中国金控 CFIH

China Finance Investment Holdings Limited

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

Annual Report
2016

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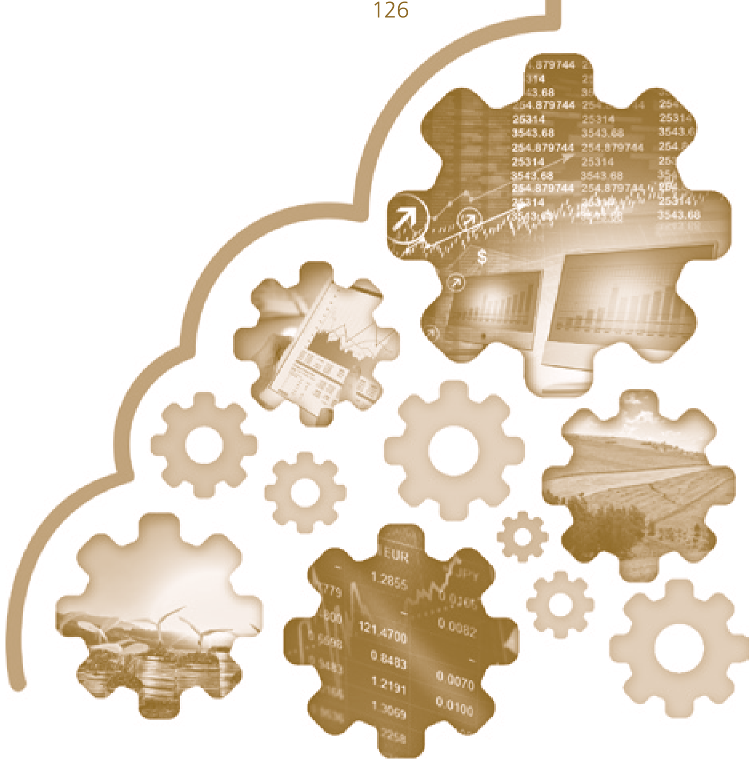

This annual report is printed on environmental friendly paper.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

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

Non-executive director

Mr. LIN Yuhao *(Chairman)*

Independent non-executive directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. YAU Yik Ming Leao
Mr. TSANG King Sun

COMPANY SECRETARY

Mr. TSANG King Sun

REGISTERED OFFICE

Canon's Court
22 Victoria Street
PO Box 1624, Hamilton HM EX
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISOR

Nixon Peaboby CWL
(as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR

Estera Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box 1624, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 875

CORPORATE WEBSITE

http://www.cfih.hk

INVESTOR RELATIONS

Email: ir@cfih.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Finance Investment Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), I am pleased to present you with the annual results of the Group for the year ended 31 December 2016.

During the year ended 31 December 2016 (the "Reporting Period"), the Group recorded a turnover of approximately HK$93.3 million, a decrease of 7.9% from HK$101.2 million for the year ended 31 December 2015 (the "Corresponding Period"). The Group recorded a gross profit of approximately HK$26.3 million as compare with a gross profit of approximately HK$3.4 million for the Corresponding Period. The improvement of the profitability for the Reporting Period is mainly attributable to increase in the average selling price in the vegetable markets in Mainland China; the restructuring of production scale of agriculture business resulting in reduction of unit production cost of agricultural produce; and the continuous growth and expansion of the money lending business in Hong Kong and Mainland China.

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

The Group commenced its money lending business in September 2015. To accommodate and to facilitate this business development, the Group was granted the money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), the Group provides loan financing including but not limited to personal loans and mortgage loans in Hong Kong. Following the completion of the acquisition of Shengzhen Taihangfeng Technology Co. Ltd. and its subsidiaries (the Taihangfeng Group") in November 2016, the Group is able to expand the micro finance in Shenzhen, PRC through provision of personal loans and corporate loans. The Group achieved a significantly growth in interest income and segment profit in the second year of operation during the Reporting Period.

Looking ahead, the Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

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

LIN Yuhao
Chairman

30 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in growing, processing and selling agricultural produce in 2014. To reduce the adverse impact of inclement weather, market volatility and offsets market cyclicality, the Group has developed the money lending business, securities brokerage service and internet finance business since 2015.

Agriculture Business

The agriculture business made a contribution to the Group's earnings with a revenue of approximately HK$80.2 million (2015: HK$101.2 million) and a gross profit of approximately HK$16.0 million (2015: HK$3.3 million) during the year ended 31 December 2016 (the "Reporting Period").

In light of the unsatisfactory results in previous years, the Group has been rationalising the agriculture business which has undergone a series of downsizing and restructuring exercises for its loss making and non-core operations in Hong Kong and Mainland China. In 2015, the Group disposed and ceased several loss making operations in Hong Kong and Mainland China with aims to more focus on promising businesses and minimise the operating losses.

During the year under review, the Group decided to temporarily cease the operation of Jiangxi Anyi Congyu Agricultural Development Company Limited ("Jiangxi Anyi") and one of the production base of Ningxia Cypress Jade Agricultural Development Company Limited ("Ningxia") which principally engaged in growing and selling vegetables in Mainland China, due to a number of factors including but not limited to the increasingly competitive operating environment, a squeeze on profit margins as a result of rising production costs and inclement weather. The board (the "Board") of directors (the "Directors") considers that the cessation of the operation will enable the Group to better utilise resources to core and potential business. From 1 January 2016 onwards, the Group has leased out the farmland of Jiangxi Anyi to an independent third party with an aim to bringing a steady rental income and optimising the utilisation of resources of the Group.

As a result, the remaining production bases of the agriculture businesses were further improved. The overall gross profit for the Reporting Period amounted to approximately HK$16.0 million, increased by approximately HK$12.7 million or 390% when compared with the year ended 31 December 2015 (the "Corresponding Period"). The improvement of the profitability for the Reporting Period is mainly attributable to: (i) increase in the average selling price in the vegetable markets in Mainland China; (ii) the restructuring of production scale of agriculture business resulting in reduction of unit production cost of agricultural produce.

Meanwhile, the Group will continue to control the costs and focus on existing resources to further strengthen and grow the agriculture business, both organically and through acquisitions when appropriate opportunities arise.

Money Lending Business

The Group commenced its money lending business in September 2015. To accommodate and to facilitate this business development, the Group was granted the money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), the Group provides loan financing including but not limited to personal loans and mortgage loans in Hong Kong.

Following the completion of the acquisition of Shengzhen Taihangfeng Technology Co. Ltd.* and its subsidiaries (the "Taihangfeng Group") in November 2016, the Group able to expand the micro finance in Shenzhen, PRC through provision of personal loans and corporate loans. The Group achieved a significantly growth in interest income and segment profit in the second year of operation during the Reporting Period.

* For identification purpose only

During the Reporting Period, loan interest income under money lending business amounted to approximately HK$12.4 million (2015: HK$0.1 million). Outstanding loan principal and interest receivables amounted to approximately HK$257.0 million. Interests of the loan receivables were charged at the rates ranging from 7.2% to 48.0% per annum. No significant default event occurred as of the date of this annual report.

The Board considers it will be beneficial to the Group to explore new opportunities in the money lending business to broaden its source of income and expand the business operations in order to provide stable income and positive contribution to the financial results for the Company and the shareholders. The Group will keep on developing the money lending business by retaining prudent credit control procedures and strategies that hold a balance between business growth and risk management.

Securities Brokerage

In April 2016, the Group commenced to provide securities broking services including but not limited to trading in securities, initial public offering, and private placements upon obtaining the Type 1 licence from the Securities and Futures Commission of Hong Kong to carry out Type 1 regulated activities (Dealing in Securities) under the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong).

The revenue of the securities broking service, being mainly the brokerage commission income amounted to approximately HK$0.7 million for the Reporting Period. Since the securities brokerage business is in the early stage of development, it does not have a significant impact to the Group's performance.

Investment in Internet Finance Business in Mainland China

The Group owned 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited* ("GLQH"), which was engaged in internet finance business in Mainland China.

On 24 August 2016, China Banking Regulatory Commission ("CBRC"), Ministry of Industry and Information Technology, Ministry of Public Security and China Internet Network Information Office jointly issued the《網絡借貸信息中介機構業務活動管理暫行辦法》(the Interim Measures on Administration of the Business Activities of Peer-to-Peer Lending Information Intermediaries*, (the "Interim Measures"), which clearly defined the regulatory and operational requirements for P2P operators in China. On 13 October 2016, the《互聯網金融風險專項整治工作實施方案》(Implementation Plan for Special Regulation on Internet Financial Risk*) was promulgated by State Council, which rebuilt the regulatory concept of internet finance, and further strengthened its regulatory efforts. With the introduction of principles under the Interim Measures such as specific borrowing caps, the Chinese regulators set out a clear objective to limit P2P lending to small-size transactions that benefit the general public. Under the Interim Measures, the total amount that an individual can borrow on a single platform must not exceed RMB200,000, and RMB1 million on multiple platforms. The respective caps for a corporate entity are RMB1 million and RMB5 million.

On February 2017, CBRC issued《網絡借貸資金存管業務指引》(Network Lending Funds Custody Business Guidelines*, the "Guidelines"), which set out more detailed rules on the regulation of the management of funds lent on P2P lending platforms. These rules required the P2P lending platforms to specify the only one commercial bank as a fund custodian. Accordingly, GLYD has engaged 廣東華興銀行(Guangdong Huaxing Bank*), the qualified financial institution, as a third party banking and had complied with the relevant requirements.

* For identification purpose only

With the tighter requirements such as engaging third party banking custodians and imposing borrowing caps, GLQH is undergoing a shakeout and facing transition from growth to recession. There was a significant reduction in number of borrowers and loan case resulting in drop in revenue and increase the compliance costs resulting in significant drop in profit margins.

Against the challenge and uncertainty on internet finance industry, GLQH developed new businesses including but not limited to providing management consultancy, marketing strategy, IT supports and data processing services in order to diversify the income stream and bring higher returns to shareholders.

Financial Review

During the Reporting Period, the Group recorded a turnover of approximately HK$93.3 million, a decrease of 7.9% from HK$101.2 million for the Corresponding Period. The Group recorded a gross profit of approximately HK$26.3 million as compare with a gross profit of approximately HK$3.4 million for the Corresponding Period.

The improvement of the profitability for the Reporting Period is mainly attributable to (i) increase in the average selling price in the vegetable markets in Mainland China; (ii) the restructuring of production scale of agriculture business resulting in reduction of unit production cost of agricultural produce; and (iii) the continuous growth and expansion of the money lending business in Hong Kong and Mainland China.

Administrative expenses decreased by approximately HK$64.0 million to HK$124.6 million (2015: HK$188.6 million). Excluding the equity settled share-based payment of approximately HK$72.7 million (2015: HK$147.2 million), the adjusted administrative expense increased by HK$10.5 million to approximately HK$51.9 million (2015: HK$41.4 million). This increase comprised increase of HK$4.3 million in Directors' remuneration, HK$3.7 million in staff expenses and HK$3.5 million depreciation expense. Selling and distribution expenses decreased by approximately HK$13.5 million to approximately HK$18.7 million (2015: HK$32.2 million). Such improvement is mainly attributable to decrease of HK$6.1 million in delivery cost and HK$4.1 million in packing cost and HK$2.0 million in staff cost. Other operating expenses were approximately HK$407.6 million (2015: HK$57.1 million) and were mainly attributable to loss on expiration of other financial asset of approximately HK$215.5 million; impairment of investment in associate of approximately HK$95.8 million; the recognition of impairment losses for property, plant and equipment and other receivables of approximately HK$38.0 million; loss of approximately HK$ 36.2 million as a result of early redemption of the promissory notes; and exchange loss of approximately HK$8.9 million.

The net loss of the Group for the Reporting Period was HK$520.7 million as compared to a net loss of HK$42.4 million for the Corresponding Period. Such loss for the Reporting Period was mainly as a result of (i) other operating expenses of approximately HK$407.6 million as mentioned above; (ii) the recognition of share-based payment expenses in relation to the share options granted to directors and other eligible participants of the Group of approximately HK$72.7 million.

The adjusted LBITDA[1] for the Reporting Period decreased from HK$63.1 million to HK$31.6 million when compared with the Corresponding Period. Such improvement for the year ended 31 December 2016 is mainly attributable to: (i) improvement on gross profit of agricultural produce segment and money lending segment of approximately HK$23.3 million; and (ii) decrease in selling and distribution expenses of approximately HK$13.4 million.

The adjusted LBITDA[1] represents loss before net finance income and costs; income tax expense; depreciation and amortisation; impairment losses of investment in associate, goodwill, property, plant and equipment, other receivables and inventories, loss on early redemption of promissory notes; loss on expiration of other financial asset and recognition of share-based payment expenses.

Liquidity and Financial Resources

Except for equity fund raising from the Company, the Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 31 December 2016, the Group had bank balances and cash of HK$18.1 million (2015: HK$44.1 million). The Group's quick ratio (measured as total current assets less inventories, biological assets, deposits and prepayments and other financial asset divided by total current liabilities) was approximately 3.2 times (2015: 0.7 times).

As at 31 December 2016, the total borrowings of the Group amounted to HK$60.9 million (2015: HK$126.4 million), of which, HK$19.4 million (2015: HK$31.3 million) were secured by several properties and motor vehicles of the Group. The borrowings in the amount of HK$38.6 million (2015: HK$49.4 million) were repayable within one year.

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

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$1.0 million (2015: HK$1.1 million) in respect of acquisition of property, plant and equipment. The Group had commitments for future minimum lease payments under non-cancellable operating leases of HK$102.2 million (2015: HK$179.8 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed terms of 1 to 26 years.

Capital Structure & Gearing Ratio

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

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

On 31 March 2016, the Company entered into a subscription agreement with Mr. Zhu Yuanbiao and Ms. Wen Xiaojun (the "Subscribers") to allot and issue 719,696,968 new shares at the subscription price of HK$0.099 per share. The new shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The consideration for the subscription of the 719,696,968 new shares of HK$0.01 each, was settled by setting off against 95% of the aggregate principal amount of promissory notes of value of HK$75,000,000. The 719,696,968 new shares were allotted and issued to the Subscribers on 18 April 2016.

On 1 April 2016, the Company entered into a share subscription agreement with Mr. Huang Yuankai (the "Subscriber") to allot and issue a total of 420,000,000 new shares at the price of HK$0.098 per share. The new shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 420,000,000 new shares of HK$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 22 April 2016 with the net proceeds of approximately HK$41.1 million principally for general working capital and future business development of the Group. Out of the net proceeds of HK$41.1 million, approximately HK$13.5 million for investment in an associate; HK$6.0 million for money lending drawdown; HK$14.0 million for business development of security broking services and the balance is held as bank deposit.

Pursuant to the subscription agreement and supplemental agreement dated 4 April 2016 and 10 April 2016 respectively, the Company served the subscription notice on 深圳市前海阿里基金管理有限公司 (Shenzhen Qianhai Ali Fund Management Co. Ltd.*) regarding the issue of a zero coupon convertible bonds due in 2021 in the aggregate principal amount of HK$330,000,000 with the initial conversion price of HK$0.122 per conversion share (the "Subscription") on 13 June and 12 July 2016. The Subscription was approved by the shareholders at the special general meeting of the Company held on 13 October 2016 and completion of the issue of convertible bonds took place on 25 November 2016 with the net proceeds of approximately HK$280 million for the micro finance business in Mainland China and balance for general working capital of the Group. Out of the net proceeds of approximately RMB212 million (equivalent to approximately HK$240 million for the micro finance business) and approximately RMB78.7 million (equivalent to approximately HK$90 million for full repayment of the promissory notes in the total principal amount of RMB82.82 million ("Promissory Notes") issued by the Company to the vendors in connection with the acquisition of the micro finance business.

During the Reporting Period, the Company issued and allotted a total of 2,704,918,030 Shares of HK$0.01 each upon the exercise of conversion rights in respect of an aggregate principal amount of HK$330,000,000 of the convertible bonds issued by the Company on 25 November 2016.

During the Reporting Period, the Company issued and allotted a total of 22,500,000 Shares of HK$0.01 each upon the exercise of a total of 22,500,000 share options granted by the Company. Share premium increased by approximately HK$5.1 million accordingly.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$ 60.9 million (2015: HK$126.4 million). Included in the above amounts, an amount of HK$20.6 million (2015: HK$48.0 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest-bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

As at 31 December 2016, the net debt to adjusted equity ratio was 0.1 (2015: 0.2). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2016 was 0.2 (2015: 0.4), which was measured as total debt to total shareholders' equity.

* For identification purpose only

Significant Investments

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

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Acquisitions

On 7 June 2015, Robust Canton Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party to acquire an investment holding company which indirectly holds 3 properties in Mainland China (the "Properties") (the "Properties Acquisition") at a consideration of HK$37.5 million. The Group is currently developing its trading and financial business in Shenzhen, Mainland China and the Properties Acquisition provides an opportunity to the Group to acquire the Properties at a discount to the market price. The Properties are intended for the Group's own use and/or for investment purpose. The Agreement was terminated on 31 December 2016. The vendor has undertaken in writing to return to the Purchaser the sum of HK$31.25 million being deposit paid under the Agreement within six months from the date of termination by six monthly installments together with interest thereon at the rate of 0.5% per month until full payment.

Details of the Properties Acquisition are set out in the announcements of the Company dated 7 June 2015, 7 August 2015, 14 October 2015, 29 January 2016, 1 April 2016, 30 June 2016, 30 September 2016 and 3 January 2017.

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

On 14 November 2016, since the Vendor has failed to satisfy the Company on the financial condition and business performance of the Target Group and has also failed to meet the earning guarantee under the Acquisition Agreement, the Company and the Vendor agreed to terminate the acquisition of the Target Group. On the same day, as the Company remained interested in acquiring the Target Group in order to enter into the business of financial leasing in the PRC. Hence the Purchaser and the Company entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire the entire issued share capital in the Target at the consideration of HK$350,000 be settled by the Company issuing the consideration shares at issue price of HK$0.155 to the Vendor.

Details of the Finance Lease Acquisition are set out in the announcements of the Company dated 15 July 2015, 4 September 2015, 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016, 14 November 2016, 2 December 2016 and 29 March 2017.

On 2 February 2016, Shenzhen GLYD Internet Finance Services Company Limited ("Shenzhen GLYD"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Micro Finance Agreement") with independent third parties (the "Vendors") to acquire Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Taihengfeng Group") at the consideration of RMB86,292,000 (equivalent to HK$102,000,000) which is to be satisfied by the issue of the consideration shares of the Company (the "Micro Finance Acquisition"). Further to the announcement on 16 August 2016, Shenzhen GLYD and Vendors agreed to revise the consideration to RMB82,820,000 (equivalent to HK$96,900,000) to be satisfied by the issue of promissory note. The Taihengfeng Group is principally engaged in the micro finance business in Mainland China.

The Micro Finance Acquisition was completed on 15 November 2016. Upon completion, the Taihengfeng Group will become the indirect wholly-owned subsidiaries of the Company.

Details of the Micro Finance Acquisition are set out in the announcements of the Company dated 2 February 2016, 30 June 2016, 16 August 2016, 23 August 2016 and 15 November 2016.

On 16 December 2016, Shenzhen Cypress Jade Food Trading Company Limited*（深圳市從玉食品貿易有限公司）, ("Shenzhen Cypress"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with independent third parties (the "Vendors") to acquire Shenzhen Qian Shang Internet Technology Company Limited*（深圳市千商網絡科技有限公司）and its subsidiaries (the "Shenzhen Qian Shang") at the consideration of RMB72,000,000 which is to be satisfied by the issue of the consideration shares of the Company (the "Shenzhen Qian Shang Acquisition"). The Shenzhen Qian Shang Group is principally engaged in the distribution and wholesaling of fresh produce including but not limited to vegetables, fruits and poultry.

Details of the Shenzhen Qian Shang Acquisition are set out in the announcements of the Company dated 16 December 2016 and 14 March 2017.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2016.

Charges On Group's Assets

As at 31 December 2016, leasehold land and buildings with carrying amount of HK$6.2 million (2015: HK$7.0 million) were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 31 December 2016, the Group did not have any material contingent liabilities.

* For identification purpose only

Employee and Remuneration Policy

As at 31 December 2016, the total employees in Hong Kong and Mainland China dropped from approximately 400 to approximately 300 mainly due to minimising the cost and group restructuring during the year. Total staff costs (including Directors' remuneration) for the year ended 31 December 2016 amounted to HK$113.0 million (2015: HK$100.4 million (excluded the staff costs from discontinued operations)). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's agriculture business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

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

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. YAU Yik Ming Leao, aged 54, was appointed as an independent non-executive Director on 4 July 2014. Mr. Yau was re-designated as an executive Director and the deputy chairman of the Company ("Deputy Chairman") on 9 December 2014 and appointed as chief executive officer of the Company ("Chief Executive Officer") on 2 January 2015. Mr. Yau also acts as director of certain subsidiaries of the Company. Mr. Yau obtained a certificate in the law of the People's Republic of China (the "PRC") in 1997 jointly provided by The University of Hong Kong and Fudan University and received education in Canada during the period from 1979 to 1982.

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

Mr. TSANG King Sun, aged 33, was appointed as executive Director on 9 December 2014. Mr. Tsang is also the chief financial officer and company secretary of the Company. Mr. Tsang also acts as director of certain subsidiaries of the Company. Mr. Tsang is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Business Administration (Hons) degree in Accounting from The Hong Kong Polytechnic University.

Mr. Tsang was an executive director of China Household Holdings Limited until 22 November 2013, which is a company listed on The Stock Exchange of Hong Kong Limited. Mr. Tsang had worked in famous audit firms and gained extensive experience in accounting, auditing practices and financial management. He had experience in auditing in various listed companies and experience in various due diligence projects.

Mr. XU Bin, aged 41, was appointed as an executive Director on 10 April 2015. Mr. Xu also acts as director of certain subsidiaries of the Company. He obtained a bachelor degree in economics from Wuhan University of Technology and a postgraduate diploma in Trade, Customer and Finance Management from the International Trade Management Institute, Lucerne, Switzerland. Mr. Xu obtained the qualification of assistant economist in economics and trade in 2000.

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

NON-EXECUTIVE DIRECTOR

Mr. LIN Yuhao, aged 42, was appointed as chairman (the "Chairman") and an executive Director on 13 May 2016 and re-designated as non-executive Director on 10 March 2017. Mr. Lin was the vice president of 深圳市企業聯合會 (*Shenzhen Business Association) and 深圳市企業家協會 (Shenzhen Entrepreneurs Association), and is currently the vice-president of 深圳社會組織總會 (*Shenzhen Non-Governmental Organization Federation) and the vice chairman of 深圳市龍崗區阪田街道工商業聯合會 (*Shenzhen Longgang Bantian Street Federation of Industry and Commerce). Mr. Lin has extensive experience in finance, real estate, education and internet technology businesses in the PRC. In particular, Mr. Lin has ample operational experience in micro finance, credit and consumer finance in the PRC.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. TANG Shui Man, aged 36, was appointed as an independent non-executive Director on 9 December 2014. Ms. Tang, graduated from The Hong Kong Polytechnic University with Bachelor of Arts (Hons) in Accountancy. She is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

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

Mr. LI Shaohua, aged 54, was appointed as an independent non-executive Director of the Company on 2 January 2015.

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

Ms. DIAO Hong, aged 51, was appointed as an independent non-executive Director of the Company on 2 January 2015.

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

SENIOR MANAGEMENT

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

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

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

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the financial year of 2016, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established set out in writing.

Mr. Yau Yik Ming Leao became the Chief Executive Officer and the Deputy Chairman of the Company since 2 January 2015. He was responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the code provisions A.2 of the CG Code.

As at 13 May 2016, Mr. Lin Yuhao was appointed as the Chairman of the Board. At the same time, Mr. Yau Yik Ming Leao still held the post of Chief Executive Officer of the Company. They are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. The Chairman provides leadership to the Board in terms of formulating policies and strategies, and discharges those duties set out in code provision A.2 of the CG Code. The Chief Executive Officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations.

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

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the year of 2016. The key corporate governance principles and practices of the Company are summarised in this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors of the Company, all the Directors confirmed that they had complied with the required standards of the said code during the year ended 31 December 2016.

INTERNAL CONTROLS

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

The internal audit department is established to provide independent assurance to the Board and management on the adequacy and effectiveness of internal controls for the Group on a continual basis. The department adopts a risk and control based audit approach. Internal audit reports are communicated to and discussed with the Audit Committee and the Board.

Risk management and internal control

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resource, qualifications and experience and training of staff and external advisor of the Group's accounting, internal audit and financial reporting function.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The Group has established risk management procedures to address and handle the all significant risks associate with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associate with the business of the Group by considering both internal and external factors and events which include political, economic, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

- Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;
- Risk avoidance: change business process or objective so as to avoid the risk;
- Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;
- Risk transfer: transfer ownership and liability to a third party.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company engaged Elite Partners Risk Advisory Services Limited ("Elite Partners Risk") as the internal control consultant, to perform an independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the Company and the Group's major subsidiaries on a rotation basis. The Audit Committee and the Board, having discussed with Elite Partners Risk and reviewed the internal control review report compiled by Elite Partners Risk, were reasonably satisfied that no material deficiencies or inadequacies existed or identified for the financial year ended 31 December 2016.

THE BOARD

Responsibilities and accountabilities

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

The Board acknowledges its responsibility for preparing the financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the auditor of the Company about its reporting responsibilities for the financial statements of the Company is set out on pages 36 to 43 in the Independent Auditor's Report.

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

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

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established set out in writing.

Mr. Yau Yik Ming Leao became the Chief Executive Officer and the Deputy Chairman of the Company since 2 January 2015. He was responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the code provisions A.2 of the CG Code.

As at 13 May 2016, Mr. Lin Yuhao was appointed as the Chairman of the Board. At the same time, Mr. Yau Yik Ming Leao still held the post of Chief Executive Officer of the Company. They are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. The Chairman provides leadership to the Board in terms of formulating policies and strategies, and discharges those duties set out in code provision A.2 of the CG Code. The Chief Executive Officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations.

Composition

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

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

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

During the year ended 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The independent non-executive Directors represented over one-third of the Board as at 31 December 2016.

Each executive Director, non-executive Director and independent non-executive Director has entered into a service agreement/ letter of appointment with the Company for a specific term, and his/her term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company and the Listing Rules.

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

Board Meetings and General Meetings

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

During the year ended 31 December 2016, two board meetings and two general meetings were held with details of the Directors' attendance set out below:

Directors	Board meetings	General meetings
Executive Directors		
Mr. YAU Yik Ming Leao *(Deputy Chairman and Chief Executive Officer)*	2/2	2/2
Mr. TSANG King Sun	2/2	2/2
Mr. XU Bin	2/2	2/2
Mr. LIN Yuhao *(Chairman) (Note 1)*	1/1	2/2
Non-executive Director		
Mr. LIN Yuhao *(Chairman) (Note 1)*	N/A	N/A
Independent non-executive Directors		
Ms. TANG Shui Man	2/2	0/2
Mr. LI Shaohua	2/2	0/2
Ms. DIAO Hong	2/2	0/2

Note:

1. Mr. LIN Yuhao was appointed as Chairman and executive Director of the Company on 13 May 2016 and was re-designated as non-executive Director on 10 March 2017.

Directors' Training

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

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

During the year, Directors participated in the following trainings:

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

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

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

DELEGATION BY THE BOARD

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

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

BOARD COMMITTEES

Audit Committee

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

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

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

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

Audit Committee members	**Attendance/ Number of meetings**
Ms. TANG Shui Man *(Chairlady)*	2/2
Mr. LI Shaohua	2/2
Ms. DIAO Hong	2/2

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

Corporate Governance Committee

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

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

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

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

Corporate Governance Committee members	**Attendance/ Number of meetings**
Ms. TANG Shui Man *(Chairlady)*	1/1
Mr. LI Shaohua	1/1
Ms. DIAO Hong	1/1

Remuneration Committee

The Remuneration Committee currently comprises Ms. DIAO Hong (Chairlady of Committee), Mr. TSANG King Sun, Mr. LI Shaohua and Ms. TANG Shui Man.

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

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

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

Remuneration Committee members	Attendance/ Number of meetings
Ms. DIAO Hong *(Chairlady) (Note 1)*	1/1
Mr. TSANG King Sun	1/1
Mr. LI Shaohua	1/1
Ms. TANG Shui Man *(Note 2)*	1/1

Notes:

1. Ms. DIAO Hong was re-designated as Chairlady of the Remuneration Committee on 13 May 2016.

2. Ms. TANG Shui Man was re-designated as a member of the Remuneration Committee on 13 May 2016.

The remuneration of Director is determined with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Details of the emoluments of Directors during the year ended 31 December 2016 are set out in note 10 to the consolidated financial statements of this report. The emoluments received by senior management during the year ended 31 December 2016 were within the following bands:

	Number of individuals
HK$1,000,001 – HK$1,500,000	1
HK$5,500,001 – HK$6,000,000	1
HK$7,000,001 – HK$7,500,000	1

Nomination Committee

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

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

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

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

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

Nomination Committee members	**Attendance/ Number of meetings**
Ms. LIN Yuhao *(Chairman) (Note 1)*	N/A
Mr. YAU Yik Ming Leao	1/1
Ms. TANG Shui Man *(Note 2)*	1/1
Ms. LI Shaohua	1/1
Ms. DIAO Hong	1/1

Notes:

1. Mr. LIN Yuhao was appointed as chairman of the Nomination Committee on 13 May 2016.

2. Ms. TANG Shui Man was re-designated as a member of the Nomination Committee on 13 May 2016.

AUDITOR'S REMUNERATION

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

Type of services	**HK$'000**
Audit services	700
Other assurance services	–
Non-assurance services	80

COMPANY SECRETARY

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

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

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

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

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

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

Putting Forward Proposals at General Meeting

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

Making Enquiry to the Board

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

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

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

Shareholders Communication Policy

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

Investor Relations

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

This annual report covers the environment, social and governance information of the agriculture business of China Finance Investment Holdings Limited (the "Company"). Agriculture is the Company's most material business sector of the Company and accounts for the majority of Company revenue.

This report covers the period 1 January 2016 to 31 December 2016, and is identical to that of the annual report.

This report adheres to the "Comply or Explain" requirements of Appendix 27 of the Main Board Listing Rule, *Environmental, Social and Governance Reporting Guide,* and is the first Environmental, Social and Governance Report to be issued by the Company.

COMMUNICATION WITH STAKEHOLDERS

The Company acknowledges the importance of effective communication with stakeholders. The Company provides various channels via which any stakeholder can efficiently access the Company's public information.

A ENVIRONMENT

Emissions

The Company is fully aware of the importance of minimising and mitigating all forms of emissions from its operations. To achieve this goal, the Company has established a production management system that guides its field operations towards the prioritisation of preventive measures.

By implementing various environmental-benign techniques, including intercropping and crop rotation, the Company maintains a high standard of field hygiene and uses preventive control of pest infestation. These preventive efforts effectively reduce the demand for pesticide as well as fertiliser, thus minimising pesticide and fertiliser residues and runoff. In addition, farmlands are also surrounded by isolation barriers to contain any runoff that might occur.

The Company also acknowledges the necessity of responsible waste management. Used pesticide containers are securely stored in warehouses to prevent spillage and are collected by pesticide suppliers for proper handling and treatment.

The Company complies with the relevant environmental laws and regulations, and has no violation in the reporting period.

Use of Resources

The Company prioritises the use of environmentally friendly materials throughout its production process. In practice, the principle is to deploy organic fertilisers as the primary approach, supplemented by conventional fertilisers. This practice maximises the effectiveness of the various resources, and promotes a circular economy which is increasingly valued across the globe.

Besides fertiliser, irrigation is a crucial aspect of the Company's operations. The Company uses the public water supply for irrigation and other water uses, and thus has no direct impact on water bodies. The moisture level in the soil is monitored to avoid excessive or over-frequent irrigation.

The Environment and Natural Resources

The Company has established a pesticide management and deployment system. Not only does the system govern the procurement of pesticide to ensure compliance with statutory regulations and requirements, it also ensures that the deployment of pesticide is within appropriate concentration/quantity levels and at the correct intervals.

These efforts ensure that dispersion and runoff of pesticide is kept to a minimum, thus ensuring that the surrounding environment and sensitive receivers are unaffected.

B SOCIAL

Employment

The Company strives to ensure the legitimate rights of employees. Our recruitment and employment mechanism is transparent, and only the qualification, experience and performance of the candidate or employee are considered and evaluated. The Company fully respects candidates and employees of different genders, ages, marital status, religions, disabilities etc.

The Company provides wages, holidays, insurance and other benefits to its employees at a level no lower than statutory requirements.

The Company does its utmost to comply with relevant employment laws and regulations. Whenever a dispute arises between the Company and employees, the Company will settle the case in a fair manner through arbitration and, if necessary, litigation. During the reporting period, there is one ongoing case regarding a dispute between the Company and a former employee concerning the termination of an employment contract. The case is still in litigation process.

Health and Safety

The Company devotes resources to enhance the occupational health and safety level of the Company and strives to protect its employees from potential occupational hazards. The Company gives paramount importance to a safe pesticide deployment work flow. Employees are required to adhere to the Company's work instructions by deploying pesticide in proper concentrations at correct intervals, and by wearing appropriate protective equipment.

The Company complies with the relevant occupational health and safety laws and regulations, and has no violation in the reporting period.

Development and Training

The Company values talents as an important asset and cornerstone of the Company's development. To develop junior staff professionally, the Company arranges for experienced employees to provide them with training and guidance.

The Company also regularly provides training and experience-sharing opportunities to its staff so that all may develop their technical and soft skills.

Labour Standards

The Company strictly prohibits child labour and forced labour and complies fully with the relevant laws and regulations to prevent these inhuman practices. The Company ensures that candidates are of a legal age via rigorous scrutiny during the recruitment process. The Company's wages and working hours comply with statutory requirements to ensure that employees are treated in a lawful and respectful manner.

The Company complies with the relevant laws and regulations on child and forced labour, and has no violation in the reporting period.

Supply Chain Management

The Company has suppliers to supply, primarily, seeds, fertilisers and pesticides. Suppliers of organic fertilisers are favoured by the Company, in line with the principle of deploying organic fertilizers as the primary approach. The Company selects only qualified suppliers of pesticides approved by the authorities to ensure the legitimacy of the pesticides thus procured.

Suppliers are reviewed annually for performance, product quality, environmental record and legitimacy.

Product Responsibility

Qualified as one of the enterprises exporting fresh vegetables to Hong Kong, the Company places the utmost emphasis on its product responsibility and safety. The Company adheres to the requirements of its qualification to ensure that the quality of the soil and irrigation water complies with the statutory standards, and that the farmland's surroundings are free from sources of pollution that may affect food safety. To meet product safety requirements, the Company has also established sophisticated pesticide, stock and product quality management systems, and has the capability to test for pesticide residues.

The deployment of pesticide is accurately recorded to ensure a safety window for pesticide to decay before harvesting. Crops are sampled for pesticide residue testing two to three days before the scheduled harvest, and the crops are harvested only if the residue test is successful.

The Company also maintains a high level of product traceability. Each batch of product is traceable to the level of plot of production site, date of harvest, quality test result etc. to offer confidence to our customers.

The Company is accredited by government authorities, including the Department of Agriculture of Guangdong Province and the Agriculture, Fisheries and Conservation Department of Hong Kong SAR as an Agricultural Export Products Demonstration Base（農產品出口示範基地）and an Accredited Farm（信譽農場）respectively.

In recognition of the Company's dedicated effort and outstanding results in achieving quality products, the Company has been awarded many certificates and awards, including a Certificate of Pollution-Free Agricultural Products*（無公害農產品證書）, a Certificate of Guangdong Province Top Brand Products*（廣東省名牌產品證書）, a Certificate of Famous Trademarks of Guangzhou City*（廣州市著名商標證書）, and a Quality Award*（質量強區獎狀）from the Agricultural Products Quality and Safety Centre at the Ministry of Agriculture of the People's Republic of China*（農業部農產品質量安全中心）, the Guangdong Province Top Brand Products (Vegetables) Promotion Committee*（廣東省名牌產品（農業菜）推進委員會）, the Administration of Industry and Commerce of Guangzhou Municipality*（廣州市工商行政管理局）and the People's Government of Conghua District*（從化區人民政府）respectively.

The Company complies with the relevant product responsibility laws and regulations, and has no violation in the reporting period.

* For identification purpose only

Anti-corruption

The Company has established a code of ethical conduct which has been issued to all employees to stipulate ethical standards and to provide guidance to staff on the handling of conflicts of interest. The code of ethical conduct requires all employees to comply with anti-bribery laws and forbids any employee from accepting any kind of improper payment or loan from external business parties. The code also forbids employees from offering bribes to any person or company.

All employees are encouraged to report violations of the code or any unethical behaviour by any employee.

The Company complies with the relevant anti-corruption laws and regulations, and has no violation in the reporting period.

Community Investment

The Company values a trusting relationship with the community, handling any comments and views from the local community in a proactive, friendly and helpful manner. Employment opportunities brought by the Company's investment are much welcomed by the locals, and the Company is committed to prioritising locals for employment opportunities whenever appropriate.

Looking Ahead

The Company will continue to adopt more environmentally, friendly and socially responsible measures, including an active response to government policy and participation in events and campaigns organised by relevant organisations.

So as to reflect the commitments to the environment and society, the Company also plans to expand disclosure in its *2017 Environment, Social and Governance Report* to include key performance indicators, in accordance with Appendix 27 of the Main Board Listing Rule, *Environmental, Social and Governance Reporting Guide*.

REPORT OF THE DIRECTORS

The directors of China Finance Investment Holdings Limited (the "Company") presents their report and the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is as an investment holding company. The principal activities and other particulars of its subsidiaries as at 31 December 2016 are set out in note 48 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 44 to 125.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 to the holders of both ordinary shares and preference shares of the Company (2015: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the past five financial years is set out on page 126.

BORROWINGS

Details of borrowings during the year are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 49 to the consolidated financial statements and the consolidated statement of changes in equity on page 48, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company did not have any reserves available for distribution, as computed in accordance with the Companies Act 1981 of Bermuda (2015: Nil). The Company's share premium account of HK$744,079,000 (2015: HK$317,874,000) could be distributed in the form of fully paid bonus shares.

EQUITY-LINKED AGREEMENT

Share options granted to directors and other eligible employees

Details of share options granted in current year is set out in the section headed "SHARE OPTIONS on page 33 to 34 and note 37 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 48 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 12.92% and 34.30%, respectively, of the total turnover of the Group for the year.

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 18.19% and 53.52%, respectively, of the total purchases of the Group for the year.

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

BUSINESS REVIEW AND PERFORMANCE

Business Review

The business review and outlook and an analysis of the Group's performance for the Reporting Period is set out in the sections headed "Chairman's Statement" and "Management's Discussion and Analysis" sections respectively on page 3 and pages 4 to 11 of this Annual Report.

Principal Risks and Uncertainties

A nature disaster, catastrophe or other acts of God, which are beyond our control, could materially adversely affect the environment, infrastructure and livelihood of people in the regions where we operate. The Group's agricultural produce business is, by nature, subject to a high degree of exposure to the risks of natural disasters and adverse weather conditions such as droughts, flood, windstorms, frost and pests.

The financial risk factors are set out in note 44 to the consolidated financial statements.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. During the financial year under review and up to the date of this annual report, to the best knowledge of the Company, there was no material non-compliance with the laws and regulations that has a significant impact on the business and operations of the Group.

Key Relationships with Employees, Customers and Suppliers

The Group has always paid great attention to and maintained a good working relationship with its suppliers of raw materials, and has been providing quality professional and customer-oriented services for its regional markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2016, except for the Code A.2.1 and A.1.1 as disclosed in the Corporate Governance Report of the Company.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company during the year.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of environmental policies and performance are set out in the "Environmental, Social and Governance Report" in this annual report.

DIRECTORS

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

Executive Directors

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

Non-Executive Director

Mr. LIN Yuhao *(Chairman) (Note 1)*

Independent Non-Executive Directors

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

Note:

1. Mr. LIN Yuhao was appointed as Chairman and executive Director of the Company on 13 May 2016 and re-designated as non-executive Director on 10 March 2017.

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

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 99 of the Bye-Laws, Ms. TANG Shui Man, Mr. LI Shaohua and Ms. DIAO Hong will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
LIN Yuhao	Interest of controlled corporation	Ordinary share *(Note 1)*	863,017,507	8.98%
	Beneficial owner	Share Option *(Note 3)*	6,880,000	0.07%
YAU Yik Ming Leao	Interest of controlled corporation and beneficial owner	Ordinary share *(Note 2)*	151,500,000	1.58%
	Beneficial owner	Share Option *(Note 3)*	79,713,479	0.83%
TSANG King Sun	Beneficial owner	Share Option *(Note 3)*	102,713,479	1.07%
XU Bin	Beneficial owner	Share Option *(Note 3)*	82,937,848	0.86%

Notes:

1. 863,017,507 shares were held by Sino Richest Investment Holdings Limited which is wholly owned by Mr. Lin Yuhao.

2. 108,500,000 shares were held by Asiacorp International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.

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

Save as disclosed above, as at 31 December 2016, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

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

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding
Sino Richest Investment Holdings Limited *(Note 1)*	Beneficial owner	Ordinary share	863,017,507	8.98%
Lin Yuhao *(Note 1)*	Interest of controlled corporation	Ordinary share	863,017,507	8.98%

Note:

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

Save as disclosed above, the Company had not been notified any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2016.

SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a new share option scheme (the "Scheme") under which the Board may, at its discretion, grant options to eligible participants under the Scheme. On 25 April 2013, listing approval was granted by the Stock Exchange in respect of the Scheme. The Board is able to grant options under the Scheme carrying the right to subscribe for a maximum of 192,551,261 shares. On 13 April 2015, share options to subscribe for a total of 192,551,261 shares were granted to the directors and other eligible participants.

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

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 15 June 2016, the share option mandate limit was refreshed pursuant to which the Company was authorised to grant share options to subscribe for up to a maximum number of 688,159,762 shares.

Movements of the share options, which were granted under the Scheme, during the year ended 31 December 2016 are set out below:

Category of participant	Number of Share Options: Outstanding at 1 January 2016	Granted during the Reporting Period	Exercised during the Reporting Period	Outstanding at 31 December 2016	Date of grant	Share options duration	Exercise Price
Other eligible participants	10,000,000	Nil	10,000,000	Nil	13 April 2015	13 April 2015 to 12 April 2025	HK$0.104
Directors	58,964,806	Nil	Nil	58,964,806	3 July 2015	3 July 2015 to 2 July 2025	HK$0.495
Other eligible participants	458,330,698	Nil	Nil	458,330,698	3 July 2015	3 July 2015 to 2 July 2025	HK$0.495
Other eligible participants	515,000	Nil	Nil	515,000	10 September 2015	10 September 2015 to 9 September 2025	HK$0.349
Directors	Nil	213,280,000	Nil	213,280,000	22 July 2016	22 July 2016 to 21 July 2026	HK$0.198
Other eligible participants	Nil	474,879,762	12,500,000	462,379,762	22 July 2016	22 July 2016 to 21 July 2026	HK$0.198
Total	**527,810,504**	**688,159,762**	**22,500,000**	**1,193,470,266**			

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 37 to the consolidated financial statements.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

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

CORPORATE GOVERNANCE PRACTICE

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

PERMITTED INDEMNITY PROVISIONS

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in note 47 to the financial statements.

AUDITOR

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

The consolidated financial statements of the Group for the years ended 31 December 2015 and 31 December 2016 were audited by Elite Partners whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of Elite Partner as the auditor of the Company will be proposed at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 13 June 2017 to Friday, 16 June 2017, both days inclusive, during the period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2017 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Monday, 12 June 2017.

On behalf of the Board

LIN Yuhao
Chairman
Hong Kong, 30 March 2017

INDEPENDENT AUDITOR'S REPORT

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

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

TO THE MEMBERS OF CHINA FINANCE INVESTMENT HOLDINGS LIMITED
(incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Finance Investment Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 125, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of the agricultural produce segment	
As at 31 December 2016, the Group had property, plant and equipment ("PPE") of approximately HK$62,406,000, as set out in note 16 to the consolidated financial statements. For the purpose of assessing impairment, these assets were allocated to cash generating units for agricultural produce segment ("CGU"), and the recoverable amount of the CGU was determined by management based on value in use calculations using cash flow projections. During the year ended 31 December 2016, the Group recognised an impairment loss of approximately HK$9,774,000 for the PPE for the agricultural produce segment. We had identified the impairment assessment of the agricultural produce segment as a key audit matter because significant management judgement was used to appropriately identify the CGU and to determine the key assumptions, including operating margins, terminal growth rates and discount rates, underlying the value in use calculations.	Our major audit procedures in relation to the impairment assessment on the CGU included the following: • We assessed management's identification of CGU based on the Group's accounting policies and our understanding of the Group; • We assessed the value in use calculations methodology adopted by management; • We compared the prior year cash flow projections with the past performance in the prior year to consider if the projections were overly optimistic; • We assessed the reasonableness of key assumptions (including operating margins, terminal growth rates and discount rates) based on our knowledge of the business and industry; • We checked, on a sample basis, the accuracy and reliance of the input data used; and • We evaluated the competency of the independent external valuer taking into account its experience and qualifications.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of trade and other receivables	
As at 31 December 2016, The Group had trade and other receivables of approximately HK$31,226,000, as set out in note 24 to the consolidated financial statements. As at 31 December 2016, trade and other receivables of approximately HK$3,302,000 had been past due but determined not to be impaired by the management of the Company. The key associated risk was the recoverability of these past due trade and other receivables. We had identified impairment of trade and other receivables as a key audit matter because management's assessment of the recoverability of the receivables was subjective and significant management judgment was required taking into account customer credit risk, historic collection pattern and subsequent settlement.	Our major audit procedures in relation to impairment assessment of impairment of trade and other receivables included the following: • We obtained a list of trade and other receivables outstanding as at 31 December 2016 from the management of the Company. With regards to amounts of these receivables, we had sent confirmations to confirm the balances as at 31 December 2016; • We discussed with management of the Company the impairment policy, basis and assumptions used in estimation of the recoverable amount of the trade and other receivables and in performing their impairment assessment; and • We obtained from the management of the Company the ageing analysis of the trade and other receivables and assessed the recoverability of trade and other receivables and sufficiency of impairment losses with reference to the credit history of the customers and subsequent settlements. We tested the ageing analysis of the trade and other receivables on a sample basis to the source downwards, for instance, sales invoices, contracts and payment slips.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of an associate	
As at 31 December 2016, the Group had interest in an associate of approximately HK$38,000,000 which represented 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited* (the "Associate") as set out in note 20 of the consolidated financial statements. During the year ended 31 December 2016, the Group had recognised an impairment loss of approximately HK$95,805,000 for the interest in an associate. For the purpose of assessing impairment, the recoverable amount of the interests in an associate was determined by management based on value in use calculations. We had identified the impairment assessment of the interests in an associate as a key audit matter because significant management judgement was required to determine whether there was an impairment indicator and to estimate the value in use of the interest in an associate.	Our major audit procedures in relation to impairment assessment of the interest in the Associate included the following: • We obtained and assessed the value in use calculations methodology provided by the management; • We discussed with the management of the Company and assessed the reasonableness of key assumptions adopted by the management to determine the value in use of the interest in the Associate (e.g. operating margins, terminal growth rates and discount rates) based on our knowledge of the business and industry; • We checked, on a sample basis, the accuracy and reliance of the input data used; and • We evaluated the competency of the independent external valuer taking into account its experience and qualifications.

* For identification purpose only

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of loan receivables	
As at 31 December 2016, the Group had loan receivables of approximately HK$252,049,000 from the Group's money lending business of providing property mortgage loans and personal loans in Hong Kong and Mainland China as set out in note 25 to the consolidated financial statements. Except for loan receivables of HK$236,623,000 as at 31 December 2016 which was unsecured, all loan receivables were secured by collaterals provided by customers, bear interest and are repayable within fixed terms agreed with the customers. We had identified the impairment assessment of loan receivables as a key audit matter because the impairment assessment was subjective and significant management judgment was required taking into account customer credit risk and the fair value of collaterals, if any.	Our major audit procedures in relation to impairment assessment of loan receivables included the following: • We had obtained a list of loans and interest receivables outstanding as at 31 December 2016 from the management of the Company. With regards to amounts of these receivables, we had sent confirmations to the borrowers to confirm the balances as at 31 December 2016. We had read the terms of the loan agreements shown on the list provided by the management of the Company to see whether there were any collaterals or guarantee arrangements; • We discussed with the management of the Company the procedures it would take before it grant loans to customers. We had performed tests of controls on a sample basis; • We had also reviewed a number of credit files of borrowers selected on a sample basis. Further, we had discussed with the management of the Company its impairment policy (i.e. when and how impairment was determined) and assessed whether they are reasonable to ensure sufficient impairment losses are being recognised. Specifically, with regards to loans and interest receivable that had past due, we had discussed with the management of the Company a number of factors, including the financial position of the borrower, the fair value of collaterals, if any, as well as subsequent settlement, if any, etc. and challenged the management of the Company the sufficient of impairment loss and appropriateness of recognition of interest income based on the specific facts and circumstances; and • We also compared the recoverable amounts of the loan and interest receivables estimated by the management of the Company with the carrying amount recognised in the Group's consolidated statement of financial position.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of goodwill	
As at 31 December 2016, the Group had goodwill of approximately HK$68,317,000 which relating to the acquisition of Shengzhen Taihengfeng Technology Co. Ltd* ("CGU") as set out in note 18 to the consolidated financial statements. During the year ended 31 December 2016, the Group recognised impairment losses of goodwill of approximately HK$12,595,000. For the purpose of impairment assessment, the Group appointed an independent valuer to assess the recoverable amount of CGU. We had identified impairment assessment of goodwill as a key audit matter because significant management judgement was required to determine the key assumptions including estimated future income, operating margins and discount rate, etc. and the amounts involved were significant.	Our major audit procedures in relation to the impairment assessment of goodwill included the following: • We obtained cash flow forecasts related to the CGU prepared by management and approved by the directors of the Company; • We discussed with management of the Company and independent valuer engaged by the Company the methodology, bases and assumptions used in arriving at the forecasts (e.g. estimated sales growth rate and discount rate etc.) to see whether the methodology and assumptions used were reasonable; • We checked, on a sample basis, the accuracy and reliance of the input data used; and • We evaluated the competency of the independent external valuer taking into account its experience and qualifications.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

* *For identification purpose only*

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Wai Nam, William with Practising Certificate number P05957.

Elite Partners CPA Limited
Certified Public Accountants

10/F., 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong
30 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	4	**93,292**	101,241
Cost of sales and services rendered		**(66,945)**	(97,829)
Gross profit		**26,347**	3,412
Other income and gains	6	**6,754**	234,829
Loss arising from change in fair value less costs to sell of biological assets		**(215)**	(271)
Selling and distribution expenses		**(18,731)**	(32,168)
Administrative expenses		**(124,582)**	(188,638)
Other operating expenses	7	**(407,615)**	(57,086)
Share of profit of an associate		**7,534**	784
Finance costs	8	**(9,071)**	(8,293)
Loss before taxation	9	**(519,579)**	(47,431)
Income tax expense	12	**(1,104)**	(96)
Loss for the year from continuing operations		**(520,683)**	(47,527)
Discontinued operations			
Profit for the year from discontinued operations, net of tax		**–**	5,130
Loss for the year		**(520,683)**	(42,397)
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**2,038**	3,290
– Exchange reserve realised on disposal of subsidiaries		**–**	(1,250)
		2,038	2,040
Total comprehensive income for the year		**(518,645)**	(40,357)

	Notes	2016 HK$'000	2015 HK$'000
(Loss)/Profit attributable to equity shareholders of the Company:			
– from continuing operations		**(520,683)**	(47,527)
– from discontinued operations		**–**	5,130
		(520,683)	(42,397)
Total comprehensive income attributable to equity shareholders of the Company			
– from continuing operations		**(518,645)**	(44,237)
– from discontinued operations		**–**	3,880
		(518,645)	(40,357)
Loss per share			
Basic (HK cents)	15		
– Continuing operations		**(7.64)**	(0.93)
– Discontinued operations		**–**	0.10
		(7.64)	(0.83)
Diluted (HK cents)	15		
– Continuing operations		**(7.64)**	(0.93)
– Discontinued operations		**–**	0.10
		(7.64)	(0.83)

The notes on pages 51 to 125 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	16	**62,406**	82,496
Construction in progress	17	**–**	–
Goodwill	18	**68,317**	–
Intangible asset	19	**500**	–
Interest in an associate	20	**38,000**	110,841
Other non-current assets	21	**205**	–
		169,428	193,337
Current assets			
Inventories	22	**493**	1,073
Biological assets	23	**51**	1,174
Trade and other receivables	24	**31,226**	56,687
Loan receivables	25	**252,049**	9,056
Interest receivables	26	**4,919**	64
Other financial asset	27	**–**	215,489
Cash held on behalf of brokerage clients	28	**3,903**	–
Cash and cash equivalents	29	**18,073**	44,074
		310,714	327,617
Current liabilities			
Trade and other payables	30	**52,787**	44,005
Interest-bearing bank and other borrowings	31	**38,447**	49,235
Obligations under a finance lease	32	**210**	200
Tax payables		**1,172**	76
		92,616	93,516
Net current assets		**218,098**	234,101
Total assets less current liabilities		**387,526**	427,438

	Notes	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	*33*	**96,120**	57,449
Reserves	*34*	**259,987**	281,493
Total equity		**356,107**	338,942
Non-current liabilities			
Convertible bonds	*35*	**–**	–
Promissory notes	*36*	**21,731**	76,251
Government grants	*30*	**9,136**	11,483
Obligations under a finance lease	*31*	**552**	762
		31,419	88,496
		387,526	427,438

Approved and authorised for issue by the board of directors on 30 March 2017.

LIN Yuhao
Chairman

YAU Yik Ming Leao
Deputy Chairman

The notes on pages 51 to 125 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to equity shareholders							
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Exchange fluctuation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2015	37,950	104,756	59,500	9,934	4,030	–	(196,087)	20,083
Loss for the year	–	–	–	–	–	–	(42,397)	(42,397)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	2,040	–	–	2,040
Exchange reserve realised on disposal of subsidiaries	–	–	–	–	1,250	–	(1,250)	–
Total comprehensive income for the year	–	–	–	–	3,290	–	(43,647)	(40,357)
Appropriation to statutory reserve	–	–	39	–	–	–	(39)	–
Equity-settled share-based payment transaction	–	–	–	–	–	147,245	–	147,245
Issue of ordinary shares under placement	6,735	92,923	–	–	–	–	–	99,658
Issue of ordinary shares under subscription	8,630	63,171	–	–	–	–	–	71,801
Issue of ordinary shares under share option scheme	1,826	27,871	–	–	–	(10,712)	–	18,985
Conversion of convertible bonds to ordinary shares	2,308	29,153	–	(9,934)	–	–	–	21,527
Disposal of subsidiaries	–	–	(200)	–	–	–	200	–
At 31 December 2015	57,449	317,874	59,339	–	7,320	136,533	(239,573)	338,942
At 1 January 2016	**57,449**	**317,874**	**59,339**	**–**	**7,320**	**136,533**	**(239,573)**	**338,942**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(520,683)**	**(520,683)**
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**2,038**	**–**	**–**	**2,038**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**2,038**	**–**	**(520,683)**	**(518,645)**
Appropriation to statutory reserve	**–**	**–**	**329**	**–**	**–**	**–**	**(329)**	**–**
Equity-settled share-based payment transaction	**–**	**–**	**–**	**–**	**–**	**72,733**	**–**	**72,733**
Issue of convertible bonds	**–**	**–**	**–**	**330,000**	**–**	**–**	**–**	**330,000**
Issue of ordinary shares for settlement of promissory notes	**7,197**	**81,275**	**–**	**–**	**–**	**–**	**–**	**88,472**
Issue of ordinary shares under subscription	**4,200**	**36,890**	**–**	**–**	**–**	**–**	**–**	**41,090**
Issue of ordinary shares under share option scheme	**225**	**5,089**	**–**	**–**	**–**	**(1,799)**	**–**	**3,515**
Conversion of convertible bonds to ordinary shares	**27,049**	**302,951**	**–**	**(330,000)**	**–**	**–**	**–**	**–**
At 31 December 2016	**96,120**	**744,079**	**59,668**	**–**	**9,358**	**207,467**	**(760,585)**	**356,107**

The notes on pages 51 to 125 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Cash flows from operating activities		
Loss before taxation from		
– Continuing operations	**(519,579)**	(47,431)
– Discontinued operations	**–**	5,130
	(519,579)	(42,301)
Adjustments for:		
Amortisations for government grants	**(2,133)**	(5,156)
Bad debts written-off	**–**	18
Depreciation	**12,417**	13,706
Equity-settled share-based payment expenses	**72,733**	147,245
Finance costs	**9,071**	8,378
Gain on changes in fair value on other financial asset	**–**	(215,489)
Gain on disposal of subsidiaries	**–**	(11,168)
Government grants	**(1,672)**	(1,724)
Impairment of deposits and prepayments	**28,250**	–
Impairment of goodwill	**12,595**	–
Impairment of interest in an associate	**95,805**	–
Impairment of other receivables	**–**	216
Impairment of property, plant and equipment	**9,774**	45,821
Impairment of trade receivables	**–**	407
Interest income	**(838)**	(13)
Interest receivables written off	**40**	–
Loan receivables written off	**491**	–
Loss/(Gain) on disposal of items of property, plant and equipment	**15**	(410)
Loss arising from change in fair value less costs to sell of biological assets	**215**	959
Loss on changes in fair value on profit guarantee	**–**	790
Loss on early redemption of promissory notes	**36,178**	–
Loss on expiration of other financial asset	**215,489**	–
Reversal of impairment of trade receivables	**(31)**	(133)
Share of profit of an associate	**(7,534)**	(784)
Written down of inventories	**290**	1,114
Operating cash flows before change in working capital	**(38,424)**	(58,524)
Decrease in inventories	**217**	1,792
Decrease in biological assets	**834**	2,360
Increase in trade and other receivables	**(2,758)**	(54,046)
Increase in loan receivables	**(243,484)**	(9,056)
Increase in interest receivables	**(4,895)**	(64)
Increase in cash held on behalf of brokerage clients	**(3,903)**	–
Increase in trade and other payables	**9,215**	15,669
Cash used in operations	**(283,198)**	(101,869)
Income tax paid	**–**	(20)
Income tax refunded	**–**	76
Interest paid	**(1)**	–
Interest received	**838**	13
Net cash used in operating activities	**(282,361)**	(101,800)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Cash flows from investing activities		
Acquisition of an associate	–	(37,254)
Payments for construction in progress	**(67)**	(3,612)
Capital injection in an associate	**(17,774)**	–
Payments for intangible assets	**(500)**	–
Payments for other non-current assets	**(205)**	–
Proceeds from disposal of items of property, plant and equipment	**18**	1,342
Proceeds from disposal of subsidiaries	–	5,651
Purchase of items of property, plant and equipment	**(5,233)**	(9,643)
Receipt of government grants	**1,672**	1,724
Net cash used in investing activities	**(22,089)**	(41,792)
Cash flows from financing activities		
Capital element of finance lease payments made	**(200)**	(613)
Expenses on issue of shares	**(120)**	(1,454)
Interest element of a finance lease	**(42)**	(13)
Interest on bank and other borrowings	**(4,007)**	(5,022)
Payments for early settlement of promissory notes	**(88,109)**	–
Proceeds from issue of convertible bonds	**330,000**	–
Proceeds from issue of shares	**41,160**	172,913
Proceeds from new bank and other borrowings	**44,586**	72,699
Proceeds from shares issued on exercise of share options	**3,515**	18,985
Repayment of bank and other borrowings	**(53,062)**	(83,576)
Net cash generated from financial activities	**273,721**	173,919
Net (decrease)/increase in cash and cash equivalents	**(30,729)**	30,327
Cash and cash equivalents at beginning of the year	**44,074**	10,098
Net effect of foreign exchange rate changes	**4,728**	3,649
Cash and cash equivalents at end of the year	**18,073**	44,074
Analysis of cash and cash equivalents		
Cash and bank balances	**18,073**	44,074

The notes on pages 51 to 125 form part of these consolidated financial statements.

1. GENERAL INFORMATION

China Finance Investment Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, PO Box 1624, Hamilton, HM EX, Bermuda and its principal place of business is Suite 1510, 15/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company and its subsidiaries (together the "Group") are engaged in assets and investment holding, growing, processing and trading of agricultural produce, money lending and securities brokerage businesses respectively.

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

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

2.1 BASIS OF PREPARATION

Statement of compliance

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

Basis of preparation

The consolidated financial statements for the year ended 31 December 2016 comprise the Group and the Group's interest in an associate. The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss that are measured at fair values at the end of each reporting period.

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

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

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of preparation (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Application of new and revised HKFRSs

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

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

New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments[2]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

2.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

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

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

The Group is still in the process of assessing the impact of HKFRS 9. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 15 Revenue from Contracts with Customers and the clarifications to HKFRS 15

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

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

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

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group is still in the process of assessing the impact of HKFRS 15. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

2.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 16 Leases (Continued)

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

The Group is still in the process of assessing the impact of HKFRS 16. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

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

Goodwill

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

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

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

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

Investments in associates

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

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

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

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

Intangible assets

Intangible assets that are acquired by the group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives.

Disposal group and discontinued operations

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disposal group and discontinued operations (Continued)

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

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

Property, plant and equipment

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may impaired.

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

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

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

Inventories

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

Biological assets

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

Finanical assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other income and gains" Fair value is determined in the manner described in note 44(b).

Loans and receivables

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

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

Financial liabilities and equity instruments

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Equity instruments

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

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

Convertibles notes

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

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

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

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

Financial liabilities at amortised cost

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

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

Interest expense is recognised on an effective interest basis.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land for own use

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

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

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Preference share capital

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

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

Revenue recognition

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

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

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

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

(iv) commission and brokerage income are recognised when the services are provided.

Foreign currencies

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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

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

Taxation

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Retirement benefit obligation

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are 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 subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payment transactions

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

(ii) has significant influence over the group; or

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

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

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

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

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

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

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

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

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2.3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

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

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

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

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. Such assessment was based on certain assumptions, which are subject to uncertainty and might differ materially from the actual results. In exercising judgement, the Group considers information such as the amounts of the replacement cost of the property, plant and equipment and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at the end of each reporting period. As at 31 December 2016, the carrying amount of property, plant and equipment is approximately HK$62,406,000 (2015: HK$82,496,000). An impairment loss of approximately HK$9,774,000 was recognised in respect of property, plant and equipment for the year ended 31 December 2016 (2015: approximately HK$45,821,000).

(c) Estimation of impairment of receivables

The policy for recognising impairment on receivables of the Group is based on the evaluation of collectability, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each counterparty. If the financial conditions of counterparties of the Group were to deteriorate, an impairment may be required. As at 31 December 2016, the carrying amount of trade and other receivables, loan receivables and interest receivables, other than deposits and prepayments is approximately HK$279,535,000 (2015: HK$22,447,000).

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

Key sources of estimation uncertainty (Continued)

(d) Valuation of biological assets

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

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

(e) Estimation of impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period was approximately HK$68,317,000 (2015: HK$Nil) and impairment loss of approximately HK$12,595,000 was recognised during the year ended 31 December 2016 (2015: HK$Nil).

(f) Estimation of impairment of interest in an associate

The Group completed its impairment test for interest in an associate by comparing the recoverable amount of interest in an associate to its carrying amount as at 31 December 2016.

The Group has engaged an independent valuer to carry out a valuation of the interest in an associate as at 31 December 2016 based on the value in use calculation. Management has considered the assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interest in an associate and other key assumptions, which are based on the directors' best estimates. The valuation is sensitive to those parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the net assets and results of the Group.

The carrying amount of interest in an associate at the end of the reporting period was approximately HK$38,000,000 (2015: HK$110,841,000) and impairment loss of approximately HK$95,805,000 was recognised during the year ended 31 December 2016 (2015: HK$Nil).

Critical accounting judgements in applying the Group's accounting

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

Income taxes and deferred taxation

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

4. REVENUE

An analysis of revenue is as follows:

	2016 **HK$'000**	2015 HK$'000
Continuing operations		
Revenue from sale of agricultural produce	**80,206**	101,085
Revenue from money lending	**12,366**	156
Revenue from securities broking	**720**	–
	93,292	101,241

5. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 3 reportable segments. No operating segments have been aggregated to form the following reportable segments.

Agricultural produce:	Cultivating and trading of agricultural produce
Money lending:	Loan financing
Securities broking:	Brokerage services in securities traded in Hong Kong

5. SEGMENT INFORMATION (CONTINUED)

(i) Information about profit or loss

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segments performance for the year is set as below.

			2016		
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Revenue					
Reportable segment revenue	80,206	12,366	720	–	93,292
Elimination of inter-segment revenue	–	–	–	–	–
Consolidated revenue	80,206	12,366	720	–	93,292
Loss					
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(8,791)	6,038	(7,394)	–	(10,147)
Depreciation	(7,827)	(29)	(1,025)	(3,536)	(12,417)
Finance costs	(4,772)	(96)	–	(4,203)	(9,071)
Government grants	3,805	–	–	–	3,805
Impairment of deposits and prepayments	–	–	–	(28,250)	(28,250)
Impairment of goodwill	–	(12,594)	–	–	(12,594)
Impairment of interest in an associate	–	–	–	(95,805)	(95,805)
Impairment of property, plant and equipment	(9,774)	–	–	–	(9,774)
Interest income	10	10	–	818	838
Loss on early redemption of promissory notes	–	–	–	(36,178)	(36,178)
Loss on expiration of other financial asset	–	–	–	(215,489)	(215,489)
Share-based payment transactions	–	(7,909)	(4,725)	(60,099)	(72,733)
Share of profit of an associate	–	–	–	7,534	7,534
Written down of inventories	(290)	–	–	–	(290)
Unallocated head office and corporate expenses	–	–	–	(29,008)	(29,008)
Consolidated loss before taxation	(27,639)	(14,580)	(13,144)	(464,216)	(519,579)

5. SEGMENT INFORMATION (CONTINUED)

(i) Information about profit or loss (Continued)

	2015						
	Continued operations					Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Subtotal HK$'000	Agricultural produce HK$'000	Total HK$'000
Revenue							
Reportable segment revenue	114,484	156	–	–	114,640	52,036	166,676
Elimination of inter-segment revenue	(13,399)	–	–	–	(13,399)	–	(13,399)
Consolidated revenue	101,085	156	–	–	101,241	52,036	153,277
Loss							
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(27,724)	(128)	(1,153)	–	(29,005)	3,673	(25,332)
Depreciation	(11,372)	–	–	(1,562)	(12,934)	(772)	(13,706)
Finance costs	(4,330)	–	(4)	(3,959)	(8,293)	(85)	(8,378)
Gain on changes in fair value on other financial asset	–	–	–	215,489	215,489	–	215,489
Gain on disposal of subsidiaries	8,704	–	–	464	9,168	2,000	11,168
Government grants	6,566	–	–	–	6,566	314	6,880
Impairment of other receivables	(216)	–	–	–	(216)	–	(216)
Impairment of property, plant and equipment	(45,821)	–	–	–	(45,821)	–	(45,821)
Impairment of trade receivables	(407)	–	–	–	(407)	–	(407)
Interest income	12	–	–	508	520	–	520
Loss in changes in fair value on profit guarantee	–	–	–	(790)	(790)	–	(790)
Share-based payment transactions	–	–	–	(147,245)	(147,245)	–	(147,245)
Share of profit of an associate	–	–	–	784	784	–	784
Written down of inventories	(1,114)	–	–	–	(1,114)	–	(1,114)
Unallocated head office and corporate income	–	–	–	293	293	–	293
Unallocated head office and corporate expenses	–	–	–	(34,426)	(34,426)	–	(34,426)
Consolidated (loss)/profit before taxation	(75,702)	(128)	(1,157)	29,556	(47,431)	5,130	(42,301)

The measure used for reporting segment profit/(loss) is "adjusted EBITDA/(LBITDA)" i.e. "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation, impairment losses of property, plant and equipment, other financial asset, inventories and loss on early redemption of promissory notes", where "interest" is regarded as not including interest income from money lending business and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA/(LBITDA), the Group's loss are further adjusted for items not specifically attributed to individual segments, such as share of profit of an associate, directors' and auditor's remuneration and other head office or corporate administration costs.

5. SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities

	2016				
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Assets					
Reportable segment assets	62,108	265,778	23,407	–	351,293
Goodwill	–	68,317	–	–	68,317
Interest in an associate	–	–	–	38,000	38,000
Unallocated head office and corporate assets	–	–	–	22,532	22,532
Consolidated total assets	62,108	334,095	23,407	60,532	480,142
Liabilities					
Reportable segment liabilities	79,641	10,692	7,763	–	98,096
Promissory notes	–	–	–	21,731	21,731
Unallocated head office and corporate liabilities	–	–	–	4,208	4,208
Consolidated total liabilities	79,641	10,692	7,763	25,939	124,035
Other segment information					
Captial expenditure*	775	150	3,882	926	5,733
Income tax expense	–	1,104	–	–	1,104

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

5. SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities (Continued)

			2015		
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Assets					
Reportable segment assets	96,902	20,065	9,358	–	126,325
Other financial asset	–	–	–	215,489	215,489
Interest in an associate	–	–	–	110,841	110,841
Unallocated head office and corporate assets	–	–	–	68,299	68,299
Consolidated total assets	96,902	20,065	9,358	394,629	520,954
Liabilities					
Reportable segment liabilities	101,778	173	492	–	102,443
Promissory notes	–	–	–	76,251	76,251
Unallocated head office and corporate liabilities	–	–	–	3,318	3,318
Consolidated total liabilities	101,778	173	492	79,569	182,012
Other segment information					
Captial expenditure*	678	–	–	9,943	10,621
Income tax expense	96	–	–	–	96

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

5. SEGMENT INFORMATION (CONTINUED)

(iii) Geographical information

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

	2016 HK$'000	2015 HK$'000
Continuing operations		
Revenue		
– Hong Kong	**17,926**	27,619
– Mainland China	**75,366**	73,622
	93,292	101,241

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

	2016 HK$'000	2015 HK$'000
Continuing operations		
Hong Kong	**9,031**	8,460
Mainland China	**160,397**	184,877
	169,428	193,337

(iv) Information about major customers

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

	2016 HK$'000	2015 HK$'000
Continuing operations		
Customer A – Agricultural produce	**N/A (Note)**	10,981
Customer B – Agricultural produce	**10,360**	N/A (Note)

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2016 HK$'000	2015 HK$'000
Continuing operations		
Amortisation of government grants	**2,133**	4,842
Bank interest income	**21**	13
Other interest income	**817**	–
Gain on changes in fair value of other financial asset	**–**	215,489
Gain on disposal of items of property, plant and equipment	**–**	410
Gain on disposal of subsidiaries	**–**	9,168
Government grants	**1,672**	1,724
Rental income	**1,387**	1,565
Reversal of impairment of trade receivables	**31**	133
Sundry income	**693**	1,485
	6,754	234,829

7. OTHER OPERATING EXPENSES

An analysis of other operating expenses is as follows:

	2016 HK$'000	2015 HK$'000
Continuing operations		
Bad debts written-off	**–**	18
Expenses incurred for fallow farmland	**283**	5,103
Foreign exchange differences, net	**8,933**	3,304
Impairment of deposits and prepayments	**28,250**	–
Impairment of goodwill	**12,595**	–
Impairment of interest in an associate	**95,805**	–
Impairment of other receivables	**–**	216
Impairment of property, plant and equipment	**9,774**	45,821
Impairment of trade receivables	**–**	407
Loss on changes in fair value of profit guarantee	**–**	790
Loss on disposal of items of property, plant and equipment	**15**	–
Loss on early redemption of promissory notes	**36,178**	–
Loss on expiration of other financial asset	**215,489**	–
Others	**3**	313
Written down of inventories	**290**	1,114
	407,615	57,086

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 HK$'000	2015 HK$'000
Continuing operations		
Imputed interest expenses on convertible bonds	–	842
Imputed interest expenses on promissory notes	5,021	2,652
Interest on bank loans wholly repayable within five years	3,912	4,330
Interest on finance lease	42	4
Interest on other loans	95	465
Others	1	–
	9,071	8,293

9. LOSS BEFORE TAXATION

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

	2016 HK$'000	2015 HK$'000
Continuing operations		
Staff costs (excluding directors' remunerations)		
Salaries and allowances	30,281	41,787
Retirement benefit costs	979	845
Equity-settled share-based payment	48,599	28,896
Total staff costs (excluding directors' remunerations)	79,859	71,528
Auditor's remuneration	700	550
Cost of inventories recognised as an expense	63,239	97,033
Depreciation:		
– on owned assets	12,051	12,873
– on leased assets	366	61
Interest receivables written off	40	–
Loan receivables written off	491	–
Loss arising from change in fair value less costs to sell of biological assets	215	271
Minimum lease payments under operating leases	11,886	17,561
Reversal of impairment of trade receivables	(31)	(133)

9. LOSS BEFORE TAXATION (CONTINUED)

	2016 **HK$'000**	2015 HK$'000
Equity-settled share-based payment		
Directors	**24,134**	23,907
Employees other than Directors	**48,599**	28,896
Consultants	**–**	94,442
Total equity-settled share-based payment	**72,733**	147,245

10. DIRECTORS' EMOLUMENTS

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

For the year ended 31 December 2016

	Directors' fee HK$'000	**Salaries, allowances and benefits HK$'000**	**Contributions to retirement scheme HK$'000**	**Equity-settled share-based payment HK$'000**	**Total HK$'000**
Executive directors					
Mr. LIN Yuhao *(Note 1)*	**–**	**1,317**	**12**	**779**	**2,108**
Mr. YAU Yik Ming, Leao	**–**	**3,510**	**18**	**7,785**	**11,313**
Mr. TSANG King Sun	**–**	**2,360**	**18**	**7,785**	**10,163**
Mr. XU Bin	**–**	**1,150**	**18**	**7,785**	**8,953**
Independent non-executive directors					
Ms. TANG Shui Man	**216**	**–**	**–**	**–**	**216**
Mr. LI Shaohua	**207**	**–**	**–**	**–**	**207**
Ms. DIAO Hong	**207**	**–**	**–**	**–**	**207**
	630	**8,337**	**66**	**24,134**	**33,167**

10. DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2015

	Directors' fee HK$'000	Salaries, allowances and benefits HK$'000	Contributions to retirement scheme HK$'000	Equity-settled share-based payment HK$'000	Total HK$'000
Executive directors					
Mr. YANG Jianzun *(Note 2)*	–	297	6	–	303
Mr. TSANG King Sun	–	1,427	18	11,317	12,762
Mr. YAU Yik Ming, Leao *(Note 3)*	–	2,038	18	5,916	7,972
Mr. YUEN Wai Chung *(Note 4)*	–	80	1	–	81
Mr. XU Bin *(Note 5)*	–	495	13	6,674	7,182
Independent non-executive directors					
Mr. WU Wai Chung, Michael *(Note 6)*	5	–	–	–	5
Mr. CHAN Loong Sang, Tommy *(Note 7)*	52	–	–	–	52
Ms. TANG Shui Man	180	–	–	–	180
Mr. LI Shaohua *(Note 8)*	180	–	–	–	180
Ms. DIAO Hong *(Note 9)*	180	–	–	–	180
	597	4,337	56	23,907	28,897

Notes:

1) Appointed as Chairman and Executive Director of the Company on 13 May 2016 and re-designated as Non-Executive Director on 10 March 2017.

2) Resigned on 10 April 2015.

3) Appointed as Chief Executive Officer of the Company on 2 January 2015.

4) Resigned as an Executive Director and Chief Executive Officer of the Group on 2 January 2015.

5) Appointed as Executive Director on 10 April 2015.

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

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

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

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

Salaries, allowance and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

11. FIVE HIGHEST-PAID EMPLOYEES

The five individuals with the highest emoluments in the Group, three (2015: three) are Directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the remaining two (2015: two) individuals are as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other emoluments	**1,322**	1,094
Equity-settled share-based payments	**13,896**	15,029
Retirement scheme contributions	**43**	32
	15,261	16,155

The emoluments of the two (2015: two) individuals with highest emoluments are within the following band:

	2016 Number of individuals	2015 Number of individuals
HK$5,500,001 – HK$6,000,000	**–**	1
HK$7,000,001 – HK$7,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**1**	–
HK$10,000,001 – HK$10,500,000	**–**	1

During both years ended 31 December 2016 and 2015, no emoluments were paid by Group to the five highest paid individual, including directors, as an inducement to join or upon joining the Group as compensation for loss of office.

12. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdictions of the Bermuda and the BVI during the years.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

PRC enterprise income tax is provided at the rates applicable to the subsidiaries in the PRC of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

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

	2016 HK$'000	2015 HK$'000
Current tax		
– Hong Kong	**–**	76
– PRC	**1,104**	20
	1,104	96

12. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS) (CONTINUED)

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

	2016 HK$'000	2015 HK$'000
Loss before taxation (from continuing operations)	**(519,579)**	(47,431)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(7,569)**	(6,347)
Tax effect of non-deductible expenses	**276**	14,628
Tax effect of non-taxable income	**(1,425)**	(8,214)
Net tax effect of unused tax losses	**9,862**	29
Net tax effect of temporary difference not recognised	**(40)**	–
Income tax expense for the year	**1,104**	96

At the end of the reporting period, the Group has unused tax losses of approximately HK$59,947,000 (2015: HK$176,000). No deferred tax asset in respect of tax losses have been recognised as at 31 December 2016 and 2015, as management consider it is unlikely that future taxable profits against which the losses can be utilised will be available in the foreseeable future with certainty in the relevant tax jurisdiction and entity.

13. DISCONTINUED OPERATIONS

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

13. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of profit for the year 31 December 2015 from discontinued operations

The combined results of the discontinued operations included in the loss for the year 31 December 2015 are set out below.

	2015 HK$'000
Revenue	52,036
Cost of sales	(30,060)
Gross profit	21,976
Other income and gains	1,265
Loss arising from change in fair value less costs to sell of biological assets	(688)
Selling and distribution expenses	(10,818)
Administrative expenses	(7,782)
Other operating expenses	(738)
Finance costs	(85)
Profit before taxation	3,130
Income tax expense	–
Profit after taxation	3,130
Gain on disposal of Trade Leader *(Note 39)*	2,000
Profit for the year from discontinued operations attributable to equity holders of the Company	5,130

Analysis of expenses of discontinued operation is as follows:

	2015 HK$'000
Depreciation of property, plant and equipment	772

13. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from discontinued operations

	2015 HK$'000
Net cash outflows from operating activities	(451)
Net cash outflows from investing activities	(1,235)
Net cash outflows	(1,686)

14. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: HK$Nil).

15. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$520,683,000 (2015: HK$42,397,000) and the weighted average number of 6,816,850,000 (2015: 5,097,338,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2016 and 2015 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From continuing operations

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$520,683,000 (2015: loss of HK$47,527,000) and the weighted average number of 6,816,850,000 (2015: 5,097,338,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2016 and 2015 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From discontinued operations

The calculation of basic earning per share is based on the Group's profit attributable to the equity holders of the Company of HK$Nil (2015: profit of HK$5,130,000) and the weighted average number of 6,816,850,000 (2015: 5,097,338,000) ordinary shares in issue during the year.

The computation of diluted earning per share for the year ended 31 December 2016 and 2015 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a change in earning per share. Therefore, the basic and diluted earning per share are the same.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold land and buildings	Leasehold improvements	Office equipment	Motor vehicles	Plant, machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 January 2015	31,422	11,010	3,955	3,529	4,505	211,405	1,045	266,871
Additions	–	–	1,206	395	8,181	432	407	10,621
Transferred from construction in progress	4,276	–	520	–	–	1,514	–	6,310
Disposal								
– through disposal of Trade Leader and Trade Rise	–	–	–	(598)	(1,594)	(11,558)	(209)	(13,959)
– through disposal of Sanjiang	(736)	–	–	(36)	(18)	(20,310)	(51)	(21,151)
– others	(10,458)	–	(1,079)	(965)	(129)	(18,328)	(193)	(31,152)
Exchange realignment	(1,513)	(634)	(189)	(133)	(179)	(10,293)	(46)	(12,987)
At 31 December 2015	22,991	10,376	4,413	2,192	10,766	152,862	953	204,553
Additions	–	–	1,919	2,229	40	615	430	5,233
Transferred from construction in progress	–	–	–	–	–	139	–	139
Disposal	–	–	–	(15)	(38)	–	–	(53)
Exchange realignment	(1,268)	(572)	(178)	(114)	(149)	(8,471)	(36)	(10,788)
At 31 December 2016	21,723	9,804	6,154	4,292	10,619	145,145	1,347	199,084

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Leasehold land and buildings	Leasehold improvements	Office equipment	Motor vehicles	Plant, machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accumulated depreciation and impairment								
At 1 January 2015	16,166	3,057	1,529	2,606	2,747	100,411	732	127,248
Charge for the year	1,107	482	594	472	1,645	9,234	172	13,706
Impairment	6,240	–	–	21	52	39,475	33	45,821
Written back on disposal								
– though disposal of Trade Leader and Trade Rise	–	–	–	(523)	(931)	(4,327)	(129)	(5,910)
– through disposal of Sanjiang	(736)	–	–	(36)	(18)	(20,310)	(51)	(21,151)
– others	(9,821)	–	(1,079)	(864)	(129)	(18,146)	(181)	(30,220)
Exchange realignment	(791)	(197)	(42)	(102)	(145)	(6,126)	(34)	(7,437)
At 31 December 2015	12,165	3,342	1,002	1,574	3,221	100,211	542	122,057
Charge for the year	911	459	1,153	874	3,045	5,591	317	12,350
Impairment	2,779	–	–	12	15	6,967	1	9,774
Disposal	–	–	–	(15)	(5)	–	–	(20)
Exchange realignment	(859)	(207)	(48)	(93)	(140)	(6,104)	(32)	(7,483)
At 31 December 2016	14,996	3,594	2,107	2,352	6,136	106,665	828	136,678
Carrying amount								
At 31 December 2016	6,727	6,210	4,047	1,940	4,483	38,480	519	62,406
At 31 December 2015	10,826	7,034	3,411	618	7,545	52,651	411	82,496

Impairment losses recognised in the current year

During the year, the Group assessed the recoverable amounts of those property, plant and equipment of the agricultural produce segment and an impairment loss of approximately, HK$9,774,000 (2015: HK$45,821,000) was recognised in other operating expenses. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 14.1% (2015: 13.75%) per annum. The growth rate used to extrapolate the cash flows of the group of cash-generating units beyond the five-year period is 3% (2015:3%) per annum which based on past performance and its expectations in relation to market development. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance. Senior management believed that any reasonably possible change in any of these assumption would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

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

Leasehold land and buildings with carrying amount of approximately HK$6,210,000 (2015: HK$7,034,000) are held in the PRC on medium lease and have been pledged to secure banking facilities granted to the Group (Note 31).

Note b: The carrying amount of motor vehicles held under a finance lease at 31 December 2016 was approximately HK$672,000 (2015: HK$1,038,000).

17. CONSTRUCTION IN PROGRESS

	HK$'000
At 1 January 2015	2,736
Additions	3,612
Transferred to property, plant and equipment	(6,310)
Exchange realignment	(38)
At 31 December 2015	–
Additions	139
Transferred to property, plant and equipment	(139)
At 31 December 2016	–

18. GOODWILL

	HK$'000
Cost	
At 1 January 2015	31,678
Disposal through disposal of subsidiaries	(29,580)
At 31 December 2015	2,098
Addition through acquisition of subsidiaries	80,912
At 31 December 2016	83,010
Impairment	
At 1 January 2015	31,678
Reversal through disposal of subsidiaries	(29,580)
At 31 December 2015	2,098
Impairment during the year	12,595
31 December 2016	14,693
Carrying amount	
At 31 December 2016	68,317
At 31 December 2015	–

During the year ended 31 December 2015, goodwill amounting to HK$29,580,000 was reversed as a result of disposal of Trade Rise. The corresponding impairment losses had also been reversed.

18. GOODWILL (CONTINUED)

For the purpose of impairment testing, goodwill has been allocated to two individual cash generating units ("CGU"). The carrying amounts of goodwill (net of accumulated impairment losses) as at year end allocated to these units are as follows:

	2016 HK$'000	2015 HK$'000
Modern Excellence Limited ("Modern Excellence")	–	–
Shengzhen Taihenfeng Technology Co. Limited* ("Taihenfeng")	68,317	–
	68,317	–

Modern Excellence

Impairment on goodwill in related to the acquisition of a subsidiary, Modern Excellence, amounted to HK$2,098,000 was fully provided in the financial statements for the year ended 31 December 2013.

Taihenfeng

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to cash flow projections is 12% per annum. The growth rate used to extrapolate the cash flows of the group of cash-generating units beyond the five-year period is 3% per annum which based on past performance and its expectations in relation to market development. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance. Management believed that any reasonably possible change in any of these assumption would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

During the year ended 31 December 2016, the Group recognised an impairment loss of approximately HK$12,595,000 (2015: HK$Nil).

* For identification purpose only

19. INTANGIBLE ASSET

	2016 **HK$'000**	2015 HK$'000
Trading right	**500**	–

The trading right as at 31 December 2016 represents the trading right on The Stock Exchange of Hong Kong Limited.

Impairment testing on trading right with indefinite useful life

The trading right held by the Group is considered by the directors of the Company as having indefinite useful life because it is expected to contribute net cash inflows indefinitely. The trading right will not be amortised until its useful life is determined to be finite. No impairment loss has been recognised for the year ended 31 December 2016.

20. INTEREST IN AN ASSOCIATE

	2016 **HK$'000**	2015 HK$'000
At 1 January	**110,841**	–
Cost of investment	**17,774**	110,057
Share of post-acquisition profit and other comprehensive income	**5,190**	784
Impairment on interest in an associate	**(95,805)**	–
At 31 December	**38,000**	110,841

The Group's associate, which is unlisted and established in a form of limited company, is as follows:

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

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

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

* For identification purpose only

20. INTEREST IN AN ASSOCIATE (CONTINUED)

The basis of the recoverable amounts of the investment in associate and the major underlying assumptions are summarised below:

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 10.1% (2015: 12%). The associate's cash flows beyond the 5-year period are extrapolated using a 3% (2015: 3%) growth rate which based on past performance and its expectations in relation to market development. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance. Management believed that any reasonably possible change in any of these assumption would not cause the aggregate carrying amount of the associate to exceed the aggregate recoverable amount of the associate.

During the year ended 31 December 2016, the Group recognised an impairment loss of HK$95,805,000 (2015: HK$Nil).

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

	2016 **HK$'000**	2015 HK$'000
Current assets	**190,475**	148,228
Non-current assets	**216**	1,322
Total assets	**190,691**	149,550
Current liabilities	**(5,302)**	(2,020)
Net assets	**185,389**	147,530
Revenue	**51,976**	63,958
Profit for the year	**30,136**	44,108
Other comprehensive income for the year	**(9,376)**	–
Profit and total comprehensive income for the year attributable to equity holders	**20,760**	44,108
Share of total comprehensive income (25%) (2015: 25%)	**5,190**	784

21. OTHER NON-CURRENT ASSETS

	2016 HK$'000	2015 HK$'000
Statutory deposits with exchanges and clearing houses	**205**	–

22. INVENTORIES

	2016 HK$'000	2015 HK$'000
Agricultural materials	**335**	719
Consumables	**158**	354
	493	1,073

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

23. BIOLOGICAL ASSETS

	2016 HK$'000	2015 HK$'000
At 1 January	**1,174**	4,625
Increase due to plantation	**32,957**	67,758
Decrease due to harvest	**(33,858)**	(70,118)
Loss arising from change in fair value less costs to sell	**(215)**	(959)
Exchange realignment	**(7)**	(132)
At 31 December	**51**	1,174

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

24. TRADE AND OTHER RECEIVABLES

	Notes	2016 HK$'000	2015 HK$'000
Trade receivables arising from trading of agricultural produce		**4,098**	4,036
Less: Impairment		**(666)**	(738)
Total trade receivables	*(a)*	**3,432**	3,298
Account receivables arising from dealing in securities			
– Cash clients		**249**	–
– Margin clients		**5,158**	–
– Clearing houses		**3,485**	–
Total account receivables	*(b)*	**8,892**	–
Other receivables		**10,438**	10,235
Less: Impairment		**(195)**	(206)
Total other receivables	*(c)*	**10,243**	10,029
Deposits and prepayments		**36,729**	43,360
Less: Impairment		**(28,250)**	–
Total deposits and prepayments	*(d)*	**8,479**	43,360
Amount due from an associate		**180**	–
		31,226	56,687

(a) The average credit period on sales of goods is 60 days. As at the end of reporting period, the ageing analysis of trade receivables from trading of agricultural produce, based on the invoice date and net of impairment losses, is as follows:

	2016 HK$'000	2015 HK$'000
Current	**130**	2,849
61–120 days	**3,160**	446
Over 120 days	**142**	3
	3,432	3,298

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (Continued)

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

	2016 **HK$'000**	2015 HK$'000
Less than 60 days past due	**3,160**	446
Over 60 days past due	**142**	3
	3,302	449

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

The movements in impairment of trade receivables are as follows:

	2016 **HK$'000**	2015 HK$'000
At 1 January	**738**	1,960
Impairment loss recognised	**–**	407
Reversal of impairment loss	**(31)**	(133)
Uncollectible amount written off	**–**	(1,434)
Exchange realignment	**(41)**	(62)
At 31 December	**666**	738

Included in the above impairment of trade receivables for the year are individually impaired trade receivables with a balance of HK$Nil (2015: HK$407,000) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The normal settlement terms of account receivables from cash clients and clearing houses are within two days after trade date.

Account receivables from cash clients arising from the securities broking are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these account receivables.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by discounted value accepted by the Group.

There is trading limit for all clients. The Group strictly monitors outstanding account receivables in order to minimise the credit risk. The management reviews the account receivables regularly to ensure that the listed stocks held by the Group on clients' behalf is able to offset their debts owed to the Group.

(c) The movements in impairment of other receivables are as follows:

	2016 **HK$'000**	2015 HK$'000
At 1 January	**206**	7,545
Impairment loss recognised	**–**	216
Uncollectible amounts written off	**–**	(7,525)
Exchange realignment	**(11)**	(30)
At 31 December	**195**	206

Included in the above impairment of other receivables for the year are individually impaired other receivables with a balance of HK$Nil (2015: HK$216,000) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these other receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) The amounts included HK$31,250,000 for deposit of acquiring properties from Elite One International Holdings Limited. The rest are rental deposit and prepayments.

The movements in impairment of deposits and prepayments are as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**–**	–
Impairment loss recognised	**28,250**	–
At 31 December	**28,250**	–

Included in the above impairment of deposits and prepayments for the year are individually impaired deposit and prepayments with a balance of approximately HK$28,250,000 (2015: HK$ Nil) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these deposits and prepayments and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

25. LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business. Loan receivables bear interest at rates range from 7.2% to 48% (2015: 18% to 30%), and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	2016 HK$'000	2015 HK$'000
Carrying amount receivables based on scheduled repayment dates set out in the loan agreements		
Within one year	**251,743**	1,370
Repayment on demand clause (shown under current assets)	**306**	7,686
	252,049	9,056
Less: current portion	**(252,049)**	(9,056)
Non-current portion	**–**	–

25. LOAN RECEIVABLES (CONTINUED)

The Group's loan receivables, which arise from money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount HK$16,188,000 (2015: HK$9,056,000) and in Renminbi ("RMB") with amount of approximately HK$235,861,000 (2015: HK$Nil), respectively.

The loan receivables to an independent third party of approximately HK$30,006,000 was guaranteed by LIN Yuhao, Non-Executive Director of the Company.

Except for loan receivable of approximately HK$236,623,000 (2015: HK$Nil) as at 31 December 2016, which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, interest-bearing and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables mentioned above.

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date, net of provision, is as follows:

	2016 **HK$'000**	2015 HK$'000
Receivable:		
Within 3 months	**34,465**	54
3 months to 1 year	**217,278**	1,316
Over 1 year	**306**	7,686
Classified as non-current assets	**–**	–
Current assets	**252,049**	9,056

26. INTEREST RECEIVABLES

	2016 HK$'000	2015 HK$'000
Interest receivables	**4,919**	64

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars and in RMB, respectively.

Except for interest receivables of approximately HK$4,053,000 (2015: HK$Nil) as at 31 December 2016, which are unsecured, and repayable with fixed terms agreed with customers, the remainings are secured by collaterals provided by customers repayable within fixed terms agreed with the customers.

	2016 HK$'000	2015 HK$'000
Current	**2,067**	42
0 – 30 days	**2,413**	22
31 – 90 days	**288**	–
Over 90 days	**151**	–
	4,919	64

27. OTHER FINANCIAL ASSET

On 30 June 2015, the Company entered into the subscription agreement with Shenzhen Qianhai Zhongjin Institute of International Education Limited* ("Zhongjin") pursuant to which Zhongjin has agreed to subscribe for the convertible bonds in the aggregate principal amount of HK$463 million upon written request from the Company at any time within the first anniversary of the date of the subscription agreement (the "Option"). The proposed convertible bonds are interest-free with maturity date falling on the third anniversary of the date of issue with conversion price HK$0.43.

As at 31 December 2015, the fair value of the Option for the subscription for the convertible bonds was HK$215,489,000.

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

On 30 June 2016, upon the expiry of the option unexercised by the Company, the Company entered into a supplemental agreement with Zhongjin. According to the supplemental agreement, subject to the approval from the Company's shareholders at a special general meeting, the Company has the right to request Zhongjin to subscribe for the convertible bonds in aggregate principal amount of HK$463 million, bearing interest at 12% per annum payable annually in arrears with maturity date falling on the third anniversary of the date of issue, at any time and from time to time on or prior to 31 May 2017. The Company's contractual right and Zhongjin's contractual obligation in respect of subscription of convertible bonds would become valid provided that the Company has been granted the approval from its shareholders at a special general meeting and certain others condition precedents for the subscription are fulfilled. The Option was derecognised as a financial asset at the date of expiration of the Option. The carrying amount of the Option of HK$215,489,000 was written down and recognised as "Loss on expiration of other financial asset" in other operating expenses for the year ended 31 December 2016.

* For identification purpose only

28. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as "Cash held on behalf of brokerage clients" under the current assets section of the consolidated statement of financial position and recognised the corresponding account payables (note 30) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

29. CASH AND CASH EQUIVALENTS

	2016 **HK$'000**	2015 HK$'000
Bank balances	**17,939**	44,024
Cash on hand	**134**	50
	18,073	44,074

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$807,000 (2015: HK$12,114,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

30. TRADE AND OTHER PAYABLES

	Notes	**2016 HK$'000**	2015 HK$'000
Trade payables arising from trading of agricultural produce	*(a)*	**17,034**	20,347
Account payables arising from dealing in securities			
– Cash clients		**3,598**	–
– Clearing houses		**4,051**	–
Total account payables	*(b)*	**7,649**	–
Accruals and other payables		**15,256**	16,984
Amounts due to directors of subsidiaries in Mainland China		**11,135**	4,528
Government grants		**10,849**	13,629
		61,923	55,488
Less: current portion		**(52,787)**	(44,005)
Non-current portion – government grants		**9,136**	11,483

(a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
0 – 60 days	**519**	4,812
61 – 120 days	**3,164**	5,970
Over 120 days	**13,351**	9,565
	17,034	20,347

(b) The normal settlement terms of account payables to cash clients and clearing houses are two days after the trade date.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The Group has a practice to satisfy all the requests for payments immediately within the credit period. All account payables are non-interest bearing.

Account payables to clients also include those payables placed in trust accounts with authorised institutions of HK$3,903,000 (2015: HK$Nil).

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2016 HK$'000	2015 HK$'000
Bank loans	*(a)*	**37,249**	47,968
Other loans	*(b)*	**1,198**	1,267
		38,447	49,235
Secured		**18,680**	30,326
Unsecured		**19,767**	18,909
Carrying amount		**38,447**	49,235
Repayable:			
With one year		**38,447**	49,235
More than one year, but not exceeding than two years		**–**	–
		38,447	49,235
Less: Amounts shown under current liabilities		**(38,447)**	(49,235)
Non-current liabilities		**–**	–

Notes:

(a) The bank loan amounted to approximately HK$16,669,000 is unsecured. The loan interest is charged at fixed rate of 12% per annum and repayable within two years.

The bank loan amounted to approximately HK$1,900,000 is unsecured. The loan interest is charged at National Interbank offered Loan Prime Rate plus 1.79% per annum..

The bank loan amounted to approximately HK$18,680,000 is secured by several Group's properties. The loan interest of loan amounted to approximately HK$10,590,000 is charged at benchmark interest rate quoted by the People's Bank of China plus 25% of interest rate per annum. The loan interest of loan amounted to approximately HK$8,090,000 is charged at National Interbank Offered Loan Prime Rate plus 1.375% to 1.79% per annum.

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

32. OBLIGATIONS UNDER A FINANCE LEASE

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

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**242**	242	**210**	200
In the second year	**242**	242	**221**	210
In the third to fifth years, inclusive	**341**	583	**331**	552
Total minimum finance lease payments	**825**	1,067	**762**	962
Future finance charges	**(63)**	(105)		
Total net finance lease payables	**762**	962		
Portion classified as current liabilities	**(210)**	(200)		
Non-current portion	**552**	762		

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

The Group leased a motor vehicle under a finance lease. The lease term is 3 years (2015: 3 years). Interest rate underlying the obligations under a finance lease is fixed at respective contract date at 2% (2015: 2%) per annum.

33. SHARE CAPITAL

	Notes	2016 HK$'000	2015 HK$'000
Authorised:			
150,000,000,000 (2015: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (2015: 10,000,000,000) preference shares of HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
9,609,015,652 (2015: 5,741,900,654) ordinary shares of HK$0.01 each		**96,090**	57,419
3,030,000 (2015: 3,030,000) preference shares of HK$0.01 each	*(a)*	**30**	30
Total amount		**96,120**	57,449

		No of shares	**Amount** HK$'000
At 1 January 2015		3,792,010,613	37,920
Issue of shares under placement	*(b)*	500,000,000	5,000
Issue of shares under subscription	*(c)*	863,017,507	8,630
Issue of shares under placement	*(d)*	173,552,043	1,735
Conversion of convertible bonds	*(e)*	230,769,230	2,308
Issue of shares under share option scheme	*(f)*	182,551,261	1,826
At 31 December 2015		5,741,900,654	57,419
Issue of shares under subscription	*(g)*	719,696,968	7,197
Issue of shares under subscription	*(h)*	420,000,000	4,200
Issue of shares under share option scheme	*(i)*	10,000,000	100
Conversion of convertible bonds	*(j)*	2,704,918,030	27,049
Issue of shares under share option scheme	*(k)*	12,500,000	125
At 31 December 2016		9,609,015,652	96,090

33. SHARE CAPITAL (CONTINUED)

Notes:

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

(b) On 19 January 2015, the Company entered into a share subscription agreement with not less than six placees, who are independent third parties, to allot and issue 506,557,866 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.071 per share, representing a discount of approximately 19.32% to the closing price of HK$0.088 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 3 June 2014. The 500,000,000 new Shares of HK$0.071 each, credited as fully paid, were allotted and issued to the subscriber on 4 February 2015 with net proceeds of approximately HK$34.65 million, representing in net issue price of approximately HK$0.069 per subscription share, for general working capital and future business development of the Group.

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

(d) On 29 July 2015, the Company entered into a share placing agreement with an independent third party to allot and issue a maximum of 173,552,043 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.378 per Share, representing a discount of approximately19.57% to the closing price of HK$0.47 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 12 June 2015. The 173,552,043 new Shares of HK$0.378 each, credited as fully paid, were allotted and issued to one placee, namely Wang Yi, who is an independent third party, on 14 August 2015 with net proceeds of approximately HK$64.9 million representing in net issue price of approximately HK$0.37 per placing share, for general working capital and future business development of the Group.

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

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

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

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

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

33. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

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

(g) On 31 March 2016, the Company entered into a subscription agreement with independent third parties, Mr. Zhu Yuanbiao and Ms. Wen Xiaojun (the "Subscribers") to allot and issue a total of 719,696,968 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.099 per share representing a discount of approximately 19.51% to the closing price of HK$0.123 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 719,696,968 new Shares of HK$0.01 each, was settled by setting off against 95% of the aggregate principal amount of promissory notes of value of HK$75,000,000. The 719,696,968 new Shares were allotted and issued to the Subscribers on 18 April 2016.

(h) On 1 April 2016, the Company entered into a share subscription agreement with an independent third party, Mr. Huang Yuankai (the "Subscriber") to allot and issue a total of 420,000,000 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.098 per share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 420,000,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 22 April 2016 with the net proceeds of approximately HK$41.1 million principally for general working capital and future business development of the Group.

(i) On 28 September 2016, 10,000,000 share options were exercised to subscribe for 10,000,000 ordinary shares in the Company at the consideration of HK$1,040,000 of which HK$100,000 was credited to share capital and the balance of HK$940,000 was credited to the share premium account. Amount of approximately HK$541,389 has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

(j) On 5 December 2016, convertible bonds with an aggregate principal amount of HK$330,000,000 were converted into 2,704,918,030 ordinary shares of the Company at a conversion price of HK$0.122 each.

(k) On 29 December 2016, 12,500,000 share options were exercised to subscribe for 12,500,000 ordinary shares in the Company at the consideration of HK$2,475,000 of which HK$125,000 was credited to share capital and the balance of HK$2,350,000 was credited to the share premium account. Amount of approximately HK$1,258,785 has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

34. RESERVES

Share premium

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

Contributed surplus

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

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

(b) The subsidiaries of the Group established in the PRC are required to transfer 10% of its profits after income tax determined in accordance with the accounting regulations in the PRC to the surplus reserve until the reserve balance reaches 50% of the respective registered capital of the PRC subsidiaries. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital of the PRC subsidiaries.

Distributability of reserves

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

35. CONVERTIBLE BONDS

On 4 to 10 April 2016, the Company entered into the Subscription Agreement A (as amended and supplemented by the supplemental agreement on 10 April 2016) and Subscription Agreement B (as amended and supplemented by the supplemental agreement on 10 April 2016) with 珠海德谷基金管理有限公司 (Zhuhai Degu Fund Management Co. Ltd.*) (the "Subscriber A"). and 深圳市前海阿里基金管理有限公司 (Shenzhen Qianhai Ali Fund Management Co. Ltd.*) (the "Subscriber B") respectively pursuant to which (i) Subscriber A has agreed to subscribe for the Convertible Bonds A up to the maximum principal amount of HK$400 million upon written request from the Company at any time within 540 days after the date of the Subscription Agreement A and (ii) Subscriber B has agreed to subscribe for the Convertible Bonds B up to the maximum principal amount of HK$2,000 million upon written request from the Company at any time on or prior to the fifth anniversary of the date of the Subscription Agreement B.

Both of the proposed convertible bonds are interest-free with maturity date falling on the fifth anniversary of the date of issue with conversion price of HK$0.122. Any unredeemed and unconverted bonds shall be mandatorily converted as to the Company's shares on the maturity date. The Company's contractual right and the subscribers' contractual obligations in respect of subscription of convertible bonds would become valid provided that the Company has been granted the approval from shareholders.

Convertible bonds issued in 2016

On 13 June 2016, the Company served a subscription notice on Subscriber B to request Subscriber B to subscribe for the relevant convertible bonds (the "Convertible Bond B") in the principal amount of HK$350 million pursuant to the Subscription Agreement B. The principal amount was subsequently modified to HK$330 million on 12 July 2016. On 25 November 2016, upon fulfillment of the condition precedents for the subscription, the Company issued convertible bonds at the principal amount of HK$330 million pursuant to the Subscription Agreement B accordingly.

The convertible bonds are denominated in Hong Kong dollars with no interest bearing. The holders of the convertible bonds are entitled to convert the bonds into 2,704,918,030 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK$0.122 at any time from the issue date to fifth anniversary date of issue (the "Maturity Date"). Any unredeemed and unconverted convertible bonds shall be mandatorily converted into the Company's shares on the Maturity Date. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

The convertible bonds were classified as equity instruments on the date of issuance. On 5 December 2016, all convertible bonds were converted into ordinary shares of the Company.

* For identification purpose only

35. CONVERTIBLE BONDS (CONTINUED)

Convertible bonds issued in 2014

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

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

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

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

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

During the year ended 31 December 2015, interest charged on the convertible bonds of approximately HK$842,000 was debited to profit or loss.

During the year ended 31 December 2015, all convertible bonds were converted into ordinary shares of the Company. The convertible bonds issued have been split as to their liability and equity components as follows:

	Liability component HK$'000	**Equity component** HK$'000	**Total** HK$'000
At 1 January 2015	20,836	9,934	30,770
Imputed interest expenses	842	–	842
Finance cost paid	(151)	–	(151)
Conversion into ordinary shares	(21,527)	(9,934)	(31,461)
At 31 December 2015	–	–	–

36. PROMISSORY NOTES

	Notes	**2016 HK$'000**	2015 HK$'000
At 1 January		**76,251**	–
Issue of promissory notes	*(a) & (b)*	**80,912**	73,599
Imputed interest expenses		**5,021**	2,652
Loss on early redemption of promissory notes		**36,178**	–
Early settlement by cash		**(88,109)**	–
Early settlement by issuing of shares		**(88,522)**	–
At 31 December		**21,731**	76,251

Notes:

(a) On 24 September 2015, the Company issued unsecured promissory notes ("PN1") with principal value of HK$100,000,000 as a partial consideration for the acquisition of an associate. The PN1 bears interest at 3% per annum and is payable on 23 September 2018. The fair values of the PN1 at the date of issuance was approximately HK$73,599,000.

The PN1 is subsequently measured at amortised cost, using effective interest rate of 14%. As at 31 December 2016, the carrying amount of the PN1 was approximately HK$21,731,000 (2015: HK$76,251,000).

On 31 March 2016, the Company early redeemed the principal amount of HK$75,000,000 by way of issuing share of 719,696,958 ordinary shares at the subscription price of HK$0.099 per share and all interest accrued were agreed to be waived. The fair value of the relevant ordinary shares was approximately HK$88,522,000 and the amortised cost of the said promissory note was approximately HK$59,080,000. As such, loss on early redemption of promissory notes of approximately HK$29,442,000 was recognised during the year ended 31 December 2016.

During the year ended 31 December 2016, imputed interest of approximately HK$4,560,000 (2015: HK$2,652,000) was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN1.

(b) On 15 November 2016, the company issued unsecured promissory notes ("PN2") with principal value of HK$96,900,000 as the consideration for the acquisition of Shengzhen Taihengfeng Technology Co. Ltd* .The PN2 bears interest at 6% per annum and is payable on 14 November 2019 (the "PN2 Maturity Date"). The fair values of the PN2 at the date of issuance was approximately HK$80,912,000.

The PN2 is subsequently measured at amortised cost, using effective interest rate of 13%.

On 1 December 2016, The Company early redeemed the principal amount of the PN2 in full by cash of approximately RMB78,679,000 (equivalent to HK$88,109,000) and all interest accrued were agreed to be waived. The amortised cost of the PN2 was approximately HK$81,373,000. As such, loss on early redemption of promissory note of approximately HK$6,736,000 was recognised during the year ended 31 December 2016.

During the year ended 31 December 2016, imputed interest of approximately HK$461,000 was charged to profit or loss of the Group. In addition, no interest paid in connection to this PN2.

* For identification purpose only

37. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

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

	Number of share options						
Name of category/ participant	At 1 January 2016	Granted during the year	Exercised during the year	At 31 December 2016	Date of granted	Exercise period	Exercise price HK$
Directors							
In aggregate	58,964,806	–	–	**58,964,806**	3/7/2015	3/7/2015-2/7/2025	0.495
In aggregate	–	213,280,000	–	**213,280,000**	22/7/2016	22/7/2016-21/7/2026	0.198
	58,964,806	213,280,000	–	**272,244,806**			
Employees							
In aggregate	10,000,000	–	(10,000,000)	**–**	13/4/2015	13/4/2015 –12/4/2025	0.104
In aggregate	102,601,025	–	–	**102,601,025**	3/7/2015	3/7/2015-2/7/2025	0.495
In aggregate	515,000	–	–	**515,000**	10/9/2015	10/9/2015-9/9/2025	0.349
In aggregate	–	474,879,762	(12,500,000)	**462,379,762**	22/7/2016	22/7/2016-21/7/2026	0.198
	113,116,025	474,879,762	(22,500,000)	**565,495,787**			
Consultants							
In aggregate	355,729,673	–	–	**355,729,673**	3/7/2015	3/7/2015-2/7/2025	0.495
	355,729,673	–	–	**355,729,673**			
	527,810,504	688,159,762	(22,500,000)	**1,193,470,266**			

The options outstanding at 31 December 2016 had an exercise price ranging from HK$0.198 to HK$0.495 (2015: HK$0.104 to HK$0.495) and a weighted average remaining contractual life of 9.1 years (2015: 9.5 years).

37. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

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

	22 July 2016	10 September 2015	**3 July 2015**	13 April 2015
Fair value at measurement date	**HK$72,732,958**	HK$87,497	**HK$135,904,419**	HK$11,252,776
Share price	**HK$0.198**	HK$0.325	**HK$0.465**	HK$0.104
Exercise price	**HK$0.198**	HK$0.349	**HK$0.495**	HK$0.104
Expected volatility (expressed as weighted average Volatility used in the modeling under the Binominal Option Price Model)	**59%**	65%	**65%**	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	**10 years**	10 years	**10 years**	10 years
Expected dividends	**0%**	0%	**0%**	0%
Risk-free interest rate (based on exchange fund notes)	**1.01%**	1.53%	**1.87%**	1.49%

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

The equity-settled share-based payments charged to the profit or loss was HK$72,732,958 (2015: HK$147,244,692) for the year ended 31 December 2016.

At the end of the reporting period, the Company has 1,193,470,266 (2015: 527,810,504) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 1,193,470,266 additional ordinary shares of the Company and additional share capital of approximately HK$11,935,000.

38. BUSINESS COMBINATION

On 2 February 2016, the Company through its wholly-owned subsidiary, Shenzhen GLYD Internet Finance Service Company Limited*, entered into an agreement with two independent third parties for the acquisition of 100% interests of Shengzhen Taihengfeng Technology Co. Ltd* and its subsidiaries ("Taihengfeng Group") at the consideration of HK$107,880,000. Taihengfeng Group was established in the PRC and principally engaged in micro financing business (money lending business) in Shenzhen, PRC. The consideration was satisfied by way of issue of promissory notes with principal value HK$96,900,000 with maturity of 3 years and cash of approximately HK$10,980,000. The acquisition of Taihengfeng Group was completed on 1 November 2016.

As a result of the acquisition, the Group is expected to be provided an opportunity to enter into micro financing business in the PRC and diversify the revenue stream of the Group.

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

	1 November 2016 HK$'000
Net assets acquired:	
Loan receivables	10,980
Goodwill on acquisition	80,912
	91,892
Consideration:	
Fair value of promissory notes	80,912
Cash	10,980
	91,892
Net cash outflow arising on acquisition:	
Cash and cash equivalents outflow	10,980

Taihengfeng Group contributed approximately HK$5,056,000 to the Group's revenue and approximately HK$3,331,000 profit to the consolidated loss for the year ended 31 December 2016.

* For identification purpose only

39. DISPOSALS OF SUBSIDIARIES

Disposal of Trade Leader

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

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

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

39. DISPOSALS OF SUBSIDIARIES (CONTINUED)

Disposal of Trade Rise

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

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

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

39. DISPOSALS OF SUBSIDIARIES (CONTINUED)

Disposal of Sanjiang

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

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

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

40. OPERATING LEASE COMMITMENTS

At 31 December 2016, the Group had commitments for future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**14,220**	18,351
In the second to fifth years	**43,602**	67,652
Over five years	**44,351**	93,809
	102,173	179,812

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

41. CAPITAL COMMITMENTS

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

	2016 HK$'000	2015 HK$'000
Capital expenditure contracted for but not provided for	**1,035**	1,096

42. MAJOR NON-CASH TRANSACTIONS

Save as transactions disclosed in notes 37 and 38 to the consolidated financial statements, the Group had no other major non-cash transactions during the years end 31 December 2016 and 2015.

43. FINANCIAL INSTRUMENT BY CATEGORY

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

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables		
– Trade and other receivables	**28,300**	52,685
– Loan receivables	**252,049**	9,056
– Interest receivables	**4,919**	64
Other non-current assets	**205**	–
Other financial asset	**–**	215,489
Cash held on behalf of brokerage clients	**3,903**	–
Cash and cash equivalents	**18,073**	44,074
	307,449	321,368
Financial liabilities		
At amortised cost		
– Trade and other payables	**51,074**	41,859
– Interest-bearing bank and other borrowings	**38,447**	49,235
– Obligations under a finance lease	**762**	962
– Promissory notes	**21,731**	76,251
	112,014	168,307

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk management

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

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

Credit risk

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

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

Interest rate risk

The Group is mainly exposed to fair value interest rate risk in relation to its fixed-rate loan receivables, promissory notes, finance leases and interest-bearing bank and other borrowings. The Group is exposed to cash flow interest rate risk in relation to its variable-rate deposits, margin receivables and interest-bearing bank borrowings which carry prevailing market interest rates.

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

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

If interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Group's loss before taxation would increase/decrease by approximately HK$106,000 (2015: increase/decrease by approximately HK$51,000) for the year ended 31 December 2016.

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

(a) Financial risk management (Continued)

Liquidity risk

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

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

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

	2016					
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade and other payables	51,074	51,074	51,074	–	–	–
Interest-bearing bank and other borrowings	38,447	38,447	38,447	–	–	–
Obligation under a finance lease	762	825	242	242	341	–
Promissory notes	21,731	27,250	–	27,250	–	–
	112,014	117,596	89,763	27,492	341	–

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

(a) Financial risk management (Continued)

Liquidity risk (Continued)

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

(b) Fair value measurement

Financial assets and liabilities measure at fair value

The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

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

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 December 2016				
Other financial asset	–	–	–	–
At 31 December 2015				
Other financial asset	–	215,489	–	215,489

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

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

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

(b) Fair value measurement (Continued)

Financial assets and liabilities measure at fair value (Continued)

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

– The estimate of fair values of biological assets is disclosed in Note 2.

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

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

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

(c) Business risk

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

45. CAPITAL RISK MANAGEMENT

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

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital and may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts. The net debt to adjusted equity ratio as at 31 December 2016 is 0.1 (2015: 0.2). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

46. MATERIAL RELATED PARTY TRANSACTION

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

	2016 **HK$'000**	2015 HK$'000
Agency fee paid to a related company for selling of agricultural produce	**634**	–

The controlling beneficial owner of a related company was the close family member of a subsidiary of the Company in PRC.

The agency fee paid to a related company for selling of agricultural produce was based on terms as set out in the underlying agreements or based on agreed term.

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

	2016 **HK$'000**	2015 HK$'000
Salaries and other short-term employee benefits	**12,934**	6,444
Contribution to defined contribution retirement scheme plans	**208**	112
Equity-settled share-based payment	**47,251**	39,252
	60,393	45,808

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

Other than balance with related parties as disclosed in Note 24 and 30 to the consolidated financial statements, the Group had no outstanding balances with related parties.

47. EVENT AFTER THE REPORTING DATE

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", there is no material subsequent event undertaken by the Company or by the Group after 31 December 2016 and up to the date of this annual report.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name of company	Place of incorporation/ business	Issue and fully paid share/ registered capital	Percentage of ownership interest held by the Company Directly	Indirectly	Principal activities
First Novel Limited	BVI/Hong Kong	US$2	100	–	Investment holding
Modern Excellence Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Trade Soar Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Hong Kong Congyu Development Co., Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Jiangxi Anyi Congyu Agricultural Development Company Limited*	PRC/PRC	RMB30,000,000	–	100	Growing, processing and selling vegetables
Guangdong Cypress Jade Agricultural Group Company Limited*	PRC/PRC	RMB30,000,000	–	100	Growing, processing and selling vegetables
Ningxia Cypress Jade Agricultural Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Guangzhou Luyuan Agricultural Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Dongguan Xin Feng Vegetable Trading Company Limited*	PRC/PRC	RMB1,000,000	–	100	Processing and selling vegetables
Guangzhou Cypress Jade Vegetable Cultivation Development Company Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant
Central Tycoon Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Hong Kong Congyu Agricultural Trading Development Company Limited	Hong Kong/Hong Kong	HK$1	–	100	Trading of agricultural produce
Shenzhen Cypress Jade Food Trading Company Limited*	PRC/PRC	RMB1,000,000	–	100	Dormant
Robust Canton Limited	BVI/Hong Kong	US$1	–	100	Dormant
Viva State Limited	BVI/Hong Kong	US$1	–	100	Management services
Smart Sharp Trading Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Power Gold Enterprises Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Golden Rich (HK) Limited	Hong Kong/Hong Kong	HK$10,000	–	100	Investment holding
GLYD Internet Finance Holdings Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
GLYD (Hong Kong) Internet Finance Services Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Shenzhen GLYD Internet Finance Service Company Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant
Shenzhen GLRT Asset Management Consultant Company Limited*	PRC/PRC	RMB30,000,000	–	100	Dormant
Trade Zone Global Limited	BVI/Hong Kong	US$1	–	100	Investment holding
Golden Rich International Financial Group Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Golden Rich Futures Limited	Hong Kong/Hong Kong	HK$10,000	–	100	Dormant
Golden Rich Finance Limited	Hong Kong/Hong Kong	HK$20,000,000	–	100	Money lending business
Golden Rich Securities Limited	Hong Kong/Hong Kong	HK$10,000,000	–	100	Securities brokerage service
Golden Credit Service Limited	Hong Kong/Hong Kong	HK$1	–	100	Dormant
Shenzhen Golden Rich Finance Service Limited*	PRC/PRC	RMB10,000,000	–	100	Dormant
Shengzhen Taihengfeng Technology Company Limited*	PRC/PRC	RMB1,000,000	–	100	Investment holding
Shengzhen Shenglianfeng Electronics Company Limited*	PRC/PRC	RMB100,000,000	–	100	Investment holding
Shengzhen Shenglianfeng Micro Finance Company Limited*	PRC/PRC	RMB150,000,000	–	100	Money lending business

* For identification purpose only

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current assets		
Property, plant and equipment	**1,412**	1,329
Investments in subsidiaries	**332,526**	342,871
	333,938	344,200
Current assets		
Other receivables	**2,333**	2,966
Other financial asset	**-**	215,489
Cash and cash equivalents	**956**	12,745
	3,289	231,200
Current liabilities		
Other payables	**3,045**	2,272
	3,045	2,272
Net current assets	**244**	228,928
Total assets less current liabilities	**334,182**	573,128
Capital and reserves		
Share capital	**96,120**	57,449
Reserves	**216,331**	439,428
Total equity	**312,451**	496,877
Non-current liabilities		
Convertible bonds	**–**	–
Promissory notes	**21,731**	76,251
	21,731	76,251
	334,182	573,128

Approved and authorised for issue by the board of directors on 30 March 2017.

LIN Yuhao
Chairman

YAU Yik Ming Leao
Deputy Chairman

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

Movements in Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Contributed bonds reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2015	37,950	104,756	85,146	9,934	–	(217,672)	20,114
Profit and total comprehensive income for the year	–	–	–	–	–	117,547	117,547
Equity-settled share-based payment transaction	–	–	–	–	147,245	–	147,245
Issue of ordinary shares under placement	6,735	92,923	–	–	–	–	99,658
Issue of ordinary shares under subscription	8,630	63,171	–	–	–	–	71,801
Issue of shares under share option scheme	1,826	27,871	–	–	(10,712)	–	18,985
Conversion of convertible bonds to ordinary shares	2,308	29,153	–	(9,934)	–	–	21,527
At 31 December 2015	57,449	317,874	85,146	–	136,533	(100,125)	496,877
Loss and total comprehensive income for the year	–	–	–	–	–	(720,236)	(720,236)
Equity-settled share-based payment transaction	–	–	–	–	72,733	–	72,733
Issue of convertible bonds	–	–	–	330,000	–	–	330,000
Issue of ordinary shares under subscription	7,197	81,275	–	–	–	–	88,472
Issue of ordinary shares under subscription	4,200	36,890	–	–	–	–	41,090
Issue of shares under share option scheme	225	5,089	–	–	(1,799)	–	3,515
Conversion of convertible bonds to ordinary shares	27,049	302,951	–	(330,000)	–	–	–
At 31 December 2016	96,120	744,079	85,146	–	207,467	(820,361)	312,451

FIVE YEAR SUMMARY

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

	2016 HK$'000	2015 HK$'000	2014 HK$'000 (Represented)	2013 HK$'000	2012 HK$'000
Turnover	**93,292**	101,241	103,809	268,423	267,919
(Loss)/profit for the year	**(520,683)**	(42,397)	(164,169)	(58,829)	31,399
Attributable to:					
Equity shareholders of the Company	**(520,683)**	(42,397)	(164,169)	(58,829)	31,399
Total assets	**480,142**	520,954	174,448	323,759	314,867
Total liabilities	**(124,035)**	(182,012)	(154,365)	(151,261)	(196,635)
Net assets	**356,107**	338,942	20,083	172,498	118,232