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從玉農業控股有限公司
Cypress Jade Agricultural Holdings Limited

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

# FINAL RESULTS
# FOR THE YEAR ENDED 31 DECEMBER 2012

The board of Directors (the "Board") of Cypress Jade Agricultural Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 (the "Reporting Period") together with the comparative figures for the year ended 31 December 2011 as follows:

## CONSOLIDATED INCOME STATEMENT
*For the year ended 31 December 2012*

| | *Notes* | **2012**<br>***HK$'000*** | 2011<br>*HK$'000* |
|---|---|---|---|
| Turnover | *3* | **267,919** | 15,810 |
| Cost of sales | | **(180,158)** | (15,398) |
| Gross profit | | **87,761** | 412 |
| Other income | *3* | **59,467** | 895 |
| Gain arising from changes in fair value less costs to sell of biological assets | | **431** | – |
| Selling and distribution costs | | **(57,475)** | (125) |
| Administrative and other operating expenses | | **(59,255)** | (13,314) |
| Finance costs | *6* | **(1,954)** | – |
| Profit/(loss) before tax | *5* | **28,975** | (12,132) |
| Income tax credit | *7* | **2,424** | – |
| Profit/(loss) for the year | | **31,399** | (12,132) |
| Attributable to: | | | |
| Equity shareholders of the Company | | **31,399** | (12,132) |
| Earnings/(loss) per share: | *9* | | (restated) |
| Basic | | **HK$2.67 cents** | HK$(3.83) cents |
| Diluted | | **HK$1.35 cents** | HK$(3.83) cents |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2012*

| | **2012** *HK$'000* | 2011 *HK$'000* |
|---|---|---|
| Profit/(loss) for the year | **31,399** | (12,132) |
| Other comprehensive income | | |
| Exchange differences arising on translation of foreign operations | **1,365** | – |
| Total comprehensive income/(expense) for the year | **32,764** | (12,132) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2012*

| | *Notes* | **2012** **HK$'000** | 2011 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **187,749** | 131,838 |
| Construction in progress | | **8,284** | 32,310 |
| Goodwill | | **31,678** | 31,678 |
| | | **227,711** | 195,826 |
| Current assets | | | |
| Inventories | | **5,379** | 4,451 |
| Biological assets | | **4,396** | 4,851 |
| Trade and other receivables | *10* | **58,571** | 52,431 |
| Bank balances and cash | | **18,810** | 42,319 |
| | | **87,156** | 104,052 |
| Current liabilities | | | |
| Trade and other payables | *11* | **148,554** | 274,965 |
| Interest-bearing bank and other borrowings | | **25,120** | 80,005 |
| Obligation under a finance lease | | **143** | 140 |
| Current tax payable | | **152** | 4,024 |
| | | **173,969** | 359,134 |
| Net current liabilities | | **(86,813)** | (255,082) |
| Total assets less current liabilities | | **140,898** | (59,256) |
| Capital and reserves | | | |
| Share capital | *12* | **30,456** | 25,325 |
| Reserves | | **87,776** | (109,016) |
| Total equity/(deficiency in shareholders' funds) | | **118,232** | (83,691) |
| Non-current liabilities | | | |
| Government subsidy | *11* | **22,598** | 24,224 |
| Obligation under a finance lease | | **68** | 211 |
| | | **22,666** | 24,435 |
| | | **140,898** | (59,256) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

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

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

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In current year, the Group has applied, for the first time, a number of new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as follows:

| | |
|---|---|
| HKFRS 7 (Amendments) | Financial instruments: Disclosures – Transfers of financial assets |
| HKAS 12 (Amendments) | Deferred tax: recovery of underlying assets |

The application of these new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements for the current or comparative periods.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued and pertinent to its operation but not yet effective.

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| HKFRS 7 (Amendments) | Disclosures – Offsetting financial assets and financial liabilities | 1 January 2013 |
| HKFRS 9 | Financial instruments | 1 January 2015 |
| HKFRS 10 | Consolidated financial statements | 1 January 2013 |
| HKFRS 11 | Joint arrangements | 1 January 2013 |
| HKFRS 12 | Disclosure of interests in other entities | 1 January 2013 |
| HKFRS 10, HKFRS 11 and HKFRS 12 Amendments | Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance | 1 January 2013 |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments | Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities | 1 January 2014 |
| HKFRS 13 | Fair value measurement | 1 January 2013 |
| HKAS 1 (Amendment) | Presentation of financial statements – Presentation of items of other comprehensive income | 1 July 2012 |
| HKAS 19 (Revised 2011) | Employee benefits | 1 January 2013 |
| HKAS 27 (Revised 2011) | Separate financial statements | 1 January 2013 |
| HKAS 28 (Revised 2011) | Investments in associate and joint ventures | 1 January 2013 |
| HKAS 32 (Amendments) | Presentation – Offsetting financial assets and financial liabilities | 1 January 2014 |
| Annual improvements 2009–2011 Cycle | Amendments to a number of HKFRSs issued in June 2012 | 1 January 2013 |

The Group has already commenced an assessment of the impact of the above new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operation and financial position.

## 3. TURNOVER AND INCOME

Turnover represents revenue arising from the growing, processing and trading of agricultural produce. An analysis of turnover and other income for the year is as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Turnover from sales of agricultural produce | **267,919** | 15,810 |
| **Other income** | | |
| Bank interest income | **32** | – |
| Commission received | **1,955** | – |
| Gain arising from debt restructuring | **40,524** | – |
| Government subsidy | **11,020** | – |
| Rental income | **1,896** | – |
| Sundry income | **4,040** | 895 |
| | **59,467** | 895 |
| Total revenue | **327,386** | 16,705 |

## 4. SEGMENT REPORTING

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

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

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

a) Assets holding: Holding of assets

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

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

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

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

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

All assets and liabilities are allocated to reportable segments.

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

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

| | **Assets holding Year ended 31 December** | | **Agricultural produce Year ended 31 December** | | **Total Year ended 31 December** | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment revenue | | | | | | |
| Sales to external customers | **–** | – | **267,919** | 15,810 | **267,919** | 15,810 |
| Inter-segment sales | **–** | – | **–** | – | **–** | – |
| Total revenue | **–** | – | **267,919** | 15,810 | **267,919** | 15,810 |
| Segment results | | | | | | |
| Profit/(loss) before taxation | **20,055** | (11,836) | **8,920** | (296) | **28,975** | (12,132) |
| Income tax credit | **–** | – | **2,424** | – | **2,424** | – |
| Profit/(loss) for the year | **20,055** | (11,836) | **11,344** | (296) | **31,399** | (12,132) |
| Other segment information: | | | | | | |
| Capital expenditure | **1,539** | – | **13,292** | – | **14,831** | – |
| Impairment losses recognised in the income statement | **–** | – | **1,038** | 17 | **1,038** | 17 |

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

| | Assets holding 31 December | | Agricultural produce 31 December | | Total 31 December | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment assets | **5,088** | 31,248 | **278,101** | 268,630 | **283,189** | 299,878 |
| **Reconciliation:** | | | | | | |
| Corporate and other unallocated corporate assets | **31,678** | – | **–** | – | **31,678** | – |
| Total assets | **36,766** | 31,248 | **278,101** | 268,630 | **314,867** | 299,878 |
| Segment liabilities | **111,035** | 173,442 | **85,600** | 210,127 | **196,635** | 383,569 |
| **Reconciliation:** | | | | | | |
| Corporate and other unallocated corporate liabilities | **–** | – | **–** | – | **–** | – |
| Total liabilities | **111,035** | 173,442 | **85,600** | 210,127 | **196,635** | 383,569 |

**(b) Geographical information**

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Turnover | | |
| – Hong Kong | **140,636** | 15,810 |
| – Mainland China | **127,283** | – |
| | **267,919** | 15,810 |
| **Non-current assets other than goodwill** | | |
| Property, plant and equipment | | |
| – Hong Kong | **2,507** | 1,534 |
| – Mainland China | **185,242** | 130,304 |
| Construction in progress | | |
| – Mainland China | **8,284** | 32,310 |
| | **196,033** | 164,148 |

### (c) Information about major customers

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

| | 2012<br>*HK$'000* | 2011<br>*HK$'000* |
|---|---|---|
| Customer A | **–** | 3,127 |
| Customer B | **–** | 12,683 |
| Customer C | **49,424** | – |
| Customer D | **38,680** | – |
| Customer E | **27,766** | – |

## 5. PROFIT/(LOSS) BEFORE TAX

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

| | 2012<br>*HK$'000* | 2011<br>*HK$'000* |
|---|---|---|
| Employee benefits expense (excluding directors' remuneration): | | |
| – Salaries, wages and other benefits | **50,110** | 1,165 |
| – Contributions to defined contribution retirement plan | **1,280** | 38 |
| | **51,390** | 1,203 |
| Auditors' remuneration | | |
| – Audit fee | **1,300** | 1,382 |
| – Other services | **61** | 3,080 |
| Cost of inventories recognised as an expense | **158,540** | 12,292 |
| Depreciation of property, plant and equipment | **16,352** | 8 |
| Allowance for impairment of trade receivables | **144** | 17 |
| Reversal of impairment of trade receivables | **(591)** | – |
| Loss on disposal of property, plant and equipment | **7** | 5 |
| Minimum lease payments under operating leases | **10,700** | 144 |
| Impairment of biological assets | **894** | – |
| Foreign exchange differences, net | **262** | – |
| Changes in fair value of biological assets | **(431)** | – |

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2012<br>*HK$'000* | 2011<br>*HK$'000* |
|---|---|---|
| Interest on bank loans wholly payable within five years | **1,531** | – |
| Interest on other loans | **62** | – |
| Others | **361** | – |
| | **1,954** | – |

## 7. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong and mainland China taxes: | | |
| Current year provision | **476** | – |
| Over-provision in prior years | **(2,900)** | – |
| Tax credit for the year | **(2,424)** | – |

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit/(loss) before tax | **28,975** | (12,132) |
| Notional tax on profit/(loss) before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned | **5,307** | (2,001) |
| Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance | **(4,878)** | (146) |
| Tax effect of unrecognised tax losses | **4,674** | 2,147 |
| Tax effect of profit exempted from income tax as a result of tax benefits | **(4,627)** | – |
| Adjustments in respect of current tax in previous year | **(2,900)** | – |
| Tax credit for the year | **(2,424)** | – |

## 8. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit/(loss) for the year attributable to owners of the Company for the year ended 31 December 2012 includes a profit of HK$27,366,000 (2011: loss of HK$11,058,000), which has been dealt with in the financial statements of the Company.

## 9. EARNINGS/(LOSS) PER SHARE

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation | **31,399** | (12,132) |

| | **Number of shares** | |
|---|---|---|
| | **2012** | 2011 (restated) |
| Shares: | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation | **1,177,551,218** | 316,567,885 |
| Effect of Class A preference shares issued by the Company | **1,150,000,000** | – |
| Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation | **2,327,551,218** | 316,567,885 |

The comparative basic loss per share amount has been adjusted to reflect the consolidation of shares during the year, as further detailed in note 12 to the announcement.

## 10. TRADE AND OTHER RECEIVABLES

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **35,606** | 26,261 |
| Impairment of trade receivables | **(360)** | (807) |
| | **35,246** | 25,454 |
| Other receivables | **19,120** | 9,353 |
| Deposits and prepayments | **4,205** | 17,624 |
| | **58,571** | 52,431 |

The average credit period on sales of goods is 60 days. The aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **18,274** | 12,469 |
| 61-120 days | **3,262** | 7,182 |
| Over 120 days | **14,070** | 6,610 |
| | **35,606** | 26,261 |

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 60 days past due | **3,261** | 7,079 |
| Over 60 days past due | **13,711** | 6,699 |
| | **16,972** | 13,778 |

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

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at 1 January | **807** | – |
| Impairment losses recognised *(note 5)* | **144** | 17 |
| Reversal of impairment *(note 5)* | **(591)** | – |
| Amounts written off as uncollectible | **–** | (17) |
| Acquisitions through business combinations | **–** | 807 |
| Balance at 31 December | **360** | 807 |

Included in the above provision for impairment of trade receivables for the year are individually impaired trade receivables with a balance of HK$144,000 (2011: HK$17,000) 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.

## 11. TRADE AND OTHER PAYABLES

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **15,284** | 8,580 |
| Other payables and accruals *(Note)* | **128,547** | 158,924 |
| Amounts due to related companies | **–** | 54,032 |
| Amounts due to subsidiaries | **–** | – |
| Amounts due to directors | **380** | 52,253 |
| Government subsidy | **26,941** | 25,400 |
| | **171,152** | 299,189 |

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **148,554** | 274,965 |
| Non-current | **22,598** | 24,224 |
| | **171,152** | 299,189 |

*Note*: The other payables mainly comprise the remaining acquisition consideration of HK$107,250,000 arising from the very substantial acquisition in year 2011 which will be settled by the subsequent issuance of preference shares.

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

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–60 days | **10,007** | 5,485 |
| 61–120 days | **3,691** | 1,168 |
| Over 120 days | **1,586** | 1,927 |
| | **15,284** | 8,580 |

## 12. SHARE CAPITAL

| | | 2012 | 2011 |
|---|---|---|---|
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **Authorised:** | | | |
| 150,000,000,000 (2011:160,000,000,000) ordinary shares of $0.01 each | *(a)* | **1,500,000** | 1,600,000 |
| 10,000,000,000 preference shares at HK$0.01 each (2011:Nil) | *(a)* | **100,000** | – |
| **Issued and fully paid:** | | | |
| 1,378,927,885 (2011:2,532,543,083) ordinary shares of $0.01 each shares of $0.01 each | | **13,789** | 25,325 |
| 1,380,000,000 Class A preference shares of HK$0.01 each (2011:Nil) | *(e)* | **13,800** | – |
| 286,632,728 Class B preference shares of HK$0.01 each (2011:Nil) | *(f)* | **2,867** | – |
| | | **30,456** | 25,325 |

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

| | *Notes* | **No. of shares** | **Amount** *HK$'000* |
|---|---|---|---|
| At 31 December 2011 and 1 January 2012 | | 2,532,543,083 | 25,325 |
| Capital reorganisation | *(b)* | – | (22,160) |
| Share consolidation | *(c)* | (2,215,975,198) | – |
| New issuing shares | *(d)* | 1,062,360,000 | 10,624 |
| At 31 December 2012 | | 1,378,927,885 | 13,789 |

*Notes:*

(a) Pursuant to a special resolution passed on 23 December 2011, the authorised share capital of the Company was consolidated on the basis of every eight shares of HK$0.00125 each into one share of HK$0.01. Furthermore, the authorised share capital of the Company increased to HK$1,600,000,000 was divided into 150,000,000,000 new ordinary shares and 10,000,000,000 preference shares of HK$0.01 each.

(b) On 27 February 2012, the Company reduced the issued share capital by reducing the paid up capital to the extent of HK$0.00875 on each share such that the nominal value of all issued shares was reduced from HK$0.01 each to HK$0.00125 each and the share capital of the Company was reduced by HK$22,159,752.

The credits arising in the books of accounts of the Company from the reduction in the issued share capital and the share premium account have been transferred to the contributed surplus account of the Company and an amount of HK$185,691,989 has been applied in setting off the accumulated losses of the Company.

(c) On 27 February 2012, every eight issued and unissued share of HK$0.00125 each in the share capital of the Company were consolidated into one consolidated share of HK$0.01 each in the share capital of the Company.

(d) On 27 February 2012, the Company issued 1,000,000,000 shares at the price of HK$0.1 each with the proceeds of HK$100,000,000, of which HK$10,000,000 was credited to the share capital and the balance of HK$90,000,000 was credited to the share premium.

On 27 February 2012, the Company issued 4,000,000 shares at the price of HK$0.1 each to settle liability HK$400,000 of which HK$40,000 was credited to the share capital and the balance of HK$360,000 was credited to the share premium.

On 11 July 2012, the Company issued 58,360,000 shares at the price of HK$0.205 with the proceeds of HK$11,963,800 to obtain cash consideration of which HK$583,600 was credit to the share capital and the balance of HK$11,380,200 was credited to the share premium.

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

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

## 13. EVENTS AFTER THE REPORTING DATE

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

**Investment in production base in Zengcheng**

To complement the production bases in Ningxia in the north and Conghua in the south, the Group has expanded its production bases to Zengcheng by way of the following agreements:–

a) *Assets transfer agreement*

廣州從玉菜業發展有限公司 (Guangzhou Cypress Jade Vegetation Development Co. Ltd.*) ("Guangzhou Cypress Jade"), 廣州市昇永農業有限公司 (Guangzhou Ever Rising Agricultural Development Co. Ltd.*) ("Guangzhou Ever Rising") and Ever Rising Limited ("Ever Rising") entered into an assets transfer agreement pursuant to which Guangzhou Ever Rising agreed to sell and Guangzhou Cypress Jade agreed to purchase the assets (e.g. plant and machinery, infrastructure, etc.) of Guangzhou Ever Rising in Zengcheng at the consideration of RMB8,900,000 (equivalent to approximately HK$11,125,000).

b) *Cooperation agreement*

Guangzhou Cypress Jade, Guangzhou Ever Rising and Ever Rising entered into a cooperation agreement pursuant to which Guangzhou Ever Rising agreed to provide approximately 600 Mu of leased farmland in Zengcheng to Guangzhou Cypress Jade according to the terms of the existing leasing agreements between Guangzhou Ever Rising or its associates and 廣州增城市荔城街棠村村民委員會 (The Village Committee of Tang Village, Licheng Street, Zengcheng, Guangzhou, the PRC*) (the "Village Committee"). The remaining lease term of the farmland is approximately 7 years.

c) *Lease agreement*

Guangzhou Cypress Jade as the lessee and 增城市石灘鎮沙頭村經濟合作社 (The Cooperative Association of Shatou Village, Shitan Town, Zengcheng, Guangzhou, the PRC*) (the "Cooperative Association") as the lessor entered into a lease agreement pursuant to which the Cooperative Association agreed to lease 2,000 Mu of farmland in Zengcheng to Guangzhou Cypress Jade for an initial term of 15 years at the prevailing market rate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guangzhou Ever Rising, Ever Rising and Cooperative Association and their ultimate beneficial owners are third parties independent of the Company and its connected persons. Cooperative Association and their ultimate beneficial owner are also third parties independent of Guangzhou Ever Rising and Ever Rising and their connected persons.

**Issuance of Preference shares**

On 20 February 2013, 357,500,000 Class B preference shares with par value of HK$0.01 credited as fully paid up were issued and allotted to vendors as part of the considerations for the acquisitions occurred under Acquisition 3 in last financial year. According to the terms of the preference share, one preference share is eligible to convert into one new ordinary share any date no earlier than one year from the date of issue.

* *For identification purpose only*

## PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, Mabel Chan & Co., to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2012. The work performed by Mabel Chan & Co. in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mabel Chan & Co. on the preliminary announcement.

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2012 (2011: Nil) to the holders of both ordinary shares and preference shares of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Listing Resumption

At the request of the Company, trading of the Company's shares was suspended on 28 April 2005 (the "Suspension") as a result of a delay in the publication of the annual results and dispatch of the annual report of the Company for the year ended 31 December 2004. The Company had taken active steps to work on a valid resumption proposal which would enable the Company to comply with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and to address the concerns raised by the Stock Exchange in relation to the Suspension. On 11 April 2011, the Company submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange.

The primary objective of the Resumption Proposal was to inject working capital into the Company to expand the Group's business operations and to discharge all the debts of the Company which are owed to the creditors. The details of the Resumption Proposal were set out in the circular of the Company dated 30 November 2011 (the "Circular") and were approved by the shareholders of the Company at the special general meeting held on 23 December 2011. Subsequently on 9 February 2012, a creditors' meeting was held and the creditors approved the scheme of arrangement as set out in the explanatory statement dated 17 January 2012 (the "Scheme"). On 27 February 2012, the Company announced that the resumption proposal had been completed and the resumption conditions have been fulfilled to the satisfaction of the Stock Exchange. Trading of the Company's share resumed on the Main Board of the Stock Exchange on 28 February 2012.

### Restructuring of the Company

The restructuring of the Company involved (1) capital restructuring; (2) debt restructuring; (3) subscription for new shares; (4) issue of preference shares and consideration shares; (5) very substantial acquisitions; (6) connected transactions; (7) application for whitewash wavier and special deals consent; and (8) amendments to bye-laws (collectively, the "Restructuring"). Details of the Restructuring were set out in the Circular, and were approved by the shareholders of the Company at the special general meeting held on 23 December 2011.

Capital restructuring involving (i) capital reduction of the par value of every issued and unissued share from HK$0.01 to HK$0.00125; (ii) consolidation of every eight issued and unissued shares of HK$0.00125 each into one consolidated share of HK$0.01 each; and (iii) increase in authorized share capital by the creation of 130,000,000,000 new ordinary shares of HK$0.01 each and 10,000,000,000 preference shares of HK$0.01 each, was effective on 27 February 2012.

According to the terms of the Scheme, the Company issued and allotted a total of 1,380,000,000 Class A preference shares to the scheme administrator of the Scheme (the "Scheme Administrator") on 27 February 2012. Pursuant to the terms of the Scheme, Right Day Holding Limited exercised all of the call options and the 1,380,000,000 Class A Preference Shares were transferred from the Scheme Administrators to Right Day Holdings Limited on 7 September 2012.

On 27 February 2012, the Company issued and allotted 4,000,000 ordinary shares to Quam Capital Limited, being settlement of its services fee as the financial advisor to the Company with regard to the Restructuring. On the same day, the Company issued and allotted to Right Day Holdings Limited a total of 1,000,000,000 ordinary shares at the price of HK$0.10 each, for a total consideration of HK$100,000,000. Net proceeds of approximately HK$87.8 million were fully applied on settlement of cash consideration for the Acquisitions, repayment of the outstanding loan drawn under the Loan Facility and working capital of the Group.

**Business Review**

A business review, management analysis and discussion of the Group for the 12 month period to 31 December 2012 comprising the reporting period begins with the acknowledgment that this has been a unique watershed period for the Group, during which the Group:–

a. completed the final stage implementation of the Resumption Proposal and resumed trading on the HKEx Main Board after a suspension from trading for over 5 years;

b. completed a series of group reorganisations and restructurings which resulted in the Group's current shareholder base and agricultural based business operations;

c. set up a modern and effective corporate system which ensured a smooth transition of its agricultural produce business from a privately owned basis to a Main Board public company basis; and

d. ensured that its agricultural produce business operate under firm foundations for the future, with a focus towards maximizing returns and minimizing costs.

In 2012, the Company recorded a net profit for the year of HK$31.4 million. After netting off debt restructuring gains of HK$40.5 million, the actual results of normal operations was a loss of HK$9.1 million.

Against the backdrop of a highly complicated economic and geographical landscape within the PRC, together with variances in legal, institutional and cultural factors, the Group operated under its fundamental business principles of "Resources Integration; Internal Rationalization, Quality Control, Brand Building and Effective Sales Channels". Under these conditions, our business operations can be divided into:

1. high-quality vegetable producing and planting, and

2. processing, trading and distributing of vegetable produce.

**Vegetable production and plantation**

1. *The Business Model*

   Our vegetable production and plantation business operates under a modus operandi of profitability based on stable and sustained development while ensuring significant investment returns. In this regard, the Ningxia Wuzhong base business model is a good point of reference. This model is essentially a base whereby the Group can swiftly tap into high-quality resources through continued expansion of the planting of self-produced vegetables. With the support of our inhouse research and development capabilities, our goal of "yielding current-year output from current-year investment" was achieved. The Group's decision in 2011 to build its base in Wuzhong, Ningxia has generated good profitability and returns.

2. *General Application*

   To ensure that there is focus and consistency in this part of our business, all of our operations under the Group will adopt the Ningxia Wuzhong base business model. The production and operation of other bases of the Group are expected to achieve optimal growth in 2013.

3. *Strengthening Safety Production Management*

   As a responsible corporate citizen, the Company's management has always placed an indispensable emphasis on its safety production management. Consequently, the management has strengthened a number of areas including standards, processes as well as inspection and testing.

**Processing, trading and distributing vegetable produce**

1. *Starting the new production and processing base in Guangdong*

   In line with the our Group development strategy, our future development planning will focus on two core regions in northern and southern China. Specifically, Ningxia, located in the northern region, will serve as a major vegetable producing base in northern China. Guangdong, located in the southern region, will become an important producing and processing base in southern China. Capitalizing on these two large-scale, high-quality vegetable bases stretching across southern and northern China, we are well positioned to counter any adverse impact as a result of inclement weather and seasonal changes. This in turn will provide a steady form of supply of high quality, safe and reliable fresh vegetables for Guangdong, Hong Kong and Macao.

2. *Finalising the acquisition of Guangzhou Ever Rising*

The Group held discussions and negotiations with Guangzhou Ever Rising in late 2012 in respect of its intended purchase of Guangzhou Ever Rising's assets in Zengcheng, including infrastructure, plant and machinery. At the same time, the Group has additionally agreed to lease Guangzhou Ever Rising's agricultural land with an area of approximately 600 mu in Zengcheng. After a series of negotiations, both parties entered into agreements in early 2013. Accordingly, the acquisition is expected to enable the Group to supplement and extend its production and processing base in Guangdong.

**Marketing, Trading and Distributing**

1. *Sales expansion*

In 2012, there was a gradual buildup of production scale and quality for high end fresh vegetables under the "从玉" brand. This fuelled a steady growth in terms of both production output and sales volume. There was a significant increase in production output, sales volume and price when compared to the previous year. The Group also reinforced its efforts to expand into the PRC market. In relation to channel expansion, this has blossomed from a single sales channel in early 2012 to multiple sales channels including supermarkets, restaurants, units and associations later in the year.

2. *Brand management.*

During 2012, we took the initial steps towards enhancing our brand visibility and reputation through strengthening our brand building effort. The Group set up a brand management department in an effort to develop and monitor this initiative by internal resources.

**Financial Review**

After completion of the acquisitions of Natural Farm Limited, Polygold Food Limited and Modern Excellence Limited on 29 December 2011, the full year operating results of the newly acquired businesses were included in the consolidated financial statements of the Group for the year ended 31 December 2012.

During the Reporting Period, the Group recorded a turnover of HK$267.9 million, a substantial increase of 1,596% from HK$15.8 million for the year ended 31 December 2011 (the "Corresponding Period"). The gross profit of the Group is increased by 21,850% to HK$87.8 million (2011: HK$0.4 million). The gross profit margin of the Group for the Reporting Period is 32.8% as compared to 2.6% for the Corresponding Period.

General and administrative expenses were HK$59.3 million (2011: HK$13.3 million). Selling and distribution expenses were HK$57.5 million (2011: HK$0.1 million) and were mainly attributable to delivery and packaging fees. Finance costs were HK$2.0 million (2011: Nil) which mainly attributable to interests for bank borrowings.

The net profit of the Company for the Reporting Period was HK$31.4 million as compared to a net loss of HK$12.1 million for the Corresponding Period. The significant increase was mainly attributable to the gain on the discharge of the indebtedness due to creditors as a result of the Scheme of Arrangement (as disclosed in the circular of the Company dated 17 January 2012). Notwithstanding the above, the Group will record a loss from normal operations of HK$9.1 million for the Reporting Period attributable to (i) the increase in the agricultural raw materials and labour costs; (ii) the price fluctuation of vegetable markets in Hong Kong and the PRC; and (iii) the inclement weather in the second half of the year 2012.

**Liquidity and Financial Resources**

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

As at 31 December 2012, the Group had bank balances and cash of HK$18.8 million (2011: HK$42.3 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 0.5 times (2011: 0.3 times).

As at 31 December 2012, the total borrowings of the Group amounted to HK$25.3 million (2011: HK$80.4 million), of which, HK$20.9 million (2011: HK$17.1) and HK$0.8 million (2011: HK$1.2 million were secured by several properties and guaranteed by a director of the Company and a third party, respectively. The borrowings in the amount of HK$24.7 million (2011: HK$79.2 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$6.5 million (2011: HK$9.7 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$157.8 million (2011: HK$111.8 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed for terms of 2 to 26 years.

The directors of the Company believe that existing financial resources will be sufficient for current operations and capital expenditures requirement. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

**Capital Structure**

The Group and the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization 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 11 July 2012, the Company and ten subscribers entered into separate, independent and conditional Share Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue, an aggregate of 58,360,000 new Shares at the subscription price of HK$0.205 per Share. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 6 June 2012. The placing of 58,360,000 new Shares was completed on 30 July 2012 with net proceeds of approximately HK$11.7 million for general working capital of the Group.

As at 31 December 2012, the net debt to equity ratio was 0.05. As at 31 December 2011, the net debt to equity ratio did not apply as the Group had total deficit. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$25.3 million (2011: HK$80.4 million). Included in the above amounts, an amount of HK$21.7 million (2011: HK$18.3 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

**Gearing Ratio**

The Group's gearing ratio as at 31 December 2012 was 0.2, which was measured as total debt to total shareholders' equity. As at 31 December 2011, the gearing ratio did not apply as the Group had total deficit.

**Significant Investments**

During the Reporting Period, the Group expanded its business in Ningxia by entering into a lease agreement in respect of 1,634 mu of agricultural land in Ningxia for an initial term of 15 years at the prevailing market rate. The Group has made further investment for setting up a demonstration base of agricultural export of vegetables in Ningxia, including but not limited to, infrastructure, improvement ditch, cold storage, production appliance, etc. Details of this investment were set out in the announcement of the Company dated 15 May 2012.

Save as disclosed above, the Group did not have any significant investments during the year ended 31 December 2012.

**Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2012.

**Charges on Group's Assets**

As at 31 December 2012, leasehold land and buildings with carrying amount of HK$10.3 million (2011: HK$10.7 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 appreciation 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 2012, the Group did not have any material contingent liabilities.

**Employee and Remuneration Policy**

As at 31 December 2012, the Group had 728 (2011: 771) full time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration) for the year ended 31 December 2012 amounted to HK$59.2 million (2011: HK$1.7 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in the PRC.

**Prospects**

According to the No. 1 Central Document issued by the Central Government in 2013, China has pledged to accelerate agricultural modernisation and rural development. Priority will be given to diversifying production patterns, and to establishing large-scale, specialised, organised and new agricultural business entities. The document also introduces preferential policies to encourage the adoption of new management models, agricultural diversification, large-scale production, innovation in rural management systems and to take action to spur the vitality and vigour of the rural areas.

By taking advantage of the latest policies in relation to agricultural businesses in China, the Group is expected to grow at a steady pace and this growth will be complemented by future expansion plans. We believe that acquiring and maintaining good quality farmlands, supported by a major processing centre and cold storage capabilities for our supply inventory are essential for the healthy development of our vegetable cultivation business.

**Production, operation and expansion**

1. *Focusing on planning and promoting expansion projects in Ningxia and Guangdong bases*

   In accordance with the Board's vision and direction, the Group will focus on building two large-scale, high-quality vegetable bases in Ningxia and Guangdong in northern and southern China respectively, and construct a large-scale, modernized centre featuring warehousing, processing, safety testing and logistics distribution functions in Southern China, in order to ensure that our operations are well resourced and scalable.

   The planning phase for these bases has now been completed and construction is in progress and on schedule. However, progress on construction will depend on the final agricultural land acquisition and the progress of construction, as well as the availability of the capital.

2. *Strengthening production management and R&D*

   The Group will focus on strengthening technical management expertise and Research and Development efforts, with a focus on promoting innovation, and improving seeds, seedlings and planting techniques. With constant improvement to production management, and improvement to construction of a high-standard safety monitoring and management centre, we will significantly improve the quality and safety of our products.

**Marketing, Mergers and Acquisitions, Brand Building Efforts**

1 *Sales and distribution network expansion*

   We have a focused effort to promote our sales and distribution network into restaurants and supermarkets in Guangdong, Hong Kong and Macao. Our focus will be to extend our business niche into the PRC. We will also gear up for the establishment of stable, three-dimensional sales channels, and establish a sales model based on brand new channels.

2. *Mergers and acquisitions*

   With the corporate and commercial experience of the management team led by Dr. HUI Ho Ming, Herbert, *J.P.* and supported by an experienced and well connected Board of Directors, the Group will continually look for merger and acquisition opportunities as a means to growing its business operations. The management team's overall commercial and corporate finance expertise will be useful in identifying, sourcing and executing merger and acquisition opportunities.

3. *Brand management*

   We will put an emphasis on brand management. With a clear market positioning and brand positioning, we hope to broaden the extent of brand penetration and strengthen the intensity of brand presence through strategic investment in resources and innovative means of brand promotion.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code of Corporate Governance Practices (the "Former CG Code") which was subsequently revised as the Corporate Governance Code (the "Revised CG Code") contained in Appendix 14 of the Listing Rules and came into full effect on 1 April 2012.

During the financial year of 2012, the Company has complied with most of the Code Provisions of the Former CG Code for the period from 1 January 2012 to 31 March 2012 and of the Revised CG Code for the period from 1 April 2012 to 31 December 2012, save for the followings:

Pursuant to Revised CG Code A.6.7, the non-executive Directors should attend general meetings. Due to some prior business engagements, Mr. WU Wai Chung, Michael, Mr. JI Xiang, Ms. NG Yi Kum, Estella, and Professor Japhet Sebastian LAW were unable to attend the special general meeting of the Company which was held on 20 April 2012. In addition, Mr. JI Xiang, Ms. NG Yi Kum, Estella and Professor Japhet Sebastian LAW were unable to attend the annual general meeting of the Company which was held on 6 June 2012. However, all other non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2012.

## AUDIT COMMITTEE

The Audit Committee of the Company, comprising Ms. NG Yi Kum, Estella, The Hon. CHEUNG Yu Yan, Tommy, S.B.S., J.P., Professor Japhet Sebastian LAW and Mr. WU Wai Chung, Michael, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2012.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 June 2013 to Thursday, 6 June 2013, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2013 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 31 May 2013

## PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.cyj.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2012 will be dispatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
**Cypress Jade Agricultural Holdings Limited**
**WU Wai Chung, Michael**
*Chairman*

Hong Kong, 28 March 2013

*As at the date of this announcement, the board of directors of the Company comprises nine directors, including five executive directors, namely Dr. HUI Ho Ming, Herbert, J.P., Mr. SHI Lanjiang, Mr. CHU Yuet Chung, Mr. YANG Jianzun and Ms. YAU Fai San; and four independent non-executive directors, namely Mr. WU Wai Chung, Michael, The Hon. CHEUNG Yu Yan, Tommy, S.B.S., J.P., Ms. NG Yi Kum, Estella and Professor Japhet Sebastian LAW.*