)	93,103	171,083	306	264,492
Disposals	(66,439)	(31,615)	(2,779)	(100,833)
Depreciation provided during the year (note 6)	(475,914)	(1,125,997)	–	(1,601,911)
Impairment (note 6)	–	(2,992)	–	(2,992)
Transfers	982,519	925,261	(1,907,780)	–
Exchange realignment	(42,891)	(34,690)	(4,765)	(82,346)
At 31 December 2014, net of accumulated depreciation and impairment	13,283,120	10,937,610	1,157,932	25,378,662
At 31 December 2014:				
Cost	15,937,478	17,845,514	1,157,932	34,940,924
Accumulated depreciation and impairment	(2,654,358)	(6,907,904)	–	(9,562,262)
Net carrying amount	13,283,120	10,937,610	1,157,932	25,378,662

As at 31 December 2015, certain of the Group's property, plant and equipment with a net carrying amount of approximately HK$293,723,000 (2014: HK$487,044,000) were pledged to secure banking facilities granted to the Group (note 25).

As at 31 December 2015, certificates of ownership in respect of certain buildings of the Group in Mainland China with an aggregate net carrying amount of approximately HK$1,740,399,000 (2014: HK$2,338,450,000) had not been issued by the relevant PRC authorities. The directors anticipate that these certificates will be issued in the near future.

14. Prepaid Land Premiums

	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January	**2,773,167**	2,836,055
Additions	**204,888**	89,420
Acquisition of subsidiaries (note 31)	**40,192**	–
Disposals	**(11,878)**	(75,597)
Recognised during the year (note 6)	**(67,555)**	(67,639)
Exchange realignment	**(162,214)**	(9,072)
Carrying amount at 31 December	**2,776,600**	2,773,167
Current portion included in prepayments, deposits and other receivables	**(66,847)**	(60,836)
Non-current portion	**2,709,753**	2,712,331

As at 31 December 2015, certain land use rights of the Group with a net carrying amount of HK$56,917,000 (2014: HK$106,023,000) were pledged to secure bank loans granted to the Group (note 25).

As at 31 December 2015, certificates of land use rights in respect of certain land of the Group in Mainland China with an aggregate net carrying amount of HK$72,477,000 (2014: HK$117,004,000) had not been issued by the relevant PRC authorities. The directors anticipate that these certificates will be issued in the near future.

15. Goodwill

	HK$'000
31 December 2015	
At 31 December 2014 and 1 January 2015:	
Cost	**1,079,686**
Accumulated impairment	**–**
Net carrying amount	**1,079,686**
Cost at 1 January 2015, net of accumulated impairment	**1,079,686**
Exchange realignment	**(3,197)**
At 31 December 2015, net of accumulated impairment	**1,076,489**
At 31 December 2015:	
Cost	**1,076,489**
Accumulated impairment	**–**
Net carrying amount	**1,076,489**
31 December 2014	
At 1 January 2014:	
Cost	1,079,869
Accumulated impairment	–
Net carrying amount	1,079,869
Cost at 1 January 2014, net of accumulated impairment	1,079,869
Exchange realignment	(183)
At 31 December 2014, net of accumulated impairment	1,079,686
At 31 December 2014:	
Cost	1,079,686
Accumulated impairment	–
Net carrying amount	1,079,686

15. Goodwill (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units, which are reportable operating segments, for impairment testing:

- Oilseeds processing cash-generating unit;
- Rice processing and trading cash-generating unit; and
- Biochemical and biofuel cash-generating unit.

Oilseeds processing cash-generating unit

The recoverable amount of the oilseeds processing cash-generating unit has been determined based on a value in use calculation using cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate (after tax) applied to the cash flow projection is 10% (2014: 13%). The growth rate used to extrapolate the cash flows of the oilseeds processing unit beyond the five-year period is zero (2014: zero).

Rice processing and trading cash-generating unit

The recoverable amount of the rice processing and trading cash-generating unit has been determined based on a value in use calculation using a cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate (after tax) applied to the cash flow projection is 10% (2014: 13%). The growth rate used to extrapolate the cash flows beyond the five-year period is zero (2014: zero).

15. Goodwill (continued)

Impairment testing of goodwill (continued)

Biochemical and biofuel cash-generating unit

The recoverable amount of the biochemical and biofuel cash-generating unit has been determined based on a value in use calculation using a cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate (after tax) applied to the cash flow projection is 11% (2014: 12%). The growth rate used to extrapolate the cash flows beyond the five-year period is zero (2014: zero).

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	2015 HK$'000	2014 HK$'000
Oilseeds processing	**531,656**	534,853
Rice processing and trading	**129,132**	129,132
Biochemical and biofuel	**412,518**	412,518
Others	**3,183**	3,183
	1,076,489	1,079,686

Assumptions were used in the value in use calculation of each of the cash-generating units for 31 December 2015 and 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased or decreased for expected efficiency improvements and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant units.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for countries from where the raw materials are sourced.

The values assigned to the key assumptions on discount rates and raw materials price inflation are consistent with external information sources.

16. Investments in Associates

	2015 HK$'000	2014 HK$'000
Share of net assets	**2,114,966**	2,057,236
Goodwill on acquisition	**28,356**	28,356
	2,143,322	2,085,592
Loans to associates	**130,558**	130,558
	2,273,880	2,216,150

The loans to associates included in non-current assets are unsecured, interest-free and the Group does not expect these loans to be repaid within the next 12 months. In the opinion of the directors, these loans are considered as part of the Group's net investments in the associates.

The balances with associates included in current assets and current liabilities are unsecured, interest-free and repayable within one year except for loans to an associate of HK$283,368,000 (2014: HK$211,579,000) included in current assets, which are unsecured and bear interest at rates of 4.35% and 4.82% per annum (2014: 4.0% and 4.2% per annum).

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Oilseeds processing cash-generating unit; and
- Biochemical and biofuel cash-generating unit.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	2015 HK$'000	2014 HK$'000
Oilseeds processing	**16,642**	16,642
Biochemical and biofuel	**11,714**	11,714
	28,356	28,356

Details of the basis of determination of recoverable amounts and assumptions used in the value in use calculation for the above cash-generating units are set out in note 15 to the financial statements.

16. Investments in Associates (continued)

In the opinion of the directors, there was no associate considered individually material to the Group. The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015 HK$'000	2014 HK$'000
Share of the associates' profit for the year	**162,323**	14,796
Share of the associates' total comprehensive income	**162,323**	14,796
Aggregate carrying amount of the Group's investments in the associates	**2,273,880**	2,216,150

Particulars of the Group's principal associates as at 31 December 2015 are set out in note 39 to the financial statements.

17. Available-for-Sale Investments

	Notes	2015 HK$'000	2014 HK$'000
Current			
Available-for-sale investments:			
Bank wealth management products, at cost	(a)	–	253,527
Non-current			
Available-for-sale investments:			
Unlisted equity investments, at cost	(b)	**29,127**	380

Notes:

(a) Bank wealth management products were issued by reputable banks in Mainland China and there are no fixed or determinable returns of these bank wealth management products, or with maturity date beyond three months when acquired.

(b) These available-for-sale investments are stated at cost less any impairment because the directors are of the opinion that their fair values cannot be measured reliably.

18. Intangible Assets

	Golf club membership HK$'000	Others HK$'000	Total HK$'000
31 December 2015			
Cost at 31 December 2014 and 1 January 2015, net of accumulated amortisation	**9,633**	**65,684**	**75,317**
Additions	**–**	**5,208**	**5,208**
Acquisition of a subsidiary (note 31)	**–**	**7,272**	**7,272**
Disposals	**(2,675)**	**(4,227)**	**(6,902)**
Amortisation provided during the year (note 6)	**–**	**(7,552)**	**(7,552)**
Exchange realignment	**(247)**	**(4,418)**	**(4,665)**
At 31 December 2015	**6,711**	**61,967**	**68,678**
At 31 December 2015:			
Cost	**6,711**	**87,644**	**94,355**
Accumulated amortisation	**–**	**(25,677)**	**(25,677)**
Net carrying amount	**6,711**	**61,967**	**68,678**
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	23,162	36,826	59,988
Additions	–	4,843	4,843
Acquisition of a subsidiary (note 31)	–	29,133	29,133
Disposals	(13,488)	(1,738)	(15,226)
Amortisation provided during the year (note 6)	–	(3,378)	(3,378)
Exchange realignment	(41)	(2)	(43)
At 31 December 2014	9,633	65,684	75,317
At 31 December 2014:			
Cost	9,633	81,832	91,465
Accumulated amortisation	–	(16,148)	(16,148)
Net carrying amount	9,633	65,684	75,317

19. Inventories

	2015 HK$'000	2014 HK$'000
Raw materials	**9,823,401**	12,406,917
Work in progress	**1,563,679**	972,403
Finished goods	**4,738,557**	5,539,121
	16,125,637	18,918,441

20. Accounts and Bills Receivables

	2015 HK$'000	2014 HK$'000
Accounts and bills receivables	**3,450,051**	2,622,018
Impairment	**(27,234)**	(22,038)
	3,422,817	2,599,980

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances. Accounts and bills receivables are non-interest-bearing and are normally settled within one to three months, and one to six months, respectively.

20. Accounts and Bills Receivables (continued)

An ageing analysis of the accounts and bills receivables at the end of the reporting period, based on the invoice date and bill issue date, net of provision for impairment, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	**3,285,020**	2,570,132
3 to 12 months	**125,008**	26,349
1 to 2 years	**10,769**	3,000
2 to 3 years	**2,020**	499
	3,422,817	2,599,980

The movements in the provision for impairment of accounts receivable are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**22,038**	17,397
Impairment losses recognised (note 6)	**8,848**	4,851
Impairment write-off	**(35)**	(86)
Exchange realignment	**(3,617)**	(124)
At 31 December	**27,234**	22,038

An ageing analysis of the accounts and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**3,378,978**	2,556,056
Less than 1 month past due	**17,405**	25,676
1 to 3 months past due	**13,872**	5,518
More than 3 months but less than 12 months past due	**8,216**	10,163
More than 1 year past due	**4,346**	2,567
	3,422,817	2,599,980

Receivables that were neither past due nor impaired relate to bills receivable and a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. Agency Purchase of Grains

Pursuant to the Fagaidian [2013] No. 229, Guoliangtiao [2013] No. 265, Guoliangtiao [2014] No. 254 and Guoliangtiao [2015] No.169 issued by certain Chinese government authorities (the "Notices"), during the period from 30 November 2013 to 30 April 2014, the period from 30 November 2014 to 30 April 2015 and the period from 1 November 2015 to 30 April 2016 (the "Designated Grain Purchase Periods"), certain subsidiaries (the "Entrusted Subsidiaries") of biochemical and biofuel business and rice processing and trading business entered into agency purchase agreements (the "Agency Purchase Agreements") with branch companies of China Grain Reserves Corporation ("Sinograin"), which is a state-owned enterprise, and local grain authorities of State Administration of Grain to purchase certain quantities of grains from farmers as agent of Sinograin at prices fixed in the Agency Purchase Agreements during the Designated Grain Purchase Periods. According to the Notices and the Agency Purchase Agreements, (a) the grains purchased are national grains reserve and should be stored in separate warehouses of the Entrusted Subsidiaries and Sinograin is obliged to pay the Entrusted Subsidiaries with custody fees; (b) the funds for purchase of grains would be financed by Agricultural Development Bank of China ("ADBC"), which is a bank incorporated to implement the Chinese government's agricultural policies, through bank loans lent to the Entrusted Subsidiaries; (c) the interest expenses related to these bank loans would be fully reimbursed by Sinograin to these Entrusted Subsidiaries once the related government subsidies were granted to Sinograin; and (d) the principal of the bank loans should be repaid to ADBC upon receipt of funds transferred from Sinograin when the grains are sold by Sinograin.

As disclosed in the consolidated statement of financial position at 31 December 2015, the balance owed by Sinograin to the Group and short term unsecured bank loans owed by the Group to ADBC as a result of the aforesaid arrangements amounted to HK$5,332,498,000 (31 December 2014: HK$3,117,959,000) and HK$5,459,182,000 (31 December 2014: HK$3,165,800,000), respectively. In view of the fact that the interest expenses to ADBC can be fully reimbursed by the related interest income from Sinograin, the interest expenses to ADBC and the related interest income from Sinograin were presented in the consolidated statement of profit or loss on a net basis. The storage income arising from the aforesaid arrangements attributable to current year was HK$174,119,000 (2014: HK$167,155,000) (note 5), which is recorded as other income in the consolidated statement of profit or loss.

22. Derivative Financial Instruments

	2015		2014	
	Assets HK$'000	**Liabilities HK$'000**	**Assets HK$'000**	**Liabilities HK$'000**
Commodity futures contracts	**23,189**	**103,196**	505,068	36
Foreign currency forward contracts	**86,943**	**26,033**	553	4,054
	110,132	**129,229**	505,621	4,090

The Group has entered into various commodity futures contracts to manage its price exposures in future purchases or sales of soybeans, soybean meal, soybean oil and corn. The commodity futures are not designated for hedging purpose and are measured at fair value through profit or loss. Net fair value gain on commodity futures contracts of HK$1,202,010,000 (2014: HK$826,282,000) was recognised in the consolidated statement of profit or loss during the year (note 6).

In addition, the Group has entered into various foreign currency forward contracts to manage its exchange rate exposures. These foreign currency forward contracts are not designated for hedging purposes and are measured at fair value through profit or loss. Net fair value loss on foreign currency forward contracts of HK$48,298,000 (2014: HK$7,892,000) was recognised in the consolidated statement of profit or loss during the year (note 6).

23. Cash and Cash Equivalents and Restricted Cash at Bank

	Note	**2015 HK$'000**	**2014 HK$'000**
Cash and bank balances		**4,791,395**	7,645,764
Time deposits		**805,487**	654,468
Bank wealth management products		**–**	4,278,271
		5,596,882	12,578,503
Less: Pledged for bills payable	24	**(12,626)**	(24,443)
Others		**(144,820)**	(2,616)
		(157,446)	(27,059)
Cash and cash equivalents		**5,439,436**	12,551,444

23. Cash and Cash Equivalents and Restricted Cash at Bank (continued)

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$3,557,143,000 (2014: HK$11,514,016,000). 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 based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash at bank are deposited with creditworthy banks with no recent history of default.

All the above bank wealth management products as at 31 December 2014 had a short maturity of generally within three months when acquired and a determinable return when acquired and the principal of these bank wealth management products was guaranteed by banks which had no recent history of default. In the opinion of the directors, these bank wealth management products were readily convertible to a known amount of cash and were subject to an insignificant risk of changes in value.

24. Accounts and Bills Payables

An ageing analysis of the accounts and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	**2,886,631**	5,109,240
3 to 12 months	**166,193**	27,329
1 to 2 years	**10,889**	13,860
Over 2 years	**8,663**	6,283
	3,072,376	5,156,712

The accounts and bills payables are non-interest-bearing and are normally settled within one to three months.

As at 31 December 2015, HK$15,801,000 (31 December 2014: HK$24,443,000) of the Group's bills payable are secured by bank deposits of the Group (note 23).

25. Interest-Bearing Bank and Other Borrowings

	2015			2014		
	Effective contractual interest rate (%)	Maturity	HK$'000	Effective contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	**0.82-6.95**	**2016**	**16,081,197**	0.95-6.55, LIBOR+1%	2015	25,772,973
Bank loans – secured	**5.90-6.55**	**2016**	**72,006**	6.55	2015	50,934
Other loans – unsecured	**1.16-4.85, LIBOR+0.7%**	**2016**	**4,235,785**	1.16-5.6	2015	3,508,248
			20,388,988			29,332,155
Non-current						
Bank loans – unsecured	**1.77-6.8, LIBOR+1.3%, LIBOR+1.4%**	**2017-2019**	**1,550,072**	2.7-6.55, LIBOR+1%	2016-2023	683,313
Bank loans – secured	**6.0-6.8**	**2017-2022**	**124,979**	6.55	2016-2019	364,078
Other loans – unsecured	**1.08**	**2018-2027**	**119,363**	–		–
			1,794,414			1,047,391
			22,183,402			30,379,546

25. Interest-Bearing Bank and Other Borrowings (continued)

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**16,153,203**	25,823,907
In the second year	**91,953**	513,282
In the third to fifth years, inclusive	**1,495,366**	182,340
Beyond five years	**87,732**	351,769
	17,828,254	26,871,298
Other loans repayable:		
Within one year or on demand	**4,235,785**	3,508,248
Beyond five years	**119,363**	–
	4,355,148	3,508,248
	22,183,402	30,379,546

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) certain property, plant and equipment of the Group with a net carrying amount of approximately HK$293,723,000 (2014: HK$487,044,000) (note 13); and

(ii) certain land use rights of the Group with a net carrying amount of approximately HK$56,917,000 (2014: HK$106,023,000) (note 14).

(b) Except for bank and other borrowings of HK$3,559,297,000 (2014: HK$24,434,255,000) which are denominated in United States dollars, all other borrowings are denominated in RMB.

(c) The other loans represented loans from fellow subsidiaries and loans from the ultimate holding company.

26. Convertible Bonds

On 29 July 2010, Glory River Holdings Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued 1% fixed rate convertible bonds due on 29 July 2015, with an aggregate principal amount of HK$3,875,000,000. The Company had unconditionally and irrevocably guaranteed the due payments of all sums to be payable by the Issuer. The bonds were listed and quoted on the Singapore Exchange Securities Trading Limited from 2 August 2010 till the maturity date.

The bonds were convertible at the option of the bondholders into ordinary shares of the Company on or after 8 September 2010 up to 19 July 2015. The initial conversion price was HK$11.375 per share and the conversion price was subject to adjustment upon occurrence of certain adjustment events subsequently. Pursuant to the terms and conditions of the convertible bonds, conversion price adjustments had been made correspondingly as a result of the declaration of dividends by the Company for the years ended 31 December 2010, 2011, 2012 and 2013 and, most recently, the conversion price of the convertible bonds had been adjusted to HK$9.868 per share with effect from 14 June 2014 till the maturity date as a result of the declaration of 2013 final dividend.

The Issuer would, at the option of the holder of any bond, redeem all or part of such holder's bonds on 29 July 2013 at a predetermined early redemption amount (the "Early Redemption Amount") as at the relevant date fixed for redemption, together with interest accrued but unpaid to such date. On 29 July 2013, the Issuer redeemed (the "Early Redemption"), at the option of certain holders of the convertible bonds, certain convertible bonds with an aggregate principal amount of HK$2,668,500,000 at the applicable Early Redemption Amount of HK$103,076.01 in respect of each HK$100,000 principal amount of the convertible bonds for a total consideration of approximately HK$2,750,583,000. Immediately after the Early Redemption, the outstanding principal amount of the convertible bonds was HK$1,206,500,000.

Pursuant to the terms and conditions of the convertible bonds, the Issuer redeemed upon maturity on 29 July 2015 all outstanding convertible bonds in full at the redemption price equal to its aggregate principal amount of HK$1,206,500,000 multiplied by 105.231% together with accrued and unpaid interest thereon (the "Final Redemption") for a total consideration of approximately HK$1,275,644,000. Following the Final Redemption, the convertible bonds were cancelled and the Issuer and the Company were discharged from all of their respective liabilities and obligations under and in respect of the convertible bonds.

26. Convertible Bonds (continued)

The movements of the liability and equity components of the convertible bonds were as follows:

	Liability component of the convertible bonds HK$'000	Equity component of the convertible bonds HK$'000
At 1 January 2014	**1,239,778**	19,281
Interest expense (note 7)	**33,593**	–
Interest paid	**(12,064)**	–
At 31 December 2014 and 1 January 2015	**1,261,307**	19,281
Interest expense (note 7)	**20,370**	–
Interest paid	**(12,065)**	–
Redemption on maturity	**(1,269,612)**	(19,281)
At 31 December 2015	**–**	–

The Group's liability component at the end of the reporting period is analysed as follows:

	2015 HK$'000	**2014 HK$'000**
Current portion included in other payables	**–**	5,061
Current portion included in convertible bonds	**–**	1,256,246
	–	1,261,307

27. Deferred Tax

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Provision against inventories and non-cancellable purchase contracts HK$'000	Impairment of receivables HK$'000	Unrealised losses on derivative financial instruments HK$'000	Losses available for offsetting against future taxable profits HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	325,164	7,180	–	306,112	168,544	807,000
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	(173,876)	969	666	461,826	14,593	304,178
Exchange realignment	(658)	(26)	–	(1,259)	(545)	(2,488)
At 31 December 2014 and at 1 January 2015	**150,630**	**8,123**	**666**	**766,679**	**182,592**	**1,108,690**
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	**(124,033)**	**1,239**	**7,383**	**(208,895)**	**(11,470)**	**(335,776)**
Acquisition of a subsidiary (note 31)	**–**	**657**	**–**	**–**	**10,470**	**11,127**
Exchange realignment	**(4,537)**	**(530)**	**(235)**	**(20,178)**	**(10,679)**	**(36,159)**
Gross deferred tax assets at 31 December 2015	**22,060**	**9,489**	**7,814**	**537,606**	**170,913**	**747,882**

27. Deferred Tax (continued)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustment on acquisition of subsidiaries HK$'000	Unrealised gains on derivative financial instruments HK$'000	Withholding taxes or additional corporate income taxes HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	20	41,818	119,574	81,437	213	243,062
Acquisition of a subsidiary (note 31)	–	4,721	–	–	–	4,721
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	148	(2,402)	(11,855)	(81,437)	8,901	(86,645)
Exchange realignment	–	(40)	(286)	–	(1)	(327)
At 31 December 2014 and at 1 January 2015	**168**	**44,097**	**107,433**	**–**	**9,113**	**160,811**
Acquisition of a subsidiary (note 31)	**–**	**4,861**	**–**	**–**	**–**	**4,861**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	**(163)**	**(2,956)**	**(97,830)**	**–**	**5,178**	**(95,771)**
Exchange realignment	**(5)**	**(671)**	**(2,239)**	**–**	**(175)**	**(3,090)**
Gross deferred tax liabilities at 31 December 2015	**–**	**45,331**	**7,364**	**–**	**14,116**	**66,811**

27. Deferred Tax (continued)

The Group has tax losses arising in Mainland China of HK$3,737,779,000 (2014: HK$2,460,431,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the future.

Pursuant to the PRC Corporate Income Tax Law, dividends income received by China Resident Enterprise ("CRE") from its investment in non-CREs established outside Mainland China will be subject to Chinese income tax whereas the related income tax expenses paid by these non-CREs incorporated in Hong Kong are deductible due to the availability of double taxation relief between Mainland China and Hong Kong. A deferred tax liability of HK$81,437,000 had been provided based on the then expected remittance of the unremitted earnings in the non-CREs of the Group in the foreseeable future as at 31 December 2013. In 2014, management updated the remittance plan of the unremitted earnings in the aforesaid non-CREs of the Group and reversed deferred tax liability of HK$81,437,000 due to the significant losses incurred by the non-CREs. As at 31 December 2015, deferred tax liability of HK$83,566,000 (2014: HK$90,528,000) has not been recognised for corporate income tax liabilities that would be payable on the unremitted earnings in non-CREs of the Group as in the opinion of the directors, it is not probable to distribute such unremitted earnings in the foreseeable future.

As the Company is regarded as a CRE in the approval by the State Administration of Taxation, the Enterprise Income Tax Law and the Implementation Rules is applicable to the Company since 1 January 2013. The Company is required to withhold 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders on or after 1 January 2013.

28. Share Capital

Shares

	2015 HK$'000	2014 HK$'000
Issued and fully paid: 5,249,880,788 (2014: 5,249,880,788) ordinary shares	**9,771,664**	9,771,664

A summary of the transactions in the Company's issued share capital is as follows:

	Issued capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2014	**524,988**	**9,246,676**	**9,771,664**
Transfer to no-par value regime on 3 March 2014 (note)	**9,246,676**	**(9,246,676)**	**–**
At 31 December 2014, 1 January 2015 and 31 December 2015	**9,771,664**	**–**	**9,771,664**

Note:

In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

Share options

Details of the Company's share option scheme and share options issued under the scheme are included in note 29 to the financial statements.

29. Share Option Scheme

On 12 January 2007, the shareholders of the Company conditionally approved and adopted a share option scheme (the "Scheme") for the purpose of attracting, retaining and motivating directors and eligible participants to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company. Eligible participants include, but are not limited to, any directors (excluding independent non-executive directors), officers and employees of the Group, or any other person the board of directors may propose. The Scheme became unconditional and effective upon listing of the shares of the Company on 21 March 2007 and, unless otherwise cancelled, amended or terminated in accordance with the Scheme, will remain in force for 10 years from 21 March 2007.

The maximum number of shares of the Company which may be issued upon exercise of all share options granted under the Scheme or any other share option scheme shall not in aggregate exceed 10% of the shares in issue as at the date of passing the relevant resolution adopting the Scheme unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issued and to be issued on exercise of all share options granted and to be granted to each eligible participant in any 12-month period is limited to 1% of the shares in issue at the relevant time unless it is approved by shareholders in a general meeting of the Company.

Any grant of share options under the Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors. Any share options granted to a substantial shareholder of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by each grantee. The exercise period of the share options granted is determinable by the board of directors.

The exercise price of share options is determinable by the board of directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) HK$0.1.

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

29. Share Option Scheme (continued)

On 7 August 2007, a total of 27,600,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group at the forthcoming year (the "2007 Options"). The 2007 Options had an exercise price of HK$4.666 per share and an exercise period from 7 August 2009 to 6 August 2014. The closing price of the Company's share of the 2007 Options at the date of grant was HK$4.50 per share.

Pursuant to an ordinary resolution passed on 25 May 2010 in the annual general meeting of the shareholders, the vesting and exercise periods for the 2007 Options had been modified.

On 31 March 2011, a total of 45,300,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group at the forthcoming year (the "2011 Options"). The 2011 Options had an exercise price of HK$8.720 per share and an exercise period from 31 March 2013 to 30 March 2018. The closing price of the Company's share of the 2011 Options at the date of grant was HK$8.720 per share.

In accordance with the terms of the Scheme, with effect on 28 March 2013, the exercise prices and the outstanding number of share options of the 2007 Options and the 2011 Options had been adjusted (the "Adjustments") as a result of the rights issue of the Company made in 2012. After the Adjustments, the exercise prices of the 2007 Options and the 2011 Options are HK$4.399 and HK$8.220 per share, respectively, and the outstanding number of share options of the 2007 Options and the 2011 Options have been increased by 1,360,000 and 2,646,000 shares, respectively.

On 4 December 2015, a total of 134,500,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group at the forthcoming year (the "2015 Options"), the new vesting schedule of which is subject to final approval by the Company's shareholders at the forthcoming shareholders' meeting. The 2015 Options had an exercise price of HK$2.850 per share and, subject to the shareholders' approval, an exercise period from 4 December 2017 to 3 December 2020. The closing price of the Company's share of the 2015 Options on 4 December 2015 was HK$2.850 per share.

The following 2007 Options were outstanding under the Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	**Number of options '000**	**Weighted average exercise price HK$ per share**	**Number of options '000**
At 1 January	**4.399**	**–**	4.399	24,180
Forfeited during the year	**4.399**	**–**	4.399	(1,107)
Expired during the year	**4.399**	**–**	4.399	(23,073)
At 31 December	**4.399**	**–**	4.399	–

29. Share Option Scheme (continued)

The following 2011 Options were outstanding under the Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	**Number of options '000**	**Weighted average exercise price HK$ per share**	**Number of options '000**
At 1 January	**8.220**	**43,583**	8.220	45,491
Forfeited during the year	**8.220**	**(339)**	8.220	(1,908)
At 31 December	**8.220**	**43,244**	8.220	43,583

The vesting periods, exercise price and exercise periods of the 2011 Options outstanding as at 31 December 2015 and 2014 are as follows:

2015	2014			
Number of options granted *			**Exercise price***	
Total '000	**Total '000**	**Vesting period (dd-m-yyyy)**	**per share HK$**	**Exercise period (dd-m-yyyy)**
8,648	8,755	**31-3–2011 to 30-3–2013**	**8.220**	**31-3–2013 to 30-3–2018**
8,649	8,755	**31-3–2011 to 30-3–2014**	**8.220**	**31-3–2014 to 30-3–2018**
8,649	8,691	**31-3–2011 to 30-3–2015**	**8.220**	**31-3–2015 to 30-3–2018**
8,649	8,691	**31-3–2011 to 30-3–2016**	**8.220**	**31-3–2016 to 30-3–2018**
8,649	8,691	**31-3–2011 to 30-3–2017**	**8.220**	**31-3–2017 to 30-3–2018**
43,244	43,583			

* The exercise price and number of share options were subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

29. Share Option Scheme (continued)

The following 2015 Options were outstanding under the Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
Granted during the year	**2.850**	**134,500**	–	–
At 31 December	**2.850**	**134,500**	–	–

The vesting periods, exercise price and exercise periods of the 2015 Options outstanding as at 31 December 2015 are as follows:

2015 Number of options granted* Total '000	Vesting period# (dd-mm-yyyy)	Exercise price* per share HK$	Exercise period# (dd-mm-yyyy)
44,385	**4-12-2015 to 3-12-2017**	**2.850**	**4-12-2017 to 3-12-2020**
44,385	**4-12-2015 to 3-12-2018**	**2.850**	**4-12-2018 to 3-12-2020**
45,730	**4-12-2015 to 3-12-2019**	**2.850**	**4-12-2019 to 3-12-2020**
134,500			

* The exercise price and number of share options shall be subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The new vesting periods of 2015 Options is subject to final approval by the Company's shareholders at the forthcoming shareholders' meeting. Please refer to the Company's announcement dated 4 December 2015 for details.

The fair values of the 2011 Options and the estimated fair values of the 2015 Options were HK$173,616,000 (2014: HK$173,616,000) and HK$121,410,000 (2014: Nil), respectively, of which the Group recognised share option expenses of HK$18,418,000 (2014: HK$24,506,000) during the year.

29. Share Option Scheme (continued)

The fair values of the equity-settled share options were estimated as at the date of grant, using option pricing models, taking into account of the according terms and conditions. The following table lists the inputs to the models used:

	2011 Options	2015 Options
Date of grant/date of announcement^	31 March 2011	4 December 2015
Dividend yield (%)	1.43	1.64
Expected volatility (%)	47.49	42.00
Historical volatility (%)	47.49	–
Risk-free interest rate (%)	2.369	1.050
Expected life of options (year)	7.0	5.0
Closing share price (HK$ per share)	8.72	2.85

^ The new vesting periods of 2015 Options are subject to final approval by the Company's shareholders at the forthcoming shareholders' meeting. Hence, the fair values of 2015 Options are estimated as at the date of the announcement temporarily, which is subject to final true-up upon the approval by the shareholders' meeting.

The expected life of the options is determined with reference to the vesting term and original contractual term of the Scheme and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 177,744,000 (2014: 43,583,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 177,744,000 (2014: 43,583,000) additional ordinary shares of the Company and additional share capital of HK$738,790,680 (2014: HK$358,252,260) (before issue expenses).

At the date of the approval of these financial statements, the Company had share options outstanding under the Scheme, which represented approximately 3.4% (2014: 0.8%) of the Company's shares in issue as at that date.

30. Reserves

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

The Group's capital reserve mainly represents contributed surplus which is the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares on 21 March 2007 over the previous nominal value of the Company's shares issued in exchange therefor.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises and foreign invested enterprises, a portion of the profits of the Group's joint ventures and foreign invested enterprises entities which are established in the PRC has been transferred to reserve funds which are restricted as to use.

31. Business Combinations

Business combinations for the year ended 31 December 2015

During the year ended 31 December 2015, the Group acquired 51% equity interest in Jiujiang Lishan Entech Co., Ltd. (九江力山環保科技有限公司) and its wholly-owned subsidiary Jiangxi Longchang Bioenergy Technology Co., Ltd.* (江西隆昌生物能源科技有限公司) (together referred to as "Lishan Tech") from a third party at a cash consideration of approximately HK$199,331,000. Lishan Tech is engaged in the production and sale of aliphatic acid.

The Group has elected to measure the non-controlling interest in Lishan Tech at the non-controlling interest's proportionate share of Lishan Tech's identifiable net assets.

The fair value of the identifiable assets and liabilities of Lishan Tech at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	13	**200,359**
Prepaid land premiums	14	**40,192**
Intangible assets	18	**7,272**
Inventories		**107,015**
Deferred tax assets	27	**11,127**
Accounts and bills receivables		**98,751**
Prepayments, deposits and other receivables		**132,495**
Restricted cash at bank		**29,575**
Cash and cash equivalents		**14,583**
Accounts and bills payables		**(18,139)**
Bank and other borrowings		**(159,014)**
Tax payable		**(8,613)**
Deferred income		**(41,042)**
Other payables and accruals		**(10,351)**
Deferred tax liabilities	27	**(4,861)**
Total identifiable net assets at fair value		**399,349**
Non-controlling interest		**(195,681)**
Gain on bargain purchase	5	**(4,337)**
		199,331
Satisfied by:		
Cash	(a)	**199,331**

31. Business Combinations (continued)

Business combinations for the year ended 31 December 2015 (continued)

Note:

(a) Pursuant to the sale and purchase agreement between the Group and the prior controlling owner of Lishan Tech, the original consideration of HK$199,331,000 is subject to an adjustment of the un-collected portion of certain receivables ("Identified Receivables"). If these Identified Receivables could not be fully recovered within twelve months from the acquisition date, then 51% of the uncollected portion will be deducted from the original consideration. At 31 December 2015, all the identified receivables have been collected and HK$199,331,000 was the final consideration.

An analysis of the cash flows in respect of the acquisition of Lishan Tech is as follows:

	2015 **HK$'000**
Cash consideration	**(199,331)**
Cash and cash equivalents acquired	**14,583**
Net outflow of cash and cash equivalents in respect of the acquisition of Lishan Tech	**(184,748)**

During the year ended 31 December 2015, Lishan Tech generated revenue and net loss of approximately HK$323,343,000 and HK$2,412,000, respectively. Since the acquisition date, Lishan Tech contributed revenue of HK$264,278,000 and net loss of approximately HK$4,526,000 to the Group.

* The English name of the entities referred in these consolidated financial statements represents the translation of their Chinese names for identification purpose only, as their English names have not been registered.

31. Business Combinations (continued)

Business combinations for the year ended 31 December 2014

During the year ended 31 December 2014, the Group acquired a 51% equity interest in COFCO Nisshin (Dalian) Oil Mills Limited ("COFCO Nisshin") (formerly known as Dalian Nisshin Oil Mills, Ltd.) from a third party at a cash consideration of approximately HK$14,063,000 plus contingent consideration (note a). COFCO Nisshin is engaged in the production and sale of edible oil.

The Group has elected to measure the non-controlling interest in COFCO Nisshin at the non-controlling interest's proportionate share of COFCO Nisshin's identifiable net assets.

The fair values of the identifiable assets and liabilities of COFCO Nisshin at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	13	264,492
Intangible assets	18	29,133
Inventories		74,243
Accounts receivable		12,533
Prepayments, deposits and other receivables		22,740
Cash and cash equivalents		355,755
Accounts and bills payables		(236,325)
Bank and other borrowings		(410,528)
Other payables and accruals		(76,469)
Deferred tax liabilities	27	(4,721)
Total identifiable net assets at fair value		30,853
Non-controlling interest		(15,118)
Gain on bargain purchase	5	(1,672)
		14,063
Satisfied by:		
Cash		14,063
Contingent consideration	(a)	–

Note:

(a) The contingent consideration arrangement requires the Group to pay the seller up to a maximum cash consideration of RMB70,000,000 out of the dividends to be apportioned to the Group in the future with an annual cap of RMB10,000,000, provided that the patents owned by COFCO Nisshin relating to certain edible oil remains effective during the period from the acquisition date to the expiry date of the patents held by COFCO Nisshin. Directors of the Company are of the opinion that given that the amount of accumulated losses of COFCO Nisshin is material, the discounted value of the future dividends to be distributed to the Group and then to be transferred to the seller following the term, if any, is immaterial.

31. Business Combinations (continued)

Business combinations for the year ended 31 December 2014 (continued)

An analysis of the cash flows in respect of the acquisition of COFCO Nisshin is as follows:

	2014 HK$'000
Cash consideration	(14,063)
Cash and cash equivalents acquired	355,755
Net inflow of cash and cash equivalents in respect of the acquisition of COFCO Nisshin	341,692

During the year ended 31 December 2014, COFCO Nisshin generated revenue and net profit of approximately HK$2,350,294,000 and HK$18,689,000, respectively. Since the acquisition date, COFCO Nisshin contributed revenue of HK$1,863,419,000 and net profit of approximately HK$18,452,000 to the Group for the year ended 31 December 2014.

32. Operating Lease Arrangements

As lessee

The Group leases certain of its office properties and land use rights under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to five years, and that for land use rights for terms of fifty years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**38,042**	33,092
In the second to fifth years, inclusive	**10,867**	11,000
After five years	**40,643**	44,598
	89,552	88,690

33. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Company	
	2015 **HK$'000**	**2014** **HK$'000**
Guarantees given to banks in connection with facilities granted to subsidiaries	**12,189,964**	12,194,683

As at 31 December 2015, the banking facilities granted to certain subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK$4,971,312,000 (31 December 2014: HK$5,235,433,000).

34. Capital Commitments

In addition to the operating lease commitments detailed in note 32 above, the Group had the following capital commitments at the end of the reporting period:

	2015 **HK$'000**	**2014** **HK$'000**
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	**564,764**	360,252

35. Other Commitments

Commitments under commodity futures contracts:

	2015 **HK$'000**	**2014** **HK$'000**
Sales contracts	**6,316,041**	16,991,466
Purchases contracts	**339,508**	3,304,231

Commitments under foreign currency forward contracts:

As at 31 December 2015, the Group has commitments under foreign currency forward contracts of sales with aggregate notional amounts of HK$2,970,617,000 (31 December 2014: HK$1,204,273,000) and contracts of purchase with an aggregate notional amount of HK$8,083,276,000 (31 December 2014: Nil).

36. Connected and Related Party Transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2015 HK$'000	2014 HK$'000
Transactions with fellow subsidiaries:			
Sales of goods**	(i)	**9,846,255**	8,935,898
Purchases of goods**	(i)	**16,523,433**	1,975,754
Operating lease rental paid*	(i)	**4,972**	4,331
Interest income**	(iii)	**–**	7,071
Interest expense	(ii)	**54,319**	17,218
Brokerage fees paid*	(i)	**6,683**	17,650
Other service fee paid**	(i)	**53,922**	37,164
Processing service and other income**	(i)	**6,040**	17,690
Transactions with the ultimate holding company:			
Operating lease rental paid*	(i)	**33,578**	35,236
Interest expense	(ii)	**27,963**	12,752
Transaction with an intermediate holding company:			
Interest expense	(ii)	**–**	1,385
Transactions with associates:			
Sales of goods**	(i)	**164,862**	927,650
Purchases of goods**	(i)	**145,424**	182,200
Interest income*	(iii)	**9,831**	7,598
Other income**	(i)	**27,652**	3,168
Logistics service and storage fee paid*	(i)	**9,258**	8,426
Transactions with related companies[#]:			
Sales of goods**	(i)	**1,496,511**	275,515
Purchases of goods**	(i)	**888,360**	1,215,163
Brokerage fees paid	(i)	**–**	4,261
Transactions with non-controlling shareholders of subsidiaries:			
Sales of goods	(i)	**576,600**	602,212
Purchases of goods and services	(i)	**25,194**	46,504

36. Connected and Related Party Transactions (continued)

(a) (continued)

* These related party transactions also constituted connected transactions or continuing connected transactions disclosable in accordance with the Listing Rules.

** A certain portion of these related party transactions constituted connected transactions or continuing connected transactions disclosable in accordance with the Listing Rules.

Related companies are companies under significant influence of the Group's ultimate holding company.

Notes:

(i) For the year ended 31 December 2015, all transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up. For the year ended 31 December 2014, except for the sales of goods of HK$46,514,000 with an associate, which were carried out at cost, other transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.

(ii) The interest expense to fellow subsidiaries arose from the loans from fellow subsidiaries which were unsecured and bore interest at rates ranged from 0.9% to 5.6% (2014: 1.12% to 5.6%) per annum. The interest expenses to the ultimate holding company arose from the loans from COFCO which were unsecured and bore interest at a rate ranged from 1.08% to 3.80% (2014: 5%) per annum. For the year ended 31 December 2014, the interest expense to an intermediate holding company arose from COFCO HK which were unsecured and bore interest at a rate of 3.4% per annum.

(iii) For the year ended 31 December 2014, the interest income from fellow subsidiaries represented interest income arose from loans to a fellow subsidiary, which were unsecured and bore interest at a rate of 5.6% per annum. The interest income from associates arose from loans to an associate, which were unsecured and bore interest at rates ranged from 4.0% to 4.82% (2014: 2.5% to 4.2%) per annum.

(b) Outstanding balances with related parties

Except for the following, balances with the related parties as at the end of the reporting period are unsecured, interest-free and have no fixed terms of repayment:

(1) Loans from fellow subsidiaries of HK$1,717,224,000 (31 December 2014: HK$3,127,957,000) bear interest at rates ranged from 1.16% to 4.6% (31 December 2014: 1.16% to 5.6%) per annum and are repayable within one year. For the year ended 31 December 2014, loans from an intermediate holding company of HK$63,824,000 bore interest at a rate of 3.4% per annum and were repayable within one year. Loans from the ultimate holding company of HK$2,637,924,000 (31 December 2014: HK$380,291,000) bear interest at rates ranged from 1.08% to 3.80% per annum (31 December 2014: 5% per annum) and are repayable within one year.

(2) Amounts due to non-controlling shareholders of subsidiaries of HK$204,845,000 (31 December 2014: HK$210,161,000) are financing in nature and not repayable within one year.

(3) Details of the Group's loans to its associates as at the end of the reporting period are included in note 16 to the financial statements.

36. Connected and Related Party Transactions (continued)

(c) Commitments with related parties

During the year ended 31 December 2015, the Group entered into purchase agreements with Noble Resources Pte Ltd. and Concordia Agritrading Pte Ltd., the fellow subsidiaries of the Group, pursuant to which the Group agreed to purchase soybean from Noble Resources Pte Ltd. and Concordia Agritrading Pte Ltd. of approximately HK$1,621,821,000 (2014: HK$1,014,913,000) and Nil (2014: HK$399,862,000), respectively. The Group expects that these transactions will take place in 2016.

The amount of total transactions with related parties for the year is included in note 36(a) to the financial statements. The transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.

(d) Compensation of key management personnel of the Group

	2015 HK$'000	2014 HK$'000
Short term employee benefits	**8,971**	14,971
Post-employment benefits	**380**	462
Equity-settled share option expense	**1,745**	2,730
Total compensation paid to key management personnel	**11,096**	18,163

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

(e) Transactions and balances with other state-owned enterprises

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the year, the Group enters into extensive transactions covering, but not limited to, purchases of agricultural raw materials, sales of diversified products, purchases of property, plant and equipment and other assets, receiving of services, and making deposits and borrowings with State-owned Enterprises, other than the COFCO group, in the normal course of business at terms comparable to those with other non-state-owned enterprises. The directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of the business, and that dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services, and such policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions constitutes a related party transaction that requires separate disclosure.

37. Particulars of Principal Subsidiaries

Particulars of the company's principal subsidiaries as at 31 December 2015 are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
China Agri-Industries Limited	Bermuda/ Hong Kong	Ordinary HK$269,238,336	100	Investment holding
COFCO Agri-Industries Management Co., Ltd. ***	The PRC/ Mainland China	US$10,000,000	100	Provision of management services
Glory River Holdings Limited	BVI/ Hong Kong	Ordinary US$1	100	Investment holding
China Agri Trading (HK) Limited *	Hong Kong/ Hong Kong	Ordinary HK$10,000	100	Trading of agricultural products
COFCO Oils & Fats Holdings Limited	BVI/ Hong Kong	Ordinary US$2	100	Investment holding
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. ("EOGI") ***	The PRC/ Mainland China	US$145,000,000	54	Production and sale of edible oil, and trading of soybeans and rapeseeds
COFCO Yellowsea Oils & Grains Industries (Shandong) Co., Ltd. **	The PRC/ Mainland China	US$84,159,095	70.62	Production and sale of edible oil
China Agri Oils Trading Limited*	Hong Kong/ Hong Kong	Ordinary HK$1	100	Trading of soybeans and oils
中糧四海豐(張家港)貿易有限公司****	The PRC/ Mainland China	RMB20,000,000	80.58	Trading of soybeans and oils
COFCO Oils (Qinzhou) Co., Ltd.**	The PRC/ Mainland China	RMB948,036,187	95.32	Production and sale of edible oil
COFCO Xinsha Oils & Grains Industries (Dongguan) Co., Ltd.***	The PRC/ Mainland China	US$34,850,000	100	Production and sale of edible oil

37. Particulars of Principal Subsidiaries (continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
COFCO Excel Joy (Tianjin) Co., Ltd. **	The PRC/ Mainland China	US$269,068,392.44	75.95	Production and sale of edible oil
COFCO Malt (Dalian) Co., Ltd. ***	The PRC/ Mainland China	US$32,526,000	100	Production and sale of brewing materials
COFCO Malt (Jiangyin) Co., Ltd. ***	The PRC/ Mainland China	US$35,000,000	100	Production and sale of brewing materials
COFCO International (Beijing) Co., Ltd. ***	The PRC/ Mainland China	RMB240,000,000	100	Trading of rice
COFCO Jiangxi Rice Processing Limited **	The PRC/ Mainland China	RMB110,200,000	83.47	Processing and trading of rice
COFCO Dalian Rice Processing Limited ***	The PRC/ Mainland China	RMB196,600,000	100	Processing and trading of rice
COFCO Suihua Rice Processing Limited ***	The PRC/ Mainland China	RMB149,050,000	100	Processing and trading of rice
COFCO Bio-Energy (Zhaodong) Co., Ltd. ***	The PRC/ Mainland China	RMB380,000,000	100	Production and sale of biofuel and biochemicals
Guangxi COFCO Bio-Energy Co., Ltd. **	The PRC/ Mainland China	US$40,205,980	85	Production and sale of biofuel and biochemicals
COFCO Bio-Chemical Energy (Yushu) Co., Ltd. ***	The PRC/ Mainland China	US$38,000,000	100	Production and sale of biochemicals
COFCO Bio-Chemical Energy (Longjiang) Co., Ltd. ***	The PRC/ Mainland China	US$114,150,000	100	Production and sale of biochemicals
COFCO Bio-Chemical Energy (Gongzhuling) Co., Ltd. ***	The PRC/ Mainland China	US$71,880,000	100	Production and sale of biochemicals

37. Particulars of Principal Subsidiaries (continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Jilin COFCO Bio-chemical Energy Sales and Distributions Co., Ltd. ****	The PRC/ Mainland China	RMB10,000,000	100	Sale of biochemicals
Shenyang Xiangxue Flour Limited Liability Company **	The PRC/ Mainland China	RMB106,108,449	68.71	Production and sale of wheat products
COFCO Flour Industry (Qinhuangdao) Pangthai Co., Ltd. ***	The PRC/ Mainland China	US$17,340,000	100	Production and sale of wheat products
中糧(成都)糧油工業有限公司***	The PRC/ Mainland China	US$84,620,000	100	Production and sale of rice, wheat, feed and biochemicals

* Audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

** Sino-foreign equity joint ventures

*** Wholly-foreign-owned enterprises

**** Domestic-funded enterprises

Except for China Agri Oils Trading Limited and China Agri Trading (HK) Limited, the statutory audits for the above subsidiaries were not performed by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Except for China Agri-Industries Limited, COFCO Agri-Industries Management Co., Ltd. and Glory River Holdings Limited, all of the above subsidiaries are indirectly held by the Company.

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

38. Partly-Owned Subsidiaries With Material Non-Controlling Interests

Details of a subsidiary of the Company, namely EOGI, which in the opinion of the directors, has material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests	**46%**	46%

	2015 HK$'000	2014 HK$'000
Profit for the year allocated to non-controlling interests	**67,448**	86,542
Accumulated balances of non-controlling interests at the reporting dates	**2,437,054**	2,522,173

The following tables illustrate the summarised financial information of EOGI. The amounts disclosed are before any inter-company eliminations:

	2015 HK$'000	2014 HK$'000
Revenue and other income	**15,683,696**	28,321,576
Total expenses	**(15,535,484)**	(28,131,481)
Profit for the year	**148,212**	190,095
Attributable to:		
Owners of EOGI	**146,625**	188,135
Non-controlling interests of EOGI	**1,587**	1,960
Total comprehensive income/(loss) for the year	**(183,455)**	171,573
Attributable to:		
Owners of EOGI	**(185,042)**	169,613
Non-controlling interests of EOGI	**1,587**	1,960

38. Partly-Owned Subsidiaries With Material Non-Controlling Interests (continued)

	2015 HK$'000	2014 HK$'000
Current assets	**6,172,045**	13,360,038
Non-current assets	**2,182,610**	2,572,032
Current liabilities	**(2,914,537)**	(10,272,942)
Non-current liabilities	**(12,230)**	(47,785)
Net cash flows used in operating activities	**(3,076,821)**	(2,348,137)
Net cash flows from investing activities	**1,907,342**	734,980
Net cash flows from/(used in) financing activities	**(3,003,612)**	1,633,484
Effect of foreign exchange rate changes, net	**(5,497)**	54,319
Net increase/(decrease) in cash and cash equivalents	**(4,178,588)**	74,646

39. Particulars of Principal Associates

Particulars of the principal associates as at 31 December 2015 are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Great Ocean Oil and Grains Industries (Fang Cheng Gang) Co., Ltd.	US$69,500,000	The PRC	40	Soybean oil extraction, and refining packaging and production of soybean meal
Laiyang Luhua Fragrant Peanut Oil Co., Ltd. #	US$19,219,300	The PRC	24	Production and sale of peanut oil
Shandong Luhua Fragrant Peanut Oil Co., Ltd. #	RMB197,284,200	The PRC	24	Production and sale of peanut oil
COFCO Northsea Oils & Grains Industries (Tianjin) Co., Ltd. #	US$51,557,000	The PRC	50.45	Production and sale of edible oil
Lassiter Limited *#	Ordinary share US$100	Samoa	49	Investment holding*
Shenzhen Nantian Oilmills Co., Ltd. #	US$10,000,000	The PRC	20	Oilseeds processing
Jilin Fuel Ethanol Co., Ltd. #	RMB1,200,000,000	The PRC	20	Production and sale of biofuel and biochemicals

39. Particulars of Principal Associates (continued)

* Lassiter Limited has a 61.74% equity interest in Shenzhen Southeast Grains Industries Ltd., a Sino-foreign equity joint venture registered in the PRC, the principal activity of which is the production and sale of wheat products in Mainland China.

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the share of profits and losses of associates for the year or formed a substantial portion of the investments in associates of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

All of the above associates are indirectly held by the Company.

40. Financial Instruments by Category

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

Financial assets

2015	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale investments HK$'000	Total HK$'000
Available-for-sale investments	–	–	29,127	29,127
Accounts and bills receivables	–	3,422,817	–	3,422,817
Other receivables due from Sinograin	–	5,332,498	–	5,332,498
Financial assets included in prepayments, deposits and other receivables*	–	1,767,579	–	1,767,579
Derivative financial instruments	110,132	–	–	110,132
Due from related parties	–	2,241,637	–	2,241,637
Restricted cash at bank	–	157,446	–	157,446
Cash and cash equivalents	–	5,439,436	–	5,439,436
Total	110,132	18,361,413	29,127	18,500,672

40. Financial Instruments by Category (continued)

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

Financial assets (continued)

2014	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale investments HK$'000	Total HK$'000
Available-for-sale investments	–	–	253,907	253,907
Accounts and bills receivables	–	2,599,980	–	2,599,980
Other receivables due from Sinograin	–	3,117,959	–	3,117,959
Financial assets included in prepayments, deposits and other receivables*	–	1,560,623	–	1,560,623
Derivative financial instruments	505,621	–	–	505,621
Due from related parties	–	3,768,504	–	3,768,504
Restricted cash at bank	–	27,059	–	27,059
Cash and cash equivalents	–	12,551,444	–	12,551,444
Total	505,621	23,625,569	253,907	24,385,097

* Included in "Prepayments, deposits and other receivables" of HK$3,789,637,000 (31 December 2014: HK$3,976,571,000) in the consolidated statement of financial position are prepayments to suppliers of HK$666,260,000 (31 December 2014: HK$878,769,000), and deposits relating to commodity futures contracts of HK$668,896,000 (31 December 2014: HK$522,572,000) and other miscellaneous prepayments, deposits and other receivables of HK$2,454,481,000 (31 December 2014: HK$2,575,230,000), of which HK$1,767,579,000 (31 December 2014: HK$1,560,623,000) are financial assets as disclosed above.

40. Financial Instruments by Category (continued)

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

Financial liabilities

2015	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts and bills payables	**–**	**3,072,376**	**3,072,376**
Other payables*	**–**	**2,259,565**	**2,259,565**
Bank borrowings due to ADBC	**–**	**5,459,182**	**5,459,182**
Interest-bearing bank and other borrowings	**–**	**22,183,402**	**22,183,402**
Derivative financial instruments	**129,229**	**–**	**129,229**
Due to related parties	**–**	**1,065,278**	**1,065,278**
Total	**129,229**	**34,039,803**	**34,169,032**

2014	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts and bills payables	–	5,156,712	5,156,712
Other payables*	–	2,534,867	2,534,867
Bank borrowings due to ADBC	–	3,165,800	3,165,800
Interest-bearing bank and other borrowings	–	30,379,546	30,379,546
Convertible bonds	–	1,256,246	1,256,246
Derivative financial instruments	4,090	–	4,090
Due to related parties	–	495,276	495,276
Total	4,090	42,988,447	42,992,537

* Included in "Other payables and accruals" of HK$3,787,119,000 (31 December 2014: HK$4,291,372,000) in the consolidated statement of financial position are advances from customers of HK$1,518,727,000 (31 December 2014: HK$1,628,532,000), accrued staff payroll and benefits of HK$380,152,000 (31 December 2014: HK$424,075,000), and other miscellaneous payables and accruals of HK$1,888,240,000 (31 December 2014: HK$2,238,765,000), of which HK$2,259,565,000 (31 December 2014: HK$2,534,867,000) are financial liabilities as disclosed above.

41. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015 HK$'000	**2014 HK$'000**	**2015 HK$'000**	**2014 HK$'000**
Financial assets				
Derivative financial instruments	**110,132**	505,621	**110,132**	505,621
Financial liabilities				
Derivative financial instruments	**129,229**	4,090	**129,229**	4,090
Interest-bearing bank and other borrowings	**22,183,402**	30,379,546	**22,101,206**	30,378,729
	22,312,631	30,383,636	**22,230,435**	30,382,819

Management has assessed that the fair values of cash and cash equivalents, restricted cash at bank, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, and certain amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current balances with related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for amounts due to related parties, derivative financial liabilities and interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds as at 31 December 2014 was estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

41. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

The Group enters into derivative financial instruments with various counterparties, principally established commodity trading exchanges or financial institutions with good credit ratings. Derivative financial instruments, including commodity futures contracts and foreign currency forward contracts, are measured using market quoted prices or quoted prices from financial institutions with which the forward currency contracts are entered into. The carrying amounts of commodity futures contracts and foreign currency forward contracts are the same as their fair values.

As at 31 December 2015, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
As at 31 December 2015	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments	**110,132**	**–**	**–**	**110,132**

As at 31 December 2014	**(Level 1) HK$'000**	**(Level 2) HK$'000**	**(Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments	505,621	–	–	505,621

41. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value

	Fair value measurement using			
As at 31 December 2015	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments	**129,229**	**–**	**–**	**129,229**

As at 31 December 2014	**(Level 1) HK$'000**	**(Level 2) HK$'000**	**(Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments	4,090	–	–	4,090

Liabilities for which fair values are disclosed

	Fair value measurement using			
As at 31 December 2015	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Interest-bearing bank and other borrowings	**–**	**22,101,206**	**–**	**22,101,206**

As at 31 December 2014	**(Level 1) HK$'000**	**(Level 2) HK$'000**	**(Level 3) HK$'000**	**Total HK$'000**
Interest-bearing bank and other borrowings	–	30,378,729	–	30,378,729

42. Financial Risk Management Objectives and Policies

The Group's principal financial instruments other than derivatives, comprise bank and other interest-bearing loans, convertible bonds, cash and cash equivalents and restricted cash at bank. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts and bills receivables, accounts and bills payables and balances with related parties, which arise directly from its operations.

The Group also enters into derivative transactions, including principally foreign currency forward contracts and commodity futures contracts. The purpose is to manage the currency risks and market price risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks with material impact on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term interest-bearing bank and other borrowings with a floating interest rate. The effective interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are disclosed in note 25. It is the Group's policy to negotiate the terms of the interest-bearing bank and other borrowings in order to minimise the respective finance cost. It is also the Group's policy not to use any derivatives to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**(Decrease)/ increase in profit before tax HK$'000**	**(Decrease)/ increase in equity HK$'000**
2015	**100**	**(17,256)**	**(14,093)**
	(100)	**17,256**	**14,093**
2014	100	(18,354)	(14,990)
	(100)	18,354	14,990

42. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 3% (2014: 3%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst almost 41% (2014: 41%) of costs are denominated in currencies other than the functional currency of the operating units incurring the purchases. The Group usually enters into foreign currency forward contracts to manage its foreign currency risks, especially the foreign exchange risk of US dollars. As of 31 December 2015, the Group had open foreign currency forward contracts which were entered into to manage the foreign currency risk of its liabilities or assets denominated in foreign currency of its operating units, as well as to manage the foreign currency risk of its future cash flows that are denominated in foreign currency of its operating units. In the opinion of the directors, the Group's business is not subject to significant foreign exchange risk of US dollars at the end of the reporting period.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in rates %	(Decrease)/ increase in profit before tax HK$'000	(Decrease)/ increase in equity HK$'000
2015			
If Renminbi weakens against Hong Kong dollar	**5**	**–**	**(2,691,672)**
If Renminbi strengthens against Hong Kong dollar	**(5)**	**–**	**2,691,672**
2014			
If Renminbi weakens against Hong Kong dollar	5	–	(2,572,107)
If Renminbi strengthens against Hong Kong dollar	(5)	–	2,572,107

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period for presentation purposes.

Credit risk

The Group has no significant concentration of credit risk. The carrying amount of the accounts receivable represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk on balances of cash and cash equivalents is low as these balances are placed with reputable financial institutions.

42. Financial Risk Management Objectives and Policies (continued)

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2015			
	Within 1 year or on demand HK$'000	**1 to 2 years HK$'000**	**Over 2 years HK$'000**	**Total HK$'000**
Accounts and bills payables	**3,072,376**	**–**	**–**	**3,072,376**
Other payables	**2,259,565**	**–**	**–**	**2,259,565**
Derivative financial instruments	**129,229**	**–**	**–**	**129,229**
Bank borrowings due to ADBC	**5,459,182**	**–**	**–**	**5,459,182**
Interest-bearing bank and other borrowings	**20,789,485**	**144,866**	**1,738,017**	**22,672,368**
Due to related parties	**1,065,278**	**–**	**–**	**1,065,278**
	32,775,115	**144,866**	**1,738,017**	**34,657,998**

	2014			
	Within 1 year or on demand HK$'000	**1 to 2 years HK$'000**	**Over 2 years HK$'000**	**Total HK$'000**
Accounts and bills payables	5,156,712	–	–	5,156,712
Other payables	2,534,867	–	–	2,534,867
Derivative financial instruments	4,090	–	–	4,090
Bank borrowings due to ADBC	3,165,800	–	–	3,165,800
Interest-bearing bank and other borrowings	29,535,819	556,441	620,296	30,712,556
Convertible bonds	1,281,678	–	–	1,281,678
Due to related parties	495,276	–	–	495,276
	42,174,242	556,441	620,296	43,350,979

42. Financial Risk Management Objectives and Policies (continued)

Market price risk

The raw material costs and product selling prices of the Group's edible oil, soybean meal, and other related commodity products are substantially correlated to the prices of the future commodities markets. Market price risk arises from price fluctuations of raw material cost and product selling price during the delivery, production and storage processes. To minimise the Group's market price risk exposure, the Group enters into commodities futures contracts of soybeans, soybean meal, edible oil and corn.

The following table demonstrates the sensitivity to a reasonably possible change in the Group's major raw material prices, with all other variables held constant and no hedging investments available, of the Group's profit before tax and the Group's equity.

	Change in raw materials prices %	Change in profit before tax HK$'000	Change in equity HK$'000
2015			
Soybeans	**5**	**1,348,977**	**1,076,009**
Corn	**5**	**460,747**	**357,867**
Rice	**5**	**329,845**	**256,748**
Barley	**5**	**93,239**	**90,450**
Wheat	**5**	**317,970**	**281,862**
2014			
Soybeans	5	1,816,108	1,448,616
Corn	5	642,902	499,348
Rice	5	341,870	181,495
Barley	5	96,568	93,680
Wheat	5	388,642	344,509

42. Financial Risk Management Objectives and Policies (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the Company. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents and restricted cash at bank. The gearing ratios as at the end of the reporting period were as follows:

	2015 **HK$'000**	**2014** **HK$'000**
Interest-bearing bank and other borrowings	**22,183,402**	30,379,546
Convertible bonds	**–**	1,256,246
Less: Cash and cash equivalents	**(5,439,436)**	(12,551,444)
Restricted cash at bank	**(157,446)**	(27,059)
Net debt	**16,586,520**	19,057,289
Equity attributable to owners of the Company	**26,324,643**	28,075,130
Gearing ratio	**63.0%**	67.9%

43. Statement of Company Financial Position

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**20**	27
Investments in subsidiaries	**19,770,514**	19,014,104
Total non-current assets	**19,770,534**	19,014,131
CURRENT ASSETS		
Due from subsidiaries	**353,458**	1,199,186
Dividend receivable	**36**	263,367
Prepayments, deposits and other receivables	**746**	827
Cash and cash equivalents	**936,215**	931,408
Total current assets	**1,290,455**	2,394,788
CURRENT LIABILITIES		
Other payables and accruals	**16,590**	13,749
Interest-bearing bank and other borrowings	**–**	949,681
Due to subsidiaries	**221,949**	904,645
Total current liabilities	**238,539**	1,868,075
NET CURRENT ASSETS	**1,051,916**	526,713
TOTAL ASSETS LESS CURRENT LIABILITIES	**20,822,450**	19,540,844
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**774,950**	–
Total non-current liabilities	**774,950**	–
Net assets	**20,047,500**	19,540,844
EQUITY		
Share capital	**9,771,664**	9,771,664
Other reserves (note)	**10,275,836**	9,769,180
Total equity	**20,047,500**	19,540,844

Yue Guojun
Director

Shi Bo
Director

43. Statement of Company Financial Position (continued)

Note:

	Notes	Share premium HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2014		9,246,676	5,689,788	164,023	2,762,787	17,863,274
Total comprehensive income for the year		–	–	–	1,128,076	1,128,076
Equity-settled share option arrangements	29	–	–	24,506	–	24,506
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	(41,143)	41,143	–
Transfer to no-par value regime	28	(9,246,676)	–	–	–	(9,246,676)
At 31 December 2014 and at 1 January 2015		–	5,689,788	147,386	3,932,006	9,769,180
Total comprehensive income for the year		–	–	–	488,238	488,238
Equity-settled share option arrangements	29	–	–	18,418	–	18,418
At 31 December 2015		–	5,689,788	165,804	4,420,244	10,275,836

The Company's capital reserve mainly represents contributed surplus which is the excess of carrying amount of China Agri-Industries Limited acquired pursuant to the Group reorganisation prior to the listing of the Company's shares on 21 March 2007 over the previous nominal value of the Company's shares issued in exchange therefor.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

44. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 23 March 2016.

中粮
COFCO

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